

HOUSE OF ASSEMBLY

Tuesday, 1 August 2017

ESTIMATES COMMITTEE B

Chair:

Mr L.K. Odenwalder

Members:

Hon. S.W. Key

Hon. J.M. Rankine

Mr E.J. Hughes

Mr D. Speirs

Mr P.A. Treloar

Mr M.R. Williams

The committee met at 09:00

Estimates Vote

DEPARTMENT OF ENVIRONMENT, WATER AND NATURAL RESOURCES, \$153,209,000

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF ENVIRONMENT, WATER AND
NATURAL RESOURCES, \$27,551,000**

Minister:

Hon. I.K. Hunter, Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Climate Change.

Departmental Advisers:

Ms S. Pitcher, Chief Executive, Department of Environment, Water and Natural Resources.

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

Mr J. Schutz, Deputy Chief Executive, Department of Environment, Water and Natural Resources.

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

Ms C. Croser-Barlow, Group Executive Director, People and Performance, Department of Environment, Water and Natural Resources.

Ms J. Grant, Group Executive Director, Climate Change, Department of Environment, Water and Natural Resources.

Dr J. Virtue, Manager, Strategy, Policy and Invasive Species, Biosecurity, Department of Environment, Water and Natural Resources.

Ms B. Marsden, Chief of Staff.

Ms M. McInnes, Ministerial Adviser.

The CHAIR: Welcome, minister, and welcome to your advisers. As you know, the estimates committees are a relatively informal procedure. As such, there is no need to stand to ask or answer questions. I understand that we have an agreed timetable in front of us. Is that still the timetable as far as everyone is aware?

The Hon. I.K. HUNTER: I believe so.

The CHAIR: We are starting with the Department of Environment, Water and Natural Resources from 9 until 10.30, and then we will break. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 27 October, and it will be published during the sitting week of 14 November. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each, should they wish.

Questions, following these opening statements, must be based on lines of expenditure in the budget papers and must be identifiable or referenced. There is no formal facility for tabling of documents. However, documents can be supplied to the Chair for distribution to the committee. The incorporation of material into *Hansard* is permitted on the same basis as applies in the House of Assembly, that is, that it is purely statistical and limited to one page in length.

All questions are to be directed to the minister, not to the minister's advisers, but the minister may, of course, refer questions to advisers for a response. During the committee examination, media and the public will be permitted in the chamber, and television cameras will be permitted in both the northern and southern galleries.

Minister, in your role as Minister for Sustainability, Environment and Conservation, we are this morning looking at the Department of Environment, Water and Natural Resources and administered items for that department. I declare the proposed payments open, and I invite the minister to make an opening statement, if he wishes, after he has introduced his advisers.

The Hon. I.K. HUNTER: Thank you, Chair. I would like to introduce my inestimable advisers. To my extreme left is Michelle Griffiths, Chief Financial Officer; next to her is Sandy Pitcher, Chief Executive. To my right is Mr John Schutz, Deputy Chief Executive. Behind me, I believe—and I take it on faith and trust—are my Chief of Staff, Belinda Marsden, and Mr Ben Bruce, who is responsible for water in DEWNR. Behind them is Caroline Croser-Barlow, People and Performance; Julia Grant, Climate Change; Margot McInnes, an adviser from my office; and Dr John Virtue, Manager Strategy, Policy and Invasive Species (and Biosecurity, when we get to biosecurity).

Throughout the 2016-17 financial year, the state government has focused on consulting and engaging with South Australians to ensure that we continue to sustainably manage our natural resources. We have continued to roll out investment in our parks and our environment system with the objective of providing new opportunities for South Australians to connect with nature, whilst enhancing and preserving our natural environment. We have also remained focused on leveraging our significant natural resources for economic opportunity by driving new investment in nature-based tourism and supporting our agricultural sector through environmental and biodiversity management.

Our tourism sector has seen significant growth, currently employing, I am advised, around 32,000 people and generating around \$5.4 billion annually for the state's economy. The government is committed to growing our reputation as a must-see destination for international and domestic travellers; this is one of South Australia's economic priorities. We aim to see this sector contribute \$8 billion to our economy by 2020 and create 10,000 new direct tourism jobs. Nature-based tourism is an important part of the strategy, with the ambitious target of 1,000 new jobs and injecting \$350 million into SA's economy each year.

The government's ongoing support of nature-based tourism opportunities saw the sector grow by 14 per cent in the year to September 2016, I am advised. Our nature-based tourism strategy, Nature Like Nowhere Else, was launched a year ago and has provided the structure for developing this industry. The strategy was developed in partnership with the Department of Environment, Water and Natural Resources and the South Australian Tourism Commission. The aim is to drive economic growth and job creation, as I said earlier. DEWNR's development of nature-based tourism opportunities has been through investments in the Adelaide International Bird Sanctuary, the

Adelaide Dolphin Sanctuary, the Botanic Gardens of South Australia and Cleland Wildlife Park. These have all been a large part of our strategy.

We have allocated \$25 million to a range of projects that will help to stimulate nature-based tourism, including \$5.8 million on creating the award-winning Kangaroo Island Wilderness Trail. The Kangaroo Island Wilderness Trail opened to walkers in October 2016, and it will help to put our state on the international radar. It has been rated by Lonely Planet as one of the world's top three new tourism experiences in 2017. A report prepared by KPMG estimated that the trail will contribute \$4.4 million in total visit expenditure per year by 2020, and it is also expected to generate 27 new jobs on KI and 50 new jobs elsewhere in South Australia.

Prior to the last state election, the government committed to investing \$1.7 million over four years to create the Adelaide International Bird Sanctuary. The sanctuary is now recognised as a globally significant site in the East Asian-Australasian Flyway. In October 2016, I announced part of the sanctuary as South Australia's first national park established in more than a decade. The state government is currently working to implement the South Australian Koala Conservation and Management Strategy, which addresses the key conservation and management issues that affect the health and welfare of koalas and their habitat, as well as outlining the actions that will help manage these impacts.

Both nationally and internationally, koalas are an iconic and well-loved species that, together with the landscape it lives in, are a significant tourism card and of great economic benefit to our state. Further to this, the International Koala Centre of Excellence was launched at Cleland Park on 20 July 2016. The centre will enable the Cleland Wildlife Park to become the international destination of choice for koala experiences and knowledge and a major research and education hub for the southern koala, which is distinct from the northern koala, which is bigger, uglier, has rough fur and a very mean temperament, and is mainly found in New South Wales and Queensland. Ours are soft, cuddly and very pleasantly tempered. It will provide opportunities for local, national and international students in the fields of education and research.

These significant nature-based tourism investments will ensure that South Australia maintains the reputation it has as a clean and green environment and will protect our food and wine industries into the future. These are industries that currently generate about \$18.2 billion in revenue per annum and account for about 52 per cent of the state's merchandise exports.

The Botanic Gardens of South Australia is the custodian of the state's primary botanical collections. It is responsible for managing the Botanic Gardens as a cultural and scientific institution, focusing on connecting plants, people and culture, promoting sustainable urban landscapes and contributing to habitat restoration through seed conservation programs.

The actions of a government that values heritage continue to grow, with a number of achievements for state heritage over the last couple of years, including the National Heritage listing of South Australia's Cornish mining heritage just recently, and the provisional entry for the expanded Naracoorte Caves site on the South Australian Heritage Register as a state heritage place.

We also continue to improve the co-management model in South Australia, in partnership between the state government and Aboriginal communities, and this continues to receive national and international recognition as a progressive model involving Indigenous people in park management. There are now 12 co-management agreements covering 35 of our parks, and a total area of about 14 million hectares.

The Flinders Ranges, including the Ikara-Flinders Ranges National Park, are of environmental and cultural significance to South Australia and are a great example of the state's outstanding nature-based tourism destinations. DEWNR and the environmental non-government organisational sector are collaborating to develop a focus framework for nature conservation in South Australia, which will be known as The Nature of SA. This framework will identify and guide significant shifts in the framing of how we optimise national conservation outcomes into the medium term.

The government has also fulfilled its commitment to crack down on puppy farms and to stop dodgy dog traders. The South Australian Standards and Guidelines for Breeding and Trading Companion Animals fulfils this expectation, and will come into effect on 1 August 2017.

In 2016, South Australia experienced an unusually stormy winter, as we probably all remember. The first storm on 9 May created a storm surge that resulted in the highest water level ever recorded at the Outer Harbor tide gate in over 70 years of operation. Two other severe coastal storms also struck the state, one on 11 July and the major weather event on 28 and 29 September.

These events cause significant damage to our parks system, and that is why the government has committed to spend \$12.7 million over two years to repair buildings, bridges, roads and trails within state national parks that were damaged by the storms of September last year. We have also allocated \$1.85 million in the recent budget to repair seawalls damaged by severe weather events and protect our beaches from erosion. That brings to an end a quick precis through some recent advances in my portfolio area.

The CHAIR: Thank you, minister. Member for Bright, do you have an opening statement?

Mr SPEIRS: I want to make a couple of points regarding the minister's opening statement, but first I would like to just say a thank you to the public servants who have been involved in the collation of the many briefings which have, no doubt, been put together in preparation for the estimates. It is important to acknowledge that, having been on the other side of this job myself; I know that a huge amount of work goes in over an extended period of time to achieve appropriate preparation for the estimates process. I would like to put that on the record.

It is also important for me to thank the minister, and his ministerial staff in particular, for their openness since I became the shadow minister at the end of January 2017. I have been very grateful for the number of briefings that I have had, put together at relatively efficient notice when requested, so I put on the record my gratefulness for that, particularly to the minister's Chief of Staff, Belinda Marsden, for facilitating those, because it has made my job considerably easier since becoming the shadow minister.

In relation to today's estimates, my aim is to use this process to build a greater understanding of the environment and water portfolios in particular, and obviously the sustainability, environment and conservation portfolio, which we are exploring at the moment. I understand that some of my questions may require a little more detail than the minister may have in front of him today, and I am more than happy for him to take any of those questions on notice and return to me with those as soon as practical. With that, I have a couple of questions based on the minister's opening statement, if the Chair is happy to allow me to do that.

The CHAIR: Within reason. The minister's opening statement was—I will not say surprisingly, but closely related to the budget throughout, I think.

Mr SPEIRS: The minister made reference in his opening statement to heritage and the department's work with regard to heritage. Would he be able to provide me with a figure on the number of departmental staff who are involved in heritage-related activities?

The CHAIR: While the minister seeks that information, I just want to clarify something, member for Bright, in regard to your question about questions about the opening statement. The reason, I think, that we generally do not allow questions about the opening statement, and prefer to have a budget line, is simply that it is easier for the minister to find questions in a timely manner, rather than searching around. If you can provide a budget line, it just makes the process easier, that is all. We are not trying to shut down your questions. I just want to clarify, that is all.

The Hon. I.K. HUNTER: Thank you, Chair, and I thank the member for Bright for his opening comments and his question. I think it is important that we pay our respectful gratitude to all the co-workers we have around us in the agency who do this great body of work for estimates committees. I thank him for that. In terms of his question about heritage, I can only give him some approximate answers, because while there are 12 FTEs, or approximately 12 FTEs, in the heritage unit, heritage responsibilities cross many aspects of the portfolio: park rangers, for example, other administrative staff, NRM staff and also staff involved in the building upgrade finance legislation, with regulations that come into effect today—according to *The Advertiser*.

All have some heritage work associated with their job, even though it may not be their primary responsibility. In brief, my answer will be approximately 12 FTEs in the heritage unit, but dozens and dozens across various other areas of my agency that have some responsibility for heritage.

Mr SPEIRS: Thank you, minister. I have a follow-up to that, and I can give a budget paper at this point: Budget Paper 4, Volume 2, page 161, targets 2017-18, in relation to Crown lands. In particular, my question is: has your department prepared a formal response to the National Trust of South Australia on recommendations that came out of a review in 2015-16 into Crown lands managed by the National Trust?

The Hon. I.K. HUNTER: We do not have a specific response to that question with us, so we will have to take that on notice.

Mr SPEIRS: Thank you, minister. I understand that there are 43 Crown land properties currently being managed by the National Trust of South Australia, and there has been a recommendation that 32 should be transferred to the trust at no cost and that another 11 be moved over to alternative management arrangements.

Given that the National Trust has been involved in the management of these properties for quite some time and has put a significant amount of either in-kind investment or financial investment into their upkeep and maintenance, is the minister supportive of an efficient transfer of these properties, particularly the 32 that should be transferred wholly to the trust at no cost? Is the minister supportive of that position moving forward? Is the minister able to give me an understanding of the cost to the department in terms of the use of Crown law and associated activities of transferring these properties, or whether that is an average per property or an overall cost?

The Hon. I.K. HUNTER: As I said, I do not have specific details before me of the ask by the National Trust or, indeed, specific details of our response. This is, as I understand it, a request from the National Trust to alleviate some of the administrative weight on their organisation, but of course they are asking the state government to pick that up instead. This is a process that I understand is still under active negotiation with the Trust, and at this stage I do not have any response to the honourable member's questions until we can complete that negotiation process.

Mr SPEIRS: I refer to Budget Paper 4, Volume 2, page 139, Workforce summary. I understand there are 93 rangers employed by the department at this stage. Are you able to give me a breakdown as to the number of rangers who are women, the number of rangers who are Indigenous and the average age of a ranger employed by your department?

The Hon. I.K. HUNTER: I do not have the specifics for the honourable member. We have obviously increased our ranger numbers by about five, up from last year. I think the honourable member is correct: it is 93 currently. Five new park rangers have been employed. Part of their duties are to run open days, holiday programs and nature education events in the park, and they are working very closely with schools and community groups and our commercial tour operators. I do not have a breakdown of the number of them who are women, the number who are Aboriginal or indeed what their average age may be. I will interrogate our records and seek to come back with an answer for the member.

Mr HUGHES: I refer the committee to Budget Paper 4, Program 3, page 159. Will the minister outline for the committee how the government is managing prescribed burning and working together with the winegrowing industry to protect the grape harvest?

The Hon. I.K. HUNTER: An excellent question. The wine industry is an important contributor to our state, something that is lost sometimes on people who do not really understand South Australia very well, contributing to our exports by about \$1.3 billion, I am advised, in 2015-16. I also believe South Australia is responsible for about 80 per cent of the premium wine for the country. We have some of the oldest vines in the world, mainly because we missed out on the phylloxera outbreak of over 100 years ago. The Mount Lofty Ranges, the Barossa, the Limestone Coast and the Fleurieu regions produce the highest value grapes in the state and are important areas for wine tourism.

There have been some recent comments made in later days about our delay in terms of prescribed burning this last season, probably made by journalists who do not really understand the value of the wine industry to our state. But rather than proceed with prescribed burning just because it is DEWNR's job to do that, we actually worked very closely with our wine colleagues, those vignerons and wine grapegrowers in the state who were telling us that in fact because of seasonal

variation the harvest was put back, vintage was delayed and there may have been risks of smoke taint to some of the grape harvest.

Prescribed burning is a very important program for our agency. It reduces bushfire risk; it protects life and property, including vineyards, of course; and it enhances the ecology of our national parks and reserves. Most particularly, it reduces fuel load in a very strategic way so that when we do have fires they are not quite so energetic, if I can put it that way, and they are not quite so dangerous for our firefighters, and it gives our firefighters some time to plan their attack on the fire where a hotter fire might not actually give them that advantage.

The prescribed burning program of the department was established in 2003. Each year's burn program includes two sets of burning activities, in spring and autumn. It is also very important to state here today for members' interest that we over-plan every year. We try to plan for an excess amount of prescribed burning, knowing that weather conditions are unpredictable and we need to move the plan for our prescribed burning around the state to meet the weather events, the fuel load issue, the dryness of the fuel—all the variables that are very important in making sure we have a very safe prescribed burn. So, in effect, by over-planning we always have an excess number of burns that we do not get to every year.

What we do is that we have a five-year rolling prescription of burning so that if we do not get to a particular area because one or other of the variables preclude it, we can push it back into the next season's burn. That gives us immense flexibility and it gives our firefighters and prescribed burn staff an ability to make some key on-the-ground decisions relatively quickly, having prepared for a whole raft of burns which they can slot into their forward plans at very short notice.

During autumn, of course, wine grapes are harvested. There is some pretty conclusive research, I am advised, that states that exposing grapes on the vine to smoke downwind of a fire can affect their quality, which is commonly referred to as smoke taint. There is considerable uncertainty about the impact of smoke upon grapes. However, the level of taint depends upon several factors, including how far downwind the grapes are from the fire, the duration of the smoke exposure and when and how often during the irrigation season the exposure occurs. So, while we know that smoke causes smoke taint, it does not occur at all times, in all fires and in all cases. It may even have some varietal differences as well; we are not sure.

The region with the closest proximity between the prescribed burns and vineyards is the Mount Lofty Ranges, and that is also one of the areas which we are most worried about in terms of reducing bushfire risk. There are a large number of small burns near a large number of vineyards, so the potential for smoke taint downwind of burns can be very high. In an average autumn, grape harvest occurs before the autumn burn commences. The overlap between grape harvest and autumn burns is usually very small.

In 2017, however, the autumn period was mild, following an unusually cool summer and this resulted in two changes in timing: it delayed the grape harvest by up to five weeks and brought forward the proposed autumn prescribed burn program. These two shifts in activity schedules caused a significant overlap between the grape harvest and proposed autumn burns. Advice from industry indicated that smoke from prescribed burns had the potential to taint grapes and impact the quality of the harvest. So, in response to these concerns, on 23 March of this year I announced a delay in the autumn burn program as a result of a request from the wine industry. As a result of the delay, only two of the planned 22 burns were conducted in the Mount Lofty Ranges during autumn.

Similarly, burn activity affects the South-East region, around the Coonawarra, the Northern and Yorke region and the Clare Valley. DEWNR has a strategic risk-based three-year rolling prescribed burning program, as I said, which allows flexibility to move burns to another season or another year, ensuring that burns are appropriately managed and can meet the objectives that we set for them. Burns are, of course, regularly delayed for other reasons, as I have outlined, mainly due to unfavourable weather conditions or following consultation with neighbouring landholders and stakeholders.

In areas where burns are not possible during autumn, other fuel management strategies are implemented to mitigate the risk, such as slashing and maintenance of fire breaks and tracks. These strategies are complementary, of course, to the prescribed burning program. They do not replace it,

but they help. Delayed burns from autumn 2017 have been prioritised, I am advised, for inclusion in the spring 2017 and autumn 2018 prescribed burning programs.

The Adelaide Mount Lofty Ranges seasonal fire crew were kept employed, undertaking other fire management activities, including: assisting other DEWNR regions to undertake prescribed burning on Kangaroo Island, the West Coast, Yorke Peninsula and the Murray-Darling Basin region; prescribed burning pre-burn works; upgrading of fire tracks; removing vegetation along fire tracks; mechanical fuel hazard reduction; track verging prior to flood mitigation works at Anstey Hill, Cleland and Black Hill; vegetation removal along fire tracks; and minor works.

The overlap in prescribed burning and grape harvesting was unusual. It may occur again, of course, in which case we will work closely with the wine industry to avoid any negative impact. Of course, this is a controversial topic for some, but due to the impacts of climate change that we will likely see into the future, the overlap of grape harvest and prescribed burning will become more of an issue, probably, in future years and decades. So, it is important that DEWNR and the wine industry start that work now and continue to work together because of the incredible economic value that the wine industry has for our state. We need to identify clear strategies to undertake these activities and clear lines of communication.

We are monitoring the latest research on smoke taint and we are providing that information to industry stakeholders. We have recently presented information on prescribed burning procedures and practices to the Adelaide Hills Wine association at their annual conference. We will continue with extensive planning and consultation prior to each prescribed burn and talking to our stakeholders and we will try to build this partnership that we have established with the wine industry to make sure that DEWNR, working together with the wine industry, can achieve their goals of reducing fire hazards as well as not harming that incredibly productive and tasty product that we develop in South Australia.

Mr SPEIRS: Chair, do we allow supplementary questions in estimates?

The CHAIR: They are the exception—a question based on the same line.

Mr SPEIRS: No, I will not bother. I do not want to waste my questions. Minister, I refer you to Budget Paper 4, Volume 2, page 157, highlights 2016-17, and in particular the references to Cleland Wildlife Park.

This is a topic that has come up in other previous estimates, but I would not mind asking a couple of questions on it again. It is mentioned in the budget paper that in 2016-17 we saw, 'Progressed strategies to promote Cleland Wildlife Park as a destination of choice for international tourists'. Is the minister able to provide a quantifiable figure on economic dividends to South Australia flowing from the giving of koalas to Ocean Park in China?

The Hon. I.K. HUNTER: The short answer is, of course, no, but let me give you some background. The gifting of three koalas, along with, apparently—and they are much forgotten, the poor things—three red-necked wallabies and two kookaburras, very important assets in themselves, to Hong Kong's Ocean Park has been a great opportunity, we believe, to form a strong collaborative partnership between the University of South Australia and Ocean Park in Hong Kong.

As of 30 June 2017, I am advised the Department of Environment, Water and Natural Resources spent \$101,000 for 2016-17 on salaries, facilities, logistics and meeting legislative requirements related to delivering the animals to Ocean Park.

However, the upside for us is the impact that this has in China, in Hong Kong. I have forgotten the figures I have used previously, but they are immense and I want to embroider on them today. I understand that what we have in Hong Kong—and I have not visited myself—is an Australia area in the park, but it is not labelled 'Australia'; it is labelled 'South Australia'. I understand the staff wear Cleland Wildlife Park uniforms. Whilst it is something like—I could be completely wrong—5,000 people a day who go through the exhibit, they have to line up to get in and on their way through they see this wonderful video presentation. It is not about Australia but about South Australia.

If you add up the number of visitations to Ocean Park in a year, add up the number of people who go through the South Australia themed Cleland exhibit, the numbers are huge. If only a small

proportion of those people are inspired to get on a plane for their summer holidays and come to South Australia's Cleland, we will well and truly have recouped the money that we have invested as an agency and have encouraged tourism to South Australia.

Whilst I did not have any other figures, I suspect the economic figures the member for Bright is after are probably held in the Minister for Tourism's portfolio area. I understand he cannot ask him that question because his time has past in estimates. He could probably utilise that question in the lower house at some stage.

I have to say, and somebody might correct me about what I said here in previous years about the number of tourism interactions we have at Hong Kong's Ocean Park, the figure is staggering. We milk the opportunity as much as we can to direct people's attention to South Australia and Cleland. The hope is that with direct flights from China, which the Minister for Tourism, the member for Mawson, has arranged, a significant number of people will be inspired by this exhibit of our very attractive, cuddly, soft, pleasantly tempered koalas to come to South Australia and Cleland and to explore close up what they cannot have at Ocean Park, which is an iconic experience with our koalas.

We have recently expanded an opportunity in terms of koala interaction. Yes, you do have to pay for it, but you can now spend some time behind the scenes with our koala handling experts learning a little bit about the biology and science of koalas, not just holding one and having your photograph taken, which is a lovely thing to do (and you have to pay for that too), but going behind the scenes and talking to our experienced handlers about what it means to be working with koalas, what they require in terms of their upkeep, and some of the science and biology around captive koala maintenance and breeding, which I think will be quite stunning. A very limited opportunity obviously but, as I say, if a very small percentage of those people who queue up and watch the video and view the koalas in Hong Kong are inspired to come to South Australia, we will have well and truly recouped our small investment.

Mr SPEIRS: Thank you, minister. Just a couple of follow-up questions on that. I have to say I was not aware of the two kookaburras and the three red-necked wallabies, so you can see the value of the estimates process providing the shadow minister with an important insight. I did not have a clue about those, as you say, 'forgotten animals'. You mentioned a figure, was it \$101,000, in relation to staff expenses. Is that bringing staff from China to South Australia, because I understand that happened in the past? Can you clarify that figure and what that role is for?

The Hon. I.K. HUNTER: My understanding, and I will stand to be corrected by agency staff later if I get this wrong, is that no, that expense was footed by Ocean Park. That \$101,000 is on salaries, facilities and logistics and meeting legislative requirements, so that will be spent on keeping koalas in quarantine, and obviously staff to look after them. Staff who did travel to Ocean Park would have had their salaries paid by us, of course, and—I stand corrected by my chief executive: Ocean Park actually stumped up a considerable amount for salaries of staff as well, so most of the investment was actually forked out by Ocean Park. We contributed a very small amount of \$101,000 in 2016-17.

Mr SPEIRS: I understand that eight koalas were sent over in the initial deal. Have any more koalas been sent since then?

The Hon. I.K. HUNTER: My understanding, and again I am looking at John, is that so far we have only sent three. I understand—I read some article the other day, which did not come officially through my channels, so it could be completely wrong—that Ocean Park has also taken a sick koala from Tokyo, but I have no more information about it than that. A former Cleland koala that was in Tokyo has now been surrendered to Ocean Park. Indeed, they are much in demand.

Mr SPEIRS: Are all of the koalas that have been sent over still alive?

The Hon. I.K. HUNTER: My advice is that one is deceased.

Mr SPEIRS: Do you have any details on how that happened?

The Hon. I.K. HUNTER: A problem with koalas, of course, is their kidneys, so it was renal failure, oxalate nephrosis. Interestingly, this is something that we have partnered with Ocean Park on in terms of scientific inquiry, so they are investing in South Australia at the Cleland Koala Centre of Excellence to do research on koala diseases, particularly kidney nephrosis. This is something to

do with their diet based on gum tree leaves, which are incredibly toxic, and the small amount of water that is in those leaves and, of course, it impacts their kidney function.

Mr SPEIRS: I understand when koalas were first sent over, we had to send eucalyptus leaves from Australia over to China to feed them. Do we still do that?

The Hon. I.K. HUNTER: We did that as part of the conditioning process because, as I found out recently, individual koalas have distinct tastes for gum tree leaf species, and some of them are very strange. We have koalas at Cleland that like Western Australian gum trees. It is a bit like chocolate, you like milk chocolate or dark chocolate, or 90 per cent cocoa chocolate, and they all have individual tastes. The one I handled last liked red river gum and Western Australian peppermint box, I think it was.

So, when they travel, we send with them their favourite gum tree leaves, but Ocean Park has established a rather large plantation on mainland China to supply eucalyptus of four or five different species. However, as yet, they do not supply the supreme 90 per cent cocoa-type species of Western Australian peppermint box for those fussy koalas, so they will need to expand their market if they want to attract the very best koalas. We transition leaves over with the koalas as they go and we try to get them onto the mainland Chinese gum tree diet.

Mr SPEIRS: Minister, are you confident that the animal welfare requirements in China are equal or greater to what would be expected in South Australia?

The Hon. I.K. HUNTER: I am very confident that the animal welfare provided at Ocean Park in Hong Kong is equal or significantly better, and certainly than koalas in the wild. They are pampered, they have air-conditioned quarters and they are looked after around the clock by very experienced handlers who have been trained by Cleland staff—so, yes, I am confident. My advice is that our vets and our keepers have inspected the site and worked on site for a period of time and satisfied themselves of the conditions in which the koalas are being kept.

Mr SPEIRS: Have the two kookaburras and three red-necked wallabies (which I only learnt about this morning) been sent over to Ocean Park yet?

The Hon. I.K. HUNTER: My advice is that they are all part of the same exhibit and they are silent hits of the exhibition. They are very attractive in themselves.

Mr SPEIRS: They are still alive?

The Hon. I.K. HUNTER: They are doing well; they are not deceased parrots.

Mr SPEIRS: Fair question, thank you.

The Hon. I.K. HUNTER: They are not pushing up the daisies.

Mr PEDERICK: So, they are not stuffed!

Mr SPEIRS: You did say they were silent, so I was a little concerned.

The Hon. I.K. HUNTER: Some further advice I have received on this issue is that on the opening day of the exhibit they received 10,000 people through the Cleland South Australian—so-called Australian—exhibition hall.

Mr SPEIRS: You said that every effort is made to promote South Australia to the visitors through that exhibition, are there South Australian flyers or screens with things about South Australia?

The Hon. I.K. HUNTER: As I said, there is a lovely opening video presentation as you queue for it, but I will see what other materials we provide. My advice is that it is a little bit more aggressive: you cannot actually get into the exhibit without watching the four-minute video on Cleland. So, you must pass the test before you can go further into the koala sanctuary itself.

There is South Australian branding, I am advised, all over the exhibition centre, or the display centre. As I said, rangers are wearing Cleland uniforms and, as you would expect, there is a rather large amount of merchandising, all featuring our fluffy, South Australian koalas. I am now advised

that, with updated figures, about seven million people per year go to Ocean Park, and I would imagine a considerable number go to see the koalas.

Mr SPEIRS: Thank you, minister. Moving on to Budget Paper 4, Volume 2, page 157, targets 2017-18. One of your targets includes hosting an expanded program of community events and public activities in SA parks and reserves. I notice that in recent times Andrew Costello (also known as Cosi) has appeared on quite a few of your department's social media presentations, particularly YouTube videos. Is Andrew Costello being paid by DEWNR to be part of this promotion and how much has he been paid in the previous financial year and current financial year, if applicable?

The Hon. I.K. HUNTER: I did think we had that before us, but we do not, so I will come back to you with the amounts. My advice is that we have an arrangement with a gentleman who produces some well-known TV documentaries, apparently called *South Aussie with Cosi*. We do not make a payment, is my understanding, towards the production of his program. He has embarked on five different South Australian nature-based tourism areas and has produced programming around that, but our expenditure on him is related to utilising the copy or video or presentation that he produces as part of his package, so that we could utilise it in terms of social media and other campaigns. I will come back to you with the details of the cost.

Mr SPEIRS: Can you advise whether that is an ongoing arrangement or a one-off arrangement that has come to an end?

The Hon. I.K. HUNTER: My advice is that it was a one-off arrangement and it has come to an end.

Mr SPEIRS: Looking at Budget Paper 4, Volume 2, targets 2017-18, dot point 3, why has South Australia not published statistics on animals used in research and teaching since 2009?

The Hon. I.K. HUNTER: In South Australia, it is an offence to conduct any research or teaching of science using animals unless the researcher or teacher or their employer has been licensed to do so by the minister responsible for the Animal Welfare Act 1985. As the Minister for Sustainability, Environment and Conservation, I or my delegate consider applications and issue licences to people and institutions who intend to use animals for research or teaching.

