

HOUSE OF ASSEMBLY

TUESDAY 12TH JUNE 2012

APPROPRIATION BILL 2012

Mr PEDERICK (Hammond) (17:17): I rise today to make my contribution to the Appropriation Bill 2012. Initially, I want to talk about some of my portfolio areas, including agriculture, in which (as is usual and as is the wont of this government which does not recognise what agriculture puts into this state with up to \$15 billion annually of finished food product coming from agriculture) we see more cuts. This was forecast several budgets ago where there were cuts inflicted on the sector, on the department, of \$80 million (\$20 million annually) and some massive staff reductions.

We have seen up to 400 staff leave the department of primary industries and, from what I am told, the morale of those who are there is getting lower and lower. In fact, recently a very good friend of mine left because they had just had enough of seeing a department that was getting absolutely gutted and lacking the support it needs to help drive the food bowl of this state.

It is really disappointing because, as much as we here support both mining and agriculture, we saw that, in the old primary industries and resources, before DMITRE turned up, the resources sector of the department did not have to make any efficiency gains. As I said, we appreciate on this side of the house that mining is important, but why is agriculture not important? In fact, it produces enough output for this state to triple what mining produces at the minute, because we are waiting for mining to ramp up, as the leader indicated earlier today, and we are still waiting to see what is going to happen up at Olympic Dam.

We know that BHP Billiton is very keen to get that project underway, but I understand that they are thinking about whether or not to progress at least eight other projects on a world scale around the globe. In the current financial climate, it is difficult, and it is also difficult for people like BHP Billiton to go on with these major projects with the federal mining tax, the carbon tax and the threat of essentially taking away the diesel rebate from off-road use.

That is the whole reason that both mining and farming are getting the 38¢ rebate—they are not on the road. The biggest issue is that whatever we pay in fuel tax and registration does not get put back into our infrastructure anyway. Our roads are so sadly lacking right around the state, yet here we see cash-strapped Labor governments at both a federal and a state level doing what they can to—

Mr Pengilly interjecting:

Mr PEDERICK: I think you can: it is just how big a deficit they want to have. These Labor governments just want to do what they can to make it hard for people who are employing thousands of people right round this country and minimise the chance of growing more wealth in the state and this nation.

Overall it looks like in the forward three years in agriculture we will see about \$24 million being cut from the state Labor budget and it is interesting to note that, during the Treasurer's budget speech, there was no mention of the clean and green food bowl, although this was clearly outlined in the Governor's speech. This is not a reflection on the Governor: the speech is written by the Labor government. It was clearly outlined that this was going to be one of the seven strategic priorities in the 2012-13 budget. Well, I am sorry: where is the priority? I have had a pretty good look at the budget and I cannot see any priority for the clean and green food bowl.

An honourable member interjecting:

Mr PEDERICK: Yes, lip service. There are some small funding applications there which I will talk about shortly, but all we see over time is a government that does not believe that it is impacted by cutting funding to agriculture because it has only one seat in the region, which is that of the Speaker, the member for Giles and, apart from that, they seem to think that their food turns up in cryovac packs and cartons or bottles in the supermarket.

What we have seen with agriculture is these full-time equivalent cuts across the entire portfolio. We see fees, fines and penalties across the whole sector continue to rise. In the Agriculture, Food and Fisheries program, the 'Fees, Fines and Penalties' income for 2012-13 is projected to increase to \$3.24 million, which is an increase of \$900,000 from the previous financial year. In straight-out funding cuts, apart from the full-time equivalent cuts, there is a reduction of expenditure of \$15 million from 2011-12 to 2012-13. As I mentioned earlier, when I was talking about the full-time equivalents, we are seeing another 98 jobs being taken from agriculture, and this is part of the total government savings initiatives.

In the cost recovery measures, there has been outlined in the budget a \$250,000 reduction to revenue due to delays in introducing the biosecurity cost recovery fee. This is all very interesting. The government has appointed Dennis Mutton to do their so-called inquiry into whether or not they will introduce this fee. When the Livestock Act was open recently in this place and the other place, all of a sudden that proposed fee disappeared.

I can understand that the government would have received a lot of angst over the property identification code fees and, to be fair, we agreed with that \$38 a year levy on farmers as part of a biosecurity arrangement for the primary industry sector. We thought, on this side, 'Yes, we do need to have proper management of biosecurity in

this state.' But where does it end? The Environment, Resources and Development Committee is looking at that fee as well to see if the government is going to bring it in or not. I will be interested to see, if it does happen, what double dipping there will be against the recent federal announcement of several hundred million dollars going into biosecurity.

I note in the budget that there is a proposed expenditure of \$5 million for minor capital works and equipment for 2012-13, which is essentially ongoing maintenance and updates of vehicles and machinery, etc. I guess we should be thankful for that—that there is some maintenance being carried out and some updates of vehicles—but this is ongoing costing that should happen anyway. I do not know why it has to have a special budget line. We notice that the operating expenditure for the 2012-13 budget is \$175 million which is a decrease of \$50 million from the 2011-12 budget.

As I indicated earlier in my speech, there has been some money put into agriculture. There is \$780,000 which I acknowledge is going into the Australian Centre for Plant Functional Genomics for wheat breeding, but this is one of the small lights, and a very faint light, in this budget in regard to agriculture in this state. We look at fisheries and aquaculture and ever-increasing fees. We see that there has been almost half a million dollars for structural and environmental enhancements to fishing industry facilities but there has also been an increase in cost recovery and associated fees in 2012-13 to a total of \$400,000.

