

APPROPRIATION BILL - Budget Response – 29 Sept 2010

Mr PEDERICK (Hammond) (12:04): I rise today to speak about the Appropriation Bill and, at the beginning of my speech, I want to talk about the locust plague that has already gone through primary industries support in this state. We have a premier who ran up to Orroroo the other day—I am surprised he even knew where it was. He flew in to make a big announcement about what is going on with the locust plague in the northern section of this state and throughout the Murray Mallee region of the state. Well, it is the government's job to be involved in locust plagues. We managed it under Rob Kerin in the year 2000, and it was very successful under Rob, where we beat most of the hoppers on the ground and millions of dollars were invested.

When the present minister for agriculture was asked about the locust plague when he was in the Riverland in April, he said, 'What locusts?' This coming from a man who said he was the best agricultural spokesman in Australia, and he did not know what they were. So, now the Premier is taking the lead on the issue in Orroroo to make it look like the government is doing something about primary industries in this state when, in fact, what we have seen come out of this state budget is an \$80 million cut—like a plague of locusts—in the department over four years; also in that are cuts of 180 staff. I believe this comes on top of 200 staff who have recently left Primary Industries and Resources SA.

I have good friends who have been working for Primary Industries and Resources, Rural Solutions, and other sections, and the South Australian Research and Development Institute, who were told in June that they would be redeployed. A lot of these people have just been waiting for the golden handshake. The only good thing for these people is that this government has put up the most generous exit package.

In saying that, we are losing so much talent, so much history and so much intellect from the primary industries department. What are we going to do? Who is going to be at the core of the fight against the next locust outbreak in this state? There will be virtually no-one. There will be no experience. All the experienced people are going. The extension guys and the guys who used to come and do outreach in my own agricultural bureau down at Coomandook are very good men and they have seen what is happening. They get offered a package, they see that the packages are up, and they know darn well that the next round will be worse, so it is time to jump, long before they need to. They could be putting their knowledge around the state and into research and development and extension work for farmers across the state.

We have a government that pretends to be so concerned about the \$2 billion potential crop production in this state. I do not think it will be concerned about the locusts until they start eating out the lawns in Springfield and Norwood.

Mr Pengilly: It won't be around the Parks Community Centre.

Mr PEDERICK: Yes, it will not be around the Parks Community Centre, because the D9s will get there beforehand; it will be gone. This is a crisis in South Australia. We had the agriculture minister, minister O'Brien, state recently that he wants agriculture to be up there with defence and mining as an industry in this state.

Mr Pengilly: They've actually got to catch agriculture.

Mr PEDERICK: Yes; and it will not be because of the support that the government gives it: it will be because of the resilience of the people in the bush and surrounding areas of Adelaide who put their hearts and minds, their farms and businesses on the line.

Mr Goldsworthy: They're sold.

Mr PEDERICK: Yes, they are sold, says the member for Kavel. They put everything into it. I know what it is like; I have been there. They lay it all on the line. They employ people and generate incomes for regional communities. You might be surprised about this, but farming happens outside Gepps Cross and Glen Osmond. That is where it happens. A lot of kids in high schools and primary schools, especially in the city, think milk comes in a carton. Well, a whole lot of other processes have to happen before it turns up in the carton.

Mr Goldsworthy: Where do their lamb chops come from?

Mr PEDERICK: Yes, where do their lamb chops come from? They come from Woolworths, Coles, Foodland, or somewhere else. They go to the grocery store and there is the food. Farmers would not do it, but it would be interesting to see if all the farmers in this state suddenly decided, 'We'll just cut production for a month. We won't market any grain, meat or eggs.' I was interested to note the other day that people were concerned about a shortage of eggs in this state, because so many cafes are promoting breakfast, which is a great thing. People can go out and have breakfast, mainly in the city. It is good eating produce.

Mr Pisoni: Good country eggs.