The only purposes for which a licence will be issued are the understanding of human or animal biology; the maintenance and improvement of human or animal health and welfare; the improvement of animal management or production; the achievement of educational objectives; and environmental studies. Other purposes, such as cosmetic testing, are prohibited in South Australia. As a condition of holding a licence, all work undertaken must be approved and monitored by an animal ethics committee.

My understanding of the situation is that animal ethics committees must report as a requirement under the Animal Welfare Regulations. They are required to provide a copy of their annual reports to the chief executive. The regulations also specify the core information to be included in the report, including details of adverse events impacting on animals. That includes animals just dying in the normal course of their lives. The data that was collected at the time did not disaggregate between adverse impacts of research and animals that died in research institutions because they had reached the end of their life, and not because of adverse impacts of experimentation, for example.

All animal ethics committees are subject to an external review every three years, in theory, but at least every four years. The report of the external review panel is made available to the executive of the organisation that established the committee. I am also advised that, oddly enough, the terms of the research that used to be collated also captured what you would not in fact call experiments: for example, if a flock of sheep was used for training people in shearing practices, that would have been captured under the old system, which required it to be reported on. At the end of the day, that was too much regulation and red tape to impose on our animal ethics and reporting committees, and so it was decided to remove those aspects from the requirements to report.

Mr SPEIRS: Specifically, when it comes to animals used for experimentation in research institutes such as universities and other training organisations, does the department have any intention to look at providing public details of those reports that are provided to your chief executive?

The Hon. I.K. HUNTER: My understanding is that these are now the responsibility of the institutions that conduct the research. They are required, I believe, to afford some reports to the chief executive of the agency, but they are matters for the chief executive to note. However, the responsibility, now, for reporting is through the animal ethics committees of the institutions concerned because those are the bodies that are responsible for monitoring and approving research, which are matters for them.

Mr SPEIRS: Does your department have any role in engaging with community organisations to assist with the rehoming of animals that have been used in research and teaching?

The Hon. I.K. HUNTER: Not to my knowledge.

Mr SPEIRS: Moving on to Budget Paper 4, Volume 2, page 157, again under highlights 2016-17 and the reference to the online booking system for people wanting to travel and use our national parks. I have personally received a number of complaints, and I know there is a level of frustration regarding the inflexibility of the system. I would like to ask a couple of questions in that vein. Firstly, why has the department pursued only having an online booking system?

The Hon. I.K. HUNTER: I will give you some more details; however, whilst we are moving towards an online booking system, it is not a situation of 'only'. That makes sense for some obvious reasons, which I will come to in a moment. It is important to remember that, of course, access to about 95 per cent of our parks and reserves is free for the public. There are some national parks and reserves where fees apply for park entry, camping, tourism, heritage accommodation, etc. In these parks, an online booking system has been introduced to enable bookings to be made up to 12 months in advance. We know that people enjoy utilising South Australia's national parks and reserves for walking and camping and we want more people to be able to utilise these assets.

In 2015, approximately 70 per cent of South Australians indicated they had visited a national park, which is up from 52 per cent in 2014. I am advised the online booking system has been operating successfully in the Innes and Mount Remarkable national parks since 2014—these were pilots. Due to the system being successful, we decided to roll it out across the state and those areas where we have heavy utilisation and where we do not have frequent staffing. What we used to find in places where we had a payment arrangement in the form of a drop-off point or a postbox or something like that, is that, in very short order, they would be ground-out and stolen, and all the fees that had been collected would have been taken.

The cost to replace and maintain them is prohibitive, so it makes a great deal of sense, rather than having those iron rangers out there, as John calls them, that just get stolen or robbed, to move to a system where people can book ahead and have some confidence that their camp site will be there, available for them, and not taken by somebody else after they have driven five or six hours to get there, and that the payment will be made securely to the agency, rather than be dropped into the iron ranger and stolen.

There are problems, of course, with visitors who do not have access to internet or credit cards, and we make provision for the localised accredited booking agents where we can. The innovation of the online booking system really enables local, national and even international access to park entry to plan ahead of time for your trip and for camping and heritage accommodation as well.

I am advised that bookings can be made up to a year in advance. We are also fast-tracking, as part of this process of roll out, identification of communication blackspots at popular sites, with a view to installing as a priority hotspot technology, to allow access at these locations that currently have poor connectivity.

We have observed many positive changes, I am advised, in park visitation as a result of online bookings, higher camp site occupancy rates, especially on busy holidays and long weekends. In addition, I am advised that there has been an increase in young families camping in parks as they are able to book ahead and choose a site that best suits their requirements for their young family, and this continues to change the dynamic of campgrounds and is encouraging the next generation of park visitors and driving the increased visitation we have seen, we hope.

Improved business efficiencies are achieved through knowing when people are coming to parks and what facilities they are using, giving us better data. This allows us to plan for better infrastructure and resource planning in parks that is proportionate to the level of visitation that we are getting.

The system also allows us to collect visitor stats that provide more information to determine what is attracting visitors to a location, with a view to improving the customer experience. I am advised that all of the parks where fees and charges apply are, as of 1 July this year, now online. These parks include:

- 12 parks with entry fees—Belair, Bool Lagoon, Coffin Bay, Deep Creek, Flinders Chase, Gawler Ranges, Ikara-Flinders Ranges, Innes, Lincoln, Mount Remarkable, Ngarkat and Para Wirra;
- 12 parks where heritage accommodation is available for rent—Cape Willoughby, Flinders Chase, Troubridge Island, Cleland, Lincoln, Deep Creek, Mount Remarkable, The Dutchmans Stern, Ikara-Flinders Ranges, Vulkathunha-Gammon, Naracoorte Caves, and Innes;
- one park with snorkel and dive permits—Piccaninnie Ponds, which is in the South-East;
- one park with facilities, including tennis courts, picnic grounds with BBQ areas and toilets—Belair;
- four parks with guided tours—cave tours at Naracoorte Caves, cave tours at Tantanoola Caves, lighthouse tours at Cape Willoughby, lighthouse tours at Flinders Chase National Park; and
- 47 parks where camping fees apply.

So, yes, we have had complaints from people who, generally speaking, are used to just rocking up, camping and accessing parks and who do not like the change. However, we have had feedback in the opposite direction saying that at last people can plan a park holiday where they have a long drive and know, with some degree of confidence, that when they get there the camp site they have booked, with facilities that are important to them, particularly if they have young children, is available for them. That security has also given people confidence to use parks more often.

So, there are swings and roundabouts. We are trying to work on those areas of concern for people by highlighting the use of blackspot technology, to increase the training and availability we have of local agents for people to be spontaneous and book their parks as they are driving past. But, at the end of the day, it seems to us that moving online, as has been the experience in other states, particularly in New South Wales, has driven a better visitor experience with greater confidence and security that the facilities people want to book will be available to them, and it is also giving the benefits of revenue directly to the agency rather than its being stolen by people who attack our iron ranger sites.

Mr SPEIRS: Thank you, minister. That was very comprehensive and useful; it will give me content to write back to those constituents.

The Hon. I.K. HUNTER: Just give me their names, David, and I will write for you.

Mr SPEIRS: No, I am fine; I can keep a handle on that. Could you give me the cost of setting up the online booking system?

The Hon. I.K. HUNTER: I do not believe there is a way of giving you a figure, because I am advised that we did as much of it as possible in-house to keep the costs right down. We were involving our own staff across many parks and many aspects of the agency, so I do not think we have actually done a breakdown of costs in the way that you ask for. I will ask my agency to revisit to see what we do have for you, but I suspect we do not have any precise figure, because it was effectively done in-house.

The Hon. S.W. KEY: My question relates to Budget Paper 4, Volume 2, pages 140 and 157. While we are on the theme of parks, can you provide information about expenditure and achievements in metropolitan parks in the north and south of Adelaide?

The Hon. I.K. HUNTER: Thank you very much, member for Ashford. This is a much easier question to answer because, in fact, some of this expenditure has been promised since the last state election and so it is easier to quantify. To date, at 26 June this year, \$4.9 million of the total project budget has been expended. The total budget was \$8.9 million, I believe. A further \$2 million is committed in pending invoices and signed contracts, I am advised, with the remaining \$2 million predicted to be allocated to contracts that are now out in public tender.

The most significant projects reached practical completion this month, and expenditure will therefore increase. A further \$1.2 million has been allocated per annum for ongoing operating costs, including ongoing funding of the five new ranger positions created, new community programs and maintenance of the facilities. The ongoing operating allocation will commence in the 2018-19 financial year.

The community consultation process has been very important, and it raised the need for better interface and education between park managers and the public. A result of the project developed from that community consultation was that we needed to have more forward facing staff, hence the five new ranger positions that were created.

As I said earlier in answer to a question, I think, from the member for Bright, these rangers will specifically work with schools and community groups, as well as commercial tour operators and local businesses, to try to encourage more people to get into parks: those who potentially have not used parks very much before and those who used them sporadically but found they did not have the facilities they wanted to bring them back more frequently. The rangers will work on such things as open days, holiday programs and nature education. Again, the member for Bright asked about those on-park activities.

Cobbler Creek Recreation Park is one that I am very proud of and spruik constantly. Off the top of my head, I think Cobbler Creek had about 4,000 visits per month prior to our upgrade. That has now gone up to about 11,000 visits per month, to the extent that I think we probably do not have sufficient parking for people. It is great to be challenged in that way. The new play space there is a great success, and whenever you go up to visit there are kids everywhere. The new trail network is complete and is proving extremely popular with locals, whom you will meet when you go up there. I do encourage local members to go up to Cobbler Creek. It is a fantastic new playground that we have developed.

The Hon. S.W. KEY: The member for Wright is very proud of it. She has lobbied for it.

The Hon. I.K. HUNTER: The member for Wright is very proud of it. Indeed she has. She lobbies consistently and very heavily sometimes. We have delivered in the park. The agency has delivered a fantastic example of what you can do in parks. I encourage you to go and have a look at it and then come back and lobby for one in your area as well. We have seen, as I said, a significant increase in visitor numbers, with a lot of birthday parties and organised rides and runs on weekends.

We have also completed upgrades to Anstey Hill Recreation Park, with the installation of new toilets, shelters, picnic spaces, trails and car parks. These new facilities have enabled a range of new events to take place in the park, with two mountain bike races and one running event scheduled for this year, I am advised. In addition, the park also played host to the critically acclaimed Adelaide Festival production of *The Secret River*, and a lot of that great success, I know, is smeared across my agency.

Sandy Pitcher was instrumental in making that happen, and I congratulate her on working very closely with the festival in supplying a fantastic backdrop to what has been reported as being one of the great successes of the festival. Sandy, you can always get another job in the theatre later on as a manager, if you want to. We will keep you here for now, but you have done a fantastic job and the festival wants to work with you, I understand, into the future about other great national park assets that we can showcase as part of these great cultural events.

Works at Morialta Conservation Park nature play space are well underway. I was up there a couple of weeks ago, looking at some of the phenomenal pieces of engineering that are going in there to create a fantastic play area in one of our most popular peri-urban parks, due, I am told, for completion in late August, early September. I pressed the people on that, when I went up to visit,

and they said unforeseen weather events notwithstanding, that is the timetable they are working towards.

This play space is influenced by the local Kurna culture. It contains five unique play nodes and other facility visitor facility upgrades to the area. I am hoping it will be a great learning space for Kurna cultural activities, and I hope the local Kurna community take advantage of this and drive an education opportunity for the community, particularly schools communities.

Down at the Onkaparinga River National Park work is progressing very well as well. New facilities include a campground, toilets, car parks, trails, a lookout, kayak and canoe launches and signs, all due for completion, I am advised, towards the end of September. The campground is predicted to be especially popular with both the Adelaide community and tourists alike.

This is one of the things that stood out for us in our community consultation which surprised me. We did not have campgrounds in our peri-urban parks. We think that people would want to drive somewhere to camp and get away from it all, but in fact what a lot of young families told us is that they do not have the time to pack up the car and the family and drive for four or five hours to a park and then come back, but they would experience camping if they could drive to a local camp, half an hour or an hour away, and set up in one of these parks. So, we are exploring that with the Onkaparinga park, setting up camping facilities there.

On the back of that consultation—it is yet to be determined, of course—we think there will be a big uptake in the utilisation of camping facilities in our close-to-the-city conservation parks. At Hallett Cove Conservation Park, the Black Cliff lookout trail upgrade will be complete, I am advised, by this month, again notwithstanding any local weather issues that hamper the engineering. The trail upgrade will enable easier and safer access for prams and wheelchairs to the internationally recognised geological features of the Black Cliff lookout.

At Para Wirra Conservation Park, work is currently out for public tender and is expected to commence this month or early September and is due for completion before the end of the year. Facilities there will include new and upgraded toilets, car parks, nature play space, shelters, barbecues and campgrounds. We anticipate the new Para Wirra camping facilities, again peri-urban camping, will be a significant drawcard for the northern Adelaide community and for tourists.

As I said, it gained incredibly strong support during our community consultation process. A surprise for me—people asking for increased toilet facilities, car-parking facilities and barbecue facilities was not a surprise—and out of left field was a desire for camping at these close-in parks, so we are delivering.

Mr SPEIRS: As a strong advocate for access to our natural environment for disabled people I was delighted to hear about the project to upgrade the entry walking trail into Hallett Cove Conservation Park, so congratulations to you and your department for pursuing that. I want to explore some NRM matters now, particularly looking at budget—

The Hon. I.K. HUNTER: For the benefit of the member for Bright, can I just give you an answer on one of your previous questions about *Cosi*? The cost I have been able to provide is that we have spent, as an agency, \$58,437. This was for five segments and a digital advertising campaign, i.e., we used a video on our Facebook site from a *Cosi* episode on the Cobbler Creek Recreation Park that I just spoke about. Apparently, it was viewed by 46,000—people, I assume—within a week of airing on his TV show, and there were 857 reactions, 402 shares and 537 comments.

So, as I say, we did not contribute to his TV program, but we have purchased, if you like, the right to utilise his copy, or whatever you call it, in our own digital campaigning. Sorry to interrupt you; back to NRM.

Mr SPEIRS: That figure of \$58,400, was that for the whole initiative? Did that include some additional things or did that just go to Mr Costello?

The Hon. I.K. HUNTER: No, my advice is that was for the purchase of the rights for us to use his segments for our digital advertising campaign.

Mr SPEIRS: Thank you, minister, for following up on that. As I said, I want to take a look at some natural resources management matters now. Looking at Budget Paper 4, Volume 2, page 138,

sub-program 1.1, I understand there is a corporate charge to natural resources management boards, charged by your department centrally, for staff who are doing NRM activities, and you might wish to clarify how I have phrased that. Can you give me a figure for that corporate charge and does it vary depending on the seniority of the position? Would the corporate charge be higher for a regional manager as opposed to an administrative officer or something like that?

The Hon. I.K. HUNTER: I will give you what I think is the case and then I will ask the people who really know whether or not I am right. My understanding is that the provision of services that we were supplying to NRM boards were being provided at below cost. I think DEWNR went out to an agency—KPMG or someone like that—and asked what would be an appropriate level of charge for the services that were being provided. I understand it was an average across the agency of what staff time is worth and I understand it is also significantly less than the benchmark standard for Public Service costings across various agencies—significantly less—but someone is looking for some more information.

My advice is that it was done across an average of staff based on an FTE, so whether it was part time or full time it makes no difference as it is not related to level. It is a service average which is significantly less than a benchmark figure for provision of public servants in other agencies and other states. I am advised the cost is \$21,600 per FTE.

Mr SPEIRS: I understand that often there are situations where a member of the department's staff will do some NRM work and some non-NRM work, some broader departmental responsibilities, roles like community engagement, communications, etc., is that charged on a pro rata basis, depending on the amount of work that is allocated to NRM, or is it a flat fee of \$21,600?

The Hon. I.K. HUNTER: My advice is yes, it is shared out, but it is averaged over a year, so if staff do 0.6 for NRM and 0.4 for somebody else, then there is an average cost sharing across the agency of the NRM.

Mr SPEIRS: Obviously, NRM boards and regions raise a certain level of money each year from the levies they charge. My understanding is that some regions are less financially sustainable than others. Are you able to tell me which NRM boards receive additional funding from the state to supplement their levy base, which boards those are and how much?

The Hon. I.K. HUNTER: SA Arid Lands and AW have none of their own income and so are solely supported by Treasury. The AW and Kangaroo Island NRM boards receive \$1.113 million each, while the South Australian Arid Lands board will receive \$332,000. That is right, because Arid Lands do have some income of their own, but AW have no rateable properties that they could actually impose a levy on, so they are supported through Treasury.

Mr SPEIRS: Thank you for that, minister. Can you give me the figure that each NRM board chair is paid? Does that vary across boards or is it the same figure for each board chair?

The Hon. I.K. HUNTER: I will have to take that question on notice. If we do find it this morning, I will come back to it; otherwise, I will bring back an answer for the member.

Mr SPEIRS: Minister, could you do the same for board members, not necessarily chairs? Could you also advise if any board chairs or members receive retention allowances above their remuneration as board members to retain their services on the board?

The Hon. I.K. HUNTER: In that case, I will certainly take all questions on notice.

Mr SPEIRS: No worries. My colleague the member for MacKillop would like to ask something on this, if that is possible.

Mr WILLIAMS: Minister, I refer to Budget Paper 4, Volume 2, page 142 under the financial commentary. I refer you back to the question you were asked a few moments ago by the member for Bright concerning the corporate fee charged to NRM boards. The first dot point notes that there is a \$2.3 million saving in the 2017-18 financial year due to the 'cessation of the intra-government budget charging model for shared services to government agencies'. Can you explain what that means?

The Hon. I.K. HUNTER: I might ask my chief executive to give the explanation behind that arcane language.

Ms PITCHER: The change is basically the way Treasury is changing. So, the shared services charge was always taken annually from the budget line. Now they are doing it as a lump sum. It is just a change in the way accounting is—it is not a discount.

Mr WILLIAMS: So, it has just moved from that budget line to a different budget line?

Ms PITCHER: Yes, essentially.

Mr WILLIAMS: I was concerned that you might have been applying a different standard.

Ms PITCHER: Were you hoping we got a discount on it!

Mr TRELOAR: Minister, my question relates to Budget Paper 5, page 46, Sea wall repairs—Coast Protection Board. It talks there about providing support to the City of Charles Sturt and also Kingston District Council to repair seawalls. Are other councils around the state able to apply for funding to do work in relation to coastal damage?

The Hon. I.K. HUNTER: Certainly they can apply to the Coast Protection Board, as they would in normal circumstances, whether it is for seawall funding or sand replenishment or other infrastructure works that they need to do.

It is important to understand—I just make this point for the member's information—these are responsibilities of councils. These are the financial responsibilities of councils, but the Coast Protection Board does have a grant program in place to assist councils, particularly with some of the more difficult infrastructure projects. They do not just assist in terms of providing funding, they also organise high-level engineering advice for councils as well, if it is necessary. The grant programs are annual. They are through the Coast Protection Board. Councils should be well aware of them. Most of them apply.

Mr TRELOAR: Budget Paper 4, Volume 2, Program 3: Parks and Public Assets. My question relates to marine park sanctuary zones. My understanding is that DEWNR is responsible for compliance and policing within those sanctuary zones. What budget expenditure in the forward estimates is dedicated to that task?

The Hon. I.K. HUNTER: While my advisers are looking for the information, I might take this opportunity for a free kick from the member's question. I have to say that I am incredibly disappointed to hear that the federal Liberal government is looking at embarking on the largest pillaging of environmental assets this country has ever seen, by reducing marine park sanctuary zones and allowing fishing in areas which really should never be fished; they should be sanctuary zones and maintained for biodiversity purposes. The federal government has announced that they are consulting now on the biggest rollback of environmental areas in this country's history, and I think all members should be aware of it; it is an outrage.

The marine parks program in South Australia is one of the largest and most significant conservation programs ever undertaken in this state. In 2013-14, the government allocated approximately \$1.8 million dollars per year for the management and implementation of South Australia's marine parks network. During the lead-up to the last election, the government committed an additional \$1 million per year over four financial years to enhance the implementation of marine parks management plans. A further \$3.25 million has also been provided over three years, again starting in 2014-15, to encourage community use of marine parks and to support recreational fishing in and around our marine parks.

The marine parks network protects and preserves many of our iconic tourism experiences that help to grow local economies and promote jobs growth. They are vitally important, not just for the biodiversity, but also as an attractor, particularly to regional economies, and for tourism experiences in our marine sanctuaries, including great white shark diving at the Neptunes, Cuttlefish Coast up at Whyalla, whale watching at Head of Bight on the Far West Coast, and Seal Bay on Kangaroo Island. It is very important that we protect these assets into the future.

In terms of the compliance efforts, I understand that DEWNR works very closely with PIRSA and shares some of the responsibility in terms of compliance activities, and so it is very hard for me to disaggregate any expenditure line in terms of compliance cost. I do not think we have a—

Mr TRELOAR: Minister, I understand your department has responsibility for that?

The Hon. I.K. HUNTER: We do and we do some works, particularly around areas of marine parks that may have significant wrecks in them, for example, where we have to do some fishing compliance works as well. The government has developed an implementation plan that identifies strategic activities in each marine park, as well as opportunities for investment to support the achievement of priorities identified in each of the management plans of those parks.

As I said, the additional funding of \$1 million per year from 2014-15 has effectively doubled the funding for marine park monitoring to \$750,000 per year; doubled the funding for habitat surveys and mapping in sanctuary zones; increased funding for engaging volunteers from \$50,000 to \$120,000; increased funding for socio-economic monitoring, establishing research partnerships, and for collecting and processing data; increased funding for educational materials to promote monitoring results; and increased funding for targeted compliance activities at key monitoring sites.

My advice is that, in 2017-18, we have funded or are budgeting for \$2.79 million per year in terms of monitoring marine parks. As I said, the compliance issues are a little bit more complicated because we do that with PIRSA. I am advised that from 1 October 2014 to 31 March 2017, 5,763 shore-based patrols, 405 boat patrols and 120 aerial patrols of sanctuary zones were undertaken. From 1 October 2017 to 31 March 2017, 34 education letters (that is a euphemism), 358 formal warnings and eight expiations were issued under the Marine Parks Act 2007; and 28 prosecutions were completed under the Historic Shipwrecks Act 1981, and I am further advised that all pleaded guilty.

In coming years, we expect to continue to actively support recreational fishing, commercial enterprise marketing, tourism, recreation and education activities in our marine parks.

Mr TRELOAR: My next question relates to Budget Paper 4, Volume 2, highlights, pages 144 and 146. I am interested to hear about a couple of projects that have been highlighted there. One is around developing soil health and the other one is around completing a South Australian carbon sequestration strategy. Would you elaborate on those projects, please?

The Hon. I.K. HUNTER: Healthy soils and sustainable management of our farming land is absolutely essential to maintain the production and quality of food that we grow, which is currently worth, I am advised, about \$4.5 billion at the farm gate annually. Healthy soils are resilient and capable of withstanding the challenges of seasonal variations and, of course, climate change.

The Department of Environment, Water and Natural Resources administers the Natural Resources Management Act and is responsible for developing and implementing strategies to monitor and approve the health of our soils, especially in relation to chapter 6 of the act, Management and protection of land. Protection of soils from erosion is a key indicator of soil health and condition, and is the highest priority. The importance of this was demonstrated by the extent and severity of soil erosion immediately following the Pinery bushfire in November 2015.

Protection of soil from erosion is regularly assessed, I am advised. As at July 2016, cropped land in the agricultural zone of the state was protected for an average of 339 days, which is a 25 per cent improvement from 2003. The gains in protection from erosion have been achieved through the adoption of best practice management by farmers, including no-tillage farming methods, stubble retention and controlled grazing. Telephone surveys show that the proportion of cropping area in South Australia sown using no-tillage farming methods increased to 80 per cent in 2016, up from 16 per cent in 1999.

Another indicator of soil health is the extent of acidic soils. Soil acidification affects about two million hectares (about 20 per cent) of agricultural land in South Australia and is a major threat to soil health. Soil acidification is a natural process but the net acidification rate is increasing due to intensification of farming practices. Acidification of subsurface soil layers is also increasing and is now identified as an emerging issue.

Sales of lime only counteract about 73 per cent of the annual acidification that occurs in South Australian soils. Strategies are being implemented to increase the application of lime on priority soils. DEWNR continues to work in partnership with regional natural resources management boards, agricultural industry organisations and other state government agencies to improve soil health and protect soils from erosion by increasing the adoption of best practice farming systems.

For example, the South Australian No-Till Farmers Association has been sponsored to develop a web-based podcasting service called Radio SANTFA. This is an innovative approach to promote sustainable land management and soil health messages. Other activities are determining which soils and management practices have the greatest opportunity to increase soil organic carbon and contribute towards mitigation of climate change, which is a lovely segue to sequestration.

Modelling and analysis of Australia's abatement opportunities have demonstrated that improved land management and low emissions farming practices are by far the largest single carbon abatement opportunity for achieving Australia's 2030 greenhouse emissions reduction targets. Carbon sequestration can provide benefits well beyond carbon capture, and through greater recognition of these co-benefits can deliver improvements in biodiversity, improve soil and farm productivity, Indigenous employment and improve water management.

The government has committed to maximising opportunities for carbon sequestration in our state to realise our carbon sequestration potential. Our approach includes: the announcement in this year's budget of a \$1 million investment in native vegetation carbon sequestration; an applied research program focused on carbon sequestration with our universities worth \$7 million; demonstration projects; and the development of supporting policies and methodologies.

The development of the South Australian carbon sequestration strategy is underpinned by significant activity across several fronts, to position South Australian landholders and their partners to deliver high volumes of carbon abatement. Supported by the government, the Goyder Institute for Water Research has commenced a \$7 million program of applied climate action research focused on carbon sequestration. This will include an assessment of carbon supply opportunities in South Australia, an evaluation of sequestration co-benefits and policy research.

Our recently released state budget includes \$1 million to be provided over two years to kickstart the carbon offset industry in our state, in partnership with corporate partners and environmental NGOs. This initiative will develop a new business model which accelerates the expansion in the availability of local carbon offsets from native vegetation regeneration, for example, on Kangaroo Island and the local River Murray flood plain. The signal sent to the market from the state government and corporate partners, committing to purchase local offsets with biodiversity, is intended to encourage wider growth of the sector in the state, providing long-term economic opportunities.

The government is finalising arrangements to realise Australian carbon credit units under the Emissions Reduction Fund from existing biodiverse carbon plantings on Crown land, including the River Murray Forest project and areas of the Coorong, Lower Lakes and Murray Mouth. Importantly, South Australia is in ongoing discussions with the commonwealth regarding the addition to the Emissions Reduction Fund of more methodologies suited to South Australia, while also exploring avenues to make it as easy as possible for landholders and their partners' research stream to be a part of that process.

I might also mention some innovative pastoralists we are working with in the far north of the state. When I was at Coober Pedy—I think, last year or early this year—we recognised one of them for his innovative approach. Essentially, it is fencing off areas of his land for revegetation and biodiversity values. His view to me was that it is far better to have pastoralists on the land looking after the land than to have pastoralists vacate the property for a government or an NGO which perhaps do not have the same resourcing to maintain the land in such local connection.

It was a great example of pastoralists looking to the future, hopefully trying to find some—not really off-farm; it is on-farm—alternative income streams for their pastoral holding which they can onsell for carbon sequestration credits. They are leaders in this field. They are going out on a limb, in some respects, but they see the future and they want to be part of it. They have partnered with DEWNR and SAAL to be part of this process. It is very encouraging that we have people looking

towards the future of carbon sequestration and how they can utilise that captured carbon on their pastoral lease to provide extra income into their family business.

The CHAIR: Thank you, minister. According to the agreed timetable, I declare the examination of proposed payments adjourned until later today.

Sitting suspended from 10:32 to 10:47.

Departmental Advisers:

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

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

Mr P. Dolan, Director, Regulation, Environment Protection Authority.

Ms K. Bellette, Director, Regulatory, Strategy and Assessment, Environment Protection Authority.

Mr K. Baldry, Director, Science and Information, Environment Protection Authority.

Ms S. Behrendt, Manager, Strategy and Executive Office, Environment Protection Authority.

Ms B. Marsden, Chief of Staff.

Mr S. Kandola, Ministerial Adviser.

The CHAIR: Welcome back, minister. By agreement, we are looking at the EPA from 10.45 to 11.30, and Zero Waste/Green Industries SA from 11.30 to 12. It is the same budget line as before, so we do not need to go through that. I will call on you, minister, to introduce your new advisers, and if you have an opening statement I am happy to hear it.

The Hon. I.K. HUNTER: Thank you very much. To my far left is Mr Richard Jacka, Chief Financial Officer; next to me is Mr Tony Circelli, Chief Executive; on my right is Mr Peter Dolan, Director, Regulation; and behind me are my Chief of Staff, Ms Belinda Marston, and Ms Kathryn Bellette, Director Regulatory, Strategy and Assessment. Bringing up the third row are Ministerial Adviser Shobaz Kandola; Susan Behrendt, Manager Strategy and Executive Office; and Mr Keith Baldry, Director, Science and Information.

South Australia's unique natural environment is a vital part of our state's reputation as one of the world's most beautiful locations to live and visit. It also underpins our economy, supporting industries ranging from mining and resources to tourism and the production of premium food and wine. The Environment Protection Authority has an important role to play as the state's primary environmental regulator. Working closely with industry, government and the community, the EPA protects the environment whilst providing for economic, social and physical wellbeing.

This year, the EPA has continued its strong focus on strengthening its communication and engagement with the community and building a more robust relationship with local government. The EPA's role is to enable economic investment and job creation. The EPA continues to provide support to local government during the transitioning of powers from the EPA to local government under the new groundbreaking local nuisance and litter control legislation. This year saw the EPA implement this key piece of legislation, the Local Nuisance and Litter Control Act 2016.

The litter provisions within the act came into effect on 1 February 2017 with the introduction of the Dob in a Litterer scheme to South Australia. Under this scheme the community is encouraged to report public littering via an app or website, which can result in fines being issued to the registered owner of the vehicle. Coupled with the litter provisions under the act was the introduction of the new local nuisance provisions, which came into effect on 1 July. Environmental nuisances include issues such as noise, dust and smoke.

