

HOUSE OF ASSEMBLY
Monday, 24 September 2018
ESTIMATES COMMITTEE B

Chair:

Mr S.J. Duluk

Members:

Mr L.W.K. Bignell

Mr J. P. Gee

Dr R.M. Harvey

Mr E.J. Hughes

Ms P. Luethen

Mr A.S. Pederick

The committee met at 13:30

Estimates Vote

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS, \$100,730,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS,
\$4,521,000

Minister:

Hon. T.J. Whetstone, Minister for Primary Industries and Regional Development.

Departmental Advisers:

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

Prof. M. Doroudi, Deputy Chief Executive, Department of Primary Industries and Regions.

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

Ms M. Griffiths, Executive Director, Corporate Services, Department of Primary Industries and Regions.

Mr W. Zacharin, Executive Director, Biosecurity SA.

Ms J. Burton, Chief Financial Officer, Department of Primary Industries and Regions.

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

The CHAIR: Good afternoon everyone, and welcome back to my team. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask your questions. I understand that the minister and the lead speaker of the opposition have agreed on an approximate time for consideration of the proposed payments, which will facilitate a change of departmental advisers. Can the minister and the lead speaker for the opposition confirm that the timetable for today's proceedings previously distributed is accurate?

The Hon. T.J. WHETSTONE: Yes.

The Hon. L.W.K. BIGNELL: Yes.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary no later than Friday 26 October 2018. 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.

There will be a flexible approach to giving the call for asking questions, based on about three questions per member alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may ask a question at the discretion of the Chair. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

Members unable to complete their questions during proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the Chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister and not the minister's advisers. The minister may refer questions to the advisers for a response.

The committee's examination will be broadcast in the same manner as sittings of the house are broadcast, which is through the IPTV system within Parliament House and via the web stream link to the internet. I will now proceed to open the following lines for examination: Department of Primary Industries and Regions and administered items for the Department of Primary Industries and Regions. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 4. I ask the minister to make an opening statement, if you so wish, and to introduce your advisers.

The Hon. T.J. WHETSTONE: Thank you, Chair. Welcome everybody, to the staff, all the members and Hansard. Thank you for being here. It is great to be here to answer questions on behalf of the government. I would like to start by introducing members of the department sitting at the table with me today: firstly, to my immediate left is chief executive, Scott Ashby, and to his left is Michelle Griffiths, executive director of corporate services. On my right is Mehdi Doroudi, deputy chief executive. Behind me is deputy chief executive, Tim Goodes, and Mark Williams, manager, budget strategy. Further behind me is Will Zacharin, Executive Director, Biosecurity SA, and Jane Burton, chief financial officer.

The primary industries portfolio, which sits under me as the minister, plays a critical role in driving South Australia's economy. Our agriculture, food, wine and forestry industries are a major employer and our largest export sector, accounting for more than half of the state's merchandise exports. Primary industries and agribusinesses directly generated \$15.8 billion in revenue in 2016-17, which includes final sales from all primary production and associated processing. If you also include the value of food retail sales, this adds up to about \$22.5 billion in revenue.

As we all know, this is a challenging year for many of our farmers, due to the very dry conditions. Grain crops are forecast to be at 5.8 million tonnes, significantly less than the long-term average. We have convened a dry season working group with key industry stakeholders and support agencies to work through the challenges faced by farmers and their communities in parts of South Australia during these difficult times. To assist on this front, PIRSA contributes \$260,000 per annum to Rural Business Support for their rural financial counselling services—a service which can often be a lifeline to those in need. The state budget extended its service for another year, to 30 June 2020, which was welcomed by Brett Smith and his team.

This government is backing business so that it can invest in our state with certainty, develop new and innovative products and services, increase export potential to drive sales and opportunities and create real and lasting jobs. I would also like to tell you about major projects PIRSA has been working on to deliver this vision. We have established the Regional Growth Fund to unlock new economic opportunities and build and strengthen those regional communities. This fund honours the government's election promise to commit \$150 million over 10 years to support regional South Australia as part of our Recharging Our Regions policy. Our aim is to back new activity that would

not occur otherwise and assist regions to become sustainable and develop an independence where their reliance is not on further government funding.

Also to develop our regions, we have made a substantial commitment to provide funding for the seven regionally located Regional Development Australia boards. That is \$3 million per annum until June 2022. This funding commitment provides longer term certainty. To support our farmers and provide them with improved protection and financial security, we have delivered legislation to require mandatory farm debt mediation. This enforces a mandatory mediation process, administered by the Small Business Commissioner, before a creditor is able to foreclose on a farming operation.

In terms of economic infrastructure, we have established the \$10 million mobile blackspot fund to address disadvantage to businesses and communities as a result of mobile blackspots in rural, regional and remote South Australia. We will work with the commonwealth government to identify opportunities to leverage other funding programs to fix the worst of the blackspots.

To the all-important issue of biosecurity and to help protect South Australia's livestock industry, we have delivered on our election commitment to engage wild dog trappers. There are currently seven trappers contracted along the dog fence and in targeted hotspots. At the Eyre Peninsula Field Days, I launched the One Biosecurity program to help producers manage, protect and promote their on-farm biosecurity. This program has been many years in the making. It is the first program of its kind in Australia and it will deliver to the livestock industry greater market credibility and improve traceability. It will also make the industry less vulnerable to uncontrolled disease spread and encourage better disease reporting and informed livestock purchasing.

Our biosecurity efforts continue with a focus on increasing efforts to maintain South Australia's fruit fly free status. Already we have delivered an election commitment of new quarantine bins at key entry points to the Riverland. The new quarantine bins on the Wentworth Road near Renmark and on Mannum Road near Mannum target travellers heading into the Riverland and provide further protection for the valuable Riverland pest-free area.

Also in the Riverland, and because this government understands the importance of primary production and tourism, we are delivering funding for a business case for a Riverland wine and food centre. The business case will explore ways to further strengthen the regional economy by enhancing opportunities for the Riverland and their primary producers to collectively showcase their quality produce within the region and increase the connectivity between primary producers and visitors to the area.

Also in the river region, implementation of the \$265 million South Australian River Murray Sustainability Program (SARMS) is nearing successful completion. South Australia is recognised nationally as a leader in fisheries and aquaculture management, and this government seeks to strengthen our reputation on best practice approaches to management of this important sector. We are working to address concerns raised by some in the industry around aspects of the current model in place for cost recovery. We have initiated an independent review, being run by KPMG Australia, of PIRSA's cost recovery policy as it appears to fisheries and aquaculture.

We need to ensure that the cost recovery policy approach is consistent with national best practice guidelines and reflects the outcomes of the recent Productivity Commission's review on marine fisheries and aquaculture. We are also working to reform the commercial Marine Scalefish Fishery to unlock its potential and provide long-term stability. While there is a diversity of views on how the reform should proceed, there is broad industry agreement on the need for a reform process. This requires the establishment of a suitable governance structure, including independent expertise, fair representation, robust and evidence-based decision-making, and procedural fairness and consultation in designing and administering the reform package.

To achieve this, I am in the process of appointing a fisheries reform advisory committee and we have provided support to the state oyster industry by waiving \$1.6 million in fees for this, and the next financial year as well, to enable this critical regional industry to get back on its feet following the impact of POMS. In forestry, we are delivering on our election commitment to form the Forest Industry Advisory Council of South Australia.

Moving to the food sector, this government has confirmed our funding commitment to supporting the \$133 million Fight Food Waste Cooperative Research Centre. This new national centre is based at the University of Adelaide's Waite Campus and is designed to tackle the growing problem in food waste through the supply chain. Food waste is a global issue, with losses valued at approximately \$1.3 trillion per annum. This \$133 million 10-year CRC will position South Australia as a national and global leader in food waste research and service provision. Also on the food front, we have boosted funding to Food South Australia to \$1 million per year over four years to help grow our local food and beverage industry.

On to cropping, we have committed to commission a high-level independent expert review of South Australia's moratorium on the cultivation of genetically modified food crops. Once completed, the review will enable better informed policy decisions regarding GM food crops in South Australia. It is clear that South Australia has created particular advantages in agriculture through robust research and development and on-farm efficiencies. However, we need to work closely with industry to capitalise on our market advantages and opportunities to boost agribusinesses and the economy.

I wish to conclude by reiterating that the government recognises the contribution primary industries make to the state's economy and that supporting our farmers and the regional communities they live in is critical to the state's success. As the Minister for Primary Industries and Regional Development, I am focused on growing our agriculture sector and our regions, more broadly, by working closely with industry and communities. I believe we can capitalise on the enormous opportunity this state has to offer. I would also like to thank all of the PIRSA staff for their great work and dedication and their quick action on a number of fronts that have presented themselves in this last six months.

The CHAIR: Thank you, minister. Member for Giles, do you have an opening statement or will you go straight into questions?

Mr HUGHES: No, straight into questions.

The CHAIR: Very good, member for Giles.

Mr HUGHES: Can the minister confirm, as reported in *The Advertiser* today—

The CHAIR: Member for Giles, if you could just kick us off on a—

Mr HUGHES: Sorry; Budget Paper 4, Volume 4, page 93. Can the minister confirm, as reported in *The Advertiser* today, that he has declared—and I use that word advisedly—the Upper Eyre Peninsula, Upper North Murray Mallee and pastoral areas as drought affected, and if so, what financial assistance farmers and communities in those areas can expect?

The Hon. T.J. WHETSTONE: Certainly, and thank you for the question. It is an important question. Today, there has been an announcement with a number of initiatives, ongoing initiatives as well as new initiatives. The ongoing initiatives are commonwealth initiatives that help the dryland sector. As you have said, some areas within South Australia, particularly the Upper Eyre, Upper North, Murray Mallee pastoral areas of the state, are experiencing drought-type conditions. Despite the rainfall events in August, these areas have had minimal rainfall over a particularly extended period of time within the last 18 months, and it has resulted in not only poor germination and poor crop uptake but very, very poor pasture content, particularly for our livestock.

However, there are important initiatives that the government has put in place. Today, we have announced eight FaB Scouts through the FaB Scout program that will be on the ground giving support to those who are in most need. The FaB Scout program is an excellent initiative that was rolled out in the Millennium Drought. I know firsthand that those FaB Scouts, particularly in the Riverland, were critical to people being able to come out and understand the situation that they faced, just as some of the dryland sector and livestock sector are as we speak.

It is also important to note that there are responses through the dry seasonal conditions and that we have initiated a dry working group. That brings together industry representatives and it brings together other government agencies dealing with what we consider as grassroots-fed information dialogue. Not only does the industry give us the information that we need to make good government policy decisions, but it is in one way, shape or form making contact with up to 100 farmers per week,

and that is ongoing. It is giving us the opportunity to deal with the priorities of those concerns. To date, the priorities have been the mental health and wellbeing of our farmers, as well as understanding what the broader picture has been.

We have met, as a government, the Bureau of Meteorology and they have given us what they consider a short-term forecast and a longer term forecast. That is that there will be below average short-term rainfall and in the longer term there will be below average rainfall. That has given us the scope to bring together initiatives with the federal government. Tomorrow, we will have a visit by the Prime Minister's drought coordinator as he will be visiting Adelaide. Major General Stephen Day will be here and will have the opportunity to meet with all of the councils or mayors of drought-assessed areas, as well as the commodity group leaders. That will give him a snapshot of where South Australia is in the broader picture of the great dry that is engulfing Australia but, I guess more importantly, tomorrow it will be about South Australia.

It is also important to note that he will bring with him, as the national drought coordinator, a national Community Drought Program that is currently underway. It is a \$75 million program that will be rolled out. In essence, it is money that will be offset into council areas that will help with some of the job losses and the financial burden that the drought brings with it. As a rule of thumb only, it is about \$1 million per council area. That \$1 million has been distributed to 60 councils on the eastern seaboard and there is still a remaining \$15 million to be spent.

I would like to think that tomorrow's snapshot will give the drought coordinator a much better understanding of where South Australia sits in the broader picture of the extended dry. However, we have to remember that in South Australia the majority of the state has experienced a number of good seasons. We experienced very low summer rain leading to very low levels of subsoil moisture for pasture growth and particularly for cereal crops or standing crops.

It is important to understand that the situation in South Australia is very patchy and very strippy and so there are areas that are doing extremely well and there are areas that are doing it extremely tough. Some of those tough areas, as I said, did not have the subsoil to start with and so what we are going to see now is very low pasture levels and the standing crops, in some areas, have been let go. Some of those standing crops will now be put into hay for fodder.

There are a number of initiatives that we have put in place. We are working with the commonwealth government and listening. We are having a dry working group, as well as the Prime Minister's drought coordinator being here tomorrow. What we are seeing is a collaborative approach to a situation that has engulfed a large amount of grain growing and livestock country around the country.

Mr HUGHES: Same budget line: so at this stage do you anticipate the state government providing any direct financial assistance to drought-affected communities or farmers, as has been done by other state governments?

The Hon. T.J. WHETSTONE: What we have seen with other state governments interfering in the marketplace is quite a distortion in the price of fodder; we have also seen a distortion within the logistics of moving feed around the country. We would like to think that, as a government listening to the dry working group as well as listening to those on the ground, we can spend taxpayers' money in a much more direct fashion. We are seeing some areas that are sending fodder and hay to areas of need and it is not getting there. We are seeing the distortion within the costs of freight; we are seeing the distortion in the cost of hay and fodder. As a working group with the government we think that initiatives that potentially could be rolled out will be of more significant help to the farmer than subsidising freight for fodder.

Mr HUGHES: Can the minister advise what action he has personally taken to advocate to the federal government on behalf of drought-affected farmers in South Australia?

The Hon. T.J. WHETSTONE: Certainly. I have spoken with the Premier through to the Prime Minister. My office has been in direct contact with the commonwealth drought coordinator since his instalment. It is making sure that we have that direct dialogue with minister Littleproud's office in Canberra, and it is also making sure that we have direct dialogue with our farmers, with our

commodity groups, feeding all that information in so that we can come together, and when and if we have to put contingencies in place that is what we will do.

Mr HUGHES: Is the minister concerned that to date the federal government has provided no assistance to drought-affected communities in South Australia, in contrast to the 60 councils in New South Wales and Queensland that have received or will receive assistance? Notwithstanding the fact that the impact of drought in New South Wales and Queensland has been prolonged and more severe, there are clearly areas in South Australia that have been hit hard—certainly not to the same duration, but places are doing it really tough. Yet, the federal government seems to have overlooked South Australia when it comes to providing that assistance to drought-affected communities.

The Hon. T.J. WHETSTONE: Certainly. There are a number of benchmarks as to who needs support, who is getting support, who is applying for support and who is responsible for acknowledging where there are areas that need support. There has been very, very low applications for the Farm Household Allowance. There has been significant concern that the reports through the media are that there are areas that are destitute. Yet, when we have the conversation with some of those farmers, they understand the vagaries of farming in marginal country or certain parts of the state. They are prepared the best they can be.

As you have said, and rightfully said, some of the eastern seaboard has been in an extended period of drought. Some areas have been in drought for five and six years. There has been only a small amount of South Australia that has seen two very dry years. By and large, and speaking with farmers and speaking with the majority of councils, people are better prepared today than they ever have been to deal with a prolonged dry.

What we are seeing is that a lot of pastoralists have had a lot of hay in sheds; they have had a lot of grain in silos in preparation. A lot of them, nowadays, keep between 18 months and two years of feed as an insurance policy, making sure they are best prepared should the dry be a part of their management plan.

What I would say is that my conversations with the federal Minister for Agriculture and the Premier's conversations with the Prime Minister have been going on for an extended period of time now, making sure that the federal government is aware of the situation in South Australia. It has only been today that the government has used the word 'drought'. That decision was not taken lightly, and the reason it was not taken lightly was that the feedback and the concerns that some of our regional communities had were isolated.

Some of the pasture country had seen significant stock numbers and was now bare. Some of the cropping country had seen stunted growth and the farmers had been looking to the skies for rain. Over the last three to four weeks, we have seen a small amount of rain that has not amounted to any gain within the crops, and so we have made the announcement today that there are drought-affected areas in South Australia. That is part and parcel of the visit by the Prime Minister's drought coordinator, who will be here tomorrow.

I can assure you that all of the council areas that have been determined as being in need of drought assistance have been contacted and they have been given the opportunity to be in Adelaide tomorrow, along with all of the representative groups, such as Grain Producers SA, Livestock SA, Primary Producers SA and dairy and pork as well. So I think we are putting measures in place and making sure that we have every measure there to address the need of the day.

