

HOUSE OF ASSEMBLY

WEDNESDAY 28TH MARCH 2012

SUPPLY BILL 2012

Mr PEDERICK (Hammond) (12:44): I rise to make my contribution to the Supply Bill debate.

The Hon. M.J. Atkinson: Yes, we can see that.

Mr PEDERICK: I am glad that the member for—

The Hon. M.J. Atkinson interjecting:

The DEPUTY SPEAKER: Member for Croydon, do you wish to take an early lunch break?

The Hon. M.J. Atkinson: I have some doorknocking to do in the—

The DEPUTY SPEAKER: You may be forced to in a minute.

Mr PEDERICK: Thank you for your protection, Mr Deputy Speaker. I am pleased that the member for Croydon is so pleased that I am making my contribution today. In my comments in regard to the Supply Bill I want to talk about some of the industries and activities in agriculture in this state that receive no support. We have seen United Dairy Power over a period of months—and I was involved in the discussion with the government over a period of about nine or 10 months—seeking government assistance to purchase the two factories from Lion or National Foods in Murray Bridge and Jervois. We had many discussions with minister O'Brien in the first instance and then minister Gago. I note that Brent Lewis from Regional Development Australia was involved in this, as was Allan Arbon, the mayor of Murray Bridge.

What we are dealing with here is a factory in Murray Bridge and a cheese factory in Jervois employing somewhere around 120 staff. United Dairy Power sought stamp duty relief and payroll tax relief from the government. The government strung this along until it got to the stage where United Dairy Power bit the bullet—and I give them credit for this—and purchased the two plants anyway.

I was informed by Tony Esposito from United Dairy Power only this morning that he is in receipt of correspondence from the Minister for Agriculture saying that no funding will be forthcoming. This is extremely disappointing, not just for those workers in Murray Bridge and Jervois, but for the dairy industry in South Australia as a whole. Dairying has suffered a lot, as has most of agriculture in the last decade,

before the last couple of reasonable wet years. The high dollar is hurting businesses, and we have seen loss in dairies on the Lower Murray swamps when there has been no water and people walking away from properties because it has become too difficult to run dairy operations.

What saddens me is that I do not think that the government realises the contribution that dairying makes to this state. If the two factories go—and who knows what could happen in the future—it will put at very real risk where milk produced in this state is treated and used. It could end up going to the Eastern States. So, we will end up with a milk factory here in Adelaide and the rest of it will go to the Eastern States. What does that do for our milk producers in this state?

I note that on 28 November, I think—and I could not be at the meeting because I was meeting with the Hon. Tom Koutsantonis on a mining matter—Mayor Allan Arbon and Brent Lewis met with minister Gago, and they said that they were taking the issue to Treasury. When I met with minister Gago recently I was told that they had only just referred that to Treasury. I would like to know what goes on in the background—not much, I believe.

There is a very real chance that we could see job losses here because there has not been any support. United Dairy Power realised that there was not a lot of cash about, so it tried to come at it from another angle, seeking stamp duty relief and payroll tax relief for this operation.

We see the car industry in this state—GMH—receiving \$50 million of state money. We see \$20 million going into the Riverland, assisting industries there, and that is good, but what about the industries of the Lower Murray who have suffered so much in this last drought event and over the last decade?

I also want to talk about where we are going with the control and management—or non-control and non-management—of branched broomrape in this state. We see the government meekly agreeing with what the national body says. It is trying to tell the community and me, as the local member, that branched broomrape cannot be controlled. I think it is a matter of putting your head to the grindstone and getting on with the job—just get on with it. We have seen 10 years of investment into this program—\$45 million—\$2.6 million annually from the federal government, \$1.9 million annually from the state government and, over that period, we have seen somewhere around \$70 million of contributions made by primary producers to help combat this pest.

I note that the minister is going to give members of parliament a briefing, and I would like to think that there will be some good news in that briefing, but I very much doubt it. We have people, as I mentioned in this place before, who have reached the 12-year stage and they have been released from quarantine with regard

to branch broomrape, but there is so much uncertainty now. There is uncertainty of markets—where will the grain go? I do not believe that the government has had serious consultations with people like Viterra, which looks like being purchased by Glencore and, obviously, without our major grain trader in this state, who holds most of the assets?

What conversations has the government had with our meat processors? What happens if we have a whole region of hundreds of thousands of acres in the Murraylands affected—and it encompasses my electorate, the member for Schubert's electorate and maybe even goes into the member for Chaffey's electorate? What hope have these people got if there are trade sanctions brought against them and they cannot get rid of this produce? This will not only impact the Murraylands. This could impact on the whole state's viability, not only due to interstate trade sanctions imposed on us because of this non-activity against branch broomrape but it could also have national implications as well.