All councils are now responsible for responding to community complaints and inquiries regarding local nuisance in their local area. The EPA rolled out an extensive training program for council officers, with 25 training sessions held statewide between December 2016 and May 2017. I

am pleased to say the EPA signed a heads of agreement with the Local Government Association on 13 June 2017. This agreement aims to formalise a framework for the EPA and LGA by dealing with common issues and challenges, as well as providing clarity and certainty regarding each agency's role and responsibilities as they relate to environmental protection.

The timing of this agreement is vital, as several pieces of pivotal legislation were implemented by the EPA during the 2016-17 financial year. On 23 July 2017, the Environment Protection (Air Quality) Policy came into effect. This legislation is designed to further reduce the impact of air pollution on communities across the state, and better reflects the current understanding of health impacts from air pollutants, especially fine particles known as PM2.5, in built-up areas.

This policy also provides councils with flexibility in determining how to best manage burning permits and authorisations in their local area. The industry transformations occurring in the Upper Spencer Gulf region have enforced the importance of the EPA's role now more than ever. The EPA has renewed its regulatory approach to respond to significant dust events, which occurred in January 2017 from Flinders Power's decommissioning of the former power station's ash dam. The EPA worked closely with SA Health, the Port Augusta council, Department of State Development and the local community to respond to this issue.

Building on the great progress made during 2015-16, the EPA has continued development of a regulatory framework to support innovation and investment in the resource recovery section through development of the Environment Protection (Waste Reform) Amendment Bill 2017. Features of the bill are to support a strong, legitimate resource recovery sector, including: improved and proportionate powers for tackling breaches of licence conditions; explicit powers to enable regulation of material flow and stockpiling through amendments to the objects of the Environment Protection Act; and, new powers regarding stockpiling conditions.

The 2017-18 financial year will hold many opportunities for the EPA to progress its legislative reforms, such as amending the Environment Protection (Water Quality) Policy 2015 to effect a proposed ban on per and poly-fluoroalkyl substances (PFASs and PFOAs) in firefighting foams. PFASs are contaminants of emerging concern in Australia and internationally. Many countries have phased out, or are in the process of phasing out, the use of PFASs. The EPA considers it appropriate to ban these substances to prevent any potential future environmental harm. The EPA is consulting with industry at the moment on the best way forward.

The EPA will also contribute to the implementation of the Planning, Development and Infrastructure Act 2016, and continue to support local government in the implementation of the nuisance provisions outlined in the new Local Nuisance and Litter Control Act 2016 that take effect from 1 July. I commend the EPA Board and staff on a successful and productive year, and on the brilliant way they are going about communicating with the community on issues of importance to those local communities.

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

Mr SPEIRS: No, I do not, Chair. Thank you, minister, and thank you to your officers from the EPA for coming into estimates today. My first question refers to Budget Paper 4, Volume 2, page 127, Sub-program 1.1: Environment Protection. Can the minister advise whether the community stakeholder reference group, which was established in the wake of the Clovelly Park and Mitchell Park groundwater contamination problems which first came to light in 2014, still meets?

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

Mr SPEIRS: Can you advise the last time that you visited residents who were affected by that groundwater contamination at Clovelly Park and Mitchell Park?

The Hon. I.K. HUNTER: It would have been as part of the community consultations, where I spoke to many of the residents concerned, which was in July 2014.

Mr SPEIRS: Is the EPA conducting work to ensure that residents within the areas affected, particularly Clovelly Park and Mitchell Park, continue to be kept up to date with matters regarding that contamination?

The Hon. I.K. HUNTER: Of course, we need to understand that residents who were impacted by that groundwater contamination no longer reside in the area; they were moved. Are you speaking of the broader community in this context, where there have been no safety problems established?

Mr SPEIRS: The broader community, the broader two suburbs.

The Hon. I.K. HUNTER: In that respect, it is the responsibility of the agencies that have coverage or own the land, or are developing the land, to maintain, under the act, that communication with the community. In this particular instance, it would be Renewal SA or Monroe that have that responsibility. As you are aware, it is the owner of the land, or the responsible party, I should say, who may have been a previous owner of the land, who caused the groundwater contamination or has accepted responsibility for the groundwater contamination. The act maintains that it is their responsibility to maintain communication with residents and to advise them of any changes in local situations.

Mr SPEIRS: Is the EPA still consulting with the City of Marion, particularly staff of that council, regarding the contamination issue at Clovelly Park and Mitchell Park?

The Hon. I.K. HUNTER: My advice is that when it is required to do so, when they approach us, or when we have information we need to share, that is a matter of course.

Mr SPEIRS: The land where the properties are that were vacated because of the groundwater contamination, is that land still being monitored by the EPA or does that fall under the responsible agencies, being Renewal SA and Monroe?

The Hon. I.K. HUNTER: It is always the case that the responsible agency is responsible for any works that are required on that land, carrying out investigations, for example. In this instance that you are referring to, it is Renewal SA.

Mr SPEIRS: I acknowledge this might be outside the scope of your responsibilities, but are you aware of any plans for that land going forward?

The Hon. I.K. HUNTER: That would be a response that needs to go to the Minister for Transport or minister Maher, depending on the part of the land that you are referring to and the projects that are envisaged for that. If it is related to road construction, it would be the Minister for Transport; if it is related to the Tonsley redevelopment, it would be minister Maher.

Mr SPEIRS: Thank you, minister. Moving on to the issue of the Port Augusta power station and the EPA's involvement there, I refer to Budget Paper 4, Volume 2, page 127, Sub-program 1.1: Environment Protection. Are EPA resources still allocated to dealing with the ash dust problem at the Port Augusta power station?

The Hon. I.K. HUNTER: We are certainly involved in talking to residents in the community, but again, this is primarily the responsibility of Flinders Power, if the dust problem is in fact from the ash dam or other aspects of their demolition of the power station. The problem we had at Port Augusta was that there were elements in the community—I will not name the particular person, the mayor—who were actively agitating with, I must say, misinformation and giving incredible levels of concern to the local residents.

It was therefore a reason for myself and the EPA to go up and assist Flinders Power, to give them some helpful advice on what they might need to do to further inform the local communities. Again, it is the responsibility of the protagonists, I suppose, in this situation to provide the information. I might have some useful documents to circulate to the committee, Mr Chairman, if you would like to accept these documents. They could be for tabling, but they are for the information of the committee. Could someone take them up to the Chair? Do we have chamber staff?

The CHAIR: I will just get some advice.

The Hon. I.K. HUNTER: Perhaps I can just circulate them.

The CHAIR: I am advised that the material you are distributing can be distributed to members, but its contents will not be incorporated into *Hansard* in any way.

The Hon. I.K. HUNTER: They are photographic in nature anyway, Mr Chairman.

The CHAIR: Oh, okay. *Hansard* is not that advanced.

The Hon. I.K. HUNTER: No, *Hansard* has not been able to do that for some time. Just to give you some information about the coverage of the ash dam, it is important for honourable members to note that this is actually bottom ash, not fly ash. There was a great deal of concern in the community, again whipped up by misinformation, that this was an issue dealing with top ash or fly ash, which is heavily polluted. The problem for that narrative is that fly ash has an economic value, and my advice is that all the fly ash has been sold on to other companies for productive use. What we are dealing with here is bottom ash.

You will see from the photographs that have been circulated a bit of a time line in terms of coverage of the fly ash dam with topsoil, and then in the very latest photographs you will see also a representation of the planting that has been undertaken in terms of local seeding. I understand seeds have been obtained in the local area from local varieties of plants and built into the topsoil, waiting for the winter rains to germinate. There has been pretty good coverage. The green pigmentation on the photographs is the artificial sealant that has been placed over the ash, and now that has been replaced by brown soil. About 103 hectares have been seeded so far, so they are making some good, if belated, progress on putting a cap on that ash dam.

I understand the latest engagement up in Port Augusta has been led by Flinders Power just this weekend. The EPA was there to assist. I understand 150 local community members were present, and by all accounts it was rather successful in terms of information exchange.

As a point of further interest, perhaps, I understand the EPA has conducted some monitoring of dust on some of its monitors around the area. The dust that was accumulated in many instances was actually red dust, not grey dust, and the red dust of course is kicked up by transport activities on unsealed roads. So, a lot of the dust concerns that have been raised in recent times may have very little to do with the Flinders Power site and the ash dam. It may have much more to do with where the monitors are located, on unsealed roads, and when trucks or heavy vehicles move over the roads raising that dust, it is picked up by monitors. People are concerned by it, naturally, but in fact it may not have the same impact that people were worried about.

Mr SPEIRS: When was the last time you as minister visited the Port Augusta community to discuss this issue?

The Hon. I.K. HUNTER: Earlier this year would be the time, we believe. I do not have an exact date for you, but it would have been earlier this year.

The Hon. S.W. KEY: Interestingly, during the break I was talking to the minister about asbestos removal and also saying that the member for Unley and I had a discussion about asbestos last week. I refer the committee to Budget Paper 4, Program 1, sub-program 1.1 on page 127. Minister, I am wondering if you could tell the committee how asbestos is treated when it comes to paying the waste levy. The member for Unley and I were talking about the value of that going or not going.

The Hon. I.K. HUNTER: Members would be aware the government has worked with industry to create a regulatory framework that helps reduce waste going to landfill and to grow the sector. We have achieved this in a number of ways, but one of the key areas is the waste levy. The levy is only payable for waste that ends up in landfill, so if waste is utilised—recycled or built into another product—the levy does not apply, which is a direct market signal to put value on waste and to ensure it does not end up in landfill. It is working significantly well.

In designing it this way we have created a financial incentive to decrease the amount of stuff that ends up in our landfills, reducing the need for landfill in the first place. I guess you could say we are putting a value on trash and encouraging it to be put to another use. The concept is not new. Putting a levy on pollution has been used around the world to reduce waste in various numbers of sectors. Studies have shown it is an effective way to reduce pollution at the least cost. It is therefore the most efficient action governments can take.

Of course, it has been used by both Labor and Liberal governments around the country. In fact, the New South Wales Attorney-General, who also happened to be the environment minister,

Mr Mark Speakman, in an earlier life was incredibly enthusiastic about our government's change to the waste levy. I think he took to Twitter to congratulate us on the announcement and I can only say that where there are good ideas, we are very happy to copy them in this state and, indeed, when we have good ideas—we are very pleased that New South Wales has moved to copy our container deposit legislation. It has only taken them 40 years but, nonetheless, it is a move in the right direction.

I also recognise that there are some materials that, however, cannot be recycled or you would not want to be recycled. One of those materials is, of course, asbestos. We understand these days the danger and harm that is posed by asbestos. It is a material that we want out of our environment and disposed of correctly. The only safe way of dealing with asbestos is for it to be sent to landfill. This is why the government has waived the waste levy payable on asbestos material being sent to landfill in this budget. You remember last year we took 50 per cent off the levy and this year we have taken it down to zero.

That does not mean there is no cost in disposing of asbestos, of course. There will still be a fee payable to the landfill operator; we do not control that. They have their own costs, of course, for storing such materials over a long period of time which need to be met. Also, it does not cover the cost of a licensed asbestos remover, which is a separate business altogether. If the honourable member is after some further information about how to safely deal with asbestos at home, I encourage her to go to www.asbestos.sa.gov.au. Do not try it yourself; get a licensed professional in. The government website is designed to be a one-stop place for anyone who is needing further information about this. It incorporates advice from all government agencies which have a responsibility for managing or regulating asbestos.

In a small but meaningful way, again we are giving a market signal toward the sort of behaviour we expect in terms of asbestos. By removing the levy we are reducing, in a small way, the cost associated with disposal of asbestos and we think that is the right direction.

Mr SPEIRS: I have a supplementary question on the same point, under Budget Paper 4, Volume 2, page 127, sub-program 1.1. With regard to the removal of the waste levy on the disposal of asbestos, is there a view that this has the potential to result in people adding asbestos to additional waste products and to claim it is all asbestos or that it is contaminated with asbestos in order to avoid paying the waste levy, and has there been any work undertaken by the EPA to mitigate this risk?

The Hon. I.K. HUNTER: My advice is this is not a new concern. We also have the same problem with clean fill and the EPA's typical response is to put in place auditors to do snap inspections of sites, so it might be problematic. Also, as part of the educative role of the EPA, we will work with landfill operators. They are the responsible receivers, so they need to be aware of their responsibilities, but we will work with them to ensure that they have the best tools available to make sure that any sorting of the system is minimised as best we can. We will be monitoring asbestos volumes to landfill as well. We are not taking our hands off the wheel, we are trying to encourage people to do the right thing by reducing the levy which we have responsibility for.

Mr SPEIRS: Has the EPA, through those audits or through data that it collects, picked up a marked rise in the amount of asbestos being disposed of since the levy was reduced or halved in the previous financial year? I guess there is not enough of this financial year that has occurred yet to map that going forward, but since it was reduced in the last financial year was there a marked rise in the amount of asbestos being disposed of?

The Hon. I.K. HUNTER: I will have to take that on notice. The honourable member is probably right; the amount of time that has transpired since the announcement and the amount of time it takes to get these messages out to the community probably has not been sufficient to notice a marked impact on the community. It is something that will require some education over a period of time. I will go back, check and interrogate what data we have to see if we can provide an answer. The answer is probably not yet.

Mr SPEIRS: Again, in the same line of questioning, I have received comments from waste management organisations that believe the reduced levy for asbestos disposal has resulted in more inappropriate behaviour by less reputable waste management organisations. Has the EPA picked up any such complaints, and are they taking action to mitigate that?

The Hon. I.K. HUNTER: My advice is that the EPA has not received any information to that extent. Should any of these waste management organisations that are speaking to you have information, they should bring it forward to the EPA for us to act on.

It is hard to visualise how reduction of a waste levy can actually stimulate inappropriate dumping of asbestos. We know asbestos is dumped illegally and inappropriately anyway and has been done for a number of years. I cannot imagine how reducing the levy would actually increase the desire.

Some asbestos is dumped by people, for example, who are removing asbestos themselves from their own homes, and that is always ill advisable. Some asbestos, it seems, is being dumped by, hopefully, licensed asbestos removers, who wrap it up and use the correct equipment to remove it but then do not take it through and dump it in landfill.

How reducing the waste levy encourages more of that sort of activity, I am not absolutely certain, but we are open to any information and advice that the honourable member might have or indeed the people who have been briefing him have. The appropriate course of action is for them to approach the EPA and give them that advice.

Mr Dolan has just pointed out to me that asbestos waste, particularly when removed properly, has to be wrapped. Simply placing unwrapped asbestos would not result in a reduced levy because it has to be identified as asbestos for the reduction of the levy to apply. I am not quite sure of the mechanism that would encourage increased inappropriate dumping, because the levy is coming off. Had the levy been increased, yes, I can see the argument, but not in this situation. But again, any information the honourable member has or the people he has talked to have, should be brought to the attention of the EPA so we can investigate it.

Mr SPEIRS: Moving to Budget Paper 4, Volume 2, page 126, the program summary table. Can you advise how much members of the EPA Board are paid?

The Hon. I.K. HUNTER: The board of the Environment Protection Authority is established as the governing body of the authority under section 14B of the Environment Protection Act 1993. As stated in section 15 of the act, an appointed member of the board is entitled to such remuneration, allowances and expenses as may be determined by the Governor. The board is classified by the Department of the Premier and Cabinet as a category 1 board. The members receive the commensurate remuneration; that being, \$37,148.16 per annum for the presiding member and \$24,765.44 per annum for all other members.

Mr SPEIRS: Are any members, whether it be the chair or other members of the board, paid a retention allowance to retain their services on the board?

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

Mr SPEIRS: How often are meetings of the EPA Board held?

The Hon. I.K. HUNTER: The board formally sits eleven times a year but occasionally, several times a year, they will meet with other organisations, community groups and local government industry groups, for example, as special meetings. And, of course, there are a number of sub-committee meetings like risk management and a few others.

Mr SPEIRS: Are any of the board members paid travel allowances in order to attend board meetings, whether that be from interstate or in South Australia?

The Hon. I.K. HUNTER: I will have to take that question on notice. Certainly, none of the board members, as far as I know, are from interstate. We do have a board member who resides in the South-East. Normally, my expectation is that travel would be reimbursed in that situation but I will go back and ascertain that and bring it back.

Mr SPEIRS: Do you attend any of the board meetings?

The Hon. I.K. HUNTER: I would attend, roughly, two or three board meetings a year, maybe for an hour. I meet annually with the board but on certain occasions I will go and have a talk to them about topical issues, so probably two or three times a year.

Mr SPEIRS: Just to clarify one of your previous responses, you said that the board meets 11 times per year. Does that include those other meetings with local government or community?

The Hon. I.K. HUNTER: There are 11 formal sittings of the board and then further meetings where all of the board or part of the board might sit down and meet with industry groups, local government, etc. There are a number of regional visits, they do regional roadshows, and nearly all of the board members would participate in those; that is additional to the 11 formal board meetings.

Mr SPEIRS: Thank you, minister. Moving on to Budget Paper 4, Volume 2, page 128, targets 2017-18, referring to the Environment Protection (Waste Reform) Amendment Bill 2017. Are you able to advise when that bill is likely to be brought into parliament for debate?

The Hon. I.K. HUNTER: My expectation is shortly.

Mr SPEIRS: So, before the 2018 election?

The Hon. I.K. HUNTER: It is shortly.

Mr SPEIRS: That is your intention. Thank you, minister. Budget Paper 4, Volume 2, page 128, highlights 2016-17, referring in particular to the Dob in a Litterer app. How much did this app cost to develop, produce and launch?

The Hon. I.K. HUNTER: Members will recall the Dob in a Litterer app was something we introduced relatively recently. The Local Nuisance and Litter Control Act 2016 was passed in parliament early last year, I think—halfway through last year. This act will better protect individuals and communities from local nuisance. It will reduce the prevalence of litter and illegal dumping across South Australia, and provides the legislative framework required to implement the government's 2014 election commitment to introduce a public litterer reporting app. This was achieved with the commencement of the Dob in a Litterer program on 1 February 2017, the day that the litter provisions of the act commenced.

The Dob in a Litterer program is administered by the Environment Protection Authority and provides the public with the opportunity to report littering and illegal dumping from vehicles. The public can make reports through a dedicated website or through a mobile app. I am advised it is available on Apple and android platforms, whatever they are. To make a report, a person needs to register on the website or through the app. In the first three months, I am advised, there were 374 registrations on the website and 1,632 downloads of the app (872 were Apple and 760 were android).

I determined that there would be a three-month grace period upon commencement to give the community time to familiarise with the new laws, where first-time offenders would be issued with a warning letter in lieu of a fine. For the three-month grace period that ended on 30 April 2017, there were 371 reports made. From these reports, 311 warning letters were issued. The remainder of the reports were deemed insufficient to warrant a letter being issued.

Of the reports, approximately 70 per cent were for throwing cigarettes from vehicles. Throwing cigarettes is particularly harmful, and country members would attest to this, during the summer months due to the very significant risk of bushfire. According to Mr John Phillips, the Executive Director of KESAB, the legislation and public litter reporting 'will enhance the expectations of our environmentally aware community-based network,' and KESAB certainly knows a few things about this.

These reforms will significantly deter littering and illegal dumping and result in reduced clean-up costs to local government, as well as improve services for the South Australian community. The government committed \$100,000 in the 2014 state election policy platform towards developing the app. Additionally, in communications, the advertising campaign, I think around community education, was about \$50,000 additional.

Mr HUGHES: I refer the committee to Budget Paper 4, Volume 2, program 1. Will the minister outline for the committee what activities the EPA has undertaken to engage with business?

The Hon. I.K. HUNTER: An excellent question. It is a very important question because it is something that is raised with honourable members in their electorates all the time. It is something

the EPA should be pretty proud of because I know that interstate there is a view that some EPAs are all about stopping people from doing things and not facilitating things. The South Australian EPA actually has a different view of itself: its role is to make sure that South Australians have a clean environment but also that they have increased investment in industry to provide the jobs of the future. So, they have to encourage industry to be productive and to employ people but to do so in such a way that does not harm our local environment.

We have had a pretty good track record of connecting with South Australia's industry and business sectors, I think, over the years. It is important that we work together with business and industry to manage the environmental pressures that an increasing population and industrial activity brings, but also to work with industries to find opportunities. There is a good track record of the EPA reducing costs for businesses by working very closely with them in terms of their manufacturing processes or their waste disposal processes.

We can support a clean and green environment at the same time as increasing the economic prosperity of our state's industries and businesses and setting it up for sustainability for future generations. The EPA's program also encourages innovation and recognises good performance. On an annual basis, the board of the EPA hosts a summit where business leaders, licensees and representatives from across government can attend and share with the EPA Board their thoughts, concerns and aspirations for the future and how we can work together better for the environmental protection of our state.

Feedback from these summits forms part of the EPA strategic operational framework for the year and helps to guide the EPA in identifying where efforts should be placed in the next financial year, for example. During 2016-17, the EPA Board's summit focused on the theme of innovation. The broad outcomes from the summit explored opportunities for further collaboration with research organisations and industry to identify areas where value can be added through the EPA's facilitation and education role in progressing innovation and best practice.

At the 2016-17 summit, the EPA released its third iteration of the *Good for Environment, Good for Business* publication, which showcases a series of EPA licensees who have excelled in their environmental performance throughout the year. The aim of the series of publications is to promote best practice environmental performance across the state as well as recognise the achievements of some of the EPA's licensees—the member for Hammond is not here but one of them that the EPA has worked with over recent years is in the electorate of Hammond.

This was part of a broader approach by the EPA to foster change in the community towards a more sustainable future, which is good for business and the environment. It is important both in recognising organisations that are leading in driving more sustainable outcomes but also in demonstrating what can be achieved to others in the sector whose performance may need improving as we highlight the good and encourage a move away from the bad.

The board also meets directly with particular small to medium businesses as part of its regional visits, which we referenced earlier in answer to the member for Bright's question about board meetings and activities. In September last year, the board members travelled to Port Lincoln, for example, where they toured the area to undertake site visits and meet with a number of operators to better understand local environmental issues in Port Lincoln.

More recently, in April of this year, the board members travelled to the South-East where they met with key licensees in the region, such as Kimberly-Clark, Carter Holt Harvey, local government and various community representatives. As members of the committee would be aware, the EPA licenses probably about 1,500 businesses in the state and works with them to reduce risks and impacts on our environment.

Many of these businesses are small to medium enterprises, which are very valuable contributors to the community and to our economy but probably do not have the wherewithal within themselves to actually go off and research latest best practice in terms of production or even waste management, so the EPA can bring some value to those businesses by highlighting examples of other similar businesses and how they have done it and how they have managed to drive down costs or improve productivity, for example.

We do that by enhancing our presence within the sector by attending platforms such as Meet the Buyer, which is run by the Office of the Industry Advocate, as well as BizLink seminars run by the Office of the Small Business Commissioner. From July 2017, an EP officer is now co-located in the Office of the Small Business Commissioner's Gawler Place office for half a day per fortnight to allow small and medium businesses greater opportunity to ask for advice and information about their environment protection obligations. The EPA also continues to support initiatives such as Business SA's export awards, by sponsoring the environment award.

As we move forward, the EPA will continue to connect with South Australian industry and business sectors to ensure they can be supported in both reducing their impacts to our environment and improving their business productivity and efficiency, thereby growing the benefits to our state in terms of exports, for example, or job creation. It is a very important aspect of the EPA's work, not just to carry the big stick but also to encourage people to do the right thing, not just because it is their obligation to do so under the legislation but also because it is better for their business.

Mr TRELOAR: I refer to Budget Paper 4, Volume 2, sub-program 1.1. Dot point 4 relates to monitoring and reporting on air and water quality. Minister, what EPA requirements are placed on companies involved in mining to monitor and report on air quality and the impacts of dust? The minister may recall some correspondence I have had with him on an existing mining operation.

The Hon. I.K. HUNTER: My advice is that the lead in this area is the DPC, under the department of mines. EPA works with that agency because DPC is, of course, responsible for the mining lease, but if there is an issue around dust, for example, in terms of air quality, then DPC would normally turn to the EPA for some advice about the appropriate controls. Again, it is a matter for the operators of the mine to make sure they are not creating an environmental nuisance if they are near a population, for example, people we call sensitive receivers, I think, in the business.

Mr TRELOAR: Receptors, I think, aren't they?

The Hon. I.K. HUNTER: Receptors.

Mr DOLAN: Both work.

The Hon. I.K. HUNTER: Both work—that is right. It is a matter that is regulated by their mining lease. The obligations are on the operator to observe those, but either the EPA would provide advice directly to DPC in regard to that, or in the situation where we feel the EPA can add some value, such as we did in Port Augusta and at Brighton for example, the EPA will sometimes take a heightened role in community consultation.

Mr TRELOAR: Is there a process whereby aggrieved receptors can put their case?

The Hon. I.K. HUNTER: Normally, a complaint would be made, either to the department of mines or to local government or to the EPA. DPC is responsible for managing the mining lease. It would normally be their first port of call, through the MOU that the EPA has with the DPC mining section. There is a memorandum of understanding between the agencies on how they will handle their business. The EPA is to advise the DPC on what the mining operation needs to do to minimise the risk or the nuisance to sensitive receivers or receptors.

Mr SPEIRS: I have another question, if we still have time?

The CHAIR: Yes.

Mr SPEIRS: Thank you, Mr Chair. I refer to Budget Paper 4, Volume 2, page 127, sub-program 1.1. The state government recently announced a plan to resurface 20 netball courts in the south-west Parklands. Is this a site that is under the monitoring of the EPA?

The Hon. I.K. HUNTER: Resurfacing of netball courts would not be a licensable activity and probably would not be referable to the EPA. The EPA looks after activities that are licensed, obviously, and applying a new surface to netball courts would not, in the normal course of events, be something that would be referred to the EPA.

The CHAIR: By agreement, we will move now to Zero Waste.

Mr SPEIRS: I would like to ask another question.

The CHAIR: Yes, just if you have a very quick clarification.

Mr SPEIRS: Yes. Even though that does not have to be referred to the EPA, are they undertaking monitoring activities due to contamination in or around those netball courts?

The Hon. I.K. HUNTER: The EPA has not been, to the best of my knowledge and advice, made aware of any contamination around the netball courts. Of course, there is historic contamination in some areas of the Parklands—that has been obvious for the last hundred years or so—but, in terms of the netball courts, there has been no advice to the EPA of contamination at that site.

The CHAIR: We will move now, as agreed, to Zero Waste and Green Industries SA. Does the minister want to change advisers?

Departmental Advisers:

Mr V. Levitzke, Chief Executive, Green Industries SA.

Mr I. Harvey, Director, Strategy and Policy, Green Industries SA.

Mr J. Wheeler, Manager, Government Business, Green Industries SA.

Mr P. Fioretti, Acting Management Accountant, Green Industries SA.

Ms B. Marsden, Chief of Staff.

Mr S. Kandola, Ministerial Adviser.

The Hon. I.K. HUNTER: Mr Chair, may I introduce some of my advisers for this session. To my far left is Mr Ian Harvey, Director, Strategy and Policy; next to me is Mr Vaughan Levitzke, Chief Executive of GISA; and to my right is Mr Piero Fioretti, Acting Management Accountant. In the second row, behind me, are Ms Belinda Marsden, Chief of Staff, and Mr Josh Wheeler, Manager, Government Business. Behind them is my adviser, Mr Shobaz Kandola. I will begin with a few comments.

On 1 February 2017, Green Industries SA was established as a statutory corporation, delivering on the government's election commitment to establish a new agency to encourage innovation and economic growth through the development of the green economy. South Australia is recognised nationally and internationally for its leadership in the waste management and resource recovery sector. Our nation-leading container deposit scheme has been operating for 40 years and has only just been copied by our Eastern States colleagues. We implemented a ban on lightweight disposable shopping bags a number of years ago—I think it was around 2009.

I am pleased to advise that we now divert over 81 per cent of our waste from landfill. The government is committed to ensuring that we stay at the forefront of green industries and build on the achievements of Zero Waste SA. Since the establishment of Zero Waste SA, more than \$100 million of waste levy funds have been invested in projects and programs that have built capacity, grown markets and developed new products and skills in the waste and resource recovery sector. This sector turns over approximately \$1 billion per annum and contributes around \$500 million to gross state product, directly and indirectly, and employs roughly 5,000 people across the state.

Recognising the achievements in this area, GISA's early focus has been to encourage industry investment in waste and resource recovery infrastructure to stimulate jobs growth. The agency remains responsible for delivering on the targets in the state's waste strategy for 2015-20. It continues to support the recycling, resource recovery and waste management sector through financial incentives.

A new focus is the agency's investigations into how South Australia can reap the benefits of developing the circular economy further for our state. Its work in quantifying these benefits places South Australia at the forefront of such investigations in the nation. This is in addition to the work the agency has already been undertaking as the first movers in the collaborative economy. Green Industries SA is also investing in new technologies in the waste and resource recovery sector.

The agency has entered an agreement with a South Australian based company, Innovyz, to run a fast-tracked mentoring and business development program. In 2016-17, Green Industries SA co-invested a significant amount of funding for projects and programs that will result in resource efficiencies, improved recovery of recyclable material and reduction of waste disposed to landfill.

This includes \$2.8 million in industry, local government and not-for-profit infrastructure projects that will help deliver more than 60 jobs and attract more than \$10.8 million in investment across the state. Up to \$745,000 was approved to local government organisations for incentives to encourage high-performing household food waste recycling systems. The funding is for benchtop containers and compostable bags that enable food waste to go into kerbside-collected green organics bins and diverted away from landfill.

GISA also undertook significant work in 2016-17 on planning for future waste management and resource recovery infrastructure needs. In September 2016, I released a draft waste and resource recovery infrastructure plan for South Australia for consultation. The plan will provide a clear guide for infrastructure needs during the medium and long term, and support a resource-efficient economy in South Australia.