Mr HUGHES: Referring to the same budget line, do you think it is disappointing that the drought coordinator is not visiting regional South Australia, but restricting his visit to Adelaide?

The Hon. T.J. WHETSTONE: It is somewhat disappointing that tomorrow he is only coming to Adelaide, but I can assure you that we have it pencilled that he will be here next week. The idea of him coming tomorrow is to give him an understanding of the logistics and what time he will need to come back to South Australia and travel regional South Australia extensively to get a better understanding of where he can put the commonwealth government support, particularly the commonwealth's community drought program. That is an initiative that I think will benefit any council that is needing that support. I do not have the exact terms of reference for that money but, as I said, it is helping support the loss of jobs. As I understand it, from the conversations that we have had, the

money is not designed for infrastructure as such, it is there to support the communities that are affected by the dry.

Mr HUGHES: Once again referring to the same budget line, what advice have you received from the Dry Conditions Working Group about offering support to farmers in drought-affected communities, whether that is direct financial support or other forms of support?

The Hon. T.J. WHETSTONE: The dry working group has, for the two meetings now, been looking at ways they can help. I have to be really clear with you: through the dry working group there has not been a call to determine that South Australia is in drought. We all know that it has been a tough season. As I said, by and large, the primary producers are well geared up and their management skills now are like never before.

If I look at some of the current help, not only will PIRSA have animal health officers who are available for providing technical advice on maintaining animal health, especially when preparing to transport livestock, and on the biosecurity requirements, such as requesting commodity declarations when buying in feed, South Australia has recently stopped charging the stamp duty fees on multi-peril crop insurance, which will see a reduction of about 11 per cent of that overall policy cost. They are some of the initiatives that we see coming into train.

PIRSA has participated in farming workshops organised by natural resource management boards, which focus on sheep management, farm wellbeing and farming business advice to manage these challenging seasons. As I said, the federal government's farm household allowance provides support packages of up to \$25,000 per farming couple. It is really important that that assessment has been brought back and is much less onerous on the primary producer.

Also, the federal government recently announced additional drought assistance for all individuals, which means all those currently receiving the farm household scheme are now eligible for two lump sum supplementary payments worth up to \$12,000, and that is for eligible households. If they are assessed and they meet the assets threshold, they are eligible for that financial assistance.

We can go on. With the farm management deposits, that scheme has been about putting money away for a dry day. That has been an outstanding success. That is an initiative where what we are seeing in particularly dryland cropping is being very successful, as well as very successful within the livestock sector, and that is something I think should be looked at by more and more commodities.

The Farm Business Concessional Loans Scheme is provided by the Australian government for debt restructuring, operating expenses, drought recovery and preparedness activities, and it is now administered by the Australian government's central identity, the Regional Investment Cooperation. They are a number of initiatives that are there to help. As I said, the federal government and state government are working hand in hand to understand where the support is best needed.

Mr HUGHES: With the Dry Conditions Working Group you have indicated that they did not say that South Australia was in drought, and no-one believes that South Australia is in drought, but when it comes down to particular regions have they provided any advice in relation to those particular regions and declaring those regions as being in drought?

The Hon. T.J. WHETSTONE: They have not used the word 'drought'. The representative bodies are farmers themselves, and they understand the meaning of marginal country and high rainfall country, if you want to differentiate the two. Marginal country is tough country to farm, and when it becomes evident that we are going through tough dry times they are the people most affected. Those people who are in high rainfall country find that it is the most reliable country.

The feedback that has been presented to me around the table is that no-one was calling out for drought assistance. I want to make really clear that in South Australia, Victoria and New South Wales there is no declaration of drought. What we have seen previously over a number of really tough times is that, when there is a drought declaration through the exceptional circumstances mechanism, they put lines on maps and it segregates one community from another, and there is nothing worse than having a line on a map that puts you in and someone else out.

It is critically important that the structure for assistance is there 365 days a year; it is a mechanism that is there to support all types of natural disasters. I am sure the member for Mawson would attest to understanding that when hail hits a community there is support there for it. When the dry hits, there is support; when there is fire, there is support. These assistance packages are there full time to make sure we do not have lines on maps and, if assistance is needed, there is an off-the-shelf model that will be there to support our primary producers.

Mr HUGHES: What latitude is there in the budget if the dry conditions are to continue? What scope do you have within the budget to—

The CHAIR: Member for Giles, are you referring to a budget line?

Mr HUGHES: Yes. I acknowledge your generosity—you have been very generous. What scope is there in the budget to ensure that that assistance will be there at a state level if dry conditions persist?

The Hon. T.J. WHETSTONE: Sure. What sorts of systems or measures are you referring to?

Mr HUGHES: It can be a whole raft of different measures—and it depends when it comes to business formation because I speak to some younger farmers in my district who might not be as advanced when it comes to the scope for resilience, given where they are—as to whether there is assistance that could be provided to farmers through the budget.

The Hon. T.J. WHETSTONE: There is all sorts of assistance. The easy option is cash. The strategic priority is looking after the wellbeing and mental health of our farmers, and that has been the concern of the Dry Conditions Working Group as of day one to make sure that we have the support out there on the ground, making sure that people are okay when they need to make those tough decisions, making early decisions in destocking, making early decisions on what to do with standing crops. It is also taking away the burden of being overloaded with decisions, understanding that others can help you.

The government services can help you make financial decisions, making sure that if you have animal health issues that they are dealt with and making sure that decisions are made early, particularly with debt commitment. That is something I certainly know firsthand, that going through drought is one of the biggest issues in clouding a farmer's judgement. So, as far as the state government is putting measures in place, we are prioritising health and wellbeing. There are contingencies within government budgets to look at support. We are having those conversations but, to date, there have been no budget measures initiated to financially help those in the dry.

Mr PEDERICK: I refer the committee to Budget Paper 4, Volume 4, page 98. Will the minister please advise how the state government is assisting food producers and manufacturers in South Australia enable market access, both domestically and overseas, and further develop their business?

The Hon. T.J. WHETSTONE: Thank you to the member for Hammond. There are a number of initiatives that are in place where the government is going to help food manufacturing value-add our food sector and how we enhance what we do with trade particularly. Whether it is international trade or interstate trade, it is really important to note that, first of all, we are now putting \$1 million into Food SA per annum for four years to help that organisation to upskill a liaison officer, making sure that they can pick up some of the help that is needed for some of our food manufacturers and, in particular, those businesses that are looking to get into the marketplace.

When we talk about exports, exports are a very tough game. It not only requires a significant amount of commitment but it also requires a significant investment. We are now going to reopen five trade offices in global countries: the US, UAE, northern Asia, China and South-East Asia. Those offices that will open will be there to support our exporters, those people who are exploring whether they have the capacity to export the great work they do, whether it be in food, wine, other beverage or fresh product.

I think it is also really important to understand that previously we had 11 trade offices around the world and through the Hartley review they were closed, bar one. What we saw there was that they were not staffed adequately. They did not have the resources they needed to be effective. What

I can assure you is that we, as a government, are putting initiatives in place to make sure that we have those trade offices working, functional, making sure that they have a budget to work on, and making sure that we can utilise the great opportunities that we, as South Australia, need.

It has been widely documented that in 2002 we had a national share of merchandise exports somewhere in the vicinity of 7.9 per cent, and we currently have about 3.9 per cent of merchandise exports. So there is much work to be done. We think these initiatives are putting good measures in place not only to stimulate the export economy but also to support existing exporters as well as driving new exporters into that sector.

Mr HUGHES: Budget Paper 4, Volume 4, Program 1: Primary Industries, Sub-program 1.1: Agricultural Services, pages 96 and 97. What progress has been made on establishing the fodder register to connect fodder to those in need? What funding has been provided to carry that out?

The Hon. T.J. WHETSTONE: There are two parts to that: there is a fodder register and there is also a fodder audit. Understanding the state of play is quite difficult coming into the season and, as I have said, with the issue of stock in sheds and what is committed to export, what is committed to the current management of an existing property. It is also about understanding what the stocks are and if any of those stocks can be used for assistance to a neighbour's property or an interstate property.

It is worth noting that we have seen a number of standing crops that are not going to be reaped for seed, and we are going to see a large amount of those crops being put into hay production. What we are looking to do is have people register what they think they will have and also audit what we currently have in stock within South Australia. It has been reported through the Australian Fodder Association that the stock register for on-farm is very, very low.

When I talk about hay that is one part of it, but feed grain is another important part—particularly feed grain for intensive farming—and is raising alarm bells not only for supply but also for the cost. The cost of hay has increased from under \$100 a tonne last year up to \$350 and \$400 a tonne, and the cost of feed grain has gone from somewhere in the vicinity of \$150 to now over \$400 a tonne. So it is really important to understand that the audit will give us an understanding of how we are going to plan for the next six months, possibly the next 12 months—even 18 months, God forbid, if we look to the eastern seaboard and at what sort of stocks we could need if we have a continuing dry.

I have had reports not only from hay producers but also from hay traders in the west, Western Australia, who are currently putting a lot of hay on road transport and bringing it east, not only to South Australia but also to the eastern seaboard. They are now looking at how they can logistically put hay and feed on ships and bring it east.

Again, the audit and the register are two very large works in progress. We are going along with it and we are getting a good response, but I will say that there is a short-term gain with fodder and a longer term strategy with fodder, understanding what our current needs will be and understanding what the supply and demand will be going forward.

Mr HUGHES: When did action on the audit commence?

The Hon. T.J. WHETSTONE: My advice is that the fodder audit was put in place recently, it has been recently undertaken. I am just thinking back to what I was doing last week; as I understand it the fodder audit has been underway for less than two weeks.

Mr HUGHES: When do you expect that body of work—both the register and the audit—to come to a conclusion?

The Hon. T.J. WHETSTONE: That is a work in progress. I do not have an exact date as to when it will be finished, but what I will say is we are seeing the opportunity for hay production changing day by day. As I have said, two or three weeks ago we had cereal croppers' standing crop that was going to be reaped for grain. It is now going to be cut for hay, so it is quite a moving target as we speak.

It is important to understand that for the majority of crops where we have made a decision that they are going to be cut for hay, we will probably continue with that decision. It is important to

understand that there are a number of farmers or haymakers who are now looking at increasing their production, particularly with the price. Everyone seems to be price driven, so a load of hay producers are now looking at cutting more hay and also irrigating some of that pasture so that they can produce more hay.

A lot of the broadacre irrigators are out there now determining exactly what measures they will put in place. So it is very hard to understand whether the hay audit will be finished or whether it will just be an ongoing work in progress so that we can actually have a progressive update for people who are looking for that hay and feed.

Mr HUGHES: It has been said that there are going to be some additional workshops held around the state covering a number of different areas: animal health, managing soil erosion and planning for the next season. I am assuming that these additional workshops are a result of the dry conditions in some parts of South Australia. Has additional funding been provided for those workshops? Which regions are going to see these additional workshops?

The Hon. T.J. WHETSTONE: There is additional funding coming out of the department for running those workshops. Some of the workshops I understand are being run through NRM, and they are proving very, very successful. What I would say is having the FaB Scout program now rolling out will give us a better ability to understand where more workshops need to be undertaken and also, strategically, where we are going to hold them.

To the member, I am sure you would understand that there are pressure areas or regions that are under more pressure than others, particularly eastern and north Eyre, and the Mid North. We talk Murray Mallee, in particular. The far north-west pastoral is also under severe strain. It is not cropping country, but a lot of that pasture country has seen particular pressure put on it. As I have said, increasing stock numbers with high wool and meat prices has seen that extra pressure being put on. The amount of pasture available is fast diminishing, and that has been a concern for an extended period of time.

I just want to reflect, too, on a previous question. The fodder audit, running in conjunction with Australian Fodder, is being undertaken in South Australia by Livestock SA, which is an organisation which is part of the Dry Conditions Working Group.

Mr HUGHES: As part of the package of measures, there is an indication that a donation register is going to be established to assist South Australian farmers. What progress has been made in that area to establish that donation register?

The Hon. T.J. WHETSTONE: The donation register has been widely run by Primary Producers SA. There have been a number of organisations that have been used as collection points for charity and for those donations. I know last Wednesday I presented a cheque for \$10,000 from Jarmer's Kitchen and Pembroke Old Scholars to the CWA. The CWA tell me that they are handing out large amounts of money every week. Those donations are coming in through the generosity of every South Australian.

There is some misunderstanding by those people who are donating. They think they are donating to a wider cause, but in essence a lot of that money initially was going to the eastern seaboard. It is now recognised that South Australian donations are being more scrutinised by the people who are the donors, making sure that if they are going to donate to organisations, primarily through the CWA, that they are targeted.

I know that the Premier was in the Riverland on the weekend and the service clubs are doing a great job. The Lions, Rotary clubs and a lot of the service clubs are now doing their sausage sizzles, specifically raising money for donations for the farmers. Primarily, that money is going towards fodder—hay and grain. There are other organisations out there putting money into community groups. I know that there have been a number of fundraisers within the communities that have been affected, and I think that is a great initiative. The broader scale of South Australians are now rallying together. Whether it be a Jarmer's parmigiana raising five bucks for every parmigiana sold, a cake stall, or a sausage sizzle, all of those initiatives are being brought together and primarily going through our service clubs to our farmers.

I make a point about the great work that the CWA have been doing: they are giving out somewhere in the vicinity of \$30,000 a week, and of that money they are giving out there is an allocation of money going to a certain number of families to make sure that they can get the kids to school, making sure that if they have not applied or they need that carryover money until they can access the Farm Household Allowance, that gives them some breathing space so they can focus on what they need to be focusing on. That money gives them assistance to put food on the table, to make sure their kids are at school, and to make sure that if they need critical bills paid that they are paid. I commend the CWA, I commend every organisation that is doing great work in raising money and assisting our drought-stricken farmers.

Mr HUGHES: What role will your office or PIRSA play in liaising with SA Health to coordinate support services in drought-affected areas in South Australia? You have already flagged that this is an important element.

The Hon. T.J. WHETSTONE: PIRSA is working with SA Health and primary health networks to develop a program to engage producers and industry to address what I have already said—concerns over mental health issues and wellbeing—to understand what needs to be done and if anything further needs to be done. Of course, I have already mentioned the great work that the FaB Scout program will do as that is rolled out; eight FaB Scouts around regional South Australia. It is also worth noting that they are sitting at the table with the Dry Conditions Working Group.

As I said, it is a collection of departments as well as the sectors within agriculture that are all working to understand the best way forward. The Dry Conditions Working Group is an outstanding contribution to helping government decision-makers do just that, and if we have good feedback from the grassroots, from those communities, it gives us a better understanding on how to act, and quickly. Previously, we have seen in droughts, issues with mental health and suicide in particular, and we think that addressing and being very proactive now will safeguard—it will save lives, it will keep families together and it will keep businesses potentially operating.

Mr HUGHES: When it comes to the delivery of their primary health services, including mental health services, have you raised with the Minister for Health the lack of appropriate GP services in some regional communities? Obviously, Kimba is one of those communities, and Franklin Harbour with revolving door locums, so there is a raft of issues about continuity of medical services, or the absence.

The CHAIR: Member for Giles, I have been very broad in my latitude, and I remind you of the budget papers that we have open for examination, as opposed to health which is tomorrow afternoon. You are more than welcome to join us for health tomorrow. I will leave it to the minister's discretion. He has been very generous with his time, but I remind the committee that we are particularly looking at primary industries and regions in the budget papers but I am sure the minister is happy to take the question.

Mr HUGHES: And it is linked—very much linked—to what is going on.

The CHAIR: I am just reminding the committee of the papers that we have open for examination.

The Hon. T.J. WHETSTONE: Certainly. There are issues with having enough GPs around all of regional South Australia, and that has been an ongoing issue for a long, long time. If you want to talk about Kimba—yes, they have an issue. I know that the health minister has made contact and given a commitment that he will travel to that part of the state. There are many regions that would share the concerns of not having a resident GP, or not having a locum, who is giving the service that is expected within regional South Australia.

This has been an ongoing issue for a number of years. I know that there are concerns about the lack of numbers of doctors in my electorate, in the member for Hammond's electorate and in many regional MPs' electorates. I know that the Minister for Education has put measures in the newly released budget that will help entice GPs to regional areas. It is a work in progress.

Mr HUGHES: And it is of particular relevance, given the drought.

The CHAIR: I appreciate that, member for Giles.

Mr Pederick interjecting:

The CHAIR: Member for Giles.