Mr PEDERICK: Good country eggs. However, we run the very real risk that all our industries will be under threat. We have seen this government just strip funding. They have **closed the Streaky Bay office**, Nuriootpa is under threat, the Keith office of Primary Industries is under threat, Jamestown is under threat, the Lenswood Research Centre (where is that going?), the Flaxley dairy research centre has gone, and we are fortunate in this state that Minnipa is still going. They are doing great research up there. I have been there in the last 12 to 18 months having a look at what is happening at Minnipa, and it is very vital, especially in the region on the Far West Coast and, generally, around Eyre Peninsula, which has had tough times, like the rest of the farming areas in this state, and so much production has been grown there and across the state.

We find that after nine pretty tough years generally across the board most farmers have not had a decent income since 2001; that is a long time. All of a sudden we find out that there is going to be less and less support for what is vital research and development for farmers in this state.

Farmers are expected to grow more and more per acre, or per hectare, depending on how you want to look at it, as time goes on, and they are doing it. If you go back 100 years there would have been only a few people fed from an acre of country. Now the number of people who are fed is manyfold, and it is done in a sustainable way, in the majority of cases. They have gone to single till farming, or minimum till farming methods, where farmers go across their land in only one, or maybe two, passes; whereas, in the past, it may have been six to 12 passes to put a crop in. There is an old saying in the Mallee that if it doesn't blow it doesn't grow. Well, I do not think that is a good saying, because when you see a tractor working country—well, you cannot see the tractor because it is covered in dust—there is far too much blow.

I believe that 99 per cent (if not more) of farmers are farming in a sustainable way. Some people are still using the old methods, but they are producing more food, harvesting more water as they need to in these dry years to produce their crops. And what do they get from this city-centric government? They get nothing.

The only reason that people have developed new technologies in the bush is because of the **research and development** that has been carried out in this state, otherwise, we would still see archaic methods being used, and they are unsustainable—

Mr Goldsworthy interjecting:

Mr PEDERICK: Yes, absolutely; we are leaders in agricultural technology in this state. For many years, for decades, we have exported our knowledge to the Middle East, Russia, the United States and other places, and we are known throughout the world as very good farming operators. But what support do they have in this state?

We have agriculture minister O'Brien make comments, which I was not happy about, about the \$12.8 million that was being allocated for the **locusts**. Yes, I am happy about that, but I still believe it needs more. He also made a statement that I had asked for \$20 million. That was from an interjection that I made to the Treasurer in this place, that they may need \$20 million. The government keeps saying that there will be extra funding available. Well, I tell you, it better be available when it is needed, so that those planes can keep flying and put their ultra low volume spray out so that we can beat these hoppers, these locusts, on the ground, because once they are in the air they can be anywhere. They can move 500 kilometres in a night with a tail wind.

We have had the minister for agriculture saying, 'Oh, we won't need to worry about spraying on the West Coast; they won't get to Eyre Peninsula.' Well, I'm sorry, they won't need much of a tail wind and they will be over there, and they could come from the locusts that are coming down through the north or the ones that are coming across from New South Wales and Victoria into the Murray Mallee.

We have to be vigilant. There are teams out there. I believe there are well over 100 people and seven planes that will need to be vigilant right across the board. As I said, it will not just be agriculture that will be at risk; it will be everything in this state, the future of this state, I believe, if they do cut a swath through a potential \$2 billion plus crop. This is the assistance we get from this government—no assistance.

We are told that **180 more jobs are to go**, as well as so-called targeted voluntary separation packages. As I said, I believe that people will grab these packages now, and they will run because they know that, when the next lot comes around, there will be less. Not only that, but Rural Solutions, a vital part of the extension work and supposedly the profitable arm of primary industries, is going to full cost recovery. Over four years, \$12 million will be taken out of Rural Solutions.