The agency also undertook important disaster waste planning work in 2016-17. Members will appreciate, I hope, that natural disasters can generate overwhelmingly large quantities of waste; in fact, such large quantities that they overwhelm our normal waste systems and exceed the normal waste management capacity of the affected area, threaten public health, hinder reconstruction and impact the environment. But, if planned in advance and managed effectively, the risk to the environment and health can be prevented or minimised, and waste generated can become a useful resource in disaster recovery and the rebuilding process, and can have a positive effect on social and economic recovery generally.

In November 2016, South Australia's international reputation in the waste management and resources recovery sector was reinforced by its hosting of the United Nations Centre for Regional Development 7th Regional 3R (recycle, reduce and reuse) Forum for Asia and the Pacific. We are the only Australian jurisdiction represented on this United Nations organisation. In a departure from the usual practice, South Australia, rather than the national government, was selected to host the forum due to our leadership in these sectors. More than 40 countries were represented at the event, with some 340 participants.

Another important area of work for GISA in 2016-17 has been in relation to quantifying the benefits of the circular economy. The circular economy refers to keeping materials circulating for as long as possible within the economy through activities such as remanufacturing, repair and reprocessing. The report, *Creating value, the potential benefits of a circular economy in South Australia*, uses economic modelling to estimate the job creation and greenhouse gas reduction benefits compared to a business as usual scenario. I am advised that a circular economy could create more than 25,000 jobs and see the state's greenhouse gas emissions reduced by 27 per cent, or the equivalent of 7.7 million tonnes of CO₂.

I would like to take the opportunity to recognise the enormous amount of work that has gone into transitioning GISA from Zero Waste into this new agency with new responsibilities. I look forward to working with GISA and its new focus on innovation and investment in the green economy into the future.

The CHAIR: Thank you, minister. Any questions?

Mr SPEIRS: My first question comes from Budget Paper 4, Volume 3, page 14, Program 1, the budget table. Is the entire Green Industries SA budget raised through the solid waste levy?

The Hon. I.K. HUNTER: Yes.

Mr SPEIRS: Does Green Industries SA receive any other income from consultancy costs or fees for service and such things?

The Hon. I.K. HUNTER: Following from the first answer, that would be a no.

Mr SPEIRS: Thank you, minister. I was just making 100 per cent certain.

The Hon. I.K. HUNTER: 200 per cent!

Mr SPEIRS: Yes, absolutely. Minister, I refer to Budget Paper 4, Volume 3, page 17, the budget table headed Expenses. I have asked similar questions for other portfolios this morning, but how much are Green Industries SA board members paid?

The Hon. I.K. HUNTER: The board of Green Industries SA was appointed by His Excellency the Governor in Executive Council on 9 February 2017, following commencement of the Green Industries SA Act 2004. The board is the governing body of Green Industries SA. The board meets approximately 10 times a year (a potential question a member might ask me) and receives the following sitting fees, as determined by the government and the Department of the Premier and Cabinet. The presiding member receives \$18,574 per annum and members \$12,383 per annum.

The Hon. S.W. KEY: This could probably be a supplementary question. On the same reference, with regard to Program 1: Waste Reduction, Resource Recovery and Green Industry Development, could you outline what the work of Green Industries SA is in the circular economy?

The Hon. I.K. HUNTER: Thank you, member for Ashford. It is a difficult question. Forgive me if I take a little bit of time. You may recall the passage of legislation to amend the Zero Waste SA Act—amongst all the other heavy business that our house members do on our behalf—which established Green Industries SA. One of the core amendments to the legislation was the inclusion of the circular economy as a guiding principle for the agency. The circular economy is a generic term for an industrial economy that is producing, ideally, no waste or pollution, by design or intention. It refers really to the better use of materials within the economy, which involves greater remanufacturing, repair and reprocessing activities.

The concept has gained, I am told, pretty serious attention in Europe, as well as in the United States and increasingly across Asia. I am advised that the Ellen MacArthur Foundation undertook modelling that showed an estimated US\$1 trillion of value globally in material savings associated with the circular economy. It also presents an opportunity to engage the commercial and private sector in change, and a change that will make the most of opportunities, addressing risks associated with the old linear 'make, use and dispose' mode of our existing economic models.

We will require, importantly I think, some pretty reliable information on the potential impacts and benefits in a move towards a more materials efficient and circular economy. If you think about it that way, it becomes a very logical thing to do. It is becoming more efficient, and that is why Green Industries SA has commissioned a study to provide quantified reliable information about the likely benefits of a circular economy to our state.

The resulting report, *Creating value, the potential benefits of a circular economy in South Australia*, was released by the Premier, I think, at a CEDA function earlier this year. The report is available, of course, on the Green Industries SA website. The report comprises two sections or two components, with a detailed methodological analysis separated from the report. In addition, Green Industries has prepared a summary document based on the report, which is also available on the website.

The report examines scenarios, including the business as usual scenario; efficient and renewable energy, that is, actions that we might take under the climate change strategy; materials efficiency, that is, use of secondary materials or keeping things, giving a longer product life, for example; and a circular economy, which is a combination of renewable energy and materials efficiency scenarios.

The Hon. S.W. KEY: Is that part of the repurpose?

The Hon. I.K. HUNTER: Yes. The report's assumptions were benchmarked against similar international studies, tailored to reflect our particular circumstances in South Australia. The assumptions, modelling techniques and results, I am advised, were peer reviewed by international circular economy experts.

By using the broad assumptions about a more circular economy, the report—and it is fairly conservative, I am advised—estimates that by 2030 a circular economy, or a more circular economy, could create an additional 25,700 jobs and reduce greenhouse gas emissions by 27 per cent, when compared to a business as usual or no change scenario.

The full-time equivalent jobs that could be created in South Australia include 21,000 through material efficiency gains and 4,700 through efficient and renewable energy gains. The potential reduction in our state's greenhouse gas emissions I have mentioned, of 27 per cent, is made up through efficient and renewable energy gains and by actioning material efficiency gains as well.

A circular economy model for South Australia would help build on current achievements and activities in reducing waste, improving material and energy efficiency and decreasing greenhouse gas emissions. It is very closely aligned with our goals and our economic priorities of stimulating employment and building resilient local communities as well as developing, of course, our low carbon economy into the future, which every other developed country is moving towards in one way or another.

Transitioning to a circular economy will not happen overnight—indeed it cannot—but the report highlights a way we can enjoy some prosperity while we are also moving towards a more circular economy and preserving the environment for future generations. It provides a pretty compelling vision, I think, of how the state can create more jobs while we reduce our carbon emissions and create more efficiencies and business.

It is a very high-level report, a small first step towards where we need to be, but again, if you step back and think about it in broad terms, it is about business; our economy becoming more efficient in the materials that it utilises; the goods, the inputs that it has in those businesses; and how the business actually becomes a much more efficient enterprise, saving costs. Hopefully, some of those cost savings will be ploughed back into further employment opportunities for South Australians.

Mr SPEIRS: A related question: have any resources from Green Industries SA been dedicated to taking the findings of that report going forward, to bringing them to fruition?

The Hon. I.K. HUNTER: To life.

Mr SPEIRS: Yes, I was struggling for the word there.

The Hon. I.K. HUNTER: My advice is that last year's budget incorporated the amount we spent on preparing the report, the high-level response, but in this year's budget there is \$410,000 allocated for implementation of some of those report outcomes. So we will be talking to our industry and business partners about the best, most efficient way forward—how to utilise that. A large part of it will be in education and awareness programs, but also a large part of it will be bringing together key players who already have experience in doing these things and showing local businesses how they can improve their business production and efficiency.

Mr SPEIRS: Are there any FTEs dedicated to stewardship of that \$410,000?

The Hon. I.K. HUNTER: That would be our chief executive's role.

Mr SPEIRS: Budget paper 4, Volume 3, page 14, Program 1, budget table with the heading 'Grants'. Has Green Industries SA had involvement with Plastics Granulating Services (PGS) in an effort to prevent its closing down, which was announced several weeks ago?

The Hon. I.K. HUNTER: There is a story here, which I cannot go into completely, but I will give you some background, the member for Bright. I am advised that Plastics Granulating Services faced a number of business pressures which ultimately contributed to its decision to go into liquidation. That is not the end of the story, but we will come to that in a moment.

These included the withdrawal of plastic feedstock by a major interstate supplier. I am also advised that roughly 70 per cent, or slightly higher, of its feedstock came from interstate industrial suppliers. My advice is very little, if any—possibly none—of the feedstock came from kerbside recycling in South Australia, for example. So, a major interstate supplier of plastic feedstock for processing at the PGS facility was withdrawn.

In addition, PGS has been impacted by the federal government's decision to drive Holden out of South Australia. They were a major supplier to second-tier component manufacturers. For example, the closure of Exide Batteries in 2014 impacted the company's revenues. PGS was also a direct supplier to Holden, I am advised. These pressures have culminated in the company being placed into voluntary liquidation.

At my request, the presiding member of the board and the Chief Executive of Green Industries SA met with PGS on 27 June to ascertain what further assistance GISA may be able to provide during this difficult time for the company. I am advised that, in fact, the company had already been placed into liquidation, which limited what could be done in terms of government support. Notwithstanding that, GISA officials canvassed a number of options, all of which were noted by the liquidator.

It is, indeed, unfortunate that a business like this has gone into liquidation, but we need to see what the outcome would be of liquidation. It could well be, and it is my hope, that the business is taken over by someone else who can take the company to new heights. This is, after all, a very big industry in its entirety.

As I said earlier, it employs about 5,000 South Australians. Let's not forget that the commercial and industrial plastics of the kind processed by PGS is a valuable commodity. It does have a value and an industrial use. We have also driven the incentives for re-use and recycling through our reforms to the waste levy more generically, which makes us a good place for people in this area to be located, and our changes have seen us hit the best recycling rate in the country—over 81.5 per cent.

As I am advised, PGS processed consumer and industrial waste plastic into pellets which could be used in a wide range of products, such as irrigation pipes, packaging film and moulded plastic products. The company processed about 10,000 tonnes of mostly commercial and industrial waste plastic per year. About 70 per cent of that waste came from interstate.

I understand the company was looking to make some changes to its operations for some time. I understand also that PGS planned to purchase and implement new technology, machinery and processes to improve the way plastic is sorted, granulated and washed, enabling it to process increased volumes of material for sale into the marketplace. In order to make the change, PGS needed a significant cash injection to make its process step change. That change would enable them to reprocess mixed plastics and film plastics, which is of great attraction to us, much of which is now sold as low-value commodity or sent to landfill.

Film plastics, if they can be recovered, are worth much more than other types of waste plastics. To assist in this step change, PGS sought government grants from both Green Industries SA and the Department of State Development, along with financial support from private sector lending institutions. My advice is that PGS's grant application to GISA was successful. In March of this year, they were awarded \$300,000 to help with the purchase of a new shredder as part of the diversification project that I mentioned. The grant now, of course, is on hold, pending the outcome of the liquidation process, because GISA's granting process means that they grant on milestones being achieved and obviously liquidation occurred before any of those milestones could be met.

Yes, it is incredibly unfortunate, but the upside may well be that a new company comes in and takes over the operation upgrades and does the step change and effectively takes what was PGS into a new era, employing South Australians and, hopefully, giving us a local recycling centre for film plastics, which will be a great advantage for us.

Mr SPEIRS: Just a point of clarification on the \$300,000 grant: would that grant travel with the company if it were on-sold or bought out?

The Hon. I.K. HUNTER: That is something that we will need to negotiate with any potential purchaser. Clearly, that would be an incentive, perhaps, to a purchaser. We would need them to commit to the milestones that PGS had committed to and we would need to be reassured that they would maintain their business base in South Australia.

Mr SPEIRS: But you and GISA are certainly open to that at this stage?

The Hon. I.K. HUNTER: We will consider that, absolutely.

Mr SPEIRS: Budget Paper 4, Volume 3, page 16, targets 2017-18. In last year's estimates you talked about Green Industries undertaking phase 1 of the Disaster Waste Management Contingency Plans Project. Can you answer whether or not you have completed and moved on from phase 1 to another phase of that project?

The Hon. I.K. HUNTER: Good question, member for Bright. It is an issue that we all need to be quite aware of. It is something that will be visited upon us at some stage and being prepared is very important. Since 2014, Green Industries SA has been undertaking a multiphase disaster waste management planning project. In 2016-17, GISA secured \$175,000, GST exclusive, of funding under the state significant project category of the commonwealth government's Natural Disaster Resilience Program to undertake stage 2 of the project.

As you would be aware, natural disasters, particularly large-scale natural disasters, can generate overwhelmingly large quantities of waste; we covered that earlier. Disaster waste management in times of crisis is pretty important. It covers every aspect of emergency response, as well as long-term recovery.

What we have learnt from overseas experience, particularly the earthquakes in New Zealand, is that disaster makes no differentiation between who owns what waste. If a bunch of buildings fall down at an intersection and some of them are government owned, some are local government owned and some are privately owned, all that waste is intermingled and we cannot wait around in a disaster situation for someone to work out who is responsible for which part of the waste to pay for it to be removed. We need a centralised plan and that is what we are trying to do.

If planned in advance and managed effectively, the risk to environmental health can be prevented, obviously. Phase 1 of the project included a scoping study for disaster waste management contingency plans, which reviewed the current disaster waste management practice and the associated regulatory framework; developed waste profiles for selected flood, storm, earthquake and bushfire scenarios; identified skills, equipment needs and selection criteria for temporary debris storage sites; and developed disaster waste management contingency planning methodology.

A project advisory group oversaw phase 1 of the project, with representatives from nine government agencies, the Local Government Association and the South Australian branch of the Waste Management Association of Australia. A final phase 1 report was delivered in September 2015. It was found, through case studies of recent local events, that to date there is no formal framework for managing disaster waste in South Australia. Local government plays a key role, with disaster waste quantities largely managed, disposed of or recycled using local government resources.

The waste volumes generated from past local events have been relatively small—in the range of roughly 2,000 or 3,000 tonnes—currently within the capacity of existing waste management systems. South Australian response and systems have not yet been tested to handle millions of tonnes of debris from a single disaster event, such as the 8.8 million tonnes of disaster debris estimated for the one in 10,000 years earthquake event in metropolitan Adelaide, reasonably similar to the 2011 earthquake event in Christchurch, New Zealand.

Should South Australia face a major disaster event, it is expected that greater challenges would arise requiring more centralised management and additional resources beyond local government capabilities. A stakeholder workshop was held in October 2015 to discuss the findings of the report and the priorities for the way forward. The stakeholder group strongly supported the next phase to integrate responsibilities for disaster waste management into the state's emergency management arrangements.

The independent report into the September 2016 extreme weather events by former police commissioner Gary Burns included a recommendation to develop a disaster waste management plan to form part of the State Emergency Management Plan. I am pleased to advise that, on the back of all that, Green Industries SA has successfully obtained the funding under the state significant project category of the Natural Disaster Resilience Program to undertake stage 2.

This will include developing a disaster waste management plan to sit under the authority of the State Emergency Management Plan. This is to develop guidelines for each disaster waste removal and management process outlined in the plan, provide best practice practical operational guidance and provide recommendations and develop an implementation plan for the disaster waste management plan and guidelines for future work.

GISA will take account of the findings and recommendations of the independent report by commissioner Burns. Through a public tender process, a consortium comprising local and international experts has already been selected to undertake the stage 2 work. The consortium is led by a local South Australian consulting firm.

In May 2017, the project plan and stakeholder engagement strategy was introduced to a wide range of key stakeholders at a roundtable meeting. In addition, on 28 June, a facilitated stakeholder workshop was held to discuss roles and responsibilities of various stakeholders under a disaster waste management plan. Green Industries SA will continue to work on disaster management planning throughout 2017-18, and will be pursuing this goal of bringing together a consolidated disaster waste management plan under the State Emergency Management Plan.

The CHAIR: This question should be very brief, I think. In fact, the answer should probably be brief.

Mr SPEIRS: It is just a friendly point of clarification: the magnitude of the disasters we are talking about is on the upper level. It is not like the storm that we had last September or anything like that, it is a major earthquake, or would bushfire fall into that?

The Hon. I.K. HUNTER: My advice is that we are developing a guideline that will provide guidance for all events ranging from low levels to very, very significant levels. Clearly, we have been tested previously with low-level disasters, which we managed relatively well, but there is no cross-coordination between agencies. It is done in a fairly ad hoc way on the day, with disaster management people responsible doing everything without the guidance that we are trying to bring together. We have not been tested with a severe disaster.

So far our waste management systems have managed with the waste streams that are being developed, with some intervention by GISA or the EPA to fast-track some of the approvals and processes. That has worked, but it would be significantly challenged by a major event, and this is why we need to have a coordinated plan in place.

The CHAIR: According to the agreed timetable, I declare the examination of proposed payments be adjourned until later today.

Sitting suspended from 12:01 to 13:00.

Departmental Advisers:

Ms S. Pitcher, Chief Executive, Department of Environment, Water and Natural Resources.

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

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

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

Ms M. Bald, Acting Group Executive Director, Science, Department of Environment, Water and Natural Resources.

Mr D. Jordan, Director, Water Policy, Department of Environment, Water and Natural Resources.

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

Ms B. Marsden, Chief of Staff.

Ms M. McInnes, Ministerial Adviser.

The CHAIR: Welcome back, minister, appearing in your capacity now as the Minister for Sustainability, Environment and Conservation. We are looking in the first hour, by agreement, at that

department, including SA Water, and then switching to Minister for Climate Change. So, water and the River Murray for the first hour and climate change for the following half an hour.

The Hon. I.K. HUNTER: Correct me if I am wrong but I think we have water and the River Murray and SA Water for the first hour.

The CHAIR: Yes.

The Hon. I.K. HUNTER: We are normally guided by who wants to ask questions on which topic as to how we split it. We are doing DEWNR water first, the River Murray.

The CHAIR: Yes, in your capacity as the Minister for Water and the River Murray first and then as Minister for Climate Change second.

The Hon. I.K. HUNTER: No. In the capacity as Minister for the River Murray first and water and then Minister for Water, which is SA Water. You can split it half an hour each if you like or we can do 40 minutes and 20 minutes. It depends on your questions.

The CHAIR: Sure, no worries. As long as at 2 o'clock we go to climate change; is that right?

Mr SPEIRS: Yes, that is correct; that is my intention.

The CHAIR: Fine. I really do not mind.

The Hon. I.K. HUNTER: Chair, may I introduce my attendants. On my far left is Michelle Griffiths, the Chief Financial Officer; reappearing again in her role as Chief Executive is Sandy Pitcher; to my right is Ben Bruce, representing water; behind me is Rob Faunt, Director of the Office of Technical Regulator, who would really love a question; Michelle Bald, Acting Executive Director for Science; behind my chief executive are Belinda Marsden; Ms Margo McInnes, ministerial adviser; Mr Dan Jordan, Director of Water Policy; and Andrew Geytenbeek, Management Accountant.

A healthy, working River Murray is essential to all South Australians. Around 85 per cent of South Australia's mains drinking water supply is provided by the River Murray and it supports irrigated agriculture with a value of around \$900 million per year, I am advised. The river also supports important tourism and recreation activities, and high-value ecological communities, including three internationally recognised Ramsar wetlands.

South Australia has a history of leadership on basin water management. We were the first basin state to introduce a cap on diversions for consumptive use, and our irrigators were early innovators in efficient irrigation and water delivery practices. I think our cap was introduced around about 1969.

When the Deputy Prime Minister wrote to me in November 2016 raising concerns about delivery of the final 450 gigalitres of upwater needed to maintain a healthy river system, our government fought to hold the commonwealth government to its commitment to deliver the basin plan on time and in full.

As a result, the Prime Minister wrote to the Premier in December 2016 reaffirming his government's commitment to the basin plan package agreed in 2012 and all associated programs. In addition, the basin plan has now become a standing item on the agenda of the Council of Australian Governments, allowing the council to monitor progress in its delivery. COAG has now signed off on the Murray-Darling Basin Ministerial Council Basin Plan implementation plan. This COAG plan provides a credible pathway to deliver three key elements in the basin plan. They are:

- supply measures to offset water recovery requirements under the basin plan sustainable diversion limit of 2,750 gigalitres by 2019;
- constraints measures to address barriers to environmental water delivery; and
- efficiency measures to recover the final 450 gigalitres by 2024.

At the Murray-Darling Basin Ministerial Council on 16 June 2017, basin ministers finalised a package of supply and constraints measures to address the first two of the three key elements in the COAG plan. It is anticipated that these measures will offset water recovery by at least 600 gigalitres so that no further water recovery beyond that already contracted will be required to achieve the initial

2,750 gigalitres target by 2019. These environmental measures will also help to overcome physical and other barriers to delivering environmental water to South Australia.

It should be noted that, under the agreement, any offset above 544 gigalitres will require extra water recovery to keep the total change within the 5 per cent net limit set in the basin plan. This rule will effectively lock in the first tranche of the 450 gigalitres to be obtained through efficiency measures; that is, agreeing to a set of programs to deliver downwater above that 544-gigalitre target automatically locks in part delivery of the 450 gigalitres of water. The way is now clear for basin governments to prioritise the basin plan's remaining water recovery requirement: the final 450 gigalitres by 2024, which science says is needed to maintain a healthy river system.

The extra water will keep salinity and water quality within the range required for the ongoing health of the plants and animals in the Lower Lakes and Coorong; reduce the risk of dredging the Murray Mouth; enable more River Murray flood plain vegetation and wetlands to remain healthy for longer; and help avoid low water levels, acidification and riverbank collapse during dry periods. The 450 gigalitres will also help ensure that we are better able to cope with future droughts. Under the 450-gigalitre efficiency measures program, \$1.57 billion is available for upgrading on-farm and off-farm irrigation infrastructure and making farms more water efficient and productive. This also includes potential opportunities for urban water efficiency projects in river communities across the basin.

At South Australia's suggestion, basin ministers have commissioned an independent and expert analysis of how best to design, target and resource efficiency measures programs to recover the 450 gigalitres, consistent with the basin plan legal requirement to achieve a neutral or improved socio-economic outcome. The analysis, being completed by Ernst and Young, is due for completion in December 2017. Basin governments are committed to responding to the findings by early 2018. South Australia is also the first state to have commenced a pilot for the 450-gigalitre efficiency measures program.

The pilot will help ensure that the efficiency measures program is well designed to meet the interests of our irrigators. As at 27 June 2017, we have had 79 expressions of interest, and 13 project proposals have been formally approved by the commonwealth Department of Agriculture and Water Resources (DAWR). The total volume of water across entitlement transfers associated with the approved projects is 790.2 megalitres, although some transfers are still to be completed, I am advised.

The leadership of the South Australian government has put us back on track in determining that the basin plan in total can be delivered in the time frame that is envisioned. However, we must continue to be vigilant and we must maintain a strong and united approach to ensure that other basin governments meet their commitments. Returning water to the environment is vitally important in restoring the long-term health of the River Murray and the Murray-Darling Basin.

We are already seeing a difference. During 2016-17, the South Australian government was successful in securing the delivery of 996 gigalitres of held environmental water, which provided many benefits, including keeping the Coorong healthy and the Murray Mouth open, flushing salt from the system and providing more water to wetlands and flood plains, which need a varied flow regime to thrive. For example, environmental water was delivered to support further successful testing of the Chowilla environmental works and to raise the weir pool at Lock 6.

This inundated over 7,500 hectares, including significant areas that had not been flooded since the natural high-flow event in 2010-11. This environmental watering provided significant benefits to flood plain fauna and vegetation, supporting the regrowth, flowering and regeneration of flood plain trees and understorey, including black box, river red gums, river cooba and lignum. During the event, seven species of frogs were recorded, including the vulnerable southern bell frog.

However, a healthy, working River Murray is not just about the environment. Since 2012, we have been working with our irrigators to deliver the \$265 million South Australian River Murray Sustainability program to boost regional productivity and help industry adapt to the future, whilst recovering 40 gigalitres of water entitlements for the environment.

The Irrigation Industry Improvement Program (3IP) is a \$240 million component of this program. To date, over \$176 million of investment has been offered from this \$240 million, and 35 gigalitres of water entitlements are ready for return to the environment. As a result of round 3 of

the program, an additional 56 full-time equivalent long-term jobs will be created in our River Murray communities, growing the overall estimated new jobs to more than 550 by the time the overall program finishes in mid-2019. Any further irrigation efficiency projects will be developed by working with South Australia's irrigators to maximise the benefits, just as the state has done to date.

Most members would be aware of the recent media reports claiming that New South Wales public servants at the highest level were complicit in undermining their own water laws and subverting the intent of the Murray-Darling Basin Plan. We, in South Australia, have been working in good faith with other jurisdictions on the basin plan, with the aim of ensuring the long-term health of the river system for our communities and our economies.

The *Four Corners* program confirms deep suspicions about the level of commitment of New South Wales to comply with the basin plan. We are, of course, demanding an urgent meeting of COAG to commission a judicial inquiry. That inquiry should have terms of reference that will make recommendations about a new national regime of compliance and enforcement for the basin plan. It is critical to deliver the Murray-Darling Basin Plan in full and on time, and that includes the 450 gigalitres of water we know is needed for the long-term health of the River Murray, which is included in schedule 5 of the plan.

Our government will continue to fight to deliver the basin plan in full, on time and with integrity to support a healthy and resilient River Murray system and to achieve better outcomes for river-dependent industries, communities and environments for generations into the future.

The CHAIR: Thank you, minister. Member for Bright, do you have an opening statement?

Mr SPEIRS: No, I do not.

The CHAIR: No? Proceed to questions.

Mr SPEIRS: Thank you, Chair. Minister, I refer to Budget Paper 4, Volume 2, page 152, Sub-program 2.2: Murray-Darling Basin. On Tuesday 25 July 2017, following the broadcast of the ABC *Four Corners* program the night before, I appeared on numerous media outlets stating that I would offer bipartisan support for any move the state Labor government would take in relation to their concerns about what was aired on that TV program. Why were the state Liberal Party representatives not invited to be part of the Premier's press conference yesterday?

The CHAIR: Hang on, minister. First of all, it is unrelated to the budget, so the minister may answer this one question on this one topic this one time, if he wishes.

Mr SPEIRS: Sub-program 2.2 is very related.

The Hon. I.K. HUNTER: Thank you, Chair. How can I resist such a tempting offer? Where do we start, member for Bright? I do not recall your title beginning with the word 'senator'; I do not believe you have that prefix. The politics of what happened in the Balcony Room yesterday may have escaped your attention, but the Premier assembled South Australian senators who are of the one view that we should have an independent judicial inquiry into the allegations raised in the *Four Corners* program.

The Premier was not convening a meeting of all those interests that are behind the delivery of the plan; that was not what yesterday was about. The Premier was sending a very strong signal to the federal government that South Australian senators in the Senate will hold the commonwealth government to account. That is what yesterday was about.

Do not forget the various aspects of the Murray-Darling Basin Plan, including the Northern Basin Review, are a disallowable instrument. So, the Senate has a particular role in supporting any changes to the plan that may be agreed or partially agreed. Yesterday was not about a joint session of all of us standing around singing *Kumbaya*; it was about sending a very strong signal that South Australian senators will be demanding a judicial inquiry of the federal government.

Your point may well be correct, if you wanted to limit yourself to the question about why I did not invite South Australian Liberal senators. I did think about it, but on reflection I thought these senators, mostly being part of the government, would probably say no and may very well be embarrassed if I publicly said I invited them and they did not turn up. So, I decided, because of my—

Members interjecting:

The Hon. I.K. HUNTER: I have an excellent working relationship with these senators, and I want that to continue. They are South Australian senators, they understand the gravity of the situation we face. They are, for political reasons, somewhat constrained in the public statements they can make about how absolutely inappropriate it is to have Barnaby Joyce, as Deputy Prime Minister, representing the water portfolio as well as the agricultural portfolio. I understand completely if they had a reluctance to standing up next to me and others condemning Barnaby Joyce, so that is why I decided not to invite the Liberal senators.

It was a meeting that the Premier convened of state senators. We are very happy to take up your offer and stand up with you and berate the federal government at a later stage, but yesterday was about sending a warning shot to the federal government about what they could expect in terms of their Senate program if they do not comply with our requirement for an independent judicial inquiry. I hope that mollifies your hurt feelings.

Mr PEDERICK: I might ask a supplementary in regard to the media event yesterday regarding a probable judicial inquiry and the call for it. Did you, or a member of your staff, on Friday advise River Murray community members that the Liberal Party was going to be part of that media event yesterday?

The Hon. I.K. HUNTER: As I have said, I was thinking about inviting federal Liberal senators, and that was our thinking right up until the last minute, when I decided that it would probably not be in their best interests for me to invite them.

Mr PEDERICK: Well, my advice, minister, is that—

The Hon. I.K. HUNTER: But I am very pleased—

Mr PEDERICK: —community members were told that the Liberal Party were going to be represented, and they were misled.

The Hon. I.K. HUNTER: I am not responsible for what advice—

Mr PEDERICK: No, no, they were misled.

The CHAIR: Hang on, member for Hammond.

The Hon. I.K. HUNTER: I am not reflecting on what you were told or what others might have told you.

The CHAIR: Good idea.

The Hon. I.K. HUNTER: I can only tell you what I know, and that is that up until the last minute I was contemplating inviting federal Liberal senators, but for reasons that I have outlined already I did not want to embarrass them; I did not expect they would turn up. The point is that they were in the mix earlier on in our planning because this is a state issue and we want our state senators, together, to send a very strong message to the federal government. I understand completely that federal Liberal senators might have their hands somewhat tied in that regard, unless they actually want to stand up for South Australia for a change. But, on reflection, I decided not to at the last moment.

Mr PEDERICK: So, no-one was told that the Liberal Party would be represented?

The Hon. I.K. HUNTER: Well, I cannot comment, member for Hammond, on what you were told or what others were told: all I can comment on is what I know.

Mr PEDERICK: Yes, okay, thank you.

The CHAIR: Member for Bright.

Mr SPEIRS: Yes, moving on, Chair. Budget Paper 4, Volume 2, page 152, sub-program 2.2. I want to ask a couple of questions on the 450 gigalitres of water promised under the Murray Darling Basin Plan. Minister, you touched on this in your opening statement, but I would like to go into it in a little more detail to find out some more information to aid my understanding of that 450 gigalitres, and acknowledging our position at the end of the river system.