Mr HUGHES: Budget Paper 4, Volume 4, page 94: have any additional rural financial counsellors been appointed since March 2018 to help drought-affected farmers?

The Hon. T.J. WHETSTONE: I can tell you that there has been an increased level of funding into rural counselling areas. We are just looking to see whether there has been an increase in number—that is something, potentially, that I can take on notice and come back to you with a number.

Mr HUGHES: You have indicated that there has been increased funding. Are you able to quantify what the increase in funding has been?

The Hon. T.J. WHETSTONE: We have given a further commitment to the Rural Business Support organisation. The increase of funding for Rural Business Support has been given to them on the proviso that they can increase their level of support. Whether it is increasing the number of officers, or whether it is increasing the hours or the type of support that they give has been left to them. I can assure you that the extra support that is being given to Rural Business Support has been widely applauded.

Mr HUGHES: So you are not able to quantify the additional support at the moment, in terms of funding?

The Hon. T.J. WHETSTONE: As I said, I will come back to you with a number.

Mr HUGHES: Okay. Can you expand on the role of the scouts who have been mentioned of late when it comes to providing assistance in regional communities?

The Hon. T.J. WHETSTONE: Certainly. Scouts are community minded type people who work within the industry and are people who have worked, potentially, in the health sector or within those communities that they are scouting in. FaB Scouts stands for Family and Business Scouts. It is about going out there as mentors and as people who are held in high regard within the community. My experience during the Millennium Drought is that farmers do not want government officials coming up their drive and knocking on doors. They want community people who have the capacity to sit down on a one-on-one basis, or with the family, at a kitchen table and discuss the issues. The FaB Scout then has the capacity to understand what that house, family or business needs. They do an outstanding job.

My previous understanding and experience with the FaB Scouts is that they bring families together and provide the guidance that is needed in relation to financial support and in accessing government support. It also gives them a sense that they are not the only person who is doing it tough. Primary producers, by and large, are a pretty tough breed, but they sometimes fail to understand that they are doing it tough. The FaB Scouts will have the training and capacity to pick up on the need of those individuals and then steer them to the areas of support they need.

Mr HUGHES: I think you may have mentioned it previously, but just to clarify: how many farmers have directly spoken to rural financial counsellors and what sort of picture is being developed as a result of that? As a result of those sessions, what additional actions have been identified as a worthwhile direction?

The Hon. T.J. WHETSTONE: I do not have the numbers here, but what I can tell you is that the level of uptake has been extremely poor, particularly in South Australia. I will come back to you with an updated number. When I last received the brief, it was 22 in South Australia. There are a number of reasons: whether they are farmers who think they can continue and manage the way they are, or others who are not aware of that assistance that is out there, and others who are already looking for assistance. There are a number of farmers who are using the rural credit facility or the bonds that they have tucked away for these dry times.

The increase is 1.5 FTEs in staff but, as I said, we will take on notice the number of people they have serviced. It is important, and it is a really important question that you ask. There are many, many primary producers who are self-assessing and saying that they do not need help or they do not think they are eligible, or they do not think they can get it for different reasons. I would say to you,

as I would through the *Hansard*, that no farmer should self-assess, they should seek support. Potentially, the FaB Scouts will be able to help promote the help that is out there.

Rural Business Support will also be able to spread the word. It is about having a better understanding out there of just what support is about and what support is there, and whether it is financial, whether it is health, whether it is having feed donated, it is just making sure that you have registered with the proper authorities to make sure that you are part of the equation when the assistance packages are rolled out.

Mr HUGHES: Given the circumstances some farmers are facing in communities, has additional money been provided to effectively shape a communications strategy to see if you can get greater uptake of the services that are there?

The Hon. T.J. WHETSTONE: It has been a concern of mine that the communication has been out there but there have been a lot of people who have not had the opportunity to hear that communication or have not been engaged in the communication. What I would say is, I think that the conduit we are now using, and using far and wide, will be the support that we are putting in place—not only the FaB Scouts and Rural Business Support, but also making sure that the phone calls that Livestock SA, Grain Producers SA and Primary Producers SA are making to their memberships continue, and making sure that they understand that the support is out there and that they need to register and apply for those funds.

Mr HUGHES: Given that you recently had carriage of the Farm Debt Mediation Bill through the parliament—and I am more than aware that it comes under the umbrella of the Small Business Commissioner, so that is clearly in a different portfolio—are you aware if there are any additional resources that are being provided to the Small Business Commissioner to (1) carry out this additional obligation and (2) especially to carry out this additional obligation, given the circumstances that some farmers are now facing in South Australia?

The CHAIR: The Small Business Commissioner does not report through this budget line item. Member for King.

Ms LUETHEN: I refer the committee to Budget Paper 4, Volume 4, pages 99 to 100. Will the minister please advise what the state government is doing to renew and strengthen the activities of South Australia's world-renowned research entity, SARDI?

The Hon. T.J. WHETSTONE: That is a really important question and I thank you for it. As we all know, SARDI is a world leading R&D organisation. The South Australian Research and Development Institute undertakes high-quality research and development and its contribution through research and diagnostics contributes to a growing economy. It gives us, as government, the opportunity to have external funding through industry and through the commonwealth government to come in through SARDI. Industry, in particular, plays a collaborative role in standing with SARDI to undertake the great work that it does.

Last week, at the field days, I officially unveiled the results of a SARDI apricot variety trial. It was a trial that had been 35 years in the making. What it had done over that long period of time was to give the fresh fruit sector and the dried fruit industry the opportunity now to look at ways to better value-add. For a long time the dried fruit industry in South Australia had been world class but it was becoming unviable due to the high inputs. Through that trial we are seeing drying ratios of apricots go from seven and eight to one now down to four to one. Instead of needing seven kilos of fresh fruit to make one kilo of dry, we are now looking at four kilos of fresh to make a kilo of dry. Those varieties have much more weight in them and different characteristics about them, and we can now target some of these apricot varieties to certain export markets.

It should be noted that once upon a time, when I was a young fellow, we relied on three main apricot varieties to do the job. Now we have the opportunity to look at 20 varieties. Of those 20 varieties, I think there are 17 that are now going to give South Australian primary producers the opportunity to be more productive and more competitive. It really has opened the door for the rebirthing of an industry that has long fallen by the way. The great work they have done is second to none.

The SARDI Strategic Plan, from 2018 to 2023, provides a roadmap to renewing and strengthening the activities within SARDI. We all know that we need roadmaps or plans to entice funding to come into our industries. That plan is going to focus on research investment, commercialisation and diversified revenue sources. I want to make it very clear that this government is going to put a focus on the great work that SARDI does, and we are going to put an emphasis on the commercialisation of the R&D that we have seen—the great work that SARDI has done over a number of years.

We have also looked at other capacities within SARDI. Some of those strategies are about renewing the research investment framework and strengthening that commercialisation, as I have said. It is about turning those great R&D projects and commercialising them, partnering with industry and making sure that we can generate a larger economy; building infrastructure capability to ensure that SARDI's capability and infrastructure are aligned with future needs; and particularly expanding collaborative activities, that is, to continue and expand the collaboration activities that benefit the state.

SARDI does some really good collaborative work with universities and industry. There is a \$133 million CRC food waste initiative stationed at the Waite Campus. That is a great initiative, dealing with a \$1.3 trillion food waste industry. There are huge opportunities there to utilise the great work that SARDI does and the capacity that SARDI has.

I think SARDI will continue to do great work. I am not going to go on and on. I could be here for the next two hours, it might be, talking about the great work SARDI do. I commend all of the work SARDI do. There was the weekend that we released a great fresh fruit initiative; the Fight Food Waste CRC is another initiative. SARDI have many R&D projects ongoing, whether it be up at Waite, or whether it be at West Beach. I commend all of the work they do, and every South Australian, I am sure, commends the great work they do.

The CHAIR: We only have one hour, 20 minutes of this session, so we cannot have two hours of good SARDI talk! The member for Giles.

Mr HUGHES: I wonder if I could beg the minister's indulgence, returning to the Farm Debt Mediation Bill, and whether any—

The CHAIR: Can you bring it back to—

Mr HUGHES: Yes, I am bringing it back to Budget Paper 4, Volume 4, page 94—whether the minister is able to indicate whether extra resources have been allocated to the Office of the Small Business Commissioner to carry out those new functions.

The Hon. T.J. WHETSTONE: I thank you for your support in passing the legislation for the farm debt mediation that went through the parliament just recently—and it steamed through the upper house. What I would say is that the Small Business Commissioner is responsible for administering the scheme. He has been given a budget to continue that service. We have not seen a demand or a need for extra resources to go to the Small Business Commissioner to accommodate the extra demand that it is perceived might be there. What I can assure the member is that if the Small Business Commissioner does come to me or come to his minister looking for further funding, that is something that we will deal with in the appropriate manner.

Mr HUGHES: I will just get on the phone to John now!

The Hon. T.J. WHETSTONE: Please do.

Mr HUGHES: Budget Paper 4, Volume 4, pages 99 to 100, subprogram 1.3. These are questions on SARDI, and it is a fantastic organisation. Can the minister explain what exactly the budget means by:

Implement a renewed...investment framework and structured commercialisation arrangements for SARDI.

The Hon. T.J. WHETSTONE: The framework around the strategic plan for SARDI, as I have already stated, provides that roadmap to renew and strengthen the activities within SARDI. That is exactly what SARDI will do. What I might say is that SARDI has been supported by this government. We saw a significant hit on the budget through the previous forward estimates, and this government's

priority with SARDI—an ongoing SARDI in its current shape—will continue. In the 2017-18 budget we had 401.9 FTEs, and in the current budget we had 401.6 FTEs.

Mr HUGHES: Can the minister guarantee that the proposed additional cost recovery at SARDI will not undermine the capacity to carry out vital and well-acknowledged research by the organisation?

The Hon. T.J. WHETSTONE: Yes, I can, absolutely.

Mr HUGHES: An absolute guarantee. Okay.

The Hon. T.J. WHETSTONE: As I have said, we have committed to upholding SARDI's FTEs. We did that through a lot of care and diligence in preparing the most recent budget, remembering that the \$28.6 million in budget cuts in the forward estimates was going to have a significant impact on jobs.

Mr HUGHES: Can the minister explain which research and development activities undertaken by SARDI will face the higher cost recovery charges?

The Hon. T.J. WHETSTONE: With the current level of SARDI funding, those projects are currently budgeted for. In the future, the great work that SARDI will be doing—those new initiatives, R&D programs—will have to demonstrate that they can recover the costs for the work undertaken. It will be fee for service into SARDI, and those new programs will have to justify that they can meet the costs of what SARDI requires.

Mr PEDERICK: I refer the committee to Budget Paper 4, Volume 4, pages 100 and 101. Will the minister please advise what the state government is doing to address the problem of wild dogs affecting livestock farmers?

The Hon. T.J. WHETSTONE: Certainly. I thank the member for his question. I am really proud of this initiative. After the election, it was not a commitment, but we saw the issue of wild dogs that are not only heading south but continually increasing. Over the last few years, we have seen seasons that have been conducive to good breeding for wild dogs and we have seen the pressure put on an over \$5 billion industry—a \$5.5 billion livestock industry.

The initiative was that we commit \$1.2 million over four years to appoint trappers; it was to appoint two full-time trappers. As I understand it, we have put five trappers in place, and those trappers are complemented by a coordinated approach to baiting. The baiting program is not only land based but also an aerial baiting program. That program has been run and it had significant success.

We have seen that the sheep industry has been under severe pressure, particularly in our pastoral country, over a number of years. We have seen both the commonwealth government and state government, particularly through the NRM, putting a maintenance program on the dog fence. We have seen the great work of PIRSA, working with the dog fence boards, collaborating with the livestock industry and putting funding in place to make sure that we are dealing with the dog fence, as well as dealing with the wild dogs and trying to protect that pasture country.

As I have said, over the last couple of years, the number of wild dogs has increased significantly, and they are having a profound impact on sheep numbers. It is not only sheep: they are having an impact on small calves and on any land animal. It has also been noted that they are having an impact on our native species. I think it is a great outcome. We are having to work with our eastern seaboard sectors, making sure that in South Australia we are not left behind.

One thing that was a very real awakening call for me was that when I was recently on the West Coast, a farmer over there, a pastoralist, had had 1,400 ewes that had all lambed, and when he mustered them in he was left with 14 lambs. That was the result of a combination of issues. It was not just the wild dogs, it was also harsh conditions, but I have had further reports of other pastoralists who are seeing an increased number of dogs and they are saying that these dogs are taking, in some instances, between six and 10 lambs a night. If they continue to do that seven days a week, numbers are diminished very quickly.

This initiative has been applauded by not only the pastoralists, by Livestock SA and by the Dog Fence Board, but I think every primary producer sees merit in that wild dog initiative. It should be commended. It is a program that has been rolled out. It showed me that, for all the pastoralists, all the farmers, who have been affected, it was a requirement that they work in a collaborative manner, dealing with hotspots where dog numbers were heavier than in other areas, but making sure that pastoralists and farmers baited together, making sure that they clustered, they came together and everyone addressed the baiting program in a unified way, making sure that they capitalised on the aerial baiting program.

Now we have the great work of the trappers: on my last update they had over 40 dogs, a week or so back, and I look forward to the update. That update comes to me once a month, so it is important to note that in the next update I expect to see significant numbers.

Mr HUGHES: Returning to Budget Paper 4, Volume 4, pages 99 to 100, sub-program 1.3, again on SARDI, what are the consequences if the proposed cost recovery is not met, and what contingencies have been put in place to ensure that SARDI continues to carry out necessary research and development if there is a shortfall in cost recovery in the future?

The Hon. T.J. WHETSTONE: I think that is a bit of a hypothetical: if there is a shortfall. At the moment it has been made very clear that, with the great work SARDI is doing in conjunction with the commonwealth government's programs, industry's programs and the universities, there is an expectation that the funding will be put in place to continue with the current programs, and those new programs that are coming into SARDI through the universities, into the institutions we have here, they understand that it is just straight maths. If there is a program, it will be funded and it will be funded under the care and guidance of the provisions that SARDI will provide.

Mr HUGHES: So it will not undermine its competitiveness with other research organisations? It will not undermine SARDI's competitiveness when going for external grants to sustain different research and development programs?

The Hon. T.J. WHETSTONE: Absolutely. SARDI is a world-renowned organisation. The skills the workforce have are some of the best in the world. It is important to understand that, when people come to SARDI and those programs are put through their trials, they are robust and independent. They are not guided by the persuasion, if you like, of the commercial sector. They are genuine, independent programs that are there for the betterment of the industry and not of individuals.

Mr HUGHES: So the minister can guarantee that the cost recovery proposal will not place an additional burden on primary producers in South Australia?

The Hon. T.J. WHETSTONE: I will hand over to Professor Mehdi Doroudi.

Prof. DOROUDI: We need to remember that SARDI has always been working on the purchaser provider model. It means that the concept of cost recovery is not anything new. It is always trying to provide through the state appropriation funding that is needed towards strategically positioning the capabilities we have, which are aligned to services that industry need and aligned with the greater funding providers like RDCs and CRCs. There are a number of fee-for-service activities in SARDI. There has been a leverage of one to four—sometimes in certain areas one to five—into which we have put investment from the state, and we could attract either industry or commonwealth investment to that sort of leverage.

In short, SARDI is going to continue doing that work. There are ways that we can increase the revenue in SARDI. There are a number of activities that could be further commercialised. Certain dividends could be returned back to SARDI in terms of the commercialisation of work that we have, for instance, like the Australian grains technology. We can, through the molecular diagnostic technique PreDicta B, always add to areas of work they do in terms of raising further revenue. There would always be in our organisations the possibility that we could do certain activities in certain ways with the fact that they would bring more efficiencies in place. There is no chance that the process we are going through is going to take the competitive edge of SARDI away from them as a provider in terms of the national context of research that we need to provide back through our industry in this state.

Ms LUETHEN: I refer the committee to Budget Paper 4, Volume 4, page 100. Will the minister please advise how the state government is assisting the development of the industrial hemp industry in South Australia?

The Hon. T.J. WHETSTONE: I certainly can. The industrial hemp sector has been an industry that has been on the cusp for some time now. Earlier this year I announced the first cultivation licences for industrial hemp in South Australia, and that was following successful trials in the South-East and the Riverland. I was lucky enough to visit hemp trials and have a look at how they ran and just how successful they were. It was also about understanding the soil types and the style of water—high salinity versus river water. It was about understanding the climate and that there were different strains of hemp that had different characteristics. If we know that we are looking at industrial hemp, some of it is for oils, cosmetics, some of it is for building products and some of it is for other industrial needs.