As I indicated, farmers have been doing it tough. How can they afford all the extra costs? Not only are we losing staff in the bush but also the government is increasing costs, so it will cost more if you do want to get any research and development or extension work done. The same thing applies to the **South Australian Research and Development Institute**, which will have cutbacks of \$8 million over four years. I quote from the budget as follows:

SARDI will increase cost recovery and reduce costs, resulting in a reduction in research and development activity and service delivery across the broader spectrum of primary industries research. The savings will be achieved through the cessation of some research and development activities and workforce changes.

What that simply means is that the axe is being put to SARDI and the axe is being put to staff. We have a government that has been here for eight years, it realises that it cannot govern, so now it will just sack people willy-nilly.

What will happen to the expertise that we lose from research and development in this state? Will the expertise, the innovation and the benefits that can be grown in this state be contracted to interstate and overseas companies? Will the profit focus compromise the integrity of the research that is done in this state? What are the taxes that farmers pay used for? Farming can be profitable when you have good years. Where are these taxes going—to the city, the super schools, super hospitals, super highways and super entertainment facilities, because they are certainly not going out to the bush.

I was dismayed the other day at the Public Works Committee hearing on the **Dukes Highway** when we were basically told that it was not going to be dual laned to the Victorian border for another 30 years. I hope I am still here to see it; I hope that it is a lot sooner than that.

Mr Pengilly: In here?

Mr PEDERICK: Well, maybe not in here, but around. All I am saying is that, why are projects such as this not put on? We have the Northern Expressway; over \$500 million was put into that project. The recent upgrade to the Dukes Highway cost \$80 million, which would have funded at least 16 kilometres of dual lane and got it out to the other side of Cookes Plains, towards Coomandook (where my property is), and started to make it safer for everyone who travels along that road.

I want to talk about other costs, for example, **commercial fishing and aquaculture**: \$1.3 million will be achieved over three years by raising the current fees charged to the commercial fishing industry to fully recover the costs of providing commercial fishing regulatory and support programs; and \$1.9 million over three years by raising the fees and charges to the aquaculture industry to cover the full cost of regulatory and support programs.

This is coming from a government that now is increasing further costs on the fishing industry. We have recently had the debate both in this place and outside with the media with the fisheries minister—minister O'Brien, again—who has put out a statement talking about the alleged amount of money that southern zone rock lobster fishermen make. I think this is a terrible indictment that the minister makes against these people—the fact that they actually go out there and make some money. Well, what a pity.

These are people who are driving this economy. They are in a multimillion dollar industry. They put themselves at risk to harvest crayfish, and all the minister can do is give them a hard time about how much money they might be making.

Mr Goldsworthy: Criticise them.

Mr PEDERICK: Yes, criticise them about how much money they might be making. The big issue with the southern zone rock lobster fishermen was that, with five weeks' notice, the minister

pulled the month of October out from under them. Their industry is under more pressure and jobs are at risk and have already gone, yet they have to pay more fees.

If we look at **biosecurity**, this has more **cost recovery**, and I quote from the budget. They will increase revenue by \$9 million over four years from improved cost recovery from livestock owners who benefit from existing animal health surveillance programs, and save \$1.5 million through operational efficiencies. 'Operational efficiencies', to me, reads 'sackings'. Then there will be a further \$1.3 million saved through biosecurity aquatic pest management efficiencies in aquatic pest outbreak response and surveillance activities. I also believe there will be cost recovery placed on our fruit fly inspections. This comes at a time when the people growing our fruit in the Riverland and other areas (the Adelaide Hills, for example) come under more pressure but they face more costs just to keep their industry going.

Here is the real clanger the government has put in. It may not be a lot of money but I think it is a vital support that is being knocked out by the so-called, self-proclaimed, best agriculture spokesman in the country. They will cease support to the Advisory Board of Agriculture. This is a man who lives in Springfield and his electorate is at One Tree Hill, and I know one day he said to one of our members in the other place, 'It's a long way out here to go to a meeting.' I wonder how many sets of traffic lights it is for the minister to go to his own electorate.