Has South Australia undertaken to make a contribution towards that 450 gigalitre figure, and have we earmarked any projects under this figure? Again, I acknowledge you mentioned the pilot. How much state funding is provided towards our component of the 450 gigalitres?

The Hon. I.K. HUNTER: I am grateful for the member's important question. I outlined this in my opening statement, but I am very pleased to go into a little more detail as it is an important point. We are absolutely committed, as is the member for Bright and the state Liberal Party, clearly, to the need to recover the full 3,200 gigalitres of equivalent water, including the final 450 gigalitres required to ensure the basin's long-term health.

As a general rule, we expect recovery of the 450 gigalitres to be targeted at the least efficient irrigation and water use practices across the basin. Remember that the 450 gigalitres needs to be realised through efficiency measures. Remembering that South Australia capped its water take in, I think, 1969, remembering that South Australian irrigators have been the most efficient in the country, since then employing all sorts of techniques to become more water efficient, covering up open channels, moving to drip irrigation and computer-aided irrigation, etc.—you all know the story.

Nothing in the Water Act or the relevant intergovernmental agreements that pertain requires particular levels of recovery from a particular state, or indeed a region, of the Murray. However, we are, as good faithful citizens and participants in this project, as I said in my opening statement, the only jurisdiction to date that has commenced a pilot for the 450 gigalitre efficiency measures program, not because we have to, not because there is a lot of low hanging fruit in South Australia left—most of that is in New South Wales and Victoria—but because we want to proactively engage with communities on this and show the way forward to the other states.

Under the pilot, landholders can receive funding to upgrade irrigation infrastructure or for other on-farm water efficiency activities. In return, irrigators transfer the water savings they are confident of achieving from the project to the commonwealth—the Commonwealth Environmental Water Holder, I presume. The pilot will help ensure that the efficiency program is well designed to meet the interests of our irrigators and their communities. I said that in my opening statement.

Compliance with the basin plan legal requirement of socio-economic neutrality will be an important part of this. Further irrigation efficiency projects would need to be developed by working with our irrigation stakeholders, just as we have done in the past. That is obvious. Since 2012, we have been working with our irrigators to deliver the \$265 million South Australian River Murray Sustainability Program to boost regional productivity and water use efficiency to recover 40 gigalitres of water entitlements. The Irrigation Industry Improvement Program (3IP) I mentioned earlier is a \$240 million component of that program. I mentioned earlier to date that over \$176 million has been offered and 35 gigalitres of water entitlements are ready to return to the environment.

Our projects included new diversification into higher value pistachios, for example, the expansion of netting across citrus crops to cut downwater use, a state-of-the-art hydroponic blueberry farm, and the activation of dormant and unproductive land. I met with some mandarin growers, a little while ago, I think in Renmark, where they have taken advantage of funding and installed nets over their crop and around their crop, and the gains there have been reducing transpiration loss and reducing pest attack. They also said that during pollination season they net off their fruit trees to prevent pollinators from coming in, so that they get a higher percentage of seedless varieties.

What they have said is that by undertaking this program and getting investment funding to do it, they have a much faster repay rate on the investment than they would have done if they did it out of their own funding, and they are saving water and they are getting higher value crops. I cannot remember what they said exactly, but they have taken their class A fruit from about 30 per cent of their site's production to about 70 per cent, so they have had a massive increase in production by taking advantage of this investment program.

You can see that industries need to be provided by the community, to provide the netting, to install the netting, to upgrade it when a kangaroo goes bowling through it, and to provide the irrigation that supports that crop as well. This actually creates jobs in local communities. It is a wonderful example of how to do this.

As a result of round 3 of the program, it is estimated that an additional 56 full-time equivalent long-term jobs will be created in our current communities. I have already gone through that. Our state's experience in this program shows positive community and industry benefits that a well targeted efficiency program can deliver, and that is why we are delivering it, because we need to show those interstate who have been saying, 'Oh, you can't do this; it is impossible; you are going to destroy river communities; you are going to drive people out of town,' that in fact no, it does just the reverse. It reinforces communities, it creates jobs, it drives up production, it delivers efficiency in irrigation programs, and it saves water on the way through.

Mr SPEIRS: Thank you for that, minister. Referring to Budget Paper 4, Volume 2, page 154, the 2017-18 targets, the fourth dot point says that our target for this financial year is to submit the South Australian Murray Region Water Resource Plan for accreditation by the Murray-Darling Basin Authority. When is this plan likely to be submitted and is that time frame likely to be impacted in any way by the fallout from the *Four Corners* program?

The Hon. I.K. HUNTER: I do not have information before me on the anticipated date of completion and submission of the program or of the document and the subsequent seeking of accreditation, but we will get that date for you. My expectation and my agency's expectation is that regarding the political imbroglio we are in with the commonwealth government over the absolute duplicity of the Deputy Prime Minister and water minister in what he says to the public media in Canberra or indeed jurisdictions compared to what he says in private in pubs when he thinks he is not being recorded, we do not expect that to have any untoward impact on the administrative part of this process that we are going through.

I can advise, very strongly, that I plan to submit the South Australian Murray Region Water Resource Plan to the Murray-Darling Basin Authority for accreditation by the end of the year. There you go; I have great confidence in that response.

Mr SPEIRS: Referring to the same sub-program, 2.2, in a more general sense, do you believe that the revelations in the *Four Corners* program and the subsequent difficulties which are arising from that are putting the whole Murray-Darling Basin Plan at risk?

The Hon. I.K. HUNTER: Yes, and very clearly for one reason, which I alluded to, again, in my opening statement: it is incumbent on all jurisdictions to work together in good faith to deliver the plan. That is what the plan is about, and to date we have been doing so, but my very strong concerns, arising from the *Four Corners* program, is that it seems on the face of it, certainly on the reporting of the teleconference call undertaken by the deputy director general for water, that there appears to be a deliberate attempt to subvert the delivery of the Murray-Darling Basin Plan. You only have to revisit that program and listen to that teleconference call to hear someone say something to the effect of, 'Plan C is scary, but Plan B is going to be fun,' and Plan B, of course, was withdrawing from the Murray-Darling Basin Plan.

If that was just a group of industry representatives meeting amongst themselves, you perhaps can excuse one or two people having those views, but this was a teleconference between people unknown, presumably senior irrigators in the community and irrigator representatives who had some level of opposition to the delivery of the plan, and the deputy director general. That raises significant concerns, and you can work them out for yourself.

Is this just an example of a public service bureaucracy trying to subvert what the government of New South Wales has asked the bureaucracy to deliver, or does it go further? Is this an instance of the government itself and the Public Service deciding they are not going to deliver on the plan and are going to drag the chain, to publicly say one thing and privately, as part of their day-to-day business, do exactly another? We do not know, and this is why the very point is that we need to have an independent judicial inquiry instigated by COAG that can compel witnesses to give evidence, compel the production of documents and protect witnesses who want to come forward and give evidence to such an inquiry.

It is exceptionally concerning to note that, without states' cooperation, significant elements of the plan cannot be delivered, but the fallback position, as always, is: this plan is guaranteed by the commonwealth. It is backed by commonwealth legislation, and if states do renege, then it is always open to the commonwealth to take its water cap legislation back to the parliament and revoke

it and start buying back water from these states, which many commentators have said is the most efficient and cost-effective way of returning water to the river but which has been opposed by some irrigator communities for a long time. That is exactly why we have this compromise plan before us.

So, be careful what you wish for, New South Wales, if you decide that, in fact, you are just dragging the chain on the plan hoping to wait out government's patience, because if you do not deliver on what you have contracted to deliver, in terms of signing up to the agreement, the commonwealth, this government or a potential new government down the track could decide that it will take these things into its own hands and buy back water out of these river systems. That is something that the Eastern States, at least, have opposed and that is why they agreed to the compromises in the plan in the first place.

To come back to the point that you raised: if a state or a jurisdiction decides it is not going to play ball, yes, the Murray-Darling Basin Plan is in severe jeopardy. We have heard public protestations from the New South Wales government that they are committed to the delivery of the plan, which is heartwarming. We need them now to decide or determine how that will happen, particularly in the situation that we face with these allegations of a potential conspiracy in the Public Service to thwart that.

Mr PEDERICK: Budget Paper 4, Volume 2, page 152, sub-program 2.2. What is the status of the Lake Albert/Coorong connector investigation?

The Hon. I.K. HUNTER: It was completed and not being actioned.

Mr PEDERICK: What are your findings and what are your recommendations from that investigation?

The Hon. I.K. HUNTER: It has been some time since I looked at it, member for Hammond. I think I might have been asked this question at last estimates; certainly, I have been asked this question previously. Essentially, from memory, without referring to my officers, it was something like a \$20 million investment for a very low return. The cost-benefit analysis returns an incredibly negative response. The advice I received was that through lake cycling management of the water levels in the lake we can get the outcomes we are seeking faster and without the significant levels of expense.

For those reasons, we decided not to proceed with any interconnector between the lake and the Coorong, particularly given that we need to take community consultation, consultation with the Indigenous communities and ecological consultation into consideration. The facts are that the cost-benefit ratio just does not stack up as a business case and that, in fact, we achieve the outcomes faster by lake cycling.

Mr PEDERICK: In regard to lake cycling and value for money, there are huge amounts of water—hundreds of gigalitres of water—needed for lake cycling, whereas I believe a connector would only need minimal amounts of water in comparison. If we are going to talk about budgets, what about the water budget that is needed for the lake cycling, and you will only get that with high-water events?

The Hon. I.K. HUNTER: Indeed, but the water does not go anywhere, it is cycled in and out of the lakes to get a lower—

Mr PEDERICK: You have to have the water first, minister.

The Hon. I.K. HUNTER: That is right, of course. We can build on other events, for example, water coming down the system from the Commonwealth Environmental Water Holder, we can utilise water that we hold as well to maximise the levels and we can manipulate weir pool levels as well. The advice I had was pretty clear that the expense of an interconnector cannot be justified on a business case level and the outcome can be achieved with lake cycling significantly faster and significantly cheaper.

Mr SPEIRS: Chair, I am conscious we said we would move on to SA Water and it is probably a good time to do that, if the minister is happy to do so.

The CHAIR: Yes.

Departmental Advisers:

Mr R. Cheroux, Chief Executive, SA Water.

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

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

Mr R. Faunt, Technical Regulator.

Ms B. Marsden, Chief of Staff.

Ms G. Lewis, Ministerial Adviser.

The Hon. I.K. HUNTER: I have a new team with me, so can I introduce them to the committee. To my extreme left is Darren Percevault, Senior Manager, Finance, SA Water. Next to him is Mr Roch Cheroux, Chief Executive, SA Water. On my right is Mr Jamie Hollamby, Business Services, SA Water. Behind me is Mr Rob Faunt, Technical Regulator, still hoping for a question, and Belinda Marsden, my Chief of Staff. Behind him is Genevieve Lewis, my ministerial adviser.

SA Water is responsible for providing safe, reliable and clean drinking water and sewerage services to more than 1.6 million South Australians. These are crucial services for the health, amenity and sustainability of communities right across our state—from the South-East to the communities on the APY lands and the Far West Coast.

SA Water is a key contributor and enabler to the economic development of our state, providing a critical resource and services for industry and primary production. On a world scale, there are very few water utilities that manage as vast a network or a supply as complicated as SA Water.

During 2016-17, SA Water has had a renewed focus on the role it plays for South Australians as a leader in the water industry. With a new chief executive, Mr Cheroux, and under its new vision, 'World class water services for a better life', the corporation signals its focus on outstanding performance and efficiency with an expanded aim to place customers at the heart of everything it does.

In this regard, there is much for which the corporation should be praised. In 2016-17, SA Water has implemented a number of smart, innovative and progressive initiatives to improve the delivery of services and improve outcomes for customers. The corporation launched a work order app, giving front-line staff new technology to improve their work and let customers have better access to information. This initiative provides crews in the field with up-to-date information about the callouts they are attending, whilst also enabling real-time updates to be provided back to the customer care centre. This drives greater efficiency and resource allocation across the agency.

SA Water has also focused on using technology to enhance the management of network supplies. While on a national scale, the rate of pipe bursts across SA Water infrastructure are comparable to other utilities and the lowest they have been in some years, the corporation appreciates the inconvenience these events represent for customers. With this in mind, in December 2016 a new \$4 million smart network trial for Adelaide's CBD was announced.

A major part of this investment is the installation of flow, pressure and acoustic leakage sensors—and water quality sensors too, I think—feeding information back to SA Water's operational control centre and providing greater insight into what is occurring in the water network in real time. This technology enables the detection and rectification of network issues before major incidents arise, minimising impact and inconvenience for customers and commuters as well as helping SA Water to better maintain and sustain the network.

That does not mean that it is going to stop those instantaneous bursts of pipe networks which largely occur because of soil movement, but other complications such as pipe disintegration over time, the build-up and accumulation of debris in pipes, etc., etc.

In February this year, SA Water announced an additional reprioritisation investment of \$55 million for mains renewal, providing additional capital expenditure for the state's potable water network. The replacement of more water mains, along with the installation of additional valves, will

assist in reducing the impact of leaks and bursts on SA Water customers and the general public. Customers can also monitor where these new mains are scheduled for installation and identify the age of their local pipes, all on SA Water's website.

During 2016-17, SA Water has renewed focus on customers and improving their experience. A substantial new initiative is the establishment of a community support team in SA Water. The community support team supports customers affected by significant incidents, including property damage. This team is on the ground as soon as possible working with affected customers. They help coordinate clean up and support customers' unique and various needs.

An additional element of SA Water's renewed customer focus has been the implementation of a progressive digital program. SA Water has recently made it possible to report leaks online and to submit a range of standard forms through the SA Water website, providing the customer-sought option of transacting any time from anywhere and not requiring a conversation with SA Water.

Work is underway to provide customers with electronic bills, taking the paper out of the process and giving customers better access to water use information. SA Water has also focused on improving what, how and when it communicates, including greater use of social media to inform customers and commuters about planned improvement projects and unplanned works that sustain the network and ensure service expectations are met.

Collectively, these achievements all contribute to SA Water realising the aspirations of its vision, and delivering on a better water system for its customers. I would like to acknowledge the hard work of SA Water, its directors and staff during this period, and particularly the new Chief Executive, Mr Cheroux, for their commitment to putting SA Water customers first.

Mr SPEIRS: Budget Paper 3, page 58, looking at table 3.8. Regarding the dividends and income tax equivalents paid by SA Water, obviously the bulk of this is dividend, and profit is derived from the return on the regulated asset base. What is the current valuation of the regulated asset base for water assets, and for sewerage assets?

The Hon. I.K. HUNTER: We do not have that figure before us. The RAB, of course, is set by the Treasury, but we should have that figure available to provide. From memory, I think I am advised it is around about the \$12 billion mark. I think that significantly undervalues the asset base but it is an accounting mechanism. I understand from my discussions with ESCOSA that usually it is set once at the beginning of a period of ESCOSA monitoring and evaluation of a utility, and then it is built on into the forwards. So, I will go back and interrogate what we have, and I will ask either ESCOSA or Treasury. I am also advised it is publicly available on the annual accounts of SA Water, so you could probably do a web search faster yourself, but I will certainly take that back and bring back a response for you.

Mr SPEIRS: Thank you, minister. A related question, and you may or may not have this information at hand, but can you confirm that the valuation that is available has not changed since the regulatory determination was handed down in June?

The Hon. I.K. HUNTER: I can give you a brief answer, but if you want something more detailed, I can ask Jamie to go through the economic language. As I said, when a utility is regulated for the first time, a regulated asset base is set, and that is the line in the sand, that is the figure, and then it goes forward. It is altered by additions to the network, for example, infrastructure investments, and by depreciation and escalation. I am not quite sure what 'escalation' means but if you want me to ask Jamie I can. Essentially, it is a line in the sand figure set by Treasury, as I understand it, at a point in time when you enter into regulation (by ESCOSA in this case) and then it is flexed forward through those accounting mechanisms that I just mentioned.

Mr SPEIRS: Thank you, minister. Can you advise what work is being done by SA Water to ensure that the valuation of the regulated asset base is accurate?

The Hon. I.K. HUNTER: It is not a role for SA Water to have any role in the valuation of the regulated asset base. As I said, the regulated asset base is something that was set by Treasury, so it is not the role of SA Water to get into that argument. As I said, the true valuation of the asset base is probably significantly much higher, but that is not the point. When you go under regulation, it is an economic system to regulate the outcomes, or in terms of SA Water in this instance, the amount of

profit it can make on its asset base. So, that is set by decision of Treasury. It is not a function for SA Water to manage it, or to prove it, or to challenge it in any way. That is a Treasury-based function so really that is a question for the Treasurer.

Mr SPEIRS: While you say that the asset base is undervalued, there has obviously been some different viewpoints around over recent years, particularly that of Professor Kerin back in 2015. I understand this is a hypothetical question but what would be the water bill for an average residential customer if the regulated base was revised down in accordance with Professor Kerin's supposed valuation?

The Hon. I.K. HUNTER: I cannot give you an answer but let us distinguish regulated asset base values from the true values of the asset, which is a valuation that companies would use all the time for their assets and for taxation purposes. The regulated asset base, in many respects, bears no relation to the asset base of an organisation. It is an economic decision based on economic arguments about regulation, not on the assets that are owned by a company. So, all this esoteric debate that you refer to by various players in the economics sphere, academics largely, bears no relationship with the true asset base value of a corporation. It is an artefact of economic regulation and is best placed with questions to the Treasurer not to SA Water.

Mr HUGHES: I refer the committee to Budget Paper 3, page 60. Will the minister outline for the committee the residential water prices that will apply for SA Water residential customers for 2017-18?

The Hon. I.K. HUNTER: What an excellent question from a country member. I advise that water and sewerage pricing increases for 2017-18 have been capped at 2.1 per cent on average and that is to match the rate of inflation as determined by the third quarter Consumer Price Index. For SA Water customers this means that there will be no increase in real terms to water and sewerage pricing in the current year. This builds on a number of recent decisions that have resulted in a decrease in the price that consumers pay for water and sewerage, in both real and nominal terms, on an average bill.

Members will recall that during 2016-17 the average SA Water customer received an \$87, or 6.7 per cent, decrease in their combined water and sewerage bills. Over the last four years, SA Water customers have seen a 6.5 per cent decrease in their combined water and sewerage bill. I am advised that the decrease between 2012-13 and 2016-17 is the largest bill reduction for urban residential customers anywhere in the country when looking at similarly sized providers.

SA Water's water and sewerage revenues for the 2016-2020 regulatory period are, of course, subject to four-year total revenue caps set by the Essential Services Commission of South Australia. SA Water's prices take into account a range of factors, including the cost to provide, sustain and enhance the delivery of water and used water services across the state. This compares extremely well to other providers nationally. Indeed, based on 2016-17 prices, SA Water estimates that the average water and sewerage bill is below the national average amongst the largest utilities.

Members may be aware that the South Australian Council of Social Services provided a quarterly report on the cost of living using data from the Australian Bureau of Statistics Consumer Price Index publication. Earlier this year, SACOSS produced a report that examined changes to utility bills, including water, since the appointment of the current government in 2002. The cost of living report compares changes in costs for a wide range of goods and services, including water and sewerage bills. The report shows the cost of water and used water services in Adelaide increased by 20 per cent less than the national average, which was 139.5 per cent.

Pertaining to the cost of water delivery to our rural customers, again, it is important to lay out something which is not commonly known—widely enough anyway—that we have a policy of postage stamp pricing. If you think about it, the cost of delivering water over a massive geographic area is averaged across the state but the cost of delivering water to Whyalla, Port Lincoln or Port Augusta is much more expensive than the cost of delivering water to the City of Adelaide or Salisbury or Christies Beach, where we have a much denser population and comparatively shorter pipelines to maintain.

However, because of the extensive length of the pipelines—I think it is up to about 28,000 kilometres of pipe now—over a broad base with a low density of population, it costs a lot

more to deliver water services in the country than it does in town. However, we think it is fair to make sure that everybody who is on that reticulated supply pays the same price, and so the government has committed to maintaining the postage stamp pricing of water for South Australians who are connected to our water service.

Mr SPEIRS: Returning to the regulated asset base, Budget Paper 3, page 81, table 5.5. Noting the \$28.3 million in contributed assets and total SA Water capital investments of \$535.8 million, can you confirm the total movement in the regulated asset base between 30 June 2017 and 30 June 2018?

The Hon. I.K. HUNTER: My advice is that contributed assets are excluded from the roll forward of the regulated asset base, so there will be no impact from those. The regulated asset base is as it was: there has not been an update yet because it has not happened.

Mr SPEIRS: What was the regulated asset base at 30 June 2016 and what is it expected to be on 30 June 2020? I do not imagine that you have those figures with you.

The Hon. I.K. HUNTER: Again, I do not have that information before me. We will have to do some work and see if I can bring back a response.

Mr SPEIRS: I have another couple of questions, which again you may or may not be able to answer, in relation to the asset base. Have any of the capital investments included in this budget not been budgeted for through the regulatory determination?

The Hon. I.K. HUNTER: My advice is that the dollar amount has not changed. It is what was negotiated or agreed with ESCOSA, but within that, of course, SA Water routinely brings forward programs. It may plan to replace a main in 2019, for example, and it might decide to bring that forward to 2018 or it might change the profile of the expenditure by bringing forward investment in water treatment facilities, should there be a need. They have the flexibility to change their prioritisation of their program, but the total dollar amount remains the same.

Mr SPEIRS: Have there been any pass-through costs impacting the regulated asset base or other costs approved as pass-through costs?

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

Mr SPEIRS: Moving to Budget Paper 3, page 86, which is the full-time equivalent section for SA Water. Are you able to give the total remuneration package for the SA Water chief executive?

The Hon. I.K. HUNTER: I do not have that information on me, but I am advised it will be in the annual report, which is a public document.

Mr SPEIRS: Are there any performance-related bonuses built into the chief executive's contract?

The Hon. I.K. HUNTER: My advice is, he wishes. No is the answer.

Mr SPEIRS: I hope you will allow me to ask this question under this budget line, minister.

The CHAIR: You are hoping I allow you—

Mr SPEIRS: It is whether we can include board members as FTEs. I am hoping you will give me flexibility on this because SA Water is a bit different in the budget. It can be harder to identify things.

The CHAIR: Let us answer that question first, then. We will let the minister guide us as to whether we can include them as FTEs.

The Hon. I.K. HUNTER: I might be able to help you both by saying in advance that in fact the board remuneration for the last 12 months is also published in the annual report, which will be a public document, and previous annual reports have all had it in there as well.

Mr SPEIRS: I have asked this question throughout today. Are any of the board members paid retention payments that you know of?

The Hon. I.K. HUNTER: My advice is no. Certainly, the chair gets a higher payment than board members, but that is usual.

Mr SPEIRS: Who is the current chair of the board?

The Hon. I.K. HUNTER: Currently, the chair, in an acting capacity, is Ms Carolyn Pickles.

Mr SPEIRS: How long has she been acting for?

The Hon. I.K. HUNTER: Three or four weeks—a number of weeks.

Mr SPEIRS: When is a decision likely to be made regarding the ongoing chair of the board?

The Hon. I.K. HUNTER: Soon.

Mr SPEIRS: Thank you, minister. That is very helpful. Also, while we are on the FTEs on page 86, how many staff within SA Water are involved in communications; that is, how many specific communications or media staff are there within the organisation?

The Hon. I.K. HUNTER: The numbers are pretty small. If we are dealing with just communications in terms of website and media, etc., it is about five, but if you broaden that out to include our team that talks to the community—our community stakeholder engagement team—then it is around the low 20s, but will I come back with a more accurate figure.

Mr SPEIRS: Are you able to advise how much was spent by those staff in producing the SA Water staff media training video that was in the media recently?

The Hon. I.K. HUNTER: Which is the training video you would like to focus on?

Mr SPEIRS: The one that trained staff to deliberately avoid being transparent and not to empathise with customers.

The Hon. I.K. HUNTER: We do not have any that match that description, I am afraid, member for Bright. I do not know if you have viewed them, but I have viewed them, and I can tell you that what the staff was actually being trained to do was not to answer questions outside of their area of expertise because you can get into all sorts of trouble that way, as you and others have probably found in your long careers. So, there is no such video training guide as reported in the paper. It was a complete dog's breakfast of a story—complete and utter rubbish. I invite you to go and have a look at it. Any reasonable person would see that this is a very boring, regular backroom training exercise for personnel—unexceptional in every way.

The Hon. S.W. KEY: I refer the committee to Budget Paper 3, page 77. Will the minister outline for the committee SA Water's community service obligation payments made to SA Water during 2016-17 and those proposed for 2017-18?

The Hon. I.K. HUNTER: That is another fantastic question from a member who is very concerned about the most vulnerable in our community and how we look after them as a government. Many members will be aware that the state government provides funding to SA Water through a number of community service obligation (CSO) payments. This is part of our transparency arrangements. Rather than SA Water itself making rebates or pensioner concessions available out of its own books, it transfers its profit to Treasury and then Treasury transfers a community service amount to rebate SA Water for some of these functions.

The payments ensure that SA Water is compensated transparently, as I said, for non-commercial activities that the government may wish for it to undertake in terms of social responsibility. CSOs have been an element of funding from the government since SA Water was established as a corporation.

The largest single CSO payment for 2017-18 relates to statewide pricing, as I mentioned earlier—a scheme that ensures SA Water customers across South Australia pay the same amount for their water and sewerage bills regardless of where they are located. This is because our government acknowledges that rural and regional communities deserve access to safe, clean and affordable water, and, quite frankly, it is a good investment into public health.

A total of \$67.4 million has been allocated across 2017-18 for the scheme. An additional \$40.2 million is allocated to ensure that a standard approach to price setting for sewerage can be adopted. Together, these two payments of \$107.6 million from Treasury to SA Water assist to ensure that South Australians who live outside the metropolitan area pay the same water charges and similar sewerage charges as metropolitan customers. These payments are unchanged from 2016-17, I am advised.

Members may also be aware that the community service obligations provided by the state government relating to exemptions and concessions are provided to customers. The cost incurred in the administration of their schemes is also another very important contribution the government makes.

For 2017-18, a total of \$18.6 million is made available for this purpose. This is an increase from 2016-17, where it is estimated that \$18 million was provided. In total, \$142.4 million in CSO funding is included in the 2017-18 budget. This is an approximately \$6.3 million increase in the estimated \$136 million in funding provided for CSO payments during 2016-17.

Mr SPEIRS: To return to my previous question, I asked how much was spent in that media video. Were you able to provide me with a figure for that or take it on notice?

The Hon. I.K. HUNTER: You were asking for expenditure related to a video that did not exist, member for Bright, but I might be able to give you some indications about the costing for videos that did exist and the ones I referred to, which are perfectly ordinary training videos. The total cost for the video was \$10,488.50. I am advised that it was created as part of the corporation's in-house media awareness training. I am further advised that SA Water paid a third-party production company to produce the video. Actors were primarily used to focus on the training content, as opposed to being distracted or influenced by someone they may know from within the business.

In the past, we have used SA Water staff in training videos, but we thought we would try to make it a little bit more professional than that. As I say, the video was largely about educating staff about what they should be conveying to customers in response to their concerns and inquiries, and warning them not to talk about things that they do not know about, warning them that they should not be conversing in areas outside their expertise. The answer, the correct answer—and I think the video says this—is that it is okay to say, 'I don't know, but I'll go and find someone who can help you with that.' Absolutely the right message, absolutely telling staff—

The Hon. S.W. KEY: That is what we should be telling them.

The Hon. I.K. HUNTER: Exactly right; as the member for Ashford said, this is what should be provided in staff training to people. You talk about the things you know about—you do not make up things you do not know about and, if you get asked a question by somebody that you cannot answer yourself, you go to someone or you seek to find that information from someone who does know the business.

The CHAIR: With that, according to the agreed timetable, would you like to bring forward your advisers in relation to Climate Change?

Departmental Advisers:

Ms S. Pitcher, Chief Executive, Department for Environment, Water and Natural Resources.

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

Ms J. Grant, Group Executive Director, Climate Change, Department for Environment, Water and Natural Resources.

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

Ms B. Marsden, Chief of Staff.

Mr S. Kandola, Ministerial Adviser.

The CHAIR: Minister, do you have an opening statement on Climate Change?

The Hon. I.K. HUNTER: Oh golly, yes. To introduce my officers to the committee: on my far left Michelle Griffiths makes a reappearance as Chief Financial Officer today; Sandy Pitcher, Chief Executive; and Julia Grant, Group Executive Director of Climate Change. Behind me is my ministerial adviser, Shobaz Kandola; and Andrew Geytenbeek, Management Accountant, who is still with us; and behind them is Belinda Marsden, my Chief of Staff.

I will update the committee on the significant progress this government has made this year in addressing the challenges we face as a state due to climate change. Following the commitments that we made in 2015 in the run-up to the Paris climate change summit, we have been focusing on delivering on those commitments at home and on continuing to promote the importance of action on climate change by others, particularly at a southern national level.

In the last few months, we have seen Victoria pass its own climate change legislation, albeit 10 years after us, but still that is good. Last month, Queensland signed up to the Under2 MOU that we signed in 2015. I will shortly be hosting the next meeting of the climate action round table of Australian states, territories and cities committed to tackling climate change and leading by example through promoting collaboration.

Regarding our achievements at home, I turn firstly to our shared goal with the city community of Adelaide, for Adelaide to be the world's first carbon neutral city. In November 2016, the Premier and the Lord Mayor launched the Carbon Neutral Adelaide Action Plan 2016-2021, which outlines five pathways that will be used to reach the carbon neutral objective. Central to the action plan is the idea of partnership, and we already have the partnership with the city formalised in a sector agreement under the Climate Change and Greenhouse Emissions Reduction Act 2007.

In May of this year, the Lord Mayor and I launched our partnership program, and to date over 45 organisations have signed up to that program, with over 1,200 individuals committing also. I am very pleased to say that, as from today, building owners in Adelaide and across the state can enter, voluntarily, into a building upgrade agreement with financiers and their local councils to invest in environmental and heritage improvements to their commercial buildings. This delivers on one of our key election commitments in this area. Through the early adopter program, we are already aware of around 30 projects that are interested in taking up the opportunity to access this finance.