The trials were run and were successful. Based on current predictions, it is anticipated that within five years there will be an industrial hemp industry in South Australia and we could have a farmgate value in the vicinity of \$3 million. It also provides other options for our farmers and primary producers. Farmers are always innovative, always looking for new ideas, new methods, looking to diversify what they do currently, so I think it is important that industrial hemp refers to another opportunity.

A number of farmers have inquired, looking to be a part of the industry. It is also important to note that the industrial hemp production is going to be regulated in South Australia by PIRSA under the Industrial Hemp Act and the growing of industrial hemp for food and fibre in South Australia. As I said, it presents a new potential viability for some of those farmers who are looking to diversify. In the opportunities it presents, I know that there are building products now. I tried some hemp cream. It was okay on my crusty old complexion; it certainly shined it up.

As to the number of regions that are now looking to be a part of hemp production, it has just been brought to my attention that there are seven licence holders in South Australia. That is pretty good for something that is in its initial stages. The map that I have been given shows that a large area of South Australia is prepared to have a go at hemp production. Of those seven areas, it is from one end of the state to the other, so it will give us a better understanding of exactly what it might mean for certain areas. They might have characteristics for growing hemp that is better for fibre for building products or the oil out of the seed. There are seven areas, 10 licences, and I look forward to looking at the progress of the industrial hemp sector as part of South Australia's economy.

Mr HUGHES: Budget Paper 4, Volume 4, page 97, sub-program 1.1. This is a question about the strawberry industry in South Australia—and it is probably fortunate for our strawberry industry that the crop comes online a little bit later than in Queensland and Western Australia. It looks like we are bouncing back, that the public is getting right behind the strawberry industry, which is really good. However, if the situation were to evolve back into crisis again, what sort of support can the industry expect from the state government?

The Hon. T.J. WHETSTONE: There are a number of facets to this: there is the contamination of food, there is the issue of dealing with the people who are committing these horrid acts, and there are also the issues around fines and penalties for people who are interfering with or tampering with food. The government has been working with SAPOL in addressing the issues and getting a good understanding of what it means not only in terms of monitoring and how we are going to police it, but also working with the industry, with South Australian produce markets, to understand what needs to be done to combat this scourge.

Growers have asked the government to catch the perpetrators, that has been their request today. What we are now seeing is industry being proactive and reassuring consumers that they are going to put X-ray machines on their packaging lines and have metal detectors in place. They are also going to initiate tamper-proof packaging for their products. Here in South Australia we are, as I said, working with SAPOL to make sure that we rid the sector of the threat the industry currently faces.

It is a \$42 million industry in this state, and we have a number of significant growers who are putting measures in place, and I congratulate them for being proactive and for reassuring consumers.

The first instances have been in Western Australia and Queensland, and those governments have put measures in place to establish rewards. Sadly, we have seen a number of copycat incidents around food contamination and there have been prosecutions through SAPOL with those incidents.

I will say that I would like to congratulate every South Australian for getting behind the industry. It is a national industry, and we are currently looking at interstate produce coming into South Australia. My advice is that the strawberry industry in this state will commence within two to three weeks, and our industry is gearing up to reassure consumers that they are putting every possible measure in place to ensure the products consumers buy will be safe.

It is a blight on the freedom we have in Australia with our fresh fruit and food sector, but not only is the nation behind the fresh fruit sector, not only is the federal government putting in place stronger measures in terms of penalties and imprisonment, the state government is also working with industry and monitoring the issue, and prosecuting perpetrators who are interfering with food and those who are putting in false reports.

It is a work in progress. As the member said, South Australia's strawberry and fresh fruit industry is gearing up for a great year. It has been a very good growing year for fresh fruit, and I look forward to trying some great South Australian produce—I even look forward to making some really good strawberry jam.

Mr HUGHES: It is a great pity to see all those strawberries go to waste interstate. I have another question on strawberries. Hopefully, as far as South Australia is concerned, the crisis has abated, but if things were to turn around, acknowledging the importance of policing and a number of other elements, would the government look to provide some assistance to help the strawberry industry get through, assuming things turn around in a negative way?

The Hon. T.J. WHETSTONE: There is quite a bit of hypothetical there, but what I will say is the government is prepared to stand shoulder to shoulder with our fresh fruit sector. I do not want to put too much emphasis on this issue other than to say we will wait for the South Australian season to start, and we will enjoy the fantastic produce. We will continue to work with the surveillance of the industry.

We will continue to work with the industry to assure their consumers that they are doing everything they can, and the government will continue to work with not only the distribution networks but with farmers to make sure we can do everything we can as a government to ensure we meet the industry's expectation, whether that is making sure we catch the perpetrators, making sure we put support in place for the industry, or making sure SAPOL have the necessary resources to catch and prosecute the people who are doing the wrong thing.

Mr PEDERICK: I refer the committee to Budget Paper 4, Volume 4, pages 100 and 101. Will the minister please advise what the state government is doing to keep South Australia fruit fly free, to maintain lucrative export market access for horticultural producers and save millions of dollars in treating produce?

The Hon. T.J. WHETSTONE: I thank the member for Hammond, and I share his concerns, obviously representing the Riverland as an area of freedom into our export markets. South Australia is now the only mainland state that has the fruit fly free status. It is important to note that we as a government are building on the good work that was already in place—the existing \$5 million budget that was put into our biosecurity measures for fruit fly—but we are not sitting back and are not prepared to be reactive.

I commend not only Biosecurity SA but also PIRSA and the industry for working together. They are doing an outstanding job in being what I would like to think is more proactive. We are putting more bins on arterial roads into the Riverland. There is also the signage, the messaging and the education that needs to be out there so that people understand we will increase the random roadblocks. We are making sure we are able to utilise our sterile insect technology at Port Augusta, making sure we put our annihilation baiting program in the river corridor, and making sure we work with our Eastern States as partners.

Sadly, the Eastern States have somewhat walked into the distance on this, but I am very hopeful that, working with the New South Wales, Victorian and Western Australian ministers, and the

Tasmanian minister, we can bring everyone back to the table through COAG, with the approach that we will have an understanding through the AGMIN that we will have biosecurity front and centre.

Obviously, the fruit fly free status in South Australia gives us a market advantage. It also gives us a connotation that South Australia is a safe place to buy fresh fruit from and an understanding that South Australia is prepared to stand up and put budget lines in place—increased budget lines working through Biosecurity SA and SARDI—and the partnership with industry, so that we remain fruit fly free, so that we can put more money into the growers' pockets, particularly with that market advantage.

It has been reported that some growers are returning an extra \$200 per tonne in their pocket for having that area of freedom status, not having to cold sterilise and getting a premium price into markets that now recognise that area of freedom. It is an outstanding result that in South Australia we continue to keep our state fruit fly free, making sure that this government will continue to support our growers, continue to support the area of freedom, and making sure that we put measures in place.

We continue not to rest on our laurels. We will continue to strengthen our borders and our safeguards, as we have with the employment of a fruit fly coordinator to keep us fruit fly free. It is important to understand that, as a coordinator, he will liaise with not only farmers and orchardists, he will also liaise with pack houses and logistical chains so that they understand that we are serious about putting more measures in place.

One of the really telling measures that has now been put in place is the turnaround policy: if trucks are noted to have fruit in bins, even if it is a single piece of fruit in bins at the border coming into the Riverland, they will be turned around and they will be sent back to from where they were deployed so that their bins are cleaned and contamination free. These strong measures have been put in place and industry supports these new measures. Congratulations to PIRSA, Biosecurity SA and the industry for this great initiative, which demonstrates how well they can work together.

Mr HUGHES: Budget Paper 5, Budget Measures Statement, page 158. This is about another great industry in South Australia. The previous Labor government provided \$1.6 million in fee relief plus other measures to support the oyster industry as it battled with Pacific oyster mortality syndrome. Clearly, the oyster industry is not out of the woods yet and there are ongoing challenges. What sort of assistance is the current state government looking to provide this great industry?

The Hon. T.J. WHETSTONE: It is a good question. I note that the previous minister is here and that the work that he and his department put together has now been further strengthened. We saw concern about the POMS issue—Pacific oyster mortality syndrome—which was noted in Tasmania in early 2016. The then state government worked closely with the industry, supporting them and relieving them of licence and levy fees.

The concern that I had coming in as the minister was that there was a lot of care but little responsibility. We have seen the increase in spat production, and we have seen the ability to start up a new industry or an expanded industry in South Australia with spat production. The really sad part about it was that that initiative had no budget behind it. The \$1.6 million dollars that was promised over two years for the industry, was promised but there was no budget line in the forward estimates. I had to go to the Treasurer and negotiate with him, as well as negotiating a \$28.6 million budget cliff that I had to deal with.

So we have found that \$1.6 million over two years to support the oyster industry, and we are still working with the industry to continue to develop the spat industry and to understand the hardship that oyster producers are going through. What I would say to anyone in the chamber—anyone listening, oyster eaters and lovers of oysters—is understand that a small increase in the price of oysters is justified through the lack of supply. When people are out buying their next dozen oysters, understand that the industry is doing it tough and that supply will be reinstated in the very near future.

We are supporting the oyster industry, not only through the waiving of licences and levies but also in making sure that we get through the learning curve with spat production and in asking consumers to understand that the increased cost of oysters is due to a very, very limited supply. By

and large, I think the oyster industry is going through a fairly tough period at the moment, but I do see a very bright future.

Mr HUGHES: It is our clear understanding that the funding was in place. Budget Paper 4, Volume 4, page 100, sub-program 1.4. There are 2,000 beekeepers registered with Biosecurity SA and approximately 68,000 hives in South Australia. I understand that the state makes a financial contribution to the South Australian Apiarists' Association. Can you explain how the selection process was undertaken in regard to representation on the association and whether you have any concerns about accountability and transparency when it comes to the spending of the funds allocated by the state?

The Hon. T.J. WHETSTONE: Obviously, I do know the bee industry reasonably well in two services: honeybees and pollination services. When you talk about establishing the industry and the representation it needs, I might ask Will Zacharin, who is the Executive Director of Biosecurity SA, who can probably give you a comprehensive understanding of what the bee industry means.

Mr ZACHARIN: I think it is important to step back a bit. We brought in a new bee biosecurity code of practice last year. This was an industry code of practice that the industry requested and it was being coordinated nationally through Plant Health Australia. New regulations came into effect that put that in place. To provide the minister with some advice in relation to how the industry was rolling out the code of practice, in particular, and how the industry was spending its moneys under the primary industry funding scheme arrangements, the industry put a new association in place.

I think there have been some people in the apiary industry who have a misunderstanding and who think it is one of the ministerial advisory committees. It is not that. It is an industry association, so we have no role—no role at all—in selecting people for it. The people who nominated are from various parts of the apiary sector. The minister has agreed to recognise that new association that can provide him with advice in relation to the expenditure of those funds.

The current chair is Mr Danny Le Feuvre, and we provide him with an update on the expenditure of the apiary industry fund. The last letter was sent to him by myself on 16 August this year, advising him what the balance of the funds were and what the funds were being expended on—principally, from recommendations from the alliance to the minister on the expenditure of those funds.

It is really important to clear up that it is not a ministerial advisory committee. We have no role in who is appointed to their industry association. There are a number of people who, as I understand it, do not agree with some of the people who are on that industry association, but really that is something for the industry to sort out.

Mr HUGHES: Is it the case that we make a financial contribution to that organisation?

The CHAIR: Member for Giles, put your questions through the minister, please.

Mr HUGHES: Yes.

The Hon. T.J. WHETSTONE: There are fees that come with the bee association or organisation. Will Zacharin has the detail and I am sure that he can give you that explicit detail.

Mr ZACHARIN: We do not fund the industry per se, but we fund a bee biosecurity officer within Biosecurity SA. That person obviously works closely with the industry. The other FTE who is employed by PIRSA is paid for by the industry, through the Primary Industry Funding Scheme, and that is another full-time bee biosecurity officer who provides support for the industry, particularly with the new code of practice where there is a number of new arrangements that are in place. She is working both in an education role, but also in a compliance role, to assist people to come up to scratch with the new national code of practice. We provide them industry statements about the investment of the industry, and, as I said, that usually goes to them every three months.

Mr HUGHES: Given the involvement of PIRSA employees, notwithstanding the fact that one is paid for by the industry, do you think it is important—and this is to the minister—to ensure that when we are engaging with organisations of this nature the industry itself has confidence in the undertakings of that organisation?

The Hon. T.J. WHETSTONE: It is a similar story with many, many organisations. If you have a representative organisation that is there giving representation to an industry, and, in this instance, it is the apiary industry, it is really important to understand that the people who are there doing the representing are there for the right reasons. For those who, potentially, might disagree with who is on the board, it is a simple process of being a part of the consultation, being a part of elections when those board positions come up.

The current members are: Danny Le Feuvre, who is the chair of Apiary Alliance SA, and also a member of the SA Apiarists Association Executive; Susan Lonie, President of Beekeepers Society SA; Ben Hooper, President of SA Apiarists Association; Michael Pitt, South Australian Apiarist Association; and Adrian Edle, who is the treasurer. They are the members who are on the current representative committee. What I would say is, if there are members who are concerned or have reservations about the representation, it is a consultation process within the industry. It is not the role of the government to ride roughshod over an industry because there are concerns.

I know from my previous life giving representation that there are always matters of opinion, but it is a matter of an industry working together and seeking good consultation to make sure that the representation is reflective of what the industry needs and what the benefits of the industry will be by having good representatives on a well-constructed committee.

Ms LUETHEN: I refer the committee to Budget Paper 4, Volume 4, pages 101 to 102, entitled South Australian River Murray Sustainability. Will the minister please inform the committee of the benefit of the \$240 million Irrigation Industry Improvement Program, the flagship element of the \$265 million South Australian River Murray Sustainability Program on South Australia's River Murray region and on the local agricultural industry?

The Hon. T.J. WHETSTONE: I certainly can. Obviously, being a Riverlander, we have been significant beneficiaries of the SARMS Program. Some people call it SARMS, some people call it 3IP, but what I would say is, this program has been an initiative rolled out through the federal government, administered by the state government, and they have done an outstanding job. There were some growing pains in the early days, but I can assure you that over the three rounds—and I think the fourth round has rolled out—in essence, for those of you who do not understand it, taxpayers' money has been subsidised by water. The giving back of water through the taxpayers' funds is to put water back into the environment so that we can actually be a part of a bigger picture within the Murray-Darling Basin.

It is really important to understand that, through the course of the SARMS Program rolling out, we have seen a number of initiatives, in South Australia in particular, that have enabled us to not only droughtproof our properties, to look at better ways of management and better ways we can improve the efficiencies and become more competitive, but it has also given food producers the ability to give back some water for money for them to improve.

It was met with concern in the early days but, by and large, South Australians have adopted the SARMS Program and the initiatives that they roll out with applause. What I see in my electorate and what the member for Hammond sees in his electorate are outstanding outcomes—giving up water for money. Yes, it is taxpayers' money, but I consider it money that is being reinvested back into the river system. It is also important to understand that we need a healthy river, we need a healthy economy, and we need thriving communities, and the SARMS Program in South Australia has provided a pretty good balance. As I said, there were some growing pains in the early days but, by and large, over 160 projects have been rolled out over four years.

As a horticulturalist I have looked at some outstanding projects that have been now adopted by other regions right across the Murray-Darling Basin. It gave us the opportunity to not only improve our infrastructure and our water use but the opportunity to put in plants that use less water and plants that have a much higher economic value. It has given us the opportunity to make sure now that food producers, the environment and communities—that triple bottom line—can coexist somewhat more harmoniously.

We cannot kid anyone: when there is no water in the system there is no water in the system. However, it is about how we deal with low flows, how we deal with environmental flows and how we deal with the commercial water that comes down the river. It is also understanding that there is a

large amount of projects that will benefit from this water going back into the system, not only through environmental works and measures but through using all that water so that it actually has a benefit all the way down the river before we see, hopefully in the majority of years, that water flowing out to sea, taking out the salinity, taking out some of the nutrients that the river absorbs on its way down.

The SARMS Program has been awarded the Prime Minister's Award for Excellence in Public Sector Management. What that demonstrated, as much as it was government and industry working together, was government listening to communities, government working with the industry—just that flow-on effect. I know that the political argument has been a detractor in this whole bigger picture but I think what we are seeing now is that we are focused on outcomes, supported by a number at the end of the day, and that number will be to better prepare the environment, better prepare droughtproofing of our horticulturalists and food producers, and also giving government a lesson about what to do and what not to do should we ever have issues with the river again.