This all gets back to where the government is going with the so-called cost recovery process. We have seen it enacted in fisheries and aquaculture, with more and more costs imposed on these industries with the so-called idea of cost recovery. I remember the debate I had with minister McEwen about four or five years ago with regard to oyster fees, and we have never received a reasonable response on what those fees were from the department and how they calculated them. I think with cost recovery, we see that the departments are told, 'We need to recover this much money, you work it out.' I do not think it has anything to do with reality. I think it is all about departments and ministers saying, 'We need to find so many million dollars. You target the industries under you, and we'll give them some loose response on how we value that cost recovery program.'

At the moment I know that there are discussions going on with land-based aquaculture as one of the final groups in that area to be hit with the cost recovery process. Land-based aquaculture is a fairly fledgling business. Land-based aquaculture has been attempted over many years. Plenty of people have given it a go and not that many have survived. It is a business where basically sometimes you have to sleep on site to make sure that nothing goes wrong. You have to have the water right, the temperature right and the whole program right to make sure that it all operates. I remember years ago going out to the Bedford site at Cooke Plains, which is now abandoned, where there was a project to farm fish and betacarotene, but that has all long fallen over.

There are success stories, and I have met with some of those people recently but, like everyone else, they are fearful that they are going to be taxed out of existence. Basically, it gets down to whether or not we will keep striving to produce these fish using the aquacultural farming method. As time goes on, and as we need to feed a hungrier and hungrier world, aquaculture will take up more and more of a

percentage with regard to fish to feed the world than wildcatch. Wildcatch still plays a very significant role in this but aquaculture will slowly take up those percentages with regard to the amount of fish eaten throughout the world.

We see this issue reflected in agriculture. The property identification code fee has come in at \$38 per annum, and then the government is going to introduce further biosecurity fees. Thankfully, the government has actually listened. They are doing their own investigation into how they can justify these fees. I am a bit concerned that they may put up this investigation just to justify why they want to charge farmers more fees. On our referral, it has gone to the same issue, with biosecurity going before the Environment Resources and Development Committee for it to have a look at it.

You have to wonder why the government takes its foot off the pedal in regard to primary industries in this state. We are in the budget process now, and \$80 million is being taken out of the agriculture over—

The Hon. M.J. Atkinson interjecting:

Mr PEDERICK: —you can make a contribution later, Mick—four years, and we have seen around 400 staff leave. I have heard that morale is just terrible in Primary Industries, and it is under this Labor government that this has all happened. They need to be brought to account—

The Hon. A. Koutsantonis interjecting:

Mr PEDERICK: Well, it's the truth; it is what is happening out there. I know people who have given very good service to Primary Industries over many years. They took the handshake because they knew it was their best chance to do the best for themselves, but they went reluctantly, knowing that things would become worse over time.

I want to talk about the Environment Protection Authority (EPA)—some people's favourite organisation—and its proposal to introduce inland waters desalination fees. This affects my constituents around Lake Alexandrina and Lake Albert. People around Lake Albert who have put in desalination plants still have to use them unless they are paying a high price for water out of the reticulated pipeline.

Most of the plants, from my understanding—and about eight were installed around Lake Alexandrina—are basically in care and control, or perhaps they just run them to keep the system running. They might use it for a bit of spray because the water out of Lake Alexandrina is good enough at the moment to use for irrigation or stock water.

I was talking to a person yesterday who invested \$1 million in this project. It is about \$200,000 to \$250,000 alone just in the desalination plant itself, and then there is all the other infrastructure that has to go in under council guidance, council regulation and EPA regulation on how you manage the brine dams and that sort of thing. It can be released back into bores, a clay-based dam, or a plastic-lined dam. The plastic is guaranteed for 25 years, so you would like to think it would last for 30 years.

Another constituent spent \$120,000 just on building this dam. This was because these people were told during the drought that they would not get any assistance, that there would be no other access for water. So, they were proactive in making sure they got going and took their future in their own hands and invested millions of dollars between them so that they could be viable. One of my constituents is getting close to 70 years old. He said he would have liked to retire soon, but he has to keep going because he has made this million-dollar investment.

Our friends at the EPA have come out five years after the event and looked at it as a cash cow. They have decided that we are going to put some cost recovery measures into licensing these desalination plants and the associated brine disposal. I seek leave to continue my remarks.

Leave granted; debate adjourned.