They will cease support for the **Advisory Board of Agriculture** that actually advises the government. So we have a government that thinks it does not need advice. Well, I could give it plenty. They are saying they will save \$2.1 million over four years by rationalising programs that coordinate regional primary industries, related community development, building capacities and skills policy development. As I note, it includes the cessation of government support to the Advisory Board of Agriculture.

We also see \$7 million cut from **wine industry** support and the cellar door subsidy. This will be reduced from something over \$500,000 to \$50,000 per producer from 1 July 2011. We note there is a further hit to the wine industry, which is suffering right across the wine producing regions. A further \$2.3 million saving over four years will be made through 'a reduction in grants and programs relating to the agriculture, food and wine sectors' and 'assistance to food industry organisations and associations would be reduced'.

To cap it all off, a **payroll tax rebate** for exporters is going, and that will save \$10 million; and the regional petroleum subsidy will have \$50 million cut over four years, which will be a kick in the guts for people right across the regions, and it will make produce, building materials and everything that comes out of or goes into the regions more expensive.

I condemn this government for the attitude it has taken to the bush, regional areas and the farmers of this state. They should hang their heads in shame. I think it is an absolute disgrace. If this minister thinks he can get on without advice from bodies such as the Advisory Board of Agriculture and that agriculture can be the dynamic force it has been without this support, he is wrong.

Mr PEDERICK (Hammond) (21:44): I wish to progress my earlier comments in regard to the Appropriation Bill and talk about what this government is proposing and, I believe, is well on the way to doing, that is, selling off two to three rotations of **forestry**. I will quote from sections of the budget:

The Department of Treasury and Finance market projects unit was established to progress initiatives aimed at realising the value of some of the state's assets. Measures included: to investigate selling harvest rights of ForestrySA plantations.

I further quote:

A significant improvement in net lending is forecast in 2011-12, reflecting the proposed sale of ForestrySA assets. Proceeds from the sale of Forestry SA's harvests have not been disclosed so as to avoid prejudicing the sales process.

I note recommendation 39 in the government response to the Sustainable Budget Commission's second report, page 20, which states, 'The commission recommends the government should sell Forestry South Australia' outright. While not supporting that recommendation the government 'reaffirms its public position of supporting the possible sale of two or three harvesting rotations'. In the original Sustainable Budget Commission report there was reference to more consultation. What is this: turn up and tell people; announce and defend? Have they decided to sell or not, is the question?

Recently on radio, treasurer Kevin Foley said that the government was still deliberating on the proposal to forward-sell up to three rotations of forest. Shortly after, his forestry minister, the nationally known expert—in his own mind anyway—said, 'The government has made a decision, we will be putting on the market two or three forward rotations.' I ask the question: is the Treasurer afraid to speak the truth about the proposal or is the minister simply wrong? Either way it is pretty unimpressive.

The issue we have with forward-selling of three rotations of forest, as indicated today by the member for Mount Gambier, is that this will be over 100 years of timber. It is essentially a privatisation. The Minister for Forests tried to indicate on radio the other day that it had worked in Victoria. The information provided to me is that it is not working, that logs are having to be imported in hundreds of thousands of tonnes for mills in Victoria because they are not being supplied by the private operator of the forests.

For the life of me, I cannot see how you can make an overseas investor, who will be the only ones who will have the money for a sale of this magnitude, because it will at least be in the many hundreds of millions of dollars—will they be worried about the mills in the South-East? Will they be worried about the upgrades that have to happen to these mills for more efficiencies? No.

So, it puts a whole range of issues in the South-East, where 25 per cent of local jobs are derived directly from forestry, and it affects 30 per cent of the economy. A sale like this will destroy the economy around the Green Triangle, especially in Mount Gambier; I am absolutely certain of that. This city-centric government, I am sure, will go down this path—this socialist government—selling off the future of people who live in this state, of not only their kids but their grandkids and their great-grandkids.