Because we have seen the end of the exceptional circumstances interest rate subsidy in this state, there is quite a decrease in expenditure—and that adds up to \$12.8 million—but there is also a decrease in the income side which is now \$9.4 million extra due to lower commonwealth funding for the exceptional circumstances interest rate subsidy.

Reflecting back on biosecurity, we see a reduction in expenditure to the tune of \$8.7 million, and \$4.8 million of this is the winding-up essentially of the branched broomrape eradication program which will finish at the end of this month. We have seen the national body make recommendations to both the federal and state governments saying that branched broomrape cannot be eradicated. I think we should have stuck to it. It has been costing \$4.5 million annually between federal and state funding for this program: \$2.6 million of federal funds and \$1.9 million of state funds.

Over 10 years we have seen \$45 million of government money, and it is reported that an estimated \$70 million of farmers' money has gone into this program. As we move into the new financial year we move into a whole new era as far as the management of branched broomrape where, basically, the quarantine area will be opened up and we will just go to a containment program. I will be keeping a very close eye on it to see that there are not any trade restrictions placed on farmers in the broomrape area.

I note the presence of the member of the Schubert in the house—it goes across his seat, my seat, into the seat of Chaffey and there may be a bit elsewhere. I will be very concerned if there are any problems, and I will certainly bring it to the attention of this place if compensation is needed for farmers in that area.

Forestry is an interesting one: this is where the Hon. Michael O'Brien, former forestry minister, said, 'Well, we had to sell the forests to keep the AAA credit rating.' Well, the AAA credit rating has gone out the window, so I would have thought we would have automatically ceased the forward sale. When you add those statements and what has happened over the matter of time, you can see why the reckless spending of this government has left us so far in the red.

We see there has been a reduction in expenditure of \$0.3 million due to a rationalisation of service delivery, and we are seeing that it is programmed that, instead of making a net contribution to government of around \$40 million annually, which Forestry SA has been doing, it is estimated that it will cost the government \$3.8 million by 2012-13. This is because this government is hell-bent on selling one of the biggest assets in this state, and they will give it away for something to the tune of \$600 million just to help fund the \$9 billion of infrastructure spend in the city.

We see this is already hitting the budget, where the net contribution to the government from Forestry SA is estimated to be \$18.9 million in 2011-12, which is a significant decrease from the budgeted \$38.6 million the government was hoping to make from Forestry SA this year. Surprise, surprise: this has been blamed on reduced timber sales and planned forward sales of forest rotations in the South-East. So, this is going to be a once-off. If the Labor government sells three rotations of forestry, that could be up to 111 years. None of us in this house will be here in 111 years and, if you are, good on you, but—

Mr Venning: Speak for yourself!

Mr PEDERICK: No, I do not think even the member for Schubert will be here in 111 years' time. I know we talk about 111 years and the fact that none of us are likely to be here: this is how long it is; this is something that will not just affect our grandkids, but our great-grandchildren, without having this asset, will be pouring money back into state coffers.

It is interesting to note that the 2012-13 investment program for Forestry SA is targeted at just under \$16 million for land acquisition, equipment, maintenance and technology, and it will be interesting to see whether that is spent as time goes on. I think the government has forgotten that there are all of these other areas of forestry which will need to be managed, such as up towards Jamestown and Kuitpo, and Crawford Forest in Mount Crawford.

I think, just on that level, let alone the foolhardiness of having this forward sale option, that they have not had a good look at what it really means for the cost to government into the future. We have already seen that with the significant decrease from the budgeted net money coming into government coffers.

The South Australian Research and Development Institute (SARDI) has a total of \$0.9 million in expenditure—\$900,000 coming out of the budget, down from \$31.47 million in 2011-12, to \$30.96 million in 2012-13. This obviously sees a reduction in research and development activity of around \$1 million. What really concerns me about what is happening in that research area is what is going to happen with the \$70 million plus of assets that are in government hands operated by SARDI, whether it is at West Beach, Turretfield, the Minnipa research station, or the many other centres that have been places of excellence for research for many years in this state.

The good oil I have on this is that the government just wants to walk away from agricultural research and technology in this state, and this will be transferred over to Adelaide University. I guess the caution I have with Adelaide University taking over this is that it recently sold several properties in the Mid North, and it has, I think, \$50 million, which it is setting up to be spent just on agriculture. That is a good thing, but I hope that is what happens, because we have seen families make bequests to the university for these properties to be used for agriculture and then, 40 years down the track, they are sold.

What really worries me here is that, essentially, when Adelaide University takes over, and it will come to a time when Adelaide University takes over (I think it was supposed to happen by the end of this month, but it has not happened because negotiations are still ongoing), what will happen with all the assets? I have been told that the government will help fund the university into these assets, but then I have also been told that, essentially, the government will forgive the debt. Why would a government that is cash-strapped give up at least \$70 million (and possibly a lot more) and give it away? I find it hard to believe. As I have indicated, you see this with the forest sale and we see it with the sale of the Lotteries Commission for \$80 million, with the commission providing \$20 million annually to the state coffers.

In my mind, another issue is the \$6 million that is being saved by this government by ripping it out of schools, and this is affecting schools in my electorate. Murray Bridge North Primary and Murray Bridge North Junior Primary have been running as two schools—but, no, the government has decreed that they will be amalgamated, and that is that. The government spent significant money (I think it was about \$300,000) allegedly consulting on this amalgamation, and the government came out with a result that it wanted. Surprise, surprise!

What we will see across the state is diminished funding resources for schools, whether it is for special education or libraries or whether it is for student officers to

assist with children's education, and I think this is a terrible outcome for the children of this state. I will add some more points later on when I get to grieve in regard to the Appropriation Bill. What we have seen is another budget come out where the regions are pillaged for their growth and for the benefit of the urban areas.