Sadly, a lot of the issues have been about state versus state, but what I can say is that South Australia has led by example when it comes to water use efficiency, crop production, the ability to be somewhat nimble when it comes to adopting new practices, new measures and water efficiencies that give us more food with less water. And as I have said, with the SARDI program, that has also been on the back of developing a product that produces more fruit—higher value—on less water.

So the SARMS 3IP program has, I think, been an outstanding success. There is still more work to be done and it is up to governments to work together; it is up to governments to actually accept that it is partially their responsibility to enact the SARMS Program in South Australia, just like it is with programs on the eastern seaboard.

Mr HUGHES: Budget Paper 4, Volume 4, Sub-program 1.2: Fisheries and Aquaculture. What consultation was done with the state's 277,000 recreational fishers and RecFish SA before the decision was made not to provide ongoing funding for the Murray cod restocking program?

The Hon. T.J. WHETSTONE: Interesting question. What I would say is the Murray cod restocking program was not an initiative of fisheries. For the first raft of Murray cod stocking in South Australia the funding came from the department of state development. That initial source of funding was seen as something that South Australians all applauded, because we had watched for a long, long time New South Wales and Victoria undertaking stocking. What we have since seen from there is that we have seen another initiative; some of the state government and also local government initiative had provided some funding for a smaller stocking program that has seen a number of sites having those fish stocked.

My call on those stocking programs was that there needed to be a monitoring program so that we can actually see the work that is being done. When I went to the Treasurer to look at ways that I could implement a continuation of the stocking program, what I was met with was that \$28.6 million that had to be found in budget savings. So there were no provisions there for me to implement a stocking program.

What I will say is that the government is now looking at ways that we can partner with industry, with the rec fishing sector and the fishermen to look at ways that we can promote a restocking program. It is about looking at initiatives commercially. I have had a number of businesses come to me looking to be a part of a restocking program. I have had a number of fishermen wanting to know how they can be a part of a monitoring exercise with a restocking program.

So having to deal with a physical cliff, coming in as minister for fisheries—having a significant budget impairment on the department—has not given me the capacity to put money into the budget to enhance a stocking program. What we are now doing is looking at ways in further budgets that we can collaborate with industry and the private sector to look at ways that we can in some way commercialise a restocking program. Other states do it differently; we do not have that capacity.

What the stock enhancement does I think is it provides opportunity for tourism; it provides opportunity for a more healthy river environment; but it does come at a cost. As I have said to you twice now, we did not have the money in the budget to be able to put towards a stocking program.

What I can say is that there has been a pre-election commitment that the government is committed to the establishment of opening up our reservoirs and waterways, and that task force will

facilitate the opening up of a number of other waterways across South Australia for recreational activities, in particular the identification of recreational activities to occur, including rec fishing, walking, cycling, kayaking and sailing—to enjoy our waterways.

I think what we are going to see is that that initiative will roll out. There are industries in the private sector that are contributing towards a stocking program now, and that is a collection of fees for people who fish in some of those private waterways. I am looking forward to having the capacity in the budget to be able to put money towards a stocking program for Murray cod. I am really looking forward to making sure that a stocking program is followed up by a monitoring exercise to make sure that we know exactly what the value of the stocking program means to rec fishers, to the tourists and, more importantly, what it means to the people who are investing in those programs.

Mr HUGHES: Can you give a commitment as a government that you will reintroduce a Murray cod stocking program?

The Hon. T.J. WHETSTONE: What I have highlighted to you is that I have just dealt with the budget. I will have to negotiate with the Treasurer and the cabinet to put a budget allocation to introduce a stocking program. That is something that as a government I would like to think is a priority when it comes to dealing with recreational fishing. That is something that I will continue to work with. I will work with the recreational fishing sector, with tourism, with environmentalists, with the Murray-Darling Basin Authority, and with the Premier and the Treasurer, to make sure that we can get a stocking program up and running.

Dr HARVEY: I have a question that relates to Budget Paper 4, Volume 4, page 97. Can the minister advise what the state government is doing to ensure that some farmers' concerns about the moratorium on the cultivation of genetically modified food crops and their ability to increase productivity are properly addressed?

The Hon. T.J. WHETSTONE: I thank the member for Newland for his keen interest in this issue. Again, this was an election commitment coming into government, that we would commence a high-level independent review of the state's GM moratorium within six months of forming government. At the recent Growing SA conference hosted by Livestock SA and Grain Producers SA in Hahndorf, 300 people were in attendance, and I made an announcement that an experienced economist and agricultural policy analyst, Emeritus Professor Kym Anderson AC, had been appointed by me to undertake that independent review.

Professor Anderson was on a large list of people recommended to head up that review because of his expertise. His name was mentioned to me while I was recently travelling in the US. He is very highly regarded right around the agriculture, food and wine sectors. He is an applied policy analyst in economics. We have worked together on the terms of reference for that review. They have been published and they include assessing available evidence on the market benefits of South Australia's moratorium on the commercial cultivation of GM crops.

As the moratorium is in place for market and trade purposes, this review will not consider matters of human health, safety and environmental impacts, as the regulation of these aspects of gene technology are covered under the commonwealth legislation. Public consultation is now open, with written submissions being sought until 26 October. It is expected the review will be complete by the first quarter of 2019. Once completed, the review will enable better informed policy decisions regarding GM food crops in South Australia.

Mr HUGHES: I will take this opportunity to read the omnibus questions into the record:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors with a total estimated cost above \$10,000, engaged between 17 March 2018 and 30 June 2018 by all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, the estimated total cost of the work, the work undertaken and the method of appointment?

2. Will the minister provide a detailed breakdown of the forecast expenditure on consultants and contractors with a total estimated cost above \$10,000 for the 2018-19 financial year to be engaged by all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department and agency for which the minister has responsibility:
 - (a) How many FTEs were employed to provide communication and promotion activities in 2017-18 and what was their employment expense?
 - (b) How many FTEs are budgeted to provide communication and promotion activities in 2018-19, 2019-20, 2020-21 and 2021-22, and what is their estimated employment expense?
 - (c) The total cost of government-paid advertising, including campaigns, across all mediums in 2017-18 and budgeted cost for 2018-19.
4. For each grant program or fund the minister is responsible for please provide the following information for the 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 financial years:
 - (a) The name of the program or fund;
 - (b) The purpose of the program or fund;
 - (c) Balance of the grant program or fund;
 - (d) Budgeted (or actual) expenditure from the program or fund;
 - (e) Budgeted (or actual) payments into the program or fund;
 - (f) Carryovers into or from the program or fund;
 - (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund; and
 - (h) Whether the grant was subject to a grant agreement as required by Treasurer's Instructions 15.
5. For the period of 17 March 2018 and 30 June 2018, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.
6. For each department and agency reporting to the minister:
 - (a) The total number of FTEs in that department or agency;
 - (b) The number of FTEs by division and/or business unit within the department or agency; and
 - (c) The number of FTEs by classification in each division and/or business unit within the department or agency.
7. For each department and agency reporting to the minister, could you detail:
 - (a) How much is allocated to be spent on targeted voluntary separation packages in 2018-19?
 - (b) How many of the TVSPs are estimated to be funded?
 - (c) What is the budget for TVSPs for financial years included in the forward estimates (by year), and how are these packages to be funded?
8. For each department or agency reporting to the minister in 2018-19 please provide the number of public servants broken down into headcount and FTE's that are (1) tenured and (2) on contract and, for each category, provide a breakdown of the number of (1) executives and (2) non-executives.
9. Between 30 June 2017 and 17 March 2018, will the minister list the job title and total employment cost of SA executive positions—(1) which has been abolished and (2) which has been created?
10. Between 17 March 2018 and 30 June 2018, will the minister list the job title and total employment cost of SA executive positions—(1) which has been abolished and (2) which has been created?

11. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.

12. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2018-19, 2019-20, 2020-21, 2021-22 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

13. For each department or agency reporting to the minister how many surplus employees are there at 30 June 2018 and for each surplus employee, what is the title or classification of employee and the total cost of the employee?

The Hon. T.J. WHETSTONE: Just before closing, I would like to clarify that I took a question on notice about rural business services. To clarify with the member, in 2017-18, PIRSA funded Rural Business Support (RBS) for \$260,000 for their Rural Financial Counselling Service. That funding will continue in 2018-19 and, as I said in my opening, we have extended that commitment for 2019-20 as well. Additionally, PIRSA has funded \$450,000 for farm strategic business planning capability and, in terms of client contracts in 2018 so far, RBS has had 257 clients—a 22 per cent increase on the previous year. The other thing I wanted to make you aware of is that my office has advised me that we are still awaiting a diary commitment for the visit by the drought coordinator.

Mr HUGHES: Budget Paper 4, Volume 4, Sub-program 1.2: Fisheries and Aquaculture, pages 97 and 98. As part of the Liberal government's review into recreational fishing, can you please rule out that the Marshall government will not be implementing a licence for recreational fishers?

The Hon. T.J. WHETSTONE: Thanks for the question. We are going to set up not only a review but we are going to have a minister's advisory committee that will work hand-in-hand with me and the government. The reason for this is that in recent years in South Australia we have had divisions that have emerged between different rec fishing groups, and some fishers have felt their interests were not being represented to government. So the government aims to deal with these divisions by ensuring that the views of recreational fishers are being represented in a more united way by facilitating a process to bring together the different recreational fishing groups in a single forum.

On 31 August 2018, I launched a consultation for the Minister's Recreational Fishing Advisory Council and that consultation closed on 21 September. We are now considering the feedback from that consultation. The formation of this council is delivering on the Liberal Marshall election commitment. FishinSA, RecFish SA, SA Fishing Alliance and RecfishCENTRAL will each have one rep on the council and the council will provide feedback and advice to government on recreational fishing development issues, initiatives and big picture policies that impact on the recreational fishing sector.

I sat down with members of RecfishCENTRAL, SA Fishing Alliance, RecFish SA and FishinSA to talk through the detail of the government's election commitment to deliver a new advisory body for recreational fishing. The discussions were positive and developed in the direction of the new Minister's Recreational Fishing Advisory Council. The council will provide feedback and advice to government on recreational fishing development issues and initiatives and, as I said, those big picture policies that impact on the recreational sector.

The council will include representatives from those organisations. It will also give every rec fisher in South Australia the ability to vote and they will also have the ability to be a member of the advisory council. I will be taking advice from the advisory council. It will be a collaboration of all of the fishing sectors around the state. What we have seen is that there has been some uncertainty about the level of representation that rec fishers have felt they have had to government. This advisory council will give everyone the opportunity to be part of it, to contribute to it. Once we form that council I will be taking advice from it as to the way forward. They represent the 277,000 rec fishers in South Australia and it should be noted that this advisory council will be speaking on behalf of those 277,000 rec fishers: it will not be me speaking on their behalf.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, page 98. Will the minister advise on the state government's progress in implementing its election commitment to commission an independent review of PIRSA's cost recovery policy for fisheries and aquaculture?

The Hon. T.J. WHETSTONE: Cost recovery was an election commitment this government gave to the sector, that there would be an independent review of PIRSA fisheries cost recovery policy, particularly considering the recommendations of the 2018 Productivity Commission's report on marine fisheries and aquaculture.

The Fisheries Management Act provides for a charging of fees for commercial fishing licences, the registration of certain types of commercial fishing gear and other associated fees. The Aquaculture Act provides for the charging of fees in relation to the administration of aquaculture leases and licences. It is consistent with our election commitment that KPMG was contracted as the independent consultant to conduct a review of PIRSA cost recovery policy applicable to fisheries and aquaculture industries. The KPMG report, due to be delivered shortly, was the combination of a lot of work right across the sector, and I will table it when the review comes back.

The commitment of the commercial sector, not just to their industry but also their commitment to this review, was outstanding. Everyone was respectful, the majority presented with evidence, and it showed me that the commercial sector is working well with PIRSA and well with government. It wants surety that its members are getting value for money when it comes to their licence fees and levies and the costs associated with being a commercial fisher.

Mr HUGHES: Budget Paper 4, Volume 4, page 93. Has PIRSA advised the minister of the impact of the Bureau of Meteorology's service cuts in South Australia? Has the minister had any discussion with his federal colleagues about the impact of those cuts?

The Hon. T.J. WHETSTONE: With the Bureau of Meteorology? I do not have the capacity to have budget lines within the Bureau of Meteorology.

Mr HUGHES: As the primary industries minister, and given the importance of the bureau to primary industries—agriculture, horticulture, aquaculture, the broader commercial fishing industries—have you had any discussions with your federal colleagues about this?

The Hon. T.J. WHETSTONE: I think the question is out of order but I am very happy to answer it. The Premier and I have met with the Bureau of Meteorology, and we will continue to meet with the bureau to get updates. There are a number of scenarios that the bureau monitors, maps and models with rainfall, sea temperatures. We have been given an assurance that the modelling shows we are experiencing below average rainfall for spring, and the bigger picture is that we are looking to experience below average rainfall leading into summer.

That was the briefing we received just a number of weeks ago. We have asked the bureau to continue to give us briefs to make sure that, as a cabinet—not just me as the minister and not just the Premier, but as a cabinet—we understand the effects. The effects of the dry, or the effects of weather, impact on all aspects of government services. Whether it be dealing with the social issues or whether it is dealing with agriculture, horticulture, fisheries or forestry, it is understanding what a bigger picture means to a weather dependent industry, particularly how it affects our economy. We will continue to work with the Bureau of Meteorology.

Yes, in my discussions, I have spoken with the federal Minister for Agriculture, making sure that he has the relevant data that he needs, as have PIRSA. The Bureau of Meteorology brief PIRSA regularly. I think it is a work in progress. To date, I am not seeing where the Bureau of Meteorology are underfunded and not able to give us the frank and fearless advice they are currently giving us.

Mr HUGHES: A continuation: would you be concerned if some of the services that are currently provided by employees in South Australia were centralised to Melbourne and Brisbane and it became a combination of automation and forecasting from those two communities?

The CHAIR: I would just like to remind the committee that the minister has no ministerial responsibility or budget line items for the bureau. It is a very wideranging question. I am prepared to rule it out of order. If the minister wants to answer the question, he may, but I just remind the committee that this is not at all within the scope of the budget papers that we have open for examination.

The Hon. T.J. WHETSTONE: It is a hypothetical but, yes, sure, I would share the concerns if there was a lack of ability for the Bureau of Meteorology to give us the relevant data that we need. There has been no mention to me—I have not received a brief from any government department or official, state or federal—that there will be a reduction in services from the Bureau of Meteorology. If there is, that will be something we will deal with, but I think the question you have asked is hypothetical. There is nothing in my budget papers and nothing in my department briefs that tells me we are going to see a reduction in services out of the bureau.

The CHAIR: Member for Giles, perhaps something from the budget papers.

Mr HUGHES: Okay, we will get back on track.

The CHAIR: The committee secretary will tell me off.

Mr HUGHES: It was worth a try. I refer to Budget Paper 5, Budget Measures Statement, page 156, Functional review. Can the minister advise from which areas 51 full-time equivalents will come and at what level? I understand there might well be cutbacks occurring.

The Hon. T.J. WHETSTONE: The 51 equivalents?

Mr HUGHES: It is in Budget Paper 5, page 156, as part of the Functional review.

The Hon. T.J. WHETSTONE: I can see you are getting your numbers by adding all the reductions in full-time equivalents. As it states there in the budget papers, this is to undertake the review of service delivery, particularly to support services across all the agencies. What I can say is there are no forecast cuts in fisheries, compliance, biosecurity or SARDI. There are no cuts in those areas.

Mr HUGHES: Potentially in other areas then?

The Hon. T.J. WHETSTONE: That is the review that will be undertaken. That is why we are going to undertake that review.

Mr HUGHES: I refer to Budget Paper 5, Budget Measures Statement, page 156. What is the savings target for the animal health unit within PIRSA?

The Hon. T.J. WHETSTONE: We do not have a specific animal health unit. That would come under biosecurity.

Mr HUGHES: Okay, I will accept that.

The CHAIR: It being 4 o'clock, I declare the examination of the proposed payment for the portfolio Department of Primary Industries and Regions, at Primary Industries, completed. In accordance with the agreed timetable, the committee stands suspended until 4.15pm.

The Hon. T.J. WHETSTONE: Member for Giles, the answer is zero.

The CHAIR: Thank you, minister.