Everything we do on climate change is framed in the context of our ambition to achieve net zero emissions as a state by 2050. A number of others have joined us in this ambition, including Victoria, the ACT, New South Wales and Queensland, which all share with us this target. Clearly, our energy sector is fundamental to the achievement of our climate change objectives. We are close to achieving our goal of 50 per cent of energy from renewable sources, I am advised.

To reinforce our role as a global leader in renewable technology and renewable energy, it now makes sense for us to capitalise investments to support further integration of the next generation of renewable technologies, including batteries, pumped hydro, hydrogen and solar thermal. That is why Our Energy Plan, launched in March of this year, included the establishment of a new \$150 million renewable technology fund, the first project being the world's biggest lithium ion battery that Neoen and Tesla are installing at the Hornsdale Wind Farm.

Our climate change strategy also focuses on ensuring that the state is resilient to the impacts of climate change that we are already experiencing. In 2016, we achieved another of our strategic objectives, when the last of the state's regional adaptation plans was finalised, ensuring that the whole state is now covered by such a plan. A number of those regions have also negotiated sector agreements with the state government to formalise our partnership in overseeing the actioning of those plans. The government is currently developing its response to those regional plans, which we will publish at the end of the year.

We have seen real progress in the last 12 months in delivering on the commitments we have made relating to climate change. I look forward to the coming year so that we can continue to implement projects to achieve our targets and other strategic commitments, working very closely with other jurisdictions, be they local government or state and territory governments.

Mr SPEIRS: I would like to indicate to you, Chair, that I will read in my omnibus questions at the end of this session, a few minutes before the end. Thank you. Budget Paper 4, Volume 2, page 146, targets 2017-18. There is mention of, and you mentioned it in your opening statement, Carbon Neutral Adelaide. My question is: is there concern within the government about the Carbon Neutral Adelaide program now that Adelaide city council has dropped the aim for Adelaide to be the world's first carbon neutral city, instead aiming for Adelaide to become one of the world's first carbon neutral cities by 2025? Are you concerned that the city council's commitment to this program might not be what it was?

The Hon. I.K. HUNTER: No, because that is not an accurate report of what the situation is, so let me give you that. The government and the City of Adelaide share a common goal to make Adelaide the world's first carbon neutral city. This ambition was affirmed by the Premier and the Lord Mayor with their joint release on the vision for a carbon neutral Adelaide, released shortly before the Paris climate negotiations in December 2015, together with their joint launch of the Carbon Neutral Adelaide Action Plan 2016-2021 on 8 November 2016.

There have been some erroneous media articles that have suggested that the city is walking away from our world first ambition—they are wrong. The Lord Mayor and the council are galvanised in our shared ambition to become the world's first carbon neutral city. There remains the position of the state government and council, through our unique partnership, to achieve a carbon neutral Adelaide, to prioritise direct emissions reduction activities over offsets and, when required, preferentially seek offsets from projects, if possible, in South Australia.

The council has also committed that regardless of whether Adelaide is first, they want Adelaide to be carbon neutral by 2025. Adelaide is aiming to be the first carbon neutral city and is well placed amongst its national and international counterparts to achieve that objective. I can assure you that considerable efforts have been made to achieve our shared goal for Adelaide to be the first carbon neutral city in the world. Despite media reports, maybe based on one or other council members expressing contrary views, I understand they are not the received wisdom of council. They are certainly not the received wisdom of the Lord Mayor. The Lord Mayor, in his own words, has said on radio, and this is from April 2017:

Categorically we have not dumped the target for carbon neutrality and in doing so we have not dumped the target to potentially be the world's first...

So, the ambition is there, and it is up to us to try to meet those ambitious aims that we have set for ourselves.

Mr SPEIRS: Which other cities in the world are you aware of which are aiming to be carbon neutral in the coming years?

The Hon. I.K. HUNTER: I am aware of Copenhagen, Melbourne and Brisbane, and I believe also Sydney have made some pronouncements about that. Those are the ones I know of. There may be others, but they are the ones that are most obvious in our race.

Mr SPEIRS: In aiming to be a carbon neutral city, it will be necessary to have a significant number of offsets, because getting anything—any population base—carbon neutral without offsets is quite a challenge. This is by no means a criticism of the program, but are you confident there is capacity, particularly within South Australia, to have South Australian offsets contributing to at least a large proportion of the required offsets to reach carbon neutrality? Equally, I should add, and feel free to add this into your response, is there an opportunity to build an offset industry or—

The Hon. I.K. HUNTER: Stop stealing my ideas, David!

Mr SPEIRS: This is not trying to catch you out in any way.

The Hon. I.K. HUNTER: No, it is a very important question; in fact, it is something we are working towards. It is a good question indeed. You are quite right: offsets will probably be required in the first instance, but our ambition is to taper them down to a minimum number as we reduce emissions across other sectors, clearly in transport and in the built environment.

Modelling and analysis of Australia's abatement opportunities has demonstrated that improved land management and low emissions farming practice are by far the largest single carbon

abatement opportunity for achieving Australia's 2030 greenhouse gas emissions targets. Carbon sequestration can provide benefits well beyond carbon capture and, through greater recognition of these co-benefits, can deliver improvements in biodiversity, improved soil and farm productivity, Indigenous employment and improved water management. We covered some of this in questions earlier this morning.

We are committed to maximising opportunities for carbon sequestration in our state to realise our potential. I went through our budget's commitment of about \$1 million in native vegetation carbon sequestration, an applied research program focused on carbon sequestration with our universities, etc., and I will not cover the rest of it now. I can say that our recently released state budget makes a start on this front. This is why I say, 'Watch this space.' And you are stealing my ideas, but I am happy to collaborate with you on this because it is quite exciting. We have had the \$1 million over two years to kickstart a carbon offset industry in South Australia in partnership with corporate partners and environmental NGOs.

This initiative will develop a new business model. Hopefully, we want to accelerate the expansion and availability of local carbon offsets from native vegetation regeneration; I mentioned earlier Kangaroo Island and the local River Murray flood plain. One of my advisers tells me that in the River Murray forest we anticipate at least 30,000 tonnes of abatement can be delivered. We are looking at fast-tracking other options. I might have mentioned—I am not sure if it was in estimates, or maybe it was in our chat at morning tea—that some of our pastoralists are doing fantastic work in fencing off part of their property, looking for carbon sequestration and then potential market benefits for them.

We are looking at working with NGOs and research institutions with the bit of money that has been provided in our budget over the next two years to identify potential carbon offset markets for South Australia that we can utilise preferentially, but may also be very useful in working with some industry partners on as well. I am also advised that we are looking at a trial for blue carbon at Dry Creek.

I vaguely remember reading a scientific paper that said that carbon sequestration in estuarine environments is worth about seven times sequestration in forests. So, if you think about the Adelaide International Bird Sanctuary, the Gawler River estuarine area, the Light River estuarine area for example, there may be potential for us. The key then will be having a baseline set of measurements and data that we can then utilise to prove that any improvements we have made in the environment actually has sequestered the carbon we say it has sequestered and therefore get it accredited.

The methodology, I am advised, has not yet been approved by the commonwealth and so we are waiting on their sign-off on that process. This is a very interesting area for the future. It is something that we want to be actively involved in that will provide local offsets for the City of Adelaide. It might not provide all the offsets we need, but we are hopeful it will provide a substantial amount of it.

Mr SPEIRS: Have any of the corporate partners and environmental NGOs that you have mentioned or referred to been engaged officially as yet?

The Hon. I.K. HUNTER: I mentioned there were about 40 partners engaged with us in our delivery of our carbon neutral Adelaide program. The founding partner was Adelaide University, and Microsoft comes to mind. I am sure the list has been published. I will see if I can find it for you.

Adelaide Solar Systems, ATA, Balance Carbon, Biodiverse Carbon, City of Adelaide, Cool or Cosy, Corena, Conservation Council SA, CitySwitch Green Office, Cundall, Doctors for the Environment, D2, ecoCaddy, Energy Efficiency Council, Eureka, Environment Upgrade Finance, GoGet, Goodhouse, Greening Australia, H2U, Finsbury Green Printed Carbon Neutral, ICLEI, local government for sustainability, Lifecycles, Microsoft, Mott MacDonald, OzHarvest, Nunkuwarni Yunti, Pangolin Associates, Seed Consulting Services, University of South Australia, Property Council of Australia, Siemens, Wallmans Lawyers, Solar Energy, University of Adelaide, United Communities, myCar, Suntrix, Solar Energy Solutions, Uniting Communities, Cminus, KESAB, YNA, Sustainable Business Consultants, Australian CleanTech, Schneider Electric, Urban Ecology Australia, and Thomson Rossi Architects. That is about the best I can do, using the technology to hand.

Mr SPEIRS: With regard to carbon sequestration and referring to Budget Paper 3, page 136, are you expecting that growth in this sector, kicked off potentially by government funding through these pilot projects, will lead to a sustainable industry? Do you have a date for when you hope that will be achieved and, if so, what evidence do you have to suggest that that will be achieved by that date?

The Hon. I.K. HUNTER: As I said, we have \$1 million over two years to kickstart the carbon offset industry in this state. We have already been in some early discussions with some environmental NGOs. Greening Australia and Trees for Life come to mind. We have had some confidential discussions with business, which I will keep confidential. Dr John Hewson, Frank Jotzo and Anna Skarbeck made that a recommendation of their South Australia's Low Carbon Economy Experts Panel report, findings and recommendations of November 2015, so we are acting on that. So, yes, our ambition is to develop a local carbon offset industry. The time of delivery, I cannot possibly say. As I said, we have \$1 million over two years to try to kickstart such a process.

Mr SPEIRS: Referring to the Climate Knowledge and Innovation Community, Climate-KIC, in Budget Paper 4, Volume 2, pages 145 and 146, there are a couple of references in the papers. Can you update the estimates committee on how much the involvement with the Australian Climate Knowledge and Innovation Community has cost the South Australian government?

The Hon. I.K. HUNTER: I will do my very best. The South Australian government is a founding partner in the establishment of Climate-KIC (Knowledge and Innovation Community). It is not too far a point to stretch that we were the people who were responsible for bringing it out from the European Union, I think—we will take the credit for it anyway.

Australia alongside other state governments and corporate partners such as Suncorp and academic institutions including the University of Adelaide should all get an honourable mention. The Knowledge and Innovation Community model has run very successfully in Europe for a number of years, and we look forward to being part of this community, bringing innovative climate change solutions to market in Australia.

Climate-KIC Australia is a public-private research innovation partnership. It will progress a range of initiatives across Australia, all aimed at helping to accelerate innovative climate change solutions through to market. We recognise that some of our research institutions have fantastic work going on, but one of the ongoing failings that we have been critical of in this country over many years now is we fail to get those research institutions' IP into marketable solutions. Climate-KIC is aimed at trying to address that issue.

The University of Adelaide is a founding partner, as I mentioned. Together with the state government, it will provide a strong focus for Climate-KIC Australia and South Australia. I actually launched Climate-KIC with Pro Vice Chancellor Professor Noel Lindsay in Adelaide on 6 April this year.

Climate-KIC Europe had a significant impact with its Smart Sustainable Districts program, I am advised. The first such institute in Australia will be in support of our carbon neutral Adelaide objective, working on the central market district.

Innovations developed through Climate-KIC Australia will help us further that goal, but our broader goals are reaching net zero emissions as a state and improve our resilience to the impacts of climate change. Climate-KIC is currently running a pilot of its clean tech accelerator program at the University of Technology Sydney, which will roll out nationally in 2018.

The University of Adelaide will deliver that program in South Australia, which will see successful start-ups provided with coaching and support before being matched with investors. This has been funded, I am advised, from the Green Industry Fund. Questions relating to that fund and funding for this project are a best asked when officials from Green Industries SA are before this committee.

Mr SPEIRS: My apologies.

The Hon. I.K. HUNTER: Indeed. Had I only known you were going to ask the question, David. You should have given me a tip-off and I could have prepared it. I will undertake to find out the answer to the question from GISA and bring back a response for you.

Mr SPEIRS: Thank you, minister. Are you able to advise the number of jobs—

The Hon. I.K. HUNTER: Sorry, David; technology has provided an answer. The total funding is \$100,000 per year for three years, funded from the solid waste levy; in-kind support, including staff equivalent time, to \$100,000 per annum, and additional support for Climate-KIC events in South Australia.

Mr SPEIRS: Are you able to advise the number of jobs that you expect to be created from the Climate-KIC initiative?

The Hon. I.K. HUNTER: No, I do not believe that body of work has been done.

Mr SPEIRS: Moving on to the South Australian climate change adaptation plan, referred to in Budget Paper 4, Volume 2, page 146. One of the targets for this year is the completion of that adaptation plan. Can you advise when you expect that to be completed and what resources have been devoted to the creation of this plan?

The Hon. I.K. HUNTER: I think I advised earlier in response to a question that all regions have now completed their adaptation plan. The government will be preparing a response to that and I expect that by the end of the year.

Mr SPEIRS: That is the 12 government regions.

The Hon. I.K. HUNTER: The 12 government regions have already been done. The government is now bringing those together for a statewide adaptation response. My expectation is, if we can meet my guidelines, it will be launched at COP in Bonn in November of this year. We hope to be able to showcase this work and the completion of the state plan internationally at Bonn COP23 in Germany in November 2017. That is a stretch target; I am whipping my staff.

Mr SPEIRS: No worries. Sorry, member for Ashford; I will just quickly ask this one. Have resources been allocated to implement this plan once it is completed?

The Hon. I.K. HUNTER: My understanding is that the government's response will be to collate what we are already doing, how we are doing the work now and how we need to do the work differently in response to climate change, so we will be utilising resources across government agencies to bring that response together.

The CHAIR: You still have your omnibus questions, just so you know.

Mr SPEIRS: I am happy 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 2016-17 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. In financial year 2016-17 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 2017-18?

3. For each department and agency reporting to the minister, please provide a breakdown of attraction, retention and performance allowances, as well as non-salary benefits, paid to public servants and contractors in the years 2015-16 and 2016-17.

4. For each agency for which the minister has responsibility:

(a) How many FTEs were employed to provide communication and promotion activities in 2016-17 and what was their employment expense?

(b) How many FTEs are budgeted to provide communication and promotion activities in 2017-18, 2018-19, 2019-20 and 2020-21, and what is their estimated employment expense?

- (c) The total cost of government-paid advertising, including campaigns, across all mediums, in 2016-17, and budgeted cost for 2017-18.
5. For each agency for which the minister has responsibility:
- (a) What was the cost of electricity in 2016-17?
- (b) What is the budgeted cost of electricity in 2017-18?
- (c) What is the provisioned cost of electricity in 2018-19, 2019-20 and, 2020-21?
6. For each grant program or fund the minister is responsible for please provide the following information for the 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 financial years:
- (a) Balance of the grant program or fund;
- (b) Budgeted (or actual) expenditure from the program or fund;
- (c) Budgeted (or actual) payments into the program or fund;
- (d) Carryovers into or from the program or fund; and
- (e) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

The CHAIR: No more questions? Excellent.

The Hon. I.K. HUNTER: I just want to say, omnibus questions, amazing as they are, entail a massive amount of work by my agencies and staff. It is several months' worth of effort. They do that happily and willingly to give information back to the committee, but I think we need to thank my staff and the agencies and my advisers here today for the great work they have done in pulling all of this together for the committee's benefit. Thank you to the committee members.

The CHAIR: On behalf of the committee, I want to thank you, minister, and thank all your advisers for coming in today. I declare the examination of the proposed payments complete.

Sitting suspended from 14:28 to 14:45.

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS, \$108,461,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS,
\$4,788,000

Membership:

Mr Griffiths substituted for Mr Williams.

Mr Bell substituted for Mr Treloar.

Mr Pederick substituted for Mr Speirs.

Minister:

Hon. G.G. Brock, Minister for Regional Development, Minister for Local Government.

Departmental Advisers:

Mr S. Ashby, Chief Executive, Department of Primary Industries and Regions.

Mr S. Johnke, Chief Financial Officer, Department of Primary Industries and Regions.

Ms A. Lloyd-Wright, Executive Director, Regions SA, Department of Primary Industries and Regions.

Mr T. Goodes, Deputy Chief Executive, Department of Primary Industries and.

Mr M. Williams, Acting Director, Financial and Prudential Management, Department of Primary Industries and Regions.

Ms A. Barclay, Director, Regions SA, Department of Primary Industries and Regions.

The CHAIR: Welcome, minister, to Estimates Committee B. You are the last cab off the rank and you are appearing first of all in your capacity as Minister for Regional Development. I declare the proposed payments open for examination. I refer members to the Agency Statements, Volume 4. I now invite the minister to introduce his advisers and then proceed with an opening statement, if he wishes. Sorry, as you are a new minister, I have to read you your rights; I nearly forgot. This is a relatively informal proceeding and, as such, there is no need to stand to ask or answer questions. I understand there has been an agreed approximate time for the payments. Do you still agree to that timetable?

The Hon. G.G. BROCK: Yes.

The CHAIR: Excellent. If the minister undertakes to supply information at a later date or takes it on notice he needs to supply it by Friday 27 October for tabling in the week of 14 November. I propose to allow both the minister and the lead speaker 10 minutes for an opening statement, if they wish. I will be flexible about questions, but each side will get a fair hearing. A member who is not part of the committee may ask a question, at my discretion. The questions must be based on lines of expenditure in the budget papers and they must be identifiable or referenced.

The only material that can be incorporated into *Hansard* is that which is purely statistical and limited to one page in length. All questions are to be directed to the minister and not to the minister's advisers. However, the minister may refer questions to advisers at any time. I now open the proposed payments and invite the minister to introduce his advisers, please.

The Hon. G.G. BROCK: Thank you, Mr Chair, and good afternoon to you and the committee members, and members of the opposition on my right-hand side. I would like to introduce the members from the department who are with me today. On my immediate left is Scott Ashby, the Chief Executive of PIRSA; next to him is Stephen Johnke, Chief Financial Officer; and on my right is Alison Lloyd-Wright, Executive Director of Regions SA.

Acknowledging the important contribution that regional and remote communities make, the 2017-18 state budget once again highlights the government's continued commitment to supporting regional economic development and growth, and ensuring regional impacts are front of mind in government decision-making.

Over the last three years, and again this year, the government has demonstrated the importance of providing opportunities for regional South Australia through significant investment in service areas, programs and infrastructure. This government is genuine in its intent to engage with regional communities, and together we want to capitalise on opportunities and take advantage of regional innovation to provide for continued regional growth.

One priority area for this government is to make electricity reliable and affordable. The government's energy plan ensures that the heart of our state—our regions—are positioned to benefit from the multiple opportunities that a secure energy supply provides. Addressing our energy reliability is just one example of this government creating the conditions for regional businesses and communities to grow and prosper.

To build on the work undertaken during 2016-17, the 2017-18 state budget highlights the government's continued commitment to regional communities through its significant investment in key service areas, programs and infrastructure for regional South Australia. A key part of the regional development program that my department has continued to deliver is the Regional Development Fund (RDF) grants program. The benefit of this program is demonstrated by the high demand for funding, as the number of applications received and the amount of funding applied for continue to far exceed the available grant funding.

To date, over \$60 million in grant funding has been committed from the RDF during this term of government, including \$30.8 million during 2016-17. This has supported more than 90 regional

economic development projects. The projects supported through the RDF create jobs in regional South Australia, but they do more than that. They also attract international investment into the regions, support the growth of our tourism industry and contribute to our state's economic priority of premium food and wine.

Given that more than 90 projects have received funding from the RDF in just three years, it is not surprising that on some occasions, projects do not proceed. There are a number of reasons why this may happen. For example, an organisation may change the direction of its project, be unable to meet its co-investment contribution or face a sudden change in industry conditions that affects the demand for its products or services. While it is disappointing when projects are not able to proceed as planned, it provides an opportunity for another organisation to realise the benefits of an RDF grant.

This is because any funding that has been offered to projects that ultimately do not proceed is reinvested in the RDF, so that not one cent of funding is lost as part of this process. But the RDF is not spent only through grants to businesses. The broad objectives of the RDF are to support regional economic development by creating new jobs and improving career opportunities; providing better infrastructure, facilities and services; strengthening the economic, social and environmental base of communities; supporting the development and delivery of projects; and leveraging funding and investment.

I would like to use this opening statement to tell you how the RDF has supported some specific projects of this nature. We know that keeping young people and future leaders of our region in or connected with our communities is critical to the social fabric of regional areas. To support this, a \$2 million Regional Youth Traineeship Program was established in September 2015. This program provides 57 young people the opportunity to gain a traineeship in regional local government. It offers participating local government organisations \$14,500 per year for two years per trainee to provide entry-level employment for young people. This program was so successful in round 1 that, in October 2016, I announced an additional \$2 million for a second round of the program.

Another important regional issue is digital technology and the benefits it can provide. To ensure that South Australia's regional and remote communities can maximise the potential this technology offers, this government pledged a co-contribution of up to \$2 million to round 2 of the Australian government's Mobile Black Spot Program, and \$1 million of the state government's commitment came from the RDF. State government funding contributed to 15 of the 20 sites funded through round 2 of this program in South Australia. Four additional sites have been co-funded with Optus, using state government funding not allocated by the commonwealth as part of round 2 of the Mobile Black Spot Program.

Another issue I would like to speak directly to in this opening statement is the government's response to the economic challenges facing the Upper Spencer Gulf and outback areas. During this term, the government has contributed more than \$68 million to provide targeted assistance to create jobs and stimulate economic development specifically in Upper Spencer Gulf. This has included using the RDF to support targeted grants to businesses in Upper Spencer Gulf and to support the Whyalla small business loans scheme.

It is important that the RDF can be used flexibly, including to support regions experiencing acute economic circumstances. This state budget also commits additional funding to support some key projects in the City of Whyalla which will improve amenity, appeal and tourism potential and help capitalise on a bright future for Whyalla following the sale of Arrium steelworks.

The state government funding continues to be provided to Regional Development Australia associations (RDAs) based on agreed grant funding guidelines that incorporate activities for all three tiers of government, and provide for a renewed emphasis on regional economic development. This is a funding commitment of \$3 million per year to regional communities through the seven non-metropolitan RDAs. I am pleased to see the commonwealth's financial commitment to the RDA structure in the recent federal budget, but I am also keen to absorb the full extent of the RDA review in due course. This has been undertaken by the commonwealth government of Australia.

No matter how often I visit the regions, I always hear about the potential new opportunities the people of these communities see as key to their future. As Minister for Regional Development

and as a passionate advocate for regions, I will continue to visit the regions and ask the people what is important to them now and for future generations.

It is very important to me that the government acknowledges the contribution of our regions to the wellbeing of this state and that regional economic and social growth opportunities are recognised and promoted. That is why I will continue to ensure that the commitments made under the Charter for Stronger Regional Policy will be delivered.

Chair, in concluding these introductory remarks I reiterate that the government understands that the prosperity and success of regional South Australians and their communities underpins the sustainability of the entire state. The contribution that our regional industries make to the state economy, our prosperity and wellbeing and the government's role in supporting regional economies and communities remain vital in building a better future for all South Australians. There are many opportunities available, but we also know that challenges are a constant. The government will continue to work closely with the commonwealth and local governments, industry, business and communities in striving to get the best possible outcomes for regional South Australians and, therefore, for all of us.

The CHAIR: Thank you, minister. Member for Hammond, do you have an opening statement?

Mr PEDERICK: I will make a brief opening statement. Certainly, as a regional member—all my life I have lived in the regions—I acknowledge the great work that comes out of the regions. It is the power base for the whole state. Talking about power, I want to reflect on the comments made by the minister and say that the government is pretty good at spin. They have spun us into this power debacle where for \$25 million they could have kept the Port Augusta coal-fired power station going, yet there is going to be \$558 million spent. I note that, obviously, the Turkish power boat has been sunk and they are going to run in some diesel-powered generators on trucks, which—just to note, with this government and its green ideology—is going to take its climate change values from 55 per cent to 43 per cent.

I note for my region—and it is hurting right across the state, not just in regional areas—that some of my people have been offered forward contracts since Port Augusta and Hazelwood have shut that are close to 150 per cent of their previous power bills. It is interesting that government is fixing something they put in place, as far as the lack of viable power sources for our state is concerned. I will start now, sir, if I may?

The CHAIR: Yes.

Mr PEDERICK: Thank you. I refer to Budget Paper 4, Volume 4, Program 3: Regional Development, page 32. This is in regard to the Regional Development Fund. The financial commentary outlines an \$8.9 million decrease in expenses in 2017-18 due to expenditure associated with the Regional Development Fund. Can the minister provide a breakdown of the balance of the Regional Development Fund for each year over the forward estimates?

The Hon. G.G. BROCK: First up, the \$15 million per year Regional Development Fund delivers support for projects that, as I said earlier, drive economic growth, create jobs and leverage private sector investments and commonwealth funding in regional South Australia. During this term of government, over \$60 million in funding has been committed under the RDF to more than 90 regional economic development projects. In rounds 1 and 2 alone, that resulted in the creation of nearly 2,000 jobs and over \$900 million with a private investment. I would like to hand over to Stephen, who will go into a bit more depth to answer the member's questions.

Mr JOHINKE: In the 2016-17 estimated result, the Regional Development Fund expenditure was budgeted at \$26.6 million. For 2017-18 it is \$17.8 million and for 2018-19 it is \$19.9 million. For 2019-20 it is \$15.9 million and in 2020-21 it is \$15.5 million.

Mr PEDERICK: Can the minister explain why applications for the Regional Development Fund have not been open or accepted since December 2015—over 18 months ago?

The Hon. G.G. BROCK: Thank you for the question. Regional Development Fund round 3 was so highly subscribed that funding of the grant program was allocated from both the 2016-17 and 2017-18 RDF budgets. I am also proud to have committed funds from the 2017-18 RDF budget to

Investment Attraction projects that will create substantial long-term jobs in our regions in partnership with Investment Attraction South Australia. These include a commitment of \$900,000 for the expansion of the Costa Mushroom facility, which will create over 200 new jobs in the Murray and Mallee region. I also committed \$450,000 to support 100 new jobs through the Big River Pork expansion in Murray Bridge.

I have been considering ways that the remaining funds could be used to stimulate regional economic development and jobs in light of our transitioning economy. Given this, and that much of what would have been round 4 funding was committed in round 3 applications, we are not formally calling for round 4 applications. I will continue to assess individual projects against the economic priorities of the government and taking into account also the Regions in Focus roadshows, for which we have priorities.

Mr BELL: Who made that decision to roll two financial years into one, because it seems very unfair to me that applicants, who may have been holding back under the notion that there was going to be another round, will not get an opportunity because of some decision. I am interested to know who made that decision and what consultation with members of cabinet was had.

The CHAIR: Sorry, did you say what conversations with members of cabinet were had?

Mr BELL: What consultation was had—it may have been with cabinet, may not have been.

The CHAIR: Okay, well, if it was with cabinet, we will not want to hear about that today, will we?

Mr BELL: You never know!

The Hon. G.G. BROCK: I just explained that round 3 had so many applications and I said in my earlier statement that the applications and requests for funds were above expectations. I brought forward round 3 of the Regional Development Fund to ensure that the 2016-17 funding was committed to projects for the end of the 2015-16 financial year to be invested in our regions without delay.

Funding for round 1 of the grants was allocated from the 2014-15 Regional Development Fund. Funding for round 2 of the grant applications opened in April 2015 and was allocated from the 2015-16 Regional Development Fund. As I said earlier, as round 3 was so highly subscribed, funding of the grant programs was allocated from both the 2016-17 and 2017-18 Regional Development Fund lines.

All projects I have approved, or will approve, will be the subject of formal funding deeds. All of the applications have been allocated, and the remaining funds will go towards the benefit of regional South Australia and businesses out there.

Mr BELL: Can I just get a confirmation, minister, that you made that decision and that there will not be anymore RDF rounds between now and the next state election?

The Hon. G.G. BROCK: I am not calling for rounds, but I am taking requests, concerns and applications from all across regional South Australia through the RDAs, and considering those on merit.

Mr BELL: So, just apply to the department and see how you go?

The Hon. G.G. BROCK: That is what is happening.

Mr GRIFFITHS: If I could just seek clarification: I understand that when there is a lot of demand there are a significant number of applications and it puts you in a difficult position. But, timing is everything when it comes to seeking grants because, no doubt, there have been firms—and it has been evidenced by the fact that you are considering those as they come along now, which are not part of a formal round, and you have taken away an opportunity for those who might not be linked to the information from the RDAs about the availability of the grant by applying on a single basis with you.

There needs to be, I would presume, more of a structure attached to it to give fairness and equity to all potential businesses that apply for grants, instead of what would appear to be an ad hoc

approach to the management of these funds. I think there is a need for an assurance to be given to potential applicants. I take the question from Mr Bell quite seriously about the timing of the next call for funding. I would like definite clarification: before March 2017, is there an intention to have a general call or not, or just to continue with the ad hoc approach and consider them as they come in?

The Hon. G.G. BROCK: I do not particularly take to the ad hoc, but I have indicated—

Mr GRIFFITHS: You just said it, Geoff.

The Hon. G.G. BROCK: I did not say ad hoc. I said that we were looking at all the applications that are coming in through the RDAs at the moment. I would like to ask Alison Lloyd-Wright if she can further enhance and explain this in a bit more depth.

Ms LLOYDD-WRIGHT: Thank you, minister. Just to give you some context about the scale of applications that Regional Development Fund grants round received across three grants rounds. We received a total of 400 applications seeking more than \$271 million of funding. That gives you some idea of how highly subscribed the Regional Development Fund grant program was. Because of that, a decision was made to ensure that that investment went into our regions without delay and, as the minister has described, that involved ensuring that applications under round 3 were funded from both the 2016-17 and 2017-18 financial years.

In terms of the remaining funds for 2017-18: as the minister has mentioned, some funds have already been committed to Investment Attraction projects, which will bring a substantial number of jobs into regional South Australia. Of what remains, the projects will be assessed on an individual basis, based on the intelligence that we have from the Regional Development Australia organisations and also our regional coordinators based in regional South Australia, who work closely with the RDAs, local councils and local businesses to develop a really robust, I guess we call it regional intelligence, about projects that are in the pipeline, all the way from conception to shovel and investment ready.