I also want to make mention of the cuts to the **small schools grants** and the savings of \$12 million and the **amalgamation** saving of \$8.2 million in regard to co-located schools. The cuts to the small schools grants will just mean that smaller schools will disappear. I recently had a letter from the Morgan family at Geranium, concerned that their small school will disappear under this because it will lose its funding. Many members on this side have made the same point about small schools in their areas. I believe it will also happen under the co-located schools program.

It is interesting to note that the value of South Australian **overseas exports** fell by 15 per cent to \$8.1 billion in 2009-10, similar to the national fall of 13 per cent. This is another issue where the government has taken away the rebate for exporters in this state, which will cost \$10 million. The cost of living increased by stealth by the cuts imposed on agriculture and regional services will increase the costs for producers, and an increase in higher prices of produce from regional areas. This will result in a higher cost of living across the board for all South Australians.

I want to reflect on some comments made earlier today by the member for Light about comments made by our leader about getting an education under a gum tree. I tell you what: there is a school I went in to bat for—it was my home school. I declare my interest; it is where my kids (Mackenzie and Angus) go. That community has fought for eight years and honestly, the rooms those kids were in, especially year 4 and under—mice, rats and snakes could get in there. It was not until a major deputation by myself and the school community that those rooms have now disappeared because they were a great risk to students. Perhaps they would have been better off being educated under a gum tree.

I look in the budget and I see cuts to **regional development funding** by 2013. Here we go again with this government: no thoughts of the regions; no thoughts of what is happening outside of anywhere between Gepps Cross and Glen Osmond. How do they think we are going to make this place grow? As I mentioned earlier, the agriculture minister wants agriculture to be a powerhouse like defence and mining in this state, yet all this government does is defund the regions across the board, not just in agriculture but in regional development funding as well.

I note that the new **Royal Adelaide Hospital** is not in the budget. Has that gone the way of **Mobilong Prison** (which the government threatened to build with virtually no consultation with our side of the house and especially with me as the local member) or the **Mount Bold Reservoir** expansion? When I met with the former minister for water and the River Murray, probably two years ago or more, I said to the former minister, 'You're going to need 95 per cent of water pumped into that reservoir to fill it from the River Murray,' and she said, 'No, you won't, Adrian; I'll get you a briefing.' Well, I am still waiting for that briefing and I do not think it is likely to come.

Mr Goldsworthy: She's gone.

Mr PEDERICK: She's gone; I won't get it from her. Maybe I'll get it from the new water spokesman.

The Hon. P. Caica interjecting:

Mr PEDERICK: It is not even in your budget anymore. It's long gone.

Members interjecting:

The SPEAKER: Order!

Mr PEDERICK: I note the **Adelaide Oval** debacle where this government cannot work out how much money it is going to spend. First it is \$300 million; then it is \$450 million and not a penny more. All of a sudden it is \$535 million and it will be more. It will turn into \$700 or \$800 million and they will have a project that will be 30 years out of date before the first sod is turned. It will be an absolute disgrace to the Adelaide Oval, and they will ruin it.

I note that the Minister for the **River Murray** and Minister for Water is in here tonight, and in my closing remarks I want to reflect on the river and just say that we are very fortunate that we have had rains in the northern basin and the southern basin. The southern basin is wetted up and I believe that that is the only real reason that we have water in the river. The dams have been filled in the northern basin and the southern basin and it is wetted up.

I would just like to complete my remarks by saying how much this government has disenfranchised the communities in the Riverland and the Mallee. There was a public meeting where people were programmed to talk on the levee bank proposals, on how the government was hopefully going to do something with the levee banks that are leaking and will continue leaking, but they did not send their spokesman along because they thought they might come to harm. How bad is that? The government has disenfranchised the people of this state that much—and that is true. That is exactly what happened.

The Hon. P. Caica interjecting:

Mr PEDERICK: I'm not gutless. I know exactly how it happened. They have disenfranchised the people of the state that much. This is exactly how this government runs and how this government runs everything in the regions whether it is to do with agriculture, regional development or the River Murray.