Sitting suspended from 16:00 to 16:15.

Departmental Advisers:

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

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

Ms M. Griffiths, Executive Director, Corporate Services, Department of Primary Industries and Regions.

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

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

The CHAIR: We are looking at the Department of Primary Industries and Regions, Regional Development Fund. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 4. Minister, you can make a statement if you like and introduce your advisers.

The Hon. T.J. WHETSTONE: To my left is chief executive, Scott Ashby; to the far left, Michelle Griffiths, executive director, corporate services; to my right, Alison Lloyd-Wright, Executive Director, Regions SA; behind me to my left, Mark Williams, manager, budget strategy; and behind me to my right, Tim Goodes, deputy chief executive. I do not have an opening statement but thank you, everyone, for being here. I look forward to a robust estimates.

The CHAIR: As we all do. Member for Giles, kick us off.

Mr HUGHES: Budget Paper 4, Volume 4, page 104. Can the minister advise: has a committee been established to make recommendations on funding submissions through the Regional Growth Fund? If so, what criteria was applied to select the members of the committee and who makes up the membership of the committee?

The Hon. T.J. WHETSTONE: I thank the member for his question. The Regional Growth Fund, as we know, is a long-term commitment. It is \$150 million over 10 years, \$15 million a year. It is broken up into a \$5 million round, which is a competitive round, and the \$10 million is a strategic round. The two rounds sit side by side. The competitive round has opened and closed. I can report to the house 84 applications and total funding sought of \$61 million, so there has been really good and positive interest in the Regional Growth Fund. The \$10 million sits there as a continuous round of money, presenting an opportunity for the growth fund to be used, and also to be able to leverage funding through commonwealth government, local government and industry funding bodies.

The Regional Growth Fund is dollar for dollar. As I have already pointed out, 84 applications is healthy, as is \$61 million of funding sought. I would expect the Regional Growth Fund to be better subscribed as we roll out. People are now feeling more confident that we have a government prepared to listen to their needs. As I have said, some of the criteria around that growth fund will be the three Cs: it is about clustering, collaboration and communities. That means as a government we are very reluctant to pick winners. It should be noted that to be a successful applicant, priority will be given to applicants who come in and meet the request; that is, to grow our regional economies and to grow industry, we have to work as a cluster in some cases or we have to collaborate with some of our industry partners.

You asked about the make up of the assessment panel. We have a chair, Mr Jeff McDonald, and he is aided by two senior government executives: Ms Alison Lloyd-Wright, sitting next to me on my right, and Mr Brad Gay from the Department of Treasury and Finance. Obviously, the assessment panel's work in assessing those will start in earnest. It will then be shortlisted and come back to me. Should there be any conflict or question about any potential successful application that falls within my electorate, that will then be referred to the Treasurer so that it remains completely independent.

By and large, it has been shown that the Regional Growth Fund is extremely popular. People have responded in a proper way, particularly in regard to the criteria. I look forward to the assessments being underway, and I expect to announce the successful applications in November.

Mr HUGHES: Can you expand on the specific criteria?

The Hon. T.J. WHETSTONE: Certainly. The applications to the growth fund will be assessed and prioritised, based on how well the project meets the following criteria. It is essential that:

- the activity supports new economic activity that would not occur otherwise;
- the activity can be sustained without further intervention by government after the funding is provided;
- the activity creates broader economic benefits for the community and multiple entities, including entities not directly associated with the application;
- the activity contributes to the scale of an industry or sector;

- the application has a connection to, and has a vested interest in, a specific regional community;
- the activity creates sustainable economic benefits to the state or region; and
- the activity reduces the cost of doing business.

The desirable projects are proposals focused on enhancing the productive infrastructure to support economic development that drives regions to be long-term strong economic contributors. They will be considered favourably. Also considered favourably are project proposals that leverage funds from non-state government sources and/or foster collaboration. As I said, collaboration, cluster and community will be front and centre in the desirable or looked-at-favourably categories.

Applications must also demonstrate a commitment to employing locals, local investment and local supply inputs, wherever possible. That will also be considered favourably. As I said, I think the Regional Growth Fund is going to provide benefits for clustering and collaboration, and the criteria that will be considerably favoured will be about using local content, workforce and products and making sure that the benefit of the Regional Growth Fund is spread around our regions.

Mr HUGHES: When it comes to the criteria, clearly some of those are very broad. You talk about collaboration and being strategic, but these are very broad terms that are open to all sorts of interpretation. When it comes to measuring the success of the fund and the projects that are going to be funded, how are you going to actually measure that success, and over what time frame will it be done?

The Hon. T.J. WHETSTONE: Obviously, the applications that come in will have strategy behind them. For applications to be looked upon favourably, they will have short-term and long-term benefits. If I reflect on what I have seen previously, I would like to think that we have learned from previous governments' mistakes when issuing money for regional programs. There is nothing worse for people who apply and are successful than having to then give the money back because they cannot obtain finance, or their project becomes unviable or, through outside forces, it does not stack up.

It is important to understand that it is a dollar-for-dollar exercise, and it is also more important that the scrutiny that is put on these projects is done with the intention that if taxpayers' money is going to be invested into these projects, it is invested with goodwill and that the assessment panel has enough expertise and understanding of what makes a proposal that has the merits of being ongoing and successful.

Mr HUGHES: If funding is provided for a project and it does not ultimately deliver, are they going to be clawback provisions for the amount of public investment that goes in?

The Hon. T.J. WHETSTONE: There is no provision for clawback. I am advised that the money is paid out on receipts. As the project progresses, those payments are then made to those successful applicants, making sure that the benchmarks are met along the way. It is very prudent for governments to make sure that they spend taxpayers' money wisely. No-one wants egg on their face and so that is why we will continue to follow that protocol, making sure the projects are not only assessed properly but that the progress payments are made on receipt, and making sure that, along the way, those milestone reports are upkept.

Mr PEDERICK: I refer the committee to Budget Paper 4, Volume 4, Program 2: Regional Development, page 104. Will the minister please advise what the government has done to ensure certainty for regional development organisations to June 2022?

The Hon. T.J. WHETSTONE: I certainly can. I think the work the RDAs do around regional South Australia is great, committed work. As I understand it, there are seven regional RDAs, and one RDA in Adelaide. The commitment is that we are going to support the RDAs and give them, as a part of a Marshall Liberal government election commitment, \$12 million over four years, delivering certainty for those RDAs.

I know, particularly in my region, as all the members in regional South Australia would attest to, RDAs, for a long period of time, have been on life support, and I do not think that has been good enough. RDAs do the best they can, but when they are starting to look over their shoulder as to

where they can find support funding for existence, and where they can find programs that will continue their role in assisting the work that they do, this funding of \$3 million per annum over four years gives them assurity, not only that they can get on with the job of developing our regions and growing the economic base, but it also gives them assurity, and it gives good people assurity, to stay because they have that commitment from the state government that their role is secure.

No-one wants to step into a workplace with an unsecure future. When we look at the drip-feed or the life support system that many of them have been on for such a long time, it is not conducive to a good workplace environment. It is important that the RDAs have that security so that we not only entice good people there, or the ongoing work of good people, but it is also important to understand that that commitment to all of those RDAs is ongoing and is successful. I am sure the member would attest to exactly what I have just said as it applies in his electorate, needing certainty within his RDAs so that the good work that they do will be ongoing.

Mr HUGHES: I understand that the chair of the committee, who is going to be overseeing the recommendations in relation to the Regional Growth Fund, is a resident in your electorate. I am just interested—and I am sure it is not going to be the case—whether you have any personal or business association with the chair.

The Hon. T.J. WHETSTONE: Yes, certainly. The chair of the Regional Growth Fund or the assessment panel of the Regional Growth Fund's name is Jeff McDonald. Jeff McDonald has been a longstanding community person in the Riverland and had a previous life as a bank manager. He then went into the private sector providing financial services. He has extensive experience in setting up board structures around regional businesses, particularly farming enterprises. He is an upstanding citizen in the Riverland. He also had extensive involvement with a previous SARMS Program as well as the 3IP projects that came away from SARMS. I was very confident and I am still very confident that he has all the credentials that you and I would expect from a chair who is assessing projects. As I said, if there is any conflict of projects or applications that come from the Riverland they will then be assessed by the Treasurer.

Mr HUGHES: I take it and would assume that, given his normal everyday life, his business role, he will not be providing advice to organisations or businesses that he might come across in relation to the Regional Growth Fund.

The Hon. T.J. WHETSTONE: No, definitely not; absolutely not. He knows that his role is to assess the applications full stop.

Mr HUGHES: It has been said on a number of occasions that winners are not going to be picked. I assume that is a very qualified statement; that there will be times when you are going to pick winners and, if so, on what basis will you pick winners?

The Hon. T.J. WHETSTONE: As I said, the assessment will be considered favourably for those applications that are a collaboration or a cluster or for community benefit. If I reflect on what I have seen previously, picking individuals as winners, particularly in regional communities, is quite destructive. I have seen it firsthand: having a competitive advantage over your neighbour is not conducive to good regional growth. We see people who become distracted, they lose focus and it is really important—as I said, I put the favourable recommendations that we look at ways to have wider benefit, much wider benefit for a community or for a regional industry. What we have seen over time is that it is not conducive to growing a region when you are giving individuals taxpayers' money to outcompete against a business within that regional centre.

We are looking to grow the regions and we are looking to grow the economy. I do not want to see the great work of what the Regional Growth Fund will mean being destructive and, as I said, making people lose focus on the bigger picture. I think it is critical that we look at favourable projects that meet the criteria that we have set out.

Mr HUGHES: So are you saying then that beyond those companies that compete with other companies in a region, or even companies within the state—and I totally take your point—when it comes to those companies that are innovative and doing something new or different, in those cases you will pick a winner? I will give you an example. For instance, the previous government provided funding to Sundrop Farms in Port Augusta. You could argue that that is competing with other

providers of horticultural products, namely tomatoes. However, it was a totally innovative way of going about it in a totally different environment.

The CHAIR: Member for Giles, we have been very cordial this afternoon but I just remind you for the need to ask questions pertinent to the budget—

Mr HUGHES: Yes—

The CHAIR: —and not examples of what happened—

Mr HUGHES: —and it is.

The CHAIR: —in a previous year's budget papers, unless of course you are referring to comparisons from estimated budget results.

Mr HUGHES: It directly relates to the Regional Growth Fund and that capacity to pick—what has been referred to as picking winners.

The CHAIR: But the time for impromptu speeches is in the budget estimate grieve.

The Hon. T.J. WHETSTONE: What we are doing—the initiative under, I guess, the guidelines of the Regional Growth Fund—is challenging businesses to work together. It is actually enticing businesses to be a collaborative model. I know, and I am sure you do, as the member for Hammond and as other regional members here do, there is no better success than a group or a collaboration coming together and being successful. There is no more bitter pill than looking over your fence to your neighbour who has received taxpayers' money to the detriment of your business or of your community. It is a bit like your footy team paying more money than the other footy team type thing. It is that advantage that is quite destructive.

Ms LUETHEN: I refer the committee to Budget Paper 4, Program 2: Regional Development, page number 104. Will the minister please advise how this government is working to improve digital connectivity in the regions?

The Hon. T.J. WHETSTONE: I certainly can. As an election commitment we came into government somewhat disenchanted with how regions had been disadvantaged, particularly with the digital connectivity blackspots or mobile phone blackspots. What we had seen is that South Australia had been deprived of the opportunity to be a part of the previous commonwealth government's three rounds of mobile blackspot programs.

The Marshall Liberal government committed to establishing a \$10 million mobile blackspot fund, and that fund will be put in place not only to leverage industry, local government and private money, it will be put there to leverage the federal government's round 4 mobile blackspot fund. The commonwealth government has put \$25 million on the table, and that opportunity is now there for South Australia to benefit from. Not only will that \$10 million over the three years in South Australia be able to leverage commonwealth money, industry money and local government money, but the telcos have given a commitment that they will match dollar for dollar for those blackspot towers or the blackspot upgrades in areas.

We know that historically there has been a large amount of connectivity around the nation. Over 850 base stations have been approved under the previous three rounds. Sadly, in South Australia we achieved a little over 20. What we intend to do is put provision in place so that we can play some form of catch-up to give us the advantage we need.

Digital connectivity in the regions is becoming more and more important, particularly as our food sector becomes more global. If we are in our tractor working our land or harvesting crops, we need to have connectivity to our markets. If we are in trucks heading to market or loading up a crate of cattle or sheep, we need to know what the prices are, which market we are going to take them to, how we are going to achieve better prices, making sure that we have a connection to our brokers and making sure that we can actually achieve better negotiations.

On the back of that, it also gives us the capacity to have the connection to be safe. If we are in faraway places and there are issues—vehicle breakdowns, accidents, fires, disasters—that cannot be relatively quickly put forward to the authorities, having a mobile phone connection is critical. In this day and age, it is almost part and parcel of surviving in business.

That is an initiative that I am very proud to have carriage of. We are working with all the regional electorate officers, or the regional members, as we are with our RDAs and as we are with our telcos. If we can, if there are opportunities to put some competition into the marketplace, we will talk to all the telcos to make sure that we get the best deal for taxpayers' money.

Mr HUGHES: I refer to Budget Paper 4, Volume 4, page 104. I acknowledge that you said that the decision about the successful funding submissions for the Regional Growth Fund will be in November or thereabouts. Are you able to give any flavour at this stage, a breakdown on the nature of the funding submissions? I see a 'no' there. I would also be interested in a breakdown of which regions or which electorates the funding submissions have come from.

The Hon. T.J. WHETSTONE: I cannot give you that. As the submissions come forward, we will see just how widely accepted they are, how they are assessed. As I said, I am not going to be playing favourites, it is about the quality of submissions that come into the fund. As I said, I think there are 84, and if we have quality submissions they will be judged on their merit.

Mr HUGHES: So you are not able to give a breakdown at this stage about what electorates the funding submissions come from? You do not have that information?

The Hon. T.J. WHETSTONE: No, I do not have that information at hand. Once they have been judged or assessed, they will then be shortlisted and come forward. As we speak, no, I do not know the quality, I do not know where, and I do not know just exactly what area or what part of the state will be the significant beneficiary. My view is that we would like to see all of regional South Australia benefit from this Regional Growth Fund. Again, it is about making sure that all these applications are based on merit and that they are of benefit to all of regional South Australia, not just areas that have historically seen a large influx of Regional Growth Fund going to certain electorates. That is something that I have no focus on whatsoever.

Mr HUGHES: Would you be able to say at this stage whether the regional economic development boards have played a heavy role in any of the funding submissions?

The Hon. T.J. WHETSTONE: No, I could not give you a definitive answer there. I would hope that the RDAs have played a role in some of those submissions. That is what the RDAs are there for. That is why we have given them that extra funding, so that they can undertake the work that we expect them to undertake. The Regional Growth Fund is exactly what Regional Development Australia is all about: developing regions, supporting good projects, making sure that we benefit into the future, making sure that taxpayers' money, whether it is into the RDA or whether it is into the growth fund, is money well spent.

Mr HUGHES: This is probably the last question on the Regional Growth Fund. Of the \$150 million over the coming years, there does not appear to be any provision for CPI adjustment. Is there going to be CPI adjustment over the term of the program?

The Hon. T.J. WHETSTONE: No, that is not something that has been considered. It is a long-term commitment, a 10-year commitment in the Regional Growth Fund, and that commitment was given on the goodwill that the projects will get up in their entirety. It would be inappropriate of me to see submissions. It would be inappropriate of me to have any influence or any input until they have been judged and then come my way.

I think, by and large, it is a 10-year commitment. It is not driven by election cycles, it is not driven by marginal seats and it is not driven by any of the ideology. It is just driven by sheer will to grow our regions and make sure that the money hits the ground and adds benefit to communities not just individuals.

Mr HUGHES: To clarify some of my previous questions, it was basic information that I was hoping your officers might be able to provide at this stage. I fully accept what you are saying in relation to the funding submission. That is not an issue.

Budget Paper 5, page 156: the Regional Development Australia boards. Can the minister explain how the boards will be accountable to the regions that they represent?

The Hon. T.J. WHETSTONE: Certainly. The boards will be accountable. They have received the increased funding. There is some criteria that we have asked of them. The criteria with

that extra funding comes with a commitment from the RDA boards, and that will be that we will see again more of a collaborative approach so the RDAs share the knowledge, share the understanding. I will not go down to 'share' the ideas, but essentially it is knowledge sharing so that they do not work in silos. We have seen how destructive or inefficient people working on their own in a little dark corner can be, not working constructively with a group.