We have comfort that through that process we are aware of projects that proponents may be seeking funding for at some point in the future, as well as ones that would be ready for investment right now.

Mr BELL: My question was: who made the decision? I have not seen an answer on that one yet.

The Hon. G.G. BROCK: I have asked through the appropriate channels and what I discuss in the cabinet I am not going to be elaborating on any further.

Mr BELL: It is a very simple question: who made the decision? If it is cabinet, it is cabinet. If it is you, it is you. If it is one of your department, it is your department.

The CHAIR: If it is a cabinet decision—

Mr BELL: Then it is a cabinet decision.

The CHAIR: That is right; I am agreeing with you. If it is a cabinet decision, it is a cabinet decision. You do not need to go into how the decision was made. If it is a cabinet decision, then you could perhaps let us know that it is a cabinet decision,

The Hon. G.G. BROCK: It is a government decision.

The CHAIR: If it is a government decision, that is fine. The question has been answered. Member for Giles.

Mr HUGHES: I refer to Budget Paper 4, Volume 4, page 32, Program 3: Regional Development. What have you done as the Minister for Regional Development to attract investment in regional South Australia?

The Hon. G.G. BROCK: Attracting national and international investment into regional South Australia is essential to ensuring the long-term ongoing sustainability, growth and diversity of regional economies. With investment comes opportunities in construction, ongoing jobs and greater income into regional communities. South Australia's regions may have stand-out features which make investment attractive for national and international companies. We have great natural advantages,

including fertile soil, access to water and high sunlight days, but we also have the infrastructure in place to ensure that companies can quickly and efficiently move their products to market and the workforce to support these ventures.

Beyond this, the support of the South Australian government, in case managing international investment through Investment Attraction South Australia and through the support of funds like the Regional Development Fund, has been essential in bringing new, innovative national and international companies to regional South Australia. Regional grant programs delivered throughout the year have included the Regional Development Fund, or RDF; the Upper Spencer Gulf and Outback Futures Program; and the Economic Sustainability Program, formerly the Save the River Murray Fund.

During this term of government, over \$60 million in grant funding has been committed under the above grant programs, creating a significant number of new jobs and attracting local, national and international investment across the state's regions. I am proud to have used the Regional Development Fund to support major companies investing in regional South Australia. Examples of key projects from the RDF that have attracted investment from outside South Australia include:

- the amount of \$6 million to Sundrop Farms towards developing a solar desalination greenhouse facility in Port Augusta, attracting \$200 million in investment and creating over 150 ongoing jobs. Through this support South Australia has secured this world leading facility;
- Inghams Enterprises will receive \$3.7 million across two projects, attracting a combined total of \$63.6 million in investment and creating 41 ongoing jobs. Projects include a new feed mill at Murray Bridge and constructing four chicken breeding farms at Yumali in the Murray Mallee, bringing jobs to regional South Australia that could have gone to another state;
- Costa mushrooms will receive a grant of \$1.8 million from the government, with equal contribution from the RDF and the Economic Investment Fund, administered by Investment Attraction SA. This funding will assist the company to expand its Monarto mushroom facility. It will attract \$65 million in investment and lead to the creation of 200 ongoing jobs. As a result of this support the company chose to expand its South Australian operations instead of an operation in another state; and
- Big River Pork was granted \$900,000, also with an equal contribution from the RDF and the Economic Investment Fund. By expanding the existing Murray Bridge processing facility the company expects that the project will lead to the creation of over 140 ongoing jobs and attract \$14 million in investment.

All of these regional initiatives are in addition to the government's broader commitment to make South Australia the best place to do business. Companies from all over the world are recognising what regional South Australia has to offer, with hundreds of millions of dollars worth of private investment in South Australia's regions in the pipeline for the next three years. I look forward to continuing to work hard to attract even more investment to help South Australia's regions grow to their most productive and prosperous.

Mr BELL: Minister, are you able to detail to the committee the dollar amount spent in the seat of Frome from the Regional Development Fund?

The CHAIR: Same budget line, I assume?

Mr GRIFFITHS: Well if it is not, we would be worried!

The CHAIR: I am just checking for the record. People in the future will pore over these pages, and we need them to be directed properly.

The Hon. G.G. BROCK: If I may, while we are getting that information, as the Minister for Regional Development I consider grant applications for projects located across regional South Australia. In accordance with the Ministerial Code of Conduct, I aim to prevent any potential, actual or perceived conflict of interest between my responsibilities as the member for Frome and as the Minister for Regional Development. I have therefore instructed Regions SA to ensure that any

proposals for funding support to projects in the Frome electorate are considered by another minister. I repeat that: any projects in the electorate of Frome are considered by another minister.

This includes projects in the current electorate of Frome and for projects considered after the confirmation of the new electoral boundaries in the new district of Frome, as I intend to recontest my seat. As at 30 June, 20 applications have been referred to another minister from the Regional Development Fund and Upper Spencer Gulf and Outback Program, of which 13 were approved.

Mr GRIFFITHS: And a dollar amount?

The Hon. G.G. BROCK: I will ask Alison if she has all that information.

Ms LLOYDD-WRIGHT: So, from the Regional Development Fund grants programs, the total government assistance, the total value of grants offered in the electorate of Frome, is \$2,453,000.

Mr GRIFFITHS: How does that compare to the total dollars granted in that same period?

Ms LLOYDD-WRIGHT: Across all RDF we have granted over \$60 million to date.

Mr GRIFFITHS: Chair, if I can get clarification on that.

The CHAIR: Did you want to add something to that minister?

The Hon. G.G. BROCK: I want to get this clear. Alison said, 'We have granted \$60 million,' that is not for the electorate of Frome, I would hope.

Ms LLOYDD-WRIGHT: No, that is from the development fund.

Mr GRIFFITHS: Minister, I did not assume that. Be rest assured I accept that information as being across the state.

The Hon. G.G. BROCK: In *Hansard* it may appear—

Mr TRELOAR: It won't; she explained it.

Mr GRIFFITHS: Given that part of the minister's response referred to the current boundaries of Frome and the future boundaries for the Frome electorate, and therefore you are considering applications that are coming in on a one-on-one basis—I use my term *ad hoc*—and not part of any process, in referring those applications to another minister for consideration, does that mean all applications are going to another minister? Otherwise, how does a minister consider recommendations that are based on a priority if those other applications from other areas are being considered by you as part of a separate process? I just need some clarification on how that is handled.

The Hon. G.G. BROCK: I will ask Alison to elaborate a bit further, but I will listen very carefully myself.

Ms LLOYDD-WRIGHT: The process for us making recommendations on the expenditure of funds from the Regional Development Fund involves, as the minister outlined and as you rightly identified, as we are considering projects that might come in since the closure of round 3, anything that is in the current boundary of Frome or the proposed new boundary of Frome will be considered by another minister. Applications from outside those areas will be considered by the Minister for Regional Development. He will be advised of the total value of applications being considered by another minister, but no further information.

Mr GRIFFITHS: Then my question becomes: how does a minister, only having the dollar figure available to them, not what the applicant's name is, the project that they are undertaking, the economic benefit to be derived, the number of jobs to be created as part of that, consider that on a priority basis compared to other applications that the minister himself is considering?

Ms LLOYDD-WRIGHT: We intend that a cross-government panel will consider these applications that have come in since the closure of round 3 and they will rank the applications and the ministers will be advised of the relative ranking of the proposals they receive. The panel will also be assessing them for exactly those types of things you described: how well they align to the criteria of the Regional Development Fund, how many jobs are created, what the other flow-on economic benefits for the region are, and so on.

Mr GRIFFITHS: I wish I had had that detail in the first response. Thank you.

The Hon. G.G. BROCK: Does that answer your question?

Mr GRIFFITHS: It does.

Mr PEDERICK: Well, we will keep going. Minister, in response to your commentary about Inghams, Costa Mushrooms, Adelaide Mushrooms and Big River Pork, it was obviously a directive from the government, from the Premier down, that I as the local member was not to be invited to any of these launches and funding announcements.

Anyway, be that as it may. I also make the point that it is interesting to note this sudden interest in parts of my electorate. When the government knocked back \$25 million of federal money in the diversification fund, which would have assisted river communities from the border near Victoria to the mouth of the river, did the minister lobby the Treasurer and the Premier in regard to accepting this vital money into regional South Australia?

The Hon. G.G. BROCK: First up, the member for Hammond is very aware of what I have done previously. I have had many discussions with him inside and outside the chamber and goodness knows what else. This is now the responsibility of minister Mullighan. Questions about the discussions with the commonwealth government and any further questions will need to be directed to him.

However, I will say that since early 2013, South Australia worked in good faith to support the Australian government's Murray-Darling Basin Regional Economic Diversification Program. In doing so, it was made clear that the delivery of the program should not result in negative horizontal fiscal equalisation impacts for South Australia.

I endeavoured to find a way through this matter with the commonwealth government to deliver the funds without disadvantaging South Australia. The member for Hammond knows exactly where we went. We tried to put it through the RDAs, through the local governments, and I asked the commonwealth government to deliver them on their own.

On 26 June 2015, the Assistant Minister for Infrastructure and Regional Development, Hon. Jamie Briggs MP, announced that the Australian government will deliver an additional \$25 million for South Australian regional roads by redirecting unspent funds from the Murray-Darling Basin Regional Economic Diversification Program to regional roads packages. I had plenty of discussions, as we all did, to try every way to get that money put into there without affecting the GST.

Mr PEDERICK: It is interesting, seeing three other states took it. But anyway, I will keep going. In regard to the rolling round application process that seems to be in place for Regional Development Fund applications, have you had any businesses express disquiet because they did not allow for the funding, expecting another round to open in the future?

What I am talking about is the businesses that would have applied for 2017-18 but did not. They were waiting for the round to open up, but you have indicated that round 3 was already opened up through 2017-18. I am suggesting that plenty of businesses did not even put in an application because they were not ready to go. Have you had any disquiet expressed to you from people who did not make the rolling lottery?

The Hon. G.G. BROCK: There has been media on this and it has been discussed before. To answer your first question of whether anyone came to me: to my knowledge, no. But we have had media releases out there, and the RDAs themselves are aware of this.

Mr PEDERICK: Can the minister confirm how many of the developments that received Regional Development Fund grants would have occurred without these grants? For instance, the McLaren Vale Distillery development went ahead without RDF funding.

The Hon. G.G. BROCK: First up, I do not think there is any way we would be able to identify that. One thing I will say is that the Regional Development Fund, as I said earlier, has been an overwhelming success. We have been inundated with applications and entries and requests and things like that. Through due diligence, we make certain that business cases are sustainable and things like that.

The RDF has accelerated many projects out there. That has been made very clear in a lot of businesses out there. As for projects that went ahead without RDF, I have no idea. There is no opportunity for us to be able to answer that.

The Hon. S.W. KEY: Minister, building on what you have just said, can you inform the committee of events that showcase South Australia's regions? I am referring to Budget Paper 4, Volume 4, page 32, Regional Development. So, taking a more positive view about what has been happening.

The Hon. G.G. BROCK: I thank the honourable member for her question and I thank the Chair. Our regions are critical to South Australia's prosperity. Around 29 per cent of South Australians live outside of Adelaide yet our regions contribute over \$25.5 billion to our economy and produce over half the state's merchandise exports. Regional South Australia is a thriving place to do business.

As Minister for Regional Development, I am focused on making sure we invest in the critical infrastructure needed to make sure regional South Australia remains competitive, productive and profitable for local businesses. To be competitive, regional businesses need access to secure water and to reliable and fast transport routes. Regional development funds have also been invested and have leveraged funds from the federal government to invest in major infrastructure projects that will give cheap, reliable access to critical infrastructure.

I am pleased to inform you that I have recently committed \$3.18 million from the Regional Development Fund to the Bundaleer Pipeline Scheme, subject to matching commonwealth funding. This scheme will provide an economic source of water to industry and businesses near the Bundaleer Reservoir, accelerating and expanding high agricultural production, creating jobs and encouraging on-farm investment.

At full production, the Bundaleer Pipeline Scheme will deliver an additional 275 megalitres of water a year for new agricultural activity, generating around \$4.6 million annual revenue for the region, and opportunities for industry growth and expansion. Access to fast and reliable freight routes is an essential part of making regional South Australia a great place to do business.

I am also pleased to advise that project 2 of the government's very successful 90-day road transport project is underway. This project was initiated jointly by PIRSA, Primary Producers SA and DPTI. Industry has estimated the benefits of project 1 to be at least \$56 million in both savings and improved productivity, which is a fantastic result. With strong industry support, project 2 has started work on the longer-term issues from project 1, and to identify new issues.

As part of project 2, we have engaged with businesses and industry, including primary producers, transport operators, local government and Regional Development Australia associations to identify their transport issues, including route deficiencies in limiting vehicle access, loading and unloading sites, and oversize and over-mass vehicle restrictions on public roads.

Through the RDF, I have also been pleased to support projects that improve freight and logistics, making it easier for regional producers to get to national and international markets. For example, approximately 100 kilometres north of Adelaide in Balaklava, Bowmans intermodal is Australia's largest inland port and is critical to transport productivity for regional industries and exporters, particularly South Australia's mining and agriculture.

With the support of an \$840,000 RDF grant, an expansion project to duplicate the rail line will increase the capacity and the value-added activities at this site. The project will double the capacity from 25,000 twenty-foot equivalent units shipping containers per year to 50,000 through its road-rail operations. The expansion will create 15 ongoing full-time jobs plus additional jobs during construction.

We also made \$2 million available as a state contribution to the federal Mobile Black Spot Program, which will result in 24 new mobile towers being built across regional South Australia. At the end of the federal government's process, the state government negotiated with mobile network operators directly, allocating over half a million dollars towards the construction of four new mobile phone towers. These towers will increase mobile phone coverage in blackspots in the Mid North, South-East and Riverland regions.

Access to mobile services is critical to both the safety of regional communities and the prosperity of regional businesses, allowing them to access markets and process transactions. They will ensure around 2,100 residents, schools and businesses within a 10-kilometre radius of the towers will have increased 4G coverage, with better call experiences and faster, more reliable mobile internet service. All of these regional initiatives are in addition to the government's broader commitment to make South Australia the best place to do business.

Mr BELL: Minister, you said that regions are thriving: how is it then that regional populations are in decline?

The CHAIR: That is a pretty broad question to ask the minister; I am interested to see how he will answer it.

The Hon. G.G. BROCK: The government has initiatives that target jobs growth in regional South Australia; however, these are a matter for minister Maher and I would ask that the member direct his questions to him.

Mr GRIFFITHS: If I may seek clarification. Minister, this question relates to your comment during your last answer about 29 per cent of the population being in regional South Australia. Are you able to provide, from briefings that you have been involved in, what the forward projections are for the population of regional South Australia, of that total amount? Particularly, I am a bit concerned because we have the projection of a two million population by 2030, I think it is. What I have read is that there is a much lower level of population growth, if indeed it exists in regional South Australia, so I am wondering from your perspective what information you have been provided with.

The Hon. G.G. BROCK: The population projections, as I mentioned earlier, are for minister Maher. Again, I ask the member for Goyder to direct that question to minister Maher at the next opportunity.

Mr PEDERICK: Last year, the minister put out a joint press release claiming that an RDF grant of \$500,000 had been given to McLaren Vale Distillery. They have since said they declined the grant because the conditions attached to the grant were too onerous. Notwithstanding this the media release stayed on PIRSA's website for around 18 months afterwards. In the Budget and Finance Committee this year PIRSA representatives revealed that this was not a once-off and it had happened on a number of occasions. How many grants have been refused, like the McLaren Vale Distillery grant?

The Hon. G.G. BROCK: Sorry, can you repeat the last part of that question?

Mr PEDERICK: How many grants have been refused by businesses that were given the grants, equivalent to the refusal by the McLaren Vale Distillery grant process?

The Hon. G.G. BROCK: Thank you; I just did not quite hear the last section of that question. As at 30 June 2017, over the 90 projects that have received funding from the Regional Development Fund in just three years, only a small number did not proceed. There are a number of reasons that a project may not proceed, including that an organisation may change the direction of its project, be unable to meet its co-investment contribution or face other industry conditions that affect the demand for its product or service. I will hand over to Alison Lloyd-Wright, who will give more in-depth details on the question.

Ms LLOYDD-WRIGHT: Thank you, minister. Specific examples of why some projects that applied for RDF grants did not proceed include:

- commercial decisions to rescope the project;
- a commercial decision to redirect business finances and not proceed with the project at the same scale;
- a commercial decision not to proceed with the project because of a downturn in the mining sector; or
- a commercial decision to allow a third party not associated with the applicant to undertake the project.

Of those RDF grant recipients or people who have accepted the offer of a grant who have subsequently withdrawn, only one has identified the terms and conditions of the grant as being the cause of their withdrawal; the rest are really related to changes in business circumstances.

I think it is safe to say that over 90 recipients of grants from the Regional Development Fund, from small businesses up to large international businesses, managed to accept the terms and conditions of the grants and clearly did not find it too onerous a process. But certainly, those terms and conditions do exist because we are spending public money and we do need to manage the risks associated with that. That means that we do have some requirements as part of the grant deeds that mean that we could reclaim the assets bought with the funding, if that ever became necessary.

The other really important thing to note is that whenever grants do not proceed, such as in the case of McLaren Vale Distillery, that money is not lost to the Regional Development Fund. Funding is only ever paid out on a reimbursement basis as milestones identified by the applicant are met. All that it meant when McLaren Vale Distillery, for example, withdrew from the grant process was that that funding returned to the Regional Development Fund to be available for other applicants.

Mr PEDERICK: For clarity, minister, how many grants were refused? What was the total value of the grants that were refused on whatever basis? Who were these grants supposedly awarded to?

The Hon. G.G. BROCK: Again, I will ask Alison Lloyd-Wright to answer. She has all that information here, and hopefully, we will be able to answer the member's questions.

Ms LLOYDD-WRIGHT: Of 88 projects offered grants from the Regional Development Fund grant rounds, seven did not proceed after they were announced. That includes six from round 1 and one from round 2. In relation to the second part of the question regarding total value, I need to take that on notice.

Mr PEDERICK: Can you tell us who they were awarded to? Who knocked back the grants?

Ms LLOYDD-WRIGHT: I do not know if we can, but I will investigate and provide some information on notice.

Mr PEDERICK: In previous financial periods, PIRSA has commissioned reports by EY into the economic value of RDF grants. Has PIRSA commissioned any reports for the 2016-17 period?

The Hon. G.G. BROCK: From 2014-15, the Regional Development Fund was increased from \$1.6 million per year to \$15 million per year. The report shows that the main benefits of the RDF to South Australia are through accelerating companies' own investment, enabling additional investments to add further value, and enabling projects to progress that otherwise would not have. The impacts of the Regional Development Fund reach far and wide across South Australia with both direct and indirect job creation, increased economic activity and greater investment, bringing confidence and growth in regional communities. I invite the chief executive to provide the committee with further information regarding that question.

Mr ASHBY: As you are aware, Ernst and Young undertook that study. That was released on 19 May 2016. That assessed the overall economic impact of projects awarded grant funding under rounds 1 and 2 of the Regional Development Fund. I can inform the committee that the report demonstrated that, from the funding for rounds 1 and 2, \$33.7 million in grants was awarded to 61 projects at that time, worth a combined \$5.6 billion to the state economy. The report produced by Ernst and Young, I think, really demonstrated the value of that increased investment, in particular for the regions.

In relation to whether or not we are having a further evaluation undertaken about the competitive round 3 grant, I can advise that a competitive tender approach was used when commissioning studies for rounds 1 and 2 in accordance with state government procurement policy, and as Ernst and Young completed the work using a specific evaluation methodology, we have again procured their services to extend the study to include round 3.

Mr BELL: On page 33, under mobile blackspots, dot point number 2 refers to \$1 million committed from the RDF for mobile blackspot funding. South Australia was the only state to commit zero dollars to the first round of funding and only \$2 million in round 2. All other states have committed

in excess of \$141.5 million. This culminates in South Australia contributing less than 2 per cent of overall funding. Whose idea was it to use RDF funding for mobile blackspots?

The Hon. G.G. BROCK: A number of mobile blackspots are situated in regional, rural and remote areas, which are disadvantaged by not having access to mobile phone services.

Mr BELL: Minister, I asked whose idea it was.

The Hon. G.G. BROCK: I understand. If you can be a bit patient you will hear.

The CHAIR: The minister is allowed to contextualise his answer.

Mr BELL: In a prepared speech.

The CHAIR: Yes, he is allowed to contextualise his answer.

The Hon. G.G. BROCK: I am a very passionate advocate of our regions, which is why, at the time of the 2016-17 budget, I committed \$1 million to the Regional Development Fund to boost the government's overall contribution towards the Mobile Black Spot Program to \$2 million. The program is a nationally competitive grants program that provides funding to mobile network operators to build new mobile base stations in regional locations. The South Australian government submitted a list of 22 priority sites, seeking federal government funding through round 2 of this project.

The federal government announced funding for 20 sites in South Australia, 18 of which were the priority sites identified by the South Australian government. State government funding co-contributed to 15 of these sites. Four additional sites have been co-funded with Optus, using state government funding not allocated by the commonwealth as part of round 2 of the Mobile Black Spot Program. The federal government has announced that round 3 of the program will not require a state government contribution.

There is still more that can be done to address mobile blackspots, which is why we will continue to work with the federal government to improve mobile coverage across our state. I was just advised that the member wants a bit more information on that. Again, if he can ask minister Maher at his next opportunity.

The CHAIR: Thank you, minister. I want to recognise, in the gallery, a former member of the other place and the former member for Mount Gambier, I believe: the Hon. Rory McEwen, a former minister. The member for Giles has a question.

Mr HUGHES: I refer the committee to Budget Paper 4, Volume 4, page 33, highlights 2016-17. I do so given the extent of pastoral leases in my electorate and the presence of a significant number of Aboriginal communities. Can the minister update the committee on recent developments in assisting Indigenous landholders?

The Hon. G.G. BROCK: I thank the member for his question to the committee. The North West Indigenous Pastoral Project was established in April 2015 with state government funding of \$1.4 million over two years to bring more Indigenous-owned land into production and to establish viable pastoral businesses by employing and training Indigenous pastoral workers. The first year of the project was funded from the government's regional Jobs Accelerator Fund. The aims of the program are to stimulate or fast-track investment to generate new and sustainable employment and participation opportunities.

The 2016-17 state budget announced that the North West Indigenous Pastoral Project would receive an additional \$1.49 million over two years to 2017-18 to employ more Indigenous pastoral trainees. As of June 2017, the program has employed a total of 46 Indigenous workers and brought 200,000 hectares of land back into pastoral production. Of the three million hectares of Indigenous land in the north-west of South Australia, only 5 per cent is currently grazed under Indigenous-owned stock, but I am advised that, through this project, a further 315,000 hectares is scheduled to come back into production this year.

The North West Indigenous Pastoral Project, which has now received nearly \$3 million of funding, has been very successful in its engagement with Indigenous landholders, the business sector (particularly BHP) and the Indigenous Land Corporation. This project is an example of what can be achieved in a relatively short time with effective government leadership and investment. Of

course, there is more work still to be done, but again I congratulate all project and community partners on making this project such a success and I sincerely look forward to reporting on future achievements.

I again reinforce that, if we work like this one here, which is a great project, as with the trainees through the Local Government Association, and if we work together with the private industries, the sector out there, in a collaborative way, we can achieve great results. It is when we do not work together and go down the same direction that we have an issue.

Mr BELL: There is no big impediment to regional business and growth and road infrastructure. Can the minister provide detail on how much is being spent on regional road infrastructure over the forward estimates?

The CHAIR: I would image that is a question for minister Mulligan, but the minister can feel free to answer any way he wishes.

Mr BELL: I am sure he has discussions with other ministers.

The CHAIR: Yes, but he is not responsible for it; that is the point of estimates.

Mr GRIFFITHS: \$36 million in the Upper Yorke area, Geoff. We are pleased about that.

The CHAIR: Does the minister have a ready answer at hand?

The Hon. G.G. BROCK: We have regular discussions, of course, and, as the member for Goyder just indicated, he is very happy for the nearly \$40 million in the member's electorate. Seriously, I think that is a question that must be directed to the Minister for Transport, and I have indicated that the best way to get more information is to refer the question to minister Mullighan when you have the opportunity.

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

Sitting suspended from 15:47 to 16:00.

**DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$860,537,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND
INFRASTRUCTURE, \$9,208,000**

Membership:

Mr Williams substituted for Mr Bell.

Mr Pisoni substituted for Mr Pederick.

Minister:

Hon. G.G. Brock, Minister for Regional Development, Minister for Local Government.

Departmental Advisers:

Ms A. Hart, Manager, Office of Local Government.

Mr D. Hogben, General Manager, Planning and Transport Policy, Department of Planning, Transport and Infrastructure.

Mr B. Seidel, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

The CHAIR: Welcome back, minister, in your capacity as Minister for Local Government, everyone's favourite level of government. I declare the proposed payments open for examination. I

refer members to Agency Statements, Volume 3, and I invite the minister now to introduce his advisers and then proceed with an opening statement if he wishes.

The Hon. G.G. BROCK: Thank you, Mr Chair. It is nice to be back after a break. If I can, I will get Alex Hart, Manager, Office of Local Government, to introduce the people at the front counter.

Ms HART: Thank you, minister. My name is Alex Hart. I am the Manager of the Office of Local Government. To my left, I have Mr Ben Seidel, who is the Chief Finance Officer, Department of Planning, Transport and Infrastructure and Mr Don Hogben, General Manager, Planning and Transport Policy from the Department of Planning, Transport and Infrastructure.

The CHAIR: Do you have an opening statement, minister?

The Hon. G.G. BROCK: Thank you. The Office of Local Government (OLG) is largely a policy unit that sits within the Planning and Transport Policy Division of the Department of Planning, Transport and Infrastructure. OLG provides advice to the Minister for Local Government on the constitution and operations of the local government system, including the legislative framework that governs councils; the relationship between the state government and councils and bodies such as the Local Government Association (LGA); whole of government policy and legislation as they affect local government; and the statutory authorities that are responsible to the Minister for Local Government, the Local Government Grants Commission and the Outback Communities Authority.

During 2016-17, the state government continued to invest in projects that will drive jobs growth and economic development, particularly in our regions. The state-local government infrastructure partnership is an innovative mechanism that was developed through the Premier's State/Local Government Forum in order to encourage council investment in infrastructure and jobs.

The state government is committing \$30 million over 10 years to support councils to accelerate spending on local community infrastructure projects. These projects will make a real difference to local communities across the whole of the state. This funding will allow councils to bring forward their investment in infrastructure, deliver better facilities and services to their communities and provide job opportunities.

Financial incentives will include state government funding of 20 per cent towards the cost of these infrastructure projects, with councils providing the remaining 80 per cent through their own reserves or borrowings. The Local Government Finance Authority (LGFA) has joined the partnership by providing finance for any council borrowings necessary to fully fund projects at an interest rate that is, on average, 0.5 percentage points below their usual lending rates.

I am pleased to note strong support for the partnership across South Australian councils. Thirty-seven projects, with a total value of almost \$168 million, will proceed this calendar year. These projects would not have proceeded for at least two years without the support offered by this partnership.

The projects, ranging from road and footpath upgrades through to innovative energy solutions, will translate into jobs in our suburbs and regions, and revitalise community infrastructure across the state. I was also pleased to announce the continuation of the Community Wastewater Management Scheme (CWMS) program for another 10 years, at a cost of more than \$47 million.

Since the 1970s, the state government has supported councils to provide proper wastewater management services in communities that are not serviced by SA Water. Over the decades, this support has enabled councils to tackle public and environmental health issues in their areas and to provide the basic infrastructure that is necessary to underpin growth and development.

The agreement that has been in place for the last decade has delivered real benefits for communities. It is managed well and the subsidy arrangements are very cost effective. More than \$38 million of state funding, plus \$20 million from local communities, has connected more than 3,000 properties to modern wastewater facilities across regional South Australia over the past 10 years.

This is critical infrastructure for regional South Australia and an investment needed by councils that have felt the impact of the commonwealth government's three-year freeze in indexation on the financial assistance grants and the cessation of the supplementary local roads funding

program announced in the 2014-15 federal budget. This resulted in lost revenue for South Australian councils in the order of \$92 million. I am pleased to note that the 2017-18 federal budget included the return of the indexation of financial assistance grants and the reinstatement of the supplementary local roads program.

While on the theme of regional South Australia, the Outback Communities Authority assumed responsibility for the provision of municipal services in Leigh Creek from 1 January 2017. This followed an announcement by the government in May 2016 that \$18 million will be provided over five years to support the future management of the Leigh Creek township. I am confident that the commitment the government has made to the ongoing support and management of Leigh Creek will enable not only the town but the entire Northern Flinders community to realise an economically sustainable future.

In continuance of my commitment to review and improve the local government legislative framework, a number of legislative matters were progressed during 2016-17. The Local Government (General) Variation Regulations 2016, under the Local Government Act, were made on 24 November 2016. These regulations clarify the application of conflict of interest provisions, provide required elements of informal gatherings policies and update several administrative matters.

Work is also continuing on the review of the codes of conduct for council members and council employees to ensure that they are working as well as they should be. Both the Ombudsman and the Independent Commissioner against Corruption have provided detailed comments on this extensive review, which the Office of Local Government has been working through.

In conclusion, I look forward to building on the constructive relationship with local government by progressing matters of mutual interest and enhancing intergovernmental cooperation. I commend these initiatives to the committee.

The CHAIR: Thank you, minister. Member for Unley, do you have an opening statement at all?

Mr PISONI: No, thank you, Mr Chair.

The CHAIR: Questions? Member for MacKillop.

Mr WILLIAMS: If I may start, I will read in the omnibus questions for both the Minister for Regional Development and Minister for Local Government:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2016-17 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. In financial year 2016-17 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 2017-18?

3. For each department and agency reporting to the minister, please provide a breakdown of attraction, retention and performance allowances, as well as non-salary benefits, paid to public servants and contractors in the years 2015-16 and 2016-17.

4. For each agency for which the minister has responsibility:

(a) How many FTEs were employed to provide communication and promotion activities in 2016-17 and what was their employment expense?