I would expect the seven regional RDAs to meet reasonably often, share ideas, making sure that if they are putting forward projects, they are meeting their KPIs, and that is about holding them to account for the taxpayers' spend. It is an increased taxpayer spend, so understanding that they have to be accountable for the moneys they are getting. They also have to be accountable for the output.

The CHAIR: I declare the examination of the proposed payments for the portfolio Department of Primary Industries and Regions, Regional Development, completed. Now we move on to the portfolio of ForestrySA.

Departmental Advisers:

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

Mr J. Speed, Acting Chief Executive, ForestrySA.

Ms. M. Griffiths, Executive Director, Corporate Services, Department of Primary Industries and Regions.

Mr R. Robinson, Director, Forestry, Department of Primary Industries and Regions.

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

The CHAIR: I declare the proposed papers open for examination and refer members to the Agency Statements, Volume 4.

The Hon. T.J. WHETSTONE: Welcome to the forests estimates. To my far left, I have Rob Robinson, director of forestry. To my immediate left is Scott Ashby, Chief Executive of PIRSA. On my right, I have Julian Speed, Acting Chief Executive, ForestrySA. Behind me, to my right, I have Mark Williams, manager, budget strategy; and behind me, to my left, Michelle Griffiths, executive director of corporate services.

I have a brief introduction. The South Australian Forestry Corporation was established on 1 January 2001 under the South Australian Forestry Corporation Act. South Australian Forestry Corporation trades as ForestrySA, and the publicly owned, non-financial corporation is subject to the provisions of the South Australian Public Corporations Act.

As I have already introduced my staff, I will move on to ForestrySA whose key commercial activity is now the management of the Mount Lofty Ranges forest estate, with over 11,000 hectares of commercial pine plantation area, providing significant economic activity and employment to the region. The Mount Lofty Ranges also provides an important community resource for recreational activities. These include: camping, motor sports, cycling, horseriding, hunting and hiking.

The native forest reserves in both the Mount Lofty Ranges and in the South-East are also significant assets for the state. ForestrySA is focused on improving the accessibility of these assets to the local communities using the separate funding for non-commercial activities. Fire management and protection is a key role for ForestrySA and I am pleased to report that fire crews experienced a relatively quiet 2017-18 fire danger season in the Mount Lofty Ranges, the Mid North and the Green Triangle.

With the transfer of significant areas of forest reserves and native vegetation of the Mid North forests to form the Spaniards Gully Conservation Park and the Wirrabara Range Conservation Park, plus the leasing of other areas of Bundaleer and Wirrabara to Mid North residents and businesses, others will now have some of the fire responsibilities, diminishing ForestrySA's role. ForestrySA also has a strong commitment to forestry research and development and supports the newly established

forestry research hub in Mount Gambier. Thank you for allowing me that opportunity to brief you. I am happy to take questions.

Mr HUGHES: Referring to Budget Paper 4, Volume 4, page 93, regarding the ForestrySA community service obligation, can you outline the nature of the ForestrySA community service obligation and whether there has been an increase or decrease?

The Hon. T.J. WHETSTONE: I am advised that there has been a slight decrease in funding. The South Australian Forestry Corporation, trading as ForestrySA, operates under a charter to provide both commercial and non-commercial forest management services on behalf of the South Australian government. The charter mandates a range of community service obligations to cover non-commercial activities in addition to those which ForestrySA would provide as a purely commercial entity. The government funds these non-commercial activities through PIRSA, including the native forest management, community use of forest reserves, forestry industry development, community fire protection and the management of the Mid North forests.

The state's forest reserves contain large areas of high-quality native forest intermingled with the plantation estate. This native vegetation is managed through the community service obligation to conserve and protect it from pests and wildlife. The forestry industry development program supports forestry related research and the dissemination of information for the benefit of the forest industry and the broader community. This helps individuals and businesses to respond to changing markets and assisting in the development of the sustainable tree-based enterprises. In particular, this program supports the operation of the National Institute for Forest Products Innovation at the Mount Gambier hub.

In an agreement between ForestrySA and the University of South Australia, we will see the South Australian government provide \$500,000 per annum for four years from the 2017-18 year for a total of \$2 million. The government remains committed to maintaining a strong fire protection capability, and funding is provided to support community bushfire protection activities in excess of ForestrySA's commercial requirement. That decrease is a decrease of \$277,000 from last year's result to this year's 2018-19 budget.

Mr HUGHES: Once again, Budget Paper 4, Volume 4, page 94. Have there been any decreases in full-time equivalents in the forestry section?

The Hon. T.J. WHETSTONE: Who are you referring to?

Mr HUGHES: Sorry, to the minister.

The Hon. T.J. WHETSTONE: No, you are talking about any reduction in workforce?

Mr HUGHES: Reduction in total, whether it is in workforce or—

The Hon. T.J. WHETSTONE: And who are you referring to, ForestrySA?

Mr HUGHES: Yes, ForestrySA.

The Hon. T.J. WHETSTONE: I am advised there has been no reduction.

Mr HUGHES: When it comes to general responsibilities in relation to Forestry, has there been any reduction?

The Hon. T.J. WHETSTONE: I am advised through PIRSA and Forestry that there has been a reduction of one FTE.

Mr HUGHES: Budget Paper 4, Volume 4, page 102. Regarding the research hub of the National Institute of Forest Products Innovation, which is mentioned as a highlight in the 2017-18 year, what amount of funding is dedicated to the institute for each of the next four years?

The Hon. T.J. WHETSTONE: I am advised that is a partnership between the South Australian and Australian governments, which are each providing \$2 million over four years, so I guess those numbers tell us it is \$500,000 per annum.

Mr HUGHES: Once again Budget Paper 4, Volume 4, this time page 103. In relation to the South East Forestry Partnerships Program, in the 2017-18 budget there was an allocation of, I think,

\$7.386 million but the estimates result was \$1.205 million for 2017-18, a difference of just over \$6 million. Can the minister explain where that difference comes from?

The Hon. T.J. WHETSTONE: Certainly. The South East Forestry Partnerships Program was the previous government's program providing grants to local timber processors after the privatisation of ForestrySA assets in the South-East. So in line with the new government's direction and priorities I have directed Primary Industries and Regions to review all existing funding offers not completed, including those under the South East Forestry Partnerships Program.

The government is honouring offers for projects that are consistent with the initial funding approval, and is working with those applicants. The remaining projects will be completed within the next couple of years. In addition, the previous government allocated to \$2.95 million from the South East Forestry Partnerships Program to upgrade Mount Gambier Airport. This funding supported the District Council of Grant's successful application to the commonwealth government's Building Better Regions Fund.

Mr HUGHES: When it comes to the partnership program, how much was expended in 2017-18? How much remains in the total fund?

The Hon. T.J. WHETSTONE: I can advise you that, in the 2017-18 year—that was the year you were asking—

Mr HUGHES: Yes.

The Hon. T.J. WHETSTONE: In the 2017-18 year, there were zero dollars spent. You were looking for the remaining—

Mr HUGHES: What remained in the funds?

The Hon. T.J. WHETSTONE: In the remaining fund, there is \$7.553 million.

Mr HUGHES: What has been budgeted for the 2018-19 year?

The Hon. T.J. WHETSTONE: That is the amount that has been budgeted: \$7.553 million.

Mr HUGHES: Going to budget Agency Statements, Volume 4, page 103, covering compliance, what is the cost of monitoring compliance with the contractual arrangements of the forward sale of the government's Green Triangle plantation harvesting rights? Could we have a breakdown of what is involved in the compliance monitoring, if there has been any change in the monitoring since March 2018 and if there are any planned changes? You can take that as one question.

The Hon. T.J. WHETSTONE: Are you talking about compliance with the forward rotations?

Mr HUGHES: Yes.

The Hon. T.J. WHETSTONE: Are you talking about compliance within the OneFortyOne business or within ForestrySA?

Mr HUGHES: Within ForestrySA, I am assuming. It is there. I refer to compliance in relation to the Green Triangle plantation harvesting rights and the forward sale.

The Hon. T.J. WHETSTONE: Maybe I could just ask the member to check on his question. If it is ForestrySA, it will be zero. If you are referring to compliance within OneFortyOne, I can give you some numbers.

Mr HUGHES: Yes, I think you have hit the nail on the head.

The Hon. T.J. WHETSTONE: OneFortyOne?

Mr HUGHES: Yes.

The CHAIR: Minister, just confirming that OneFortyOne, in this case, is within your portfolio?

The Hon. T.J. WHETSTONE: For the benefit of the member's question, OneFortyOne is a private entity and the government does not monitor what money they spend on compliance. They

run their business as an ongoing business, so I am not able to give you a number on what OneFortyOne spend on compliance.

Mr HUGHES: Are you able to say what was involved in the compliance monitoring?

The Hon. T.J. WHETSTONE: There were guidelines when the forward rotations were sold to OneFortyOne. Under the terms of sale, OneFortyOne Plantations provides an annual report on its compliance with the conditions of the lease and submits documents to support their compliance with contract conditions. Much of this information is received as commercial-in-confidence, as per the requirements of the sale transaction agreements. The government does require OneFortyOne Plantations to provide additional information as needed to enable a comprehensive and robust examination of their compliance with the contractual conditions.

Mr HUGHES: So that is all commercial in-confidence; is that the case?

The Hon. T.J. WHETSTONE: For PIRSA to undertake that robust examination on OneFortyOne to assess that they are complying, comes at a cost of \$316,000 from PIRSA.

Mr HUGHES: Okay, but you are not in a position to cast any light on it, and I guess that has been consistent over a time.

The Hon. T.J. WHETSTONE: No. We are not in a position to give you—the commercial-in-confidence is part of the transactional agreement.

Mr HUGHES: Moving on. This is the same budget paper, page 103, the Forest Industry Advisory Council of South Australia. As one of the targets is to establish that council for 2018-19, how much has been budgeted for the cost of establishing the council, and what will this amount cover?

The Hon. T.J. WHETSTONE: I am currently in the process of establishing the Forest Industry Advisory Council of South Australia. The terms of reference are being drafted and the membership is being carefully considered to include senior executives from principle industry firms. We are committed to ensuring that we have the best people involved to give the best advice to ensure the best outcomes, particularly for such an important growing timber processing industry in the Green Triangle. PIRSA has experience in establishing and managing advisory boards, councils and committees with various sectors of our primary industries, and this expertise has been used to prepare for the forestry-related council.

Its principal purpose will be to encourage strong communication between government and industry on policy issues and to work towards common objectives. Under the terms of reference, it will provide advice to me on matters such as achieving the industry targets of doubling the economic value of the domestic timber manufacturing sector by 2050 by creating the right environment for business to thrive and support job creation.

The council will also consider the mechanisms to increase South Australia's plantation resource and ways to encourage the processing of logs right here in South Australia rather than exporting overseas to be then value-added. On the funding for that engagement process, I am advised there are two components: the engagement process and also compliance. That compliance is for OneFortyOne and totals \$316,000.

Mr HUGHES: So the membership for the council has not been announced yet, has it?

The Hon. T.J. WHETSTONE: No.

Mr HUGHES: Have they been selected?

The Hon. T.J. WHETSTONE: We are going through the selection process as we speak.

Mr HUGHES: Going through the selection process at the moment. What is the criteria that is going to be used to select the membership?

The Hon. T.J. WHETSTONE: Obviously, we want to put industry people there, making sure that the people who are on that council have got skin in the game, and making sure that we are looking at and considering senior people within the industry. It is about making sure that if we put senior executives from industry on that advisory council, they can give us frank and fearless advice.

It is also understanding that there needs to be an economic outcome so that the council can give me recommendations on how we are going to grow the sector.

As with any advice or advisory council to the government, it is really important that we put in the best people we can bring forward. There is no criteria as to whether they will be all South Australians, or part South Australian and part interstate; from a forestry background or a forestry product background. We are looking for a diverse range of expertise on that advisory council.

Mr HUGHES: Will those people be receiving a remuneration package to sit on the council?

The Hon. T.J. WHETSTONE: As I understand it, there is no remuneration for that advisory council.

Mr HUGHES: Will there be a secretariat, and if so, where will that secretariat be based, in Adelaide or in the South-East?

The Hon. T.J. WHETSTONE: The provision of a secretary, wherever they be needed, will come from existing PIRSA resources. If they have to travel, that will come out of the PIRSA budget.

Mr HUGHES: Would it be appropriate to ensure that the secretariat is in the South-East where most of the industry is located?

The Hon. T.J. WHETSTONE: As I said, PIRSA will provide that staffing out of current or existing budgets and make sure that we have the right people in the role. Should they be based in Mount Gambier, that is where they will come from.

Dr HARVEY: My question relates to Budget Paper 3, Chapter 5: Government businesses, pages 79 to 92. Can the minister please advise how many visitors currently enjoy Forestry SA's pine plantations and native forest reserves?

The Hon. T.J. WHETSTONE: Thank you for the question. I can report that visitor numbers to Forestry SA's native forest reserves and pine plantations have reached an all-time high during the 2017-18 year. More than 300,000 people visited Forestry SA's forest reserves in the Mount Lofty Ranges, the Green Triangle and the Mid North. This compares with recorded visitor numbers of nearly 120,000 in the 2015-16 year and an increase of just over 240,000 in the 2016-17 year. I think it is an outstanding achievement to have the community, the public interaction with Forestry SA assets.

During my recent visit to the Mount Crawford plantation, there were many horseriders, there were many people out there bushwalking or having a look around at a great environment. I think, by and large, it is an asset that is now being utilised for different purposes. We all know that a visit to our forests, particularly our pine plantations, is good for clearing the sinuses and is good for clearing the head. It is an asset that I think has been underutilised for a long period of time. Those numbers speak for the majority of South Australians understanding that they have access to Forestry SA assets. It is a great attribute to South Australia's open space.

Dr HARVEY: Minister, please advise what Forestry SA has done to increase the visitations to these assets?

The Hon. T.J. WHETSTONE: Both pine and native forest reserves continue to be a valuable asset. Forestry SA is promoting a range of recreational activities across the Mount Lofty Ranges. As I said, hiking, horseriding, cycling, motorsports and camping are all on offer. The increase in visitor numbers can be attributed to a number of factors and the realisation of several development projects identified in the Forestry SA visitor infrastructure plan.

I think that infrastructure plan has given people an understanding of their capacity to be able to utilise the Forestry SA assets. Forestry SA has focused on facility development, particularly with the upgrade to the Thomas Hill House kitchen in the Cudlee Creek forest, the new toilets constructed at Rocky Paddock, Chalk's and Chookarloo campgrounds. Feedback from visitors has been very positive.

In spring 2017, we saw the opening of four new trails in the Kersbrook area that traverse sections of the forest reserve and are branded as the Mount Lofty Ranges Trails. These trails were developed in partnership with other government agencies and community organisations. The Honan

Mint trails in the Green Triangle were also opened in the spring of 2017. We are seeing more ForestrySA assets open up and the lines of communication open up for better opportunities, and I think it is great. I have hopped on mountain bikes and downhill bikes and taken my son up there. It is dangerous, but it is great fun. When I say dangerous, I would say that there are issues around that but it makes for great entertainment.

Of course, Ghost Mushroom Lane was opened to the public for the second year in the Green Triangle. For the first time, guided tours were provided each week over the season. There were 20,000 visitors recorded at that site over an eight-week period. I think that is outstanding. Ghost Mushroom Lane also saw significant media coverage, including *The Living Room* with Dr Chris Brown, ABC radio and television, *The Border Watch* newspaper, local radio stations and *The Advertiser*. They actually went down to the Green Triangle and had a look. It is great to see that the great natural beauty down there is being exposed. It is good news for ForestrySA and it is good news for any South Australian who actually wants to go and visit and utilise great open space, courtesy of ForestrySA.

Mr HUGHES: Just skipping back a few questions, back to Budget Paper 4, Agency Statements, Volume 4, page 102: I am not sure if I heard right, but how much was the amount for the 2021-22 funding for the national institute?

The Hon. T.J. WHETSTONE: You did hear right. It was \$500,000 a year—

Mr HUGHES: Yes, including that year.

The Hon. T.J. WHETSTONE: —over four years.

Mr HUGHES: Okay. In the same Agency Statement, page 103: prior to the election in March this year, the Marshall Liberal opposition committed to doubling the economic value of timber production across South Australia by 2050. What budget has been allocated to progress this?

The Hon. T.J. WHETSTONE: To date, we are looking at implementing the Forest Industry Advisory Council. I think it is important to understand where we can gain, first of all, economic activity or economic benefit within the current arrangements. It is also important to understand that minister Knoll—in the Department of Planning, Transport and Infrastructure—and I have put out an opportunity for industry to come together with recommendations on how we can attain economic activity and how we can attain economic benefit.

It is about addressing some of the bottlenecks, and it is understanding where some of the red tape and regulations are getting in the way, particularly with bottlenecks in the logistics of heavy vehicle movements. I know that one of the great burdens within the industry is that for some of those vehicles to go from point A to point B they sometimes have to travel 100 kilometres to find bridges or infrastructure capable of accommodating that equipment. So it is a way of looking at how we can gain benefits there. It is also, as I said earlier, creating a good environment for industry themselves to invest.

We have seen Timberlink's great investment down at Tarpeena. They are looking at upgrading their mill with an expenditure of some \$84 million. OneFortyOne are looking at upgrading their existing mill down at the old Carter Holt Harvey mill. That is an upgrade of somewhere in the vicinity of \$14 million at their Jubilee Highway sawmill. We are seeing that there is confidence within the timber industry.

We have also seen some commitment from other plantation growers to prioritise supplying the domestic market rather than exporting. I think that has been a very valuable announcement and it gives certainty to the industry. Now they are looking at exactly what Timberlink and OneFortyOne are doing and at other smaller mills. We cannot forget that there are a lot of smaller family businesses within the timber industry that will see significant benefit from retaining a lot of that timber locally, making sure that we can value-add that timber rather than sending large amounts of sawlog overseas for that value-adding, only to have it returned back in a processed form.

I think it is important that we are acknowledging what the industry needs. Being able to watch the industry undertake significant investment will only be for the benefit of seeing significant growth and, in particular, the value-adding of our products. There is nothing that excites an economy more

than creating jobs by value-adding on our home ground, rather than sending product overseas to have it value-added in far away countries.

Mr HUGHES: Given the nature of the commitment, at what point are you going to develop benchmarks to measure what is going on? Have you got any idea at this stage what those benchmarks are going to be, how they are going to be reported and how they are going to be measured?

The Hon. T.J. WHETSTONE: We certainly will benchmark the productivity gains and the growth of the industry, and that is why we are going to establish the Forest Industry Advisory Council. It is critically important that we not only acknowledge what the industry needs to grow and create a stimulus but also understand that that council will be able to benchmark what we as a government are doing to help promote the industry to grow and continue to grow. We do not want to just sit back and allow industry to continue to vest when government have a role to create that environment.

As a government, we see ways and methods of improving infrastructure, reducing the red tape and making sure that the permit systems are much easier to navigate. It is also understanding where we potentially need to upskill our workforce or where there are more skills needed within the sector or a newer part of the sector, remembering that if we are going to continue to value-add here in the Green Triangle or here within our own forestry assets, we are going to need a skill base that better reflects that need to the industry.

Mr HUGHES: When do you anticipate the benchmarks being in place?

The Hon. T.J. WHETSTONE: We need to get the advisory council in play. Once we have that advisory council in play and working with ForestrySA through PIRSA, we can then benchmark and set ourselves strategic goals. For myself, as a business person, strategic goals are one thing; achieving them is another. It is having the mechanisms in place to create that environment so that we can actually have a government that is creating the environment but, at the same time, reducing the burden on doing the business.

One of the biggest complaints to date has been the red tape and the regulations that go on regarding upgrades, regarding access to plantation, making sure that we have safe roads and making sure that we have ease of operation. There is a range of measures that will be undertaken and benchmarked, particularly through the council. Again, it is working through PIRSA and it is working through ForestrySA so that we can actually implement best practice to help drive the economy within the industry.

Mr HUGHES: What is the time line, then, for the advisory council to be in place?

The Hon. T.J. WHETSTONE: We are currently working on setting up that advisory council. That is something that, I would expect, should be implemented in the very near future.

Mr HUGHES: As in?

The Hon. T.J. WHETSTONE: As in within weeks, not years. I think it is important to understand that we are looking for good people—

Mr HUGHES: 32 weeks? 33 weeks?

The Hon. T.J. WHETSTONE: Sorry?

Mr HUGHES: Have you got something a bit more specific instead of weeks? As in how many weeks?

The Hon. T.J. WHETSTONE: I guess, if you want me to be absolutely definitive, it will be this year. I would like to think that it will be within the coming couple of months.

Ms LUETHEN: I refer the committee to Budget Paper 3, Chapter 5: Government Businesses, pages 79 to 92. Will the minister please advise: does ForestrySA maintain a log export program, and how do marketing plans impact on logs supplied to the local industry?

The Hon. T.J. WHETSTONE: That is a good question. As I have highlighted and talked about, ForestrySA has concluded its log export campaign. The final export vessel departed from Port Adelaide in July this year. ForestrySA has exported logs in bulk from Port Adelaide since about 2013,

and, during the last five years, particularly due to the impacts of the major fire event, some log parcels have been unsuitable because a range of logs were fire affected. Some of them fell out of spec, and some of them for domestic customers were surplus to domestic demand.

Between 2013 and 2018, much of the logs exported by ForestrySA was fire affected, following the Mid North fires in 2013 and 2014, and then the Sampson Flat fire, sadly, in 2015. With unprecedented Chinese demand, the export program enabled ForestrySA to liquidate logs of poor quality and of species unsuitable for domestic sawmills. This also presented the opportunity for ForestrySA to progress its forest health program by harvest thinning with the provision of market outlets for smaller-diameter pulp log.

That log export program has been discontinued and ForestrySA has engaged higher log sales agreement commitments with two existing domestic customers, Morgan Sawmill at Jamestown, and KSI Sawmills. Following a competitive process and lengthy negotiations, it is a very positive outcome, allowing for further expansion of these businesses without detrimental effect to ForestrySA's operating position. After agreeing to terms on new log supply agreements with two existing ForestrySA customers, the majority of these export-bound log volumes will now instead be sold domestically, increasing the throughput and economic activity on the local industry.

These agreements with the existing customers of ForestrySA will see them provided with a combined additional volume of approximately 21,000 tons annually. These supply conditions will provide the local businesses with better commercial security and greater tenure, with the agreements valid until the end of 30 June 2021. Those two sawmill owners are absolutely delighted that they can now get on with the future. It is not just about the viability of those mills, it is also about the fact that they have a succession plan. It is about their kids and their grandkids being part of what we would consider the future of forestry here in South Australia.

Mr HUGHES: Returning to the previous line of questioning, I assume, in relation to increasing the forest timber production, has the minister met with the key stakeholders in the South-East?

The Hon. T.J. WHETSTONE: Key stakeholders, as in plantation or processing?

Mr HUGHES: As in the whole industry.

The Hon. T.J. WHETSTONE: I certainly have. Yes, I have been down to the South-East—I will not put a number on it, but it is more than twice, more than three times, perhaps—and met with foresters, met with the processing industry, and met with forestry product people and, by and large, they see a very bright future. There was some concern with sawlog being exported to the detriment of supply to the domestic mills. That has been addressed. There has been some concern with the sustainability of the industry in the Green Triangle to continue with a continuous supply of log.

Meeting with millers, foresters and all the industry associations that come with them, by and large I think that the industry is in pretty good shape. OneFortyOne is investing in their Jubilee Highway mill. As I have said, Timberlink is heavily investing in upgrading their mill facility. We cannot forget the smaller mills that require different types of timber products, which are also investing. We are also seeing the industry diversifying, looking at pellet plants. We are looking at other investments within the sector for value-adding, such as what we are doing with our waste and energy generation, using some of that waste within the plant rather than exporting it off site.

By and large, I think that the industry is becoming more self-sustainable. They are further investing, and they are doing that because they see a bright future. They see the opportunities now, that the supply of log domestically will enhance their investment, making sure that we can value-add. Of course, they deal with high inputs, particularly with the cost of power and the water issues within the forestry sector. I now see that the diversity within those businesses is addressing the cost burdens that are particularly put on the mills on a day-to-day basis.

Mr HUGHES: How many people are currently employed in the timber industry in South Australia, and do you have any targets in relation to employment and jobs in the industry?

The Hon. T.J. WHETSTONE: As I understand it, the forestry industry currently employs about 5½ thousand people, and it generates employment for another 12½ thousand persons. It is a substantial industry in South Australia. If we are going to grow the industry significantly, that will

employ more people, but it will also employ more people directly and indirectly as we see the forestry sector further diversify away from just dealing with sawlog. It is about understanding what the industry will need to supply pellets, and what the industry will need to do to supply for some of the new sectors that are coming on board, particularly the value-added product that the sector so desperately needs.

Mr HUGHES: Do you have a job target for the industry as a government?

The Hon. T.J. WHETSTONE: A job target?

Mr HUGHES: Yes.

The Hon. T.J. WHETSTONE: It could be an ambitious target but, certainly if we are going to increase the sector, I guess a target would be to increase the workforce by a magnitude that would satisfy the needs of the sector to be where it needs to be. If we see new industry or new sectors coming to town to complement the industry, the sky is the limit. As I have just explained to you, the 5½ thousand who are directly employed further generate the 12½ thousand. There is no reason why we cannot grow that sector by a large percentage point to make sure that it is an industry that is sustained into the future.

Mr HUGHES: What is the current economic value of the industry?

The Hon. T.J. WHETSTONE: In 2016, the South Australian forestry and wood products industries contributed over \$2.3 billion to the state's economy. South Australia has a plantation base of around 176,000 hectares, comprised of 49,000 hectares of hardwood, mostly Tasmanian blue gum, and 127,000 hectares of softwood, mostly radiata pine.

As I said, it is a large industry. The opportunity to grow that industry is manifested by the continual replanting program and, while that replanting program continues, it is a shot in the arm for the confidence that the sector has, not only within the industry but within the foresters looking at ways that they can increase productivity while having a sustainable forest at their doorstep, particularly in the Green Triangle.

Mr HUGHES: I guess you would be aware that the federal government recently released a policy document, titled 'Growing a Better Australia—A Billion Trees for Jobs and Growth'.

The CHAIR: Member for Giles, I refer to you that the minister is not the federal minister for primary industries and that we are to ask questions that are contained in the budget line items. Member for Hammond.

Mr PEDERICK: I refer the committee to Budget Paper 4, Volume 4, Program 1: Primary Industries, Sub-program 1.6: Forestry Policy, pages 102 and 103. Will the minister please advise when the State of the Forests Report is due for release?

The Hon. T.J. WHETSTONE: I thank the member for his question. The State of the Forests Report 2018 is planned for release towards the end of 2018 by the Australian government. It will be the fifth in a series of State of the Forests Reports published every five years by ABARES. The purpose of the report is to keep the public informed about Australia's forests, their management, use and conservation, and to provide information on how they are changing.

It is also used to report on the state of Australia's forests to the world. Given that, the SOFR 2018 will be a key source of comprehensive current information on Australia's forests for use by industry, state, territory and commonwealth governments, and research and educational institutions. It will also underpin a range of international reporting requirements. It is prepared by the Montreal Process Implementation Group for Australia and the National Forest Inventory Steering Committee on behalf of the Australian, state and territory governments.

The report to come is about giving not only the industry in Australia a tick of health or a bill of health, it is also meeting the world requirements that we are responsible foresters and making sure that we are adhering to the regulations that are expected within the sector.

The CHAIR: Member for Giles, something relating to the 2018-19 state budget, please, sir.

Mr HUGHES: Page 103, the doubling of the economic value of timber production, an election commitment. It does actually relate to the federal government report, which flags—

The CHAIR: Bring it back to a direct question in relation to—you are on page 103?

Mr HUGHES: Yes. Has the minister written to his federal counterpart to advocate for one of the hubs to be developed under this report?

The Hon. T.J. WHETSTONE: Sorry, which report is in the budget?

The CHAIR: Yes; member for Giles?

Mr HUGHES: The report is not but doubling the economic value of timber production in South Australia is and—

The CHAIR: Sorry; just where is that on page 103?

Mr HUGHES: That is on page 103.

The CHAIR: Sorry; where is it?

Mr HUGHES: Whereabouts? I will have a look. You were being so generous as well.

The CHAIR: I know. It is always at the end of the day when we have had no excitement and just want to—

The Hon. T.J. WHETSTONE: Surely you have another question on the budget.

Mr HUGHES: Yes; we have a number of questions on the budget.

The CHAIR: The minister will not provoke the member for Giles.

Mr HUGHES: Well, it is not specifically mentioned.

The CHAIR: I suggest, then, perhaps a question that we could roughly, vaguely, find in the budget papers.

Mr HUGHES: Surely, the doubling of production—page 95, then.

The Hon. T.J. WHETSTONE: I am happy to answer that.

The CHAIR: If the minister is happy to answer.

Mr HUGHES: That would be very good because I think it is a very worthwhile question.

The Hon. T.J. WHETSTONE: It is a worthwhile question. If you refer back to five questions ago, I gave you a very good overview of how we are going to grow the timber industry, how we are going to support changes and government initiatives that will help grow the timber industry. I think it is really important to understand that, as a government, we are setting up the advisory council, we are creating a good environment for industry to further invest.

We are making sure that we adhere to our commitments, understanding that, from a recent meeting with my federal counterparts at the Australian forestry ministers forum in Melbourne, there is a lot of circumspection about the industry growing with the support of everyday Australians. That is, we have to change the way forestry and foresters are perceived. First, people must understand how important it is and what a magnificent renewable industry it is. It is not about dealing with hard hats and yellow, heavy equipment. It is about understanding what plantations—

Mr HUGHES: In the interest of time, because we are quickly running out, the question specifically relates to the regional forestry hubs and the pilot—

The CHAIR: Member for Giles, I am mindful that we are almost at a quarter to. Given that the question from you did not relate to the budget and that the minister is happy to take it, we have had wideranging questions and, as speaker Atkinson ruled previously, it is very germane to the debate, and a wideranging answer is in order.

Mr GEE: Point of order: I think you are being very unfair, mate. It is the last question. We want the answer, alright? I have been very patient today.

The CHAIR: If the member for Taylor has a question, I would be more than happy to take it.

Mr HUGHES: We just want to know whether you have advocated on behalf of Mount Gambier and the South-East when it comes to the pilot forestry hub? It is a simple question.

The Hon. T.J. WHETSTONE: Absolutely; when I go to visit my interstate ministers at the forestry forum, I proudly advocate how important the Green Triangle is to the forestry sector and for the nation. It is the premier forest district in the country. The attributes that it presents include cost effectiveness, some of the best growing country, the climate, the workforce and the infrastructure in place. Now that we have a new government, as of March this year, people have an air of confidence that we have a government that will work with the forestry sector.

We are going to create that high level of confidence so that we see further investment not only within the mills but also in plantations, making sure that we address all of the issues that the forestry sector needs, making sure that we have productive infrastructure, making sure that our connections to the roads are safe and upgraded, making sure the bridges in particular are upgraded to accommodate the heavy vehicles, and making sure we have a sector that is supported, becomes more cost effective and can make productivity gains so they can be more globally competitive should we go back into the export arena.

But, at the moment, the domestic market is strong, as is the export market, and those prices are driven by world parity prices. I think it is really important to understand that if we can further value-add timber products in South Australia, we are creating more jobs and we are creating better service to the industry. I think it is also really important to note that while we are value-adding here, while we are creating more and more jobs here, it continues to put the Green Triangle on the world stage as one of the leading forest sectors right around the globe.

The CHAIR: You have eight seconds, member for Giles.

Mr HUGHES: Eight seconds, okay! Can you outline the current status of the giant pine scale eradication program, and have you budgeted for any further intervention should it be required?

The Hon. T.J. WHETSTONE: Can you give me that question again, please?

Mr HUGHES: The question is: can you outline the current status of the giant pine scale eradication program? It is a disease that has developed in the metropolitan area, that if it was to—

The CHAIR: Minister, that could be a question you may take on notice and provide an answer back on.

The Hon. T.J. WHETSTONE: That is actually part of biosecurity. If you had asked that question 45 minutes ago—

Mr HUGHES: But it also has a potentially serious impact on forestry.

The CHAIR: No doubt there is. If the minister feels he can provide an answer on notice—take it on notice—he can. I declare the examination of the proposed payments for the portfolio ForestrySA and the estimate of payments for the Department of Primary Industries and Regions and the administered items for the Department of Primary Industries and Regions completed.

At 17:46 the committee adjourned to Tuesday 25 September 2018 at 09:00.