(b) How many FTEs are budgeted to provide communication and promotion activities in 2017-18, 2018-19, 2019-20 and 2020-21, and what is their estimated employment expense?

(c) The total cost of government-paid advertising, including campaigns, across all mediums, in 2016-17, and budgeted cost for 2017-18.

5. For each agency for which the minister has responsibility:

- (a) What was the cost of electricity in 2016-17?
- (b) What is the budgeted cost of electricity in 2017-18?
- (c) What is the provisioned cost of electricity in 2018-19, 2019-20 and, 2020-21?

6. For each grant program or fund the minister is responsible for please provide the following information for the 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 financial years:

- (a) Balance of the grant program or fund;
- (b) Budgeted (or actual) expenditure from the program or fund;
- (c) Budgeted (or actual) payments into the program or fund;
- (d) Carryovers into or from the program or fund; and
- (e) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

Mr PISONI: If I can take you to Budget Paper 4, Volume 3, page 86. One of your targets there is, 'Finalise the distribution of funding to councils to support local employment and infrastructure development'. Are you able to advise what input your department had on the Fund My Neighbourhood program that was announced in the budget for local government?

The Hon. G.G. BROCK: Fund My Neighbourhood was formulated through the Department of the Premier and Cabinet and I ask that the member direct that question to the relevant minister.

Mr PISONI: I asked what input your department had in the development of that policy or fund?

The Hon. G.G. BROCK: I am advised the Office of Local Government had some involvement and has some information, but that the program was developed by the Department of the Premier and Cabinet and then went to cabinet.

Mr PISONI: What was the advice that your department gave to the Department of the Premier and Cabinet?

The Hon. G.G. BROCK: Sorry, I will clarify that. The Office of Local Government was given advice after it was formulated by the Department of the Premier and Cabinet.

Mr PISONI: What advice was it given?

The Hon. G.G. BROCK: I will ask Alex Hart to give the member the full explanation on that.

Ms HART: Yes, we have received some advice from the Department of the Premier and Cabinet, which has been tasked by the Premier to develop the Fund My Neighbourhood program. We received that recently and took that opportunity to have a conversation with the Department of the Premier and Cabinet about how best to engage with local government, particularly the Local Government Association, as they developed the details of that program. We understand that the Department of the Premier and Cabinet are doing so and is, in particular, working very closely with the Local Government Association to ensure that the delivery of the program is cognisant of the benefits that can be gained to it through the greater involvement of the LGA.

Mr PISONI: Can the funds be used to part fund council programs? For example, is it a condition that a Fund My Neighbourhood grant must be a project on its own, or can it be a project that has matched funding or a percentage of funding from local government?

The Hon. G.G. BROCK: The Premier is yet to announce the details of the program and if we can wait until the Premier makes that announcement.

Mr PISONI: Have you been advised as to when that announcement will be made? Have the guidelines been formulated?

The CHAIR: Do I take it, minister, that you are not the minister responsible for administering this program?

The Hon. G.G. BROCK: I am not the minister responsible for that, but the Premier will make that announcement as soon as he can. If the member would like some more information on that, he should ask the relevant minister for the information.

Mr PISONI: So, you know nothing whatsoever about it?

The CHAIR: The minister does not even need to comment because he is not the minister responsible.

Mr PISONI: Can I take you to dot point 3 where one of the targets for 2017-18 is that you will, 'Continue the Premier's State/Local Government Forum to progress matters of mutual interest and enhance intergovernmental co-operation.' How old is that forum? How long has that forum been running for?

The Hon. G.G. BROCK: The Premier's State/Local Government Forum provides advice to the Premier, myself and the Local Government Association on matters of priority to both state and local government. The forum meets four times per calendar year to oversee and progress matters. A communiqué, which provides a summary of outcomes, is then released after each forum meeting. The communiqués are available at the Office of Local Government website. The forum recently met on 14 June 2017. Discussions were held on reviewing the codes of conduct for council members and employees, simplifying regulation, growing and supporting our economy, a regional growth strategy and a proposed community wellbeing alliance.

The next forum meeting is scheduled for October 2017. It is anticipated that the forum will endorse and sign the schedule of priorities for 2017-18 at that meeting. If I can just go back, the forum began in 2014, straight after the election.

Mr PISONI: There are no ratepayer groups represented on that forum? What I can see from the communiqué of 20 March, which is the latest available online, I believe, is that you have the president of the Local Government Association; Peter Lamps, who is the secretary of the Australian Workers' Union; and Joseph Scales, who is the secretary of the Australia Services Union. Who else is part of the membership?

The Hon. G.G. BROCK: Obviously, the Premier is chairing the meeting. As Minister for Local Government, I attend. I have representatives from the Office of Local Government. You indicated that we have the president and the CE of the Local Government Association, and representatives from both the unions that you have already mentioned. There are a couple of others. If I think about it in a minute, I will come back to you on that one.

Mr PISONI: So, who chairs the meetings?

The Hon. G.G. BROCK: I made a mention of it a minute ago. The Premier chairs the meetings.

Mr PISONI: Does he chair them all?

The Hon. G.G. BROCK: If the Premier is there, yes.

Mr PISONI: He obviously was not there for the 20 March meeting, because the communiqué says the forum was chaired by the Minister for Local Government, Geoff Brock. On how many occasions has the Premier attended?

The Hon. G.G. BROCK: From memory, that is the only time that the Premier was not chairing the meeting.

Mr PISONI: The forum of 20 March has a heading 'Rate capping'. The forum was updated on the LGA's campaign that was raising awareness of crucial community services and opposing council rate capping. Was the forum advised at that meeting of how much money the Local Government Association was spending on that campaign?

The Hon. G.G. BROCK: I would have thought the member would have realised that that is an issue for the LGA. What the LGA would be doing is—

Mr PISONI: You were at this meeting. I was asking whether it was raised at that meeting.

The Hon. G.G. BROCK: No, I do not recall anything like that being discussed there. Again, I reiterate it is the LGA that would make the decision of what they do.

Mr PISONI: Mr Lamps and Mr Scales reiterated their view that rate capping would impact negatively on councils and in particular on the local government workforce. Did they elaborate at that meeting how that would happen?

The Hon. G.G. BROCK: The communiqué gives an overview or analysis of what discussions were being held at each meeting. If the member is interested in what the union members may have said, I am sure that he has the contact number for those union members to be able to have a discussion with them.

Mr PISONI: When you were chairing that meeting, did you, as the local government minister, inquire as to how it would impact the local government workforce?

The Hon. G.G. BROCK: Again, I hear what they say. The LGA has made it clear what their views may be, and they will do what they will do.

Mr PISONI: Do you agree with them? Do you believe that—

The CHAIR: What the minister believes and who he agrees with is completely irrelevant.

The Hon. G.G. BROCK: What page number?

The CHAIR: Minister, you can answer it anyway you wish, really. It is of no interest to this committee what you believe, sadly.

The Hon. G.G. BROCK: My views do not come into account.

Mr PISONI: So, you do not think it will make any difference? Is that what you are saying?

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

The Hon. G.G. BROCK: Do you have a sensible question?

Mr PISONI: You do not think rate capping will make any difference to a local government employee workforce?

The CHAIR: Alright. Member for Giles, do you have a question?

Mr HUGHES: I certainly do. Budget Paper 4, Volume 3, Portfolio Statement, page 86. Can you provide an update on the progress of revising the codes of conduct for elected members and council employees?

The Hon. G.G. BROCK: As committee members may recall, the codes of conduct for council members and council employees came into operation as part of the amendments made to the Local Government Act by the introduction of the Independent Commissioner Against Corruption in South Australia. The Code of Conduct for Council Members came into operation on 1 September 2013, while the council employees code of conduct came into effect on 12 February 2014. I have been undertaking a review of the codes of conduct for council members and council employees to ensure that they are working as well as they should be.

Both the Ombudsman and the Independent Commissioner Against Corruption (the commissioner) have provided detailed comments on this extensive review, which the Office of Local Government has been working through. In discussions at the Premier's State/Local Government Forum on the review of the codes, it has been suggested that the state remove itself from regulating behavioural matters at the council level, and that the codes be paused. The Premier is of the view, which I share, that the state government should have no role in regulating the behaviour of elected representatives within another sphere of government.

There is an important difference between poor behaviour on one hand and conduct that can affect the integrity of council members' decisions on the other. While the state government will always have a role in ensuring the integrity of council members' decisions, the state should not be regulating the behaviour of elected members from another sphere of government. This is a matter for councils, their members and their communities. Forum members also agreed that there should then be consideration of legislative amendments to remove the heads of power for the codes and,

importantly, to elevate the remaining integrity matters from the new code regulations into the act itself.

I will seek the views of the chief integrity bodies in the state, the commissioner and the Ombudsman, as to what integrity matters they consider should be retained. However, I note that the commissioner appeared before the Crime and Public Integrity Committee on 25 May 2017, and expressed his view that the codes were being misused and that many complaints under the codes are generated by personality differences between council members, rather than by genuine concerns regarding conduct. I understand the LGA is working to develop a new model for the future. I have therefore proposed that the renewed code would not commence before 31 October. This will enable the LGA to support the sector to develop council policies covering member behaviour.

Mr PISONI: Just on that same line, how long has the review of the code of conduct been conducted? Progressing the review has been a highlight in several budgets. When was it first raised with your department that it was not working?

The Hon. G.G. BROCK: The codes of conduct for council members and council employees came into operation as part of the amendments made to the Local Government Act by the introduction of the Independent Commissioner Against Corruption (ICAC) in South Australia in 2012. The Code of Conduct for Council Members commenced on 1 September 2013, while the council employees code of conduct commenced on 13 February 2014. These codes were designed to be a tool to ensure that council members and employees act in the interest of the public that they are elected or appointed to serve.

In mid-2014, I initiated a review of the codes of conduct for council members and council employees. Both the Ombudsman and the ICAC have provided detailed comments on this extensive review, which the Office of Local Government has been working through. I just reiterate that, as you can see, it has been an extensive review, and I am looking forward to stuff coming back from the Office of Local Government from all the people concerned.

Mr PISONI: What triggered the review of a code of conduct that was so new? On what basis did you initiate it?

The Hon. G.G. BROCK: At the outset, when the review of this mandatory code was first put into place, it was agreed that there would be a review after it had been going for a while, and this is what we are doing now. We are having a review of the codes.

Mr PISONI: What does 'going for a while' mean?

The Hon. G.G. BROCK: The review was of the mandatory code. It was agreed at the time that it would be reviewed after a couple of years—a period of time—to see how it was operating. That is why we are doing the review now.

Mr PISONI: But you started the review after less than a couple of a years, did you not? How long after the code of conduct was put in place was the review started?

The Hon. G.G. BROCK: I will ask Alex Hart to answer that. There is a lot more information there, but I will ask her to give that detailed information.

Ms HART: Thank you, minister. As the minister stated, the Code of Conduct for Council Members commenced on 1 September 2013. It was agreed at the time that as it was a new mechanism, it would be reviewed after it had been in operation for around the two-year mark. As the minister has also noted, that review or preparations for the review commenced in 2014, as we were aware that we would be soon approaching that date and we wished to be prepared for it.

Mr PISONI: The advice has been 'around about two years'. Was when the review would happen documented? Was this code of conduct regulation—I do not remember whether it was regulation or legislation—mentioned in *Hansard*? Where did the two years come from? 'Around the two years' sounds a bit funny to me. I have never seen that term used in government.

The Hon. G.G. BROCK: I am not too sure if it was formalised in *Hansard* but certainly back in 2012, when it was first put in place, my information is it was agreed at the time that a review would take place after a two-year period, after a couple of years' period, and that is what we have done. As

Alex Hart has indicated, it was in 2012 and two years after that is 2014 and, therefore, we had to be looking for an opportunity to review it, as indicated back in 2012.

Mr PISONI: You mentioned in your answer to the member for Giles' question that the new code of conduct was with the LGA. What role did the LGA have in formulating the new code of conduct?

The Hon. G.G. BROCK: The LGA have discussions. They go back to their members, who are the relevant councils across the metropolitan and regional areas of South Australia, to get their views and to get the best advice as to how they can best serve their members.

Mr PISONI: The Premier's State/Local Government Forum on 20 March refers to the code of conduct, and it says that the issue will be progressed between the government, the LGA and the unions ahead of the next forum. What role have the unions played in the formation of the local government code of conduct?

The Hon. G.G. BROCK: The unions have provided advice on the impact of the codes that are in place on local government employees—that is for both the inside workforce and the outside workforce. They would be providing advice on the impact on their employees, the union employees.

Mr PISONI: Is that for the current code or the new code?

The Hon. G.G. BROCK: The current code.

Mr PISONI: Have the unions been involved in the development of the new code of conduct?

The Hon. G.G. BROCK: We are taking their suggestions and advice into consideration.

Mr PISONI: Are you also getting legal advice?

The Hon. G.G. BROCK: I do not think, Mr Chair, that is a matter I can elaborate on.

Mr PISONI: In relation to code of conduct issues, I think on up to three occasions the Adelaide city council did not have quorum because people felt that there may have been a perceived conflict of interest and so did not turn up for the meeting. How will that be dealt with under the changes you are proposing?

The Hon. G.G. BROCK: Conflicts of interest are not under the codes of conduct. They are a separate issue under a separate act. They are under the Local Government Act.

Mr PISONI: Does that mean that, after these changes, we could very well continue to see councils that cannot meet quorum because of perceived conflicts of interest?

The Hon. G.G. BROCK: Are you talking about codes of conduct or conflicts of interest? There are two separate issues here.

The CHAIR: I think what the member—

Mr PISONI: How is a conflict of interest—

The CHAIR: Member for Unley! I think what the member is doing is referring to past events and wondering if the code of conduct will remedy those, and you, minister, are saying that the Local Government Act already has a remedy for those. The member is interrogating that, which is completely outside the scope of estimates, so I will go to the member for Ashford for a question.

The Hon. S.W. KEY: My question is in relation to Community Wastewater Management Systems. I refer to Budget Paper 4, Volume 3, portfolio statement, page 86. How is the Community Wastewater Management Systems program supporting regional councils and their communities?

The Hon. G.G. BROCK: The state government continues to support councils throughout South Australia to construct Community Wastewater Management Systems (CWMS). The state government has committed to investing more than \$47 million over the next 10 years from 1 July 2017 to extend the CWMS funding agreement to support the installation of essential infrastructure in regional towns.

This commitment to continue funding this program will mean that thousands more regional South Australians will have equitable access to this essential service. These systems provide cost-

effective communal wastewater services in regional communities where full sewerage services cannot be justified. A review of the funding agreement conducted last year concluded that the CWMS program was recognised as an outstanding success.

Over the past decade, the program has supported more than 3,000 households across 11 communities to be connected to wastewater services that address public and environmental health concerns and underpin development and economic growth in our regions. The funding agreement provides for an annual allocation of approximately \$4 million to councils to support the installation of CWMS, primarily in regional towns and cities where conventional urban sewer systems are not provided by SA Water or other major water industry authorities.

The funding the state government provides enables councils to provide these services at a cost to users that is equivalent to the cost of sewerage schemes provided by SA Water. The state's subsidy ensures equity between our regional and metropolitan citizens for this essential service. The agreement requires that the funds are allocated by the Local Government Association on the advice of a CWMS management committee and according to conditions and principles set out in the agreement and the state government policy for CWMS. The management committee consists of representatives from local government and a broad range of relevant state government agencies, including the Office of Local Government, the Environment Protection Authority, SA Health and the Department of Environment, Water and Natural Resources.

These schemes not only ensure that public and environmental health standards in our regional towns are met, but also often provide the necessary infrastructure for those communities to pursue economic development opportunities. This commitment from the state government over the next decade will allow even more regional councils to install modern wastewater management facilities in their town. Again, as I mentioned earlier, it often provides the necessary infrastructure for those communities to pursue economic development opportunities which, in turn, could produce regional growth opportunities and employment.

Mr GRIFFITHS: Mr Chair, I have a supplementary question, if I may. Minister, the commitment is the appropriate one to make, but what sort of list exists now? I am told that it has been 30 years in the waiting to become a priority for funding. I understand that needs to take place, but I am interested in, on the basis of the funds that are available over that 10-year period, how many are on the list and how many it is believed can actually be undertaken in that time.

The Hon. G.G. BROCK: Councils have been asked for expressions of interest for this new program. The committee will review and prioritise those requests according to the needs of those being submitted. I am advised the committee will address the priority of the listing to try to get away from the old system where an item was on the list but other priorities may have come in. I have been advised that the priority listing will be getting the ones that are needed first for hygiene, health and safety.

Mr GRIFFITHS: I do not want to hold up the chamber by asking for more details on that; that is alright.

The CHAIR: Are there any more questions? Member for Unley?

Mr PISONI: In the Premier's State/Local Government Forum minutes of March this year, there is a reference under the heading Public Health Initiative about collaboration between the LGA and SA Health to develop a community-based program following the secession of funding for the OPAL program. Was your department consulted about the decision to stop funding the OPAL program when that happened earlier in the financial year?

The Hon. G.G. BROCK: Again, I refer the member to the correct minister, and that is the Minister for Health. I would ask that the member redirects that question when the Minister for Health has his opportunity.

Mr PISONI: Program 3, Office of Local Government: the description/objective says that the Office of Local Government provides policy and other advice to the Minister for Local Government. This program was basically delivered through local government. It is a relevant question whether your department was either consulted or offered any advice on the success or otherwise of the OPAL program.

The Hon. G.G. BROCK: There is a wide range of activities and functions of councils that cover various portfolios, and this is one of those areas. As the member would be aware, the Local Government Act carries certain things that are under the portfolio of another minister.

Mr GRIFFITHS: If I may seek clarification, Chair. I know of the impact on regional and metropolitan councils that were part of the OPAL program. Two that come to mind, quickly, are Playford and Copper Coast. Given that there is a regional impact upon this decision, did this trigger the regional impact assessment statement to be undertaken and therefore taken to cabinet before the decision was made to withdraw funds?

The Hon. G.G. BROCK: I am not too sure whether that is an appropriate question for the estimates committee. That should be a question relevant to the Minister for Health.

The CHAIR: I think that is right. The member for Unley was well within his rights to ask about the advice given to the Minister for Health, but your question was out of order.

Mr PISONI: Back to the table on page 86, supplies and services. There have been some dramatic changes in both budgeted and estimated amounts and actual amounts in the two years that we are seeing in the table. The actual amount for the 2015-16 year was \$590,000, yet this year's budget is \$99,000. Are you able to advise if there was a particularly large item that took the 2015-16 actual budget to \$590,000?

The Hon. G.G. BROCK: I will get Ben Seidel to give a more detailed explanation to the question from the member.

Mr SEIDEL: The changes from 2015-16 actual to 2017-18 budget, to confirm, is what we are looking at—the \$590,000 or just the general—

Mr PISONI: I want to know what the \$590,000 was spent on. Was there a particularly large item—a consultancy, or what was it?

Mr SEIDEL: If we look at that number, there is about \$200,000 relating to internal business support charges. So, across all the seven programs of the Department of Planning, Transport and Infrastructure, within the supplies and services line across each of those individual programs a notional budget is put out for business support charges, so about \$200,000 relates to that. There was about \$200,000 in 2015-16 that related to landfills in the APY lands. That has now been moved to Program 6: Infrastructure, Planning and Management, so that is the majority of that \$590,000 figure. The last \$100,000 is on general supplies and services, and I will have to take on notice to get a breakdown of specifically what that is.

Mr PISONI: A shift in responsibility for that particular item?

Mr SEIDEL: Yes, landfills in the APY lands has now moved to program 6.

Mr PISONI: And the \$99,000, is that a contingency figure or is it in the budget for 2017-18 or do you have your eye on something there?

Mr SEIDEL: That is the budget for 2017-18, and it will have a component of business support charge and a small budget for the office.

Mr PISONI: So, it is money you are paying another government department?

Mr SEIDEL: Sorry, when you say the \$99,000, is it in the 2017-18 budget?

Mr PISONI: Yes.

Mr SEIDEL: That will be the budget specifically for the office, which is headed by Alex. It is going to have a component of business support charges, which are charged internally across all programs, and then there will be a small amount that relates to supplies and services.

Mr PISONI: So, that is money that you give other government departments? That is money that will go to other government departments from your department?

Mr SEIDEL: No, it is not.

Mr PISONI: Where does the money go?

Mr SEIDEL: Sorry, when you say 'other government departments', it goes to the support. There is a finance function in the Department of Planning, Transport and Infrastructure and there is an HR function. They provide support to the Office of Local Government, and that is what the business support charges go to contributing towards. Rather than the Office of Local Government having its own finance function and its own HR function, an amount is allocated in supplies and services that is then charged across and spread back across the department.

Mr PISONI: If we go back to the review of the code of conduct, will the new code of conduct address some of the closed meetings and secrecy that we have seen reported on lately, particularly with the Onkaparinga council? For example, there was \$22,000 in legal fees that the council used to try to stop an Ombudsman's investigation into \$6,000 in golf fees that were paid by the council on behalf of the CEO. Will the new code of conduct have any guidance or any code on how to deal with that sort of issue?

The Hon. G.G. BROCK: First up, the member is referring to matters that are dealt with under the Local Government Act itself. That is not part of codes of conduct. Conduct is for elected members and so forth, which is behavioural issues and also some integrity matters. What you are asking for is not under the code of conduct.

Mr PISONI: Is the decision to close a meeting to the public something you are planning to address as part of this review, or is your review only about code of conduct? You are not looking at amending the act at all to deal with some of the secrecy provisions or loopholes that local governments use to keep secrets from their ratepayers?

The Hon. G.G. BROCK: First up, councils can hold meetings relevant under section 90 of the act.

Mr PISONI: I understand that. I am asking whether you are going to be reviewing that?

The CHAIR: Hang on, the minister is answering the question.

The Hon. G.G. BROCK: My expectation of councils is that they do everything correctly. We have had this discussion. The informal gatherings are open to the public wherever possible. Decisions to hold informal gatherings in confidence are made on a case by case basis, depending on whether it qualifies under that particular section. Councils publish notification details of informal gatherings on their website to ensure that interested members of the public can attend. If a council decides to hold an informal gathering in confidence, the reason for that decision also has to be briefly stated on the website.

However, a review of the council policy that has been adopted since the commencement of the amendment act evidenced a sector-wide failure to implement the attendant reform in this area. Disappointingly, despite the intent of the amendment act, the review revealed that approximately half of all councils were continuing their practice of closed informal gatherings and had adopted a policy that provided for that continued practice.

This position is inconsistent with accepted standards of open and accountable government and is not consistent with my expectations, nor those of the South Australian community. My original intent was to allow councils the opportunity to amend their policies and practices accordingly without the need for regulation; however, in light of the widespread inadequacy of council informal gathering policies, it was necessary to make regulations that prescribe requirements for informal gathering policies.

I advised all councils that I would make regulations to ensure that informal gatherings are held in public wherever possible, that members of the public are able to know when and where these meetings are held and, if there is a good reason why an informal gathering must be held behind closed doors, what this reason is. These regulations were made on 27 October 2016. The regulations contain practical assistance for councils by including a clear process and definition of a designated informal gathering or discussion to which the new requirements apply.

At the request of the Local Government Association, I delayed the commencement of the new regulations until 24 November 2016 to allow councils that had not yet amended their informal gathering and discussion policies additional time to do so. I also wrote to all councils to inform them that the regulations were made and to advise them of the commencement date. As the regulations

are now in force, councils must comply with them, and I have every expectation that they will do so. The regulations will ensure consistency in this important area of open and accountable government and enhance the confidence of the South Australian community in the decisions being made by local councils.

The member for Goyder and I had this discussion when the bill went through; we both want transparency in councils finally. I also expect that councils will comply with the act when deciding when matters should be discussed in confidence in the informal meetings.

Mr GRIFFITHS: Can I seek clarification on that? Just in relation to that, I completely understand, but in giving public notice of the reasons as to why it is to be treated informally, is that a matter of actually quoting the section of the Local Government Act that provides for doing so, or indeed the reasons behind why that section is being used? Otherwise, if you just quote, 'It is in camera by virtue of subsection such and such,' that means very little to people. Is there a need for an outline as to why?

The CHAIR: We are straying quite a bit into policy that was already debated in the house.

Mr GRIFFITHS: I only referred to the answer the minister provided.

The CHAIR: Supplementaries are out of order anyway, so I am being quite lenient.

Mr GRIFFITHS: But 'in seeking clarification' are the words I actually used.

The CHAIR: What I am getting to is that the minister can answer how he wishes or not at all.

The Hon. G.G. BROCK: Councils are expected to advise as to why they go into confidentiality; for informal meetings they have to do that. I would very much expect that councils would have the same regard if it is going to be something in confidence—it could be something that might be personal or something like that. Certainly, my view is that everybody else's view is to have as much transparency as we can.

When councils discuss things under the confidential part of their formal meetings, they have a portion where they can do that under the section of the act, but I would expect that information, if it can be brought out into the open, to be brought out into the open chamber at the end of that meeting, providing it is not commercial-in-confidence, and then for councillors themselves to stand by their decision to have a discussion in confidence but to defend it in the open.

Mr PISONI: This refers really, again, to council conduct matters: is it your expectation, or do you think it is reasonable, that councils should sponsor AFL football clubs with ratepayers' money?

The CHAIR: That is not for you to comment on, minister. You can answer it if you wish.

Mr PISONI: Well, it is.

The CHAIR: The minister's view on that is just irrelevant.

The Hon. G.G. BROCK: What I will say is that what councils do is a council decision. They are elected by the people to make decisions as they see appropriate for their electors and do what they have to do. What I expect councillors to do, whatever decision they make, if they are discussing it under the relevant section of the act, is to bring that out into the open chamber and have it fully disclosed to the public.

Mr PISONI: As the minister, you are perfectly comfortable with a local government sponsoring an AFL football team?

The CHAIR: The minister's comfort is not our concern.

The Hon. G.G. BROCK: I think that is an irrelevant question.

Mr PISONI: It is not irrelevant for ratepayers who have to foot the bill.

The CHAIR: Any more questions?

Mr PISONI: Yes. This goes back to your objective as the minister: did the Hon. Tung Ngo discuss his private members' bill, Constitution (Council Member Contesting Election) Amendment Bill 2017, with you prior to introducing it into the parliament?

The Hon. G.G. BROCK: Mr Chair, I do not see how that has relevance to an estimates committee which is relevant to the program that we have in front of us, program 3. If you can give me a page number or a folio number, I am happy to have a look at that, but I cannot see the relevance of discussing a bill in estimates.

The CHAIR: Can you repeat the question and the line you are referring to?

Mr PISONI: The line I am referring to is objectives of the Office of Local Government.

The CHAIR: Yes.

Mr PISONI: And the objective written in the budget says, 'Office of Local Government provides policy and other advice to the Minister for Local Government.' I find it unbelievable that the minister would not think it relevant that he would seek advice on a change to a bill in parliament that affects the term of an elected member of council. That is why the question is very relevant.

The CHAIR: What was the question?

Mr PISONI: The question was: did the Hon. Tung Ngo discuss his private members' bill, Constitution (Council Member Contesting Election) Amendment Bill 2017, prior to introducing it into the parliament? Did he discuss it with the minister or the minister's office?

The Hon. G.G. BROCK: It is a private members' bill, Mr Chair. It is not relevant.

The CHAIR: Your preamble does not even relate to the description/objective of the Office of Local Government.

The Hon. G.G. BROCK: It has to do with the election, the Constitution Act.

Mr PISONI: It is a very important role in local government, the way somebody is dealt with once they become a political candidate for a state election.

The CHAIR: Your question is whether the Hon. Tung Ngo discussed it with the minister—

Mr PISONI: Yes, that is the question.

The CHAIR: —before the bill came to the house?

Mr PISONI: Yes, that is the question. It just needs a yes or a no.

The CHAIR: It is out of order. It has nothing to do with estimates. It is completely out of order.

Mr PISONI: It has. Why is this line in here then about objectives of the Office of Local Government?

The CHAIR: About the minister's office providing him with advice?

Mr PISONI: About advice. That the Office of Local Government provides policy and other advice. That is a policy.

The CHAIR: Provides advice to the minister.

Mr PISONI: That is a policy.

The CHAIR: Yes, that is right. So, the description/objective—

Mr PISONI: So, a member of the government introduces a bill—

The CHAIR: —is about the office providing advice to the minister.

Mr PISONI: —into parliament and it is not a matter for the relevant minister?

The CHAIR: Well, it is a matter for the minister—

Mr PISONI: Sounds extraordinary.

The CHAIR: —but it is not a matter—it does not affect the office's advice to the minister. It is just not relevant. We have about a minute to go.

Mr PISONI: If it passes in this house, will the minister take carriage of it in the House of Assembly?

The Hon. G.G. BROCK: I am advised that it is an amendment to the Constitution Act, not an amendment to the Local Government Act.

The CHAIR: So, the minister does not even have responsibility for the act.

The Hon. G.G. BROCK: The Constitution Act is delegated to the Premier.

Mr PISONI: This goes back to your targets. How often do you meet with individual mayors? When was the last time you met with the Lord Mayor of Adelaide?

The Hon. G.G. BROCK: I continue to make it a key part of my business to meet all of our councils. I believe that as much face-to-face contact as possible is the best way to communicate and get a better understanding of the challenges councils are facing and to talk with those community leaders about opportunities that are presenting themselves.

There are 68 councils in South Australia, with 49 being in non-metropolitan locations. I also work very closely with the Outback Communities Authority to support its important work assisting those communities in the non-council areas. I have had personal contact with all 68 councils over the last 18 months and intend to continue to meet with councils as often as I can to ensure that I am up to date with their concerns and have useful discussions about legislative reforms and other matters.

In my time as minister I have met members and staff from all councils, particularly at all LGA events, including the AGM, OGM and metropolitan local government group meetings, and I will continue to do so throughout my role as the Minister for Local Government.

The CHAIR: Thank you, minister, and thank you to the advisers for all your hard work. According to the agreed timetable, I declare the examination of proposed payments complete. After examination of the last proposed payments, I lay before the committee a draft report.

Mr HUGHES: I move:

That the draft report be the report of the committee.

Motion carried.

At 17:02 the committee concluded.