

APPROPRIATION BILL

Adjourned debate on motion:

That the proposed expenditures referred to Estimates Committees A and B be agreed to.

(Continued from 6 July 2011.)

Mr PEDERICK (Hammond) (11:34): I rise to make my contribution to the Appropriation Bill and the conclusion of estimates. I, too, am dismayed, as is the member for Finniss and other members on this side of the house, at the scant regard that this government has for South Australian businesses and constituents. As a regional member of this state parliament, I find it horrifying that, with a \$9.1 billion infrastructure spend this government has in place, very, very little—only the dregs of that—will make it into regional areas.

We have a government that barely recognises regional areas. I certainly acknowledge the Speaker and her seat of Giles; she will bring some part of relevance of the regions to a government that otherwise has no focus outside Gepps Cross and Glen Osmond, because all this government is concerned about are votes. They look at the seats and they work out whether they will even worry about standing in so-called safer Liberal seats or they will just run people who are in university and do not even know which part of South Australia the seat is.

It is a real issue for democracy in this state and how a state is run when they are only governing for the city, for the urban areas of this state. I reflect on one of my portfolios, agriculture, which has taken a real hit with the gross over-spending of this state. I will go back to the budget that was laid down last year just for a bit of historical reference compared to what has happened with this year's budget.

We saw primary industries out of the agriculture section losing 179 jobs, and this was on top of 100-odd jobs from the year before; and \$80 million worth of cuts coming out of primary industries over four years. We see Rural Solutions South Australia losing \$12 million over four years, and we are still in part of that budget cycle with those cuts out of Rural Solutions. It is interesting, because the government had a problem with its so-called targeted voluntary separation packages within Rural Solutions.

I asked the question about what seemed to me to be 27 people who had been hired but who were not accounted for. One adviser (and I will not use his name; I will protect the adviser because they are doing their best), when I pushed the questioning in estimates about the calculation of the 27 TVSPs, said, 'Well, it was a miscalculation,' and that they needed those staff for the extra work that needed to be done through Rural Solutions.' But then the minister came back in response to another question a couple of minutes later and said, 'No, it wasn't a miscalculation.'

So I am not sure whether or not it was a miscalculation, but what we found out during the estimates process was that 27 targeted people actually were needed to do the vital extension work and program work that Rural Solutions does for primary industries in this state, and the government is in a real hole as to whether or not they need these people. They just seem to pick numbers out and decide, 'Well, we'll cut them out here, we'll cut them out there,' and do not even have a full hand on the programs that are on the way.

We see SARDI's research cutbacks, supposedly to save \$8 million over four years. Out of the budget line this year we see a direct line that says that \$2.7 million is to come out of SARDI research. My understanding is that SARDI owns all these facilities, which includes the facilities at the Minnipa Agriculture Centre, over on Eyre Peninsula, which does great work in dryland farming. We have the Waikerie Inland Aquaculture Centre up in the Riverland, and we have other centres. We have the West Beach marine facility that does great work in the fisheries and aquaculture fields. There is another aquaculture facility down at Mount Gambier. We have the Struan Research Centre, Turretfield and Kybybolite.

I note Flaxley is still listed on the SARDI website, but the dairy herd from Flaxley has been sold off, and we are still awaiting to see the outcome of the sale of that land at Flaxley. What bothers me is that, when I asked the question about what specific programs or what specific scientists would be cut with the \$2.7 million from vital research and development for the agriculture and fisheries and

aquaculture sectors of this state, the government and the minister indicated that they would have to come back to me.

That is not good enough because I am sure on this budget line the minister must have said, 'This needs to go in as part of our \$8 million slashing of research and development funding for agriculture.' He would have put it up to the Treasurer, and there it is, but there is no substance to show where these cuts are going to be made. I note that Dr Pauline Mooney, Chief Executive of SARDI, has also expressed her disquiet and disgust at these cuts, and she is certainly concerned, as am I, about where research and development are heading in this state.

I am concerned that with these deep cuts we may not have a research entity in this state, and that would be a very great shame with the outcomes that have been developed over time in the fields of fisheries, aquaculture and agriculture. I also asked questions on the SARDI research line about where we were with the SARDI-owned facilities that could end up with Adelaide university because the government obviously wants to divest itself of any responsibility of the primary industries of this state.

The government is quite happy to take all the kudos, and you would have thought they made it rain to get the 10.4 million tonnes of grain that contributed about \$3.5 billion to the economy of this state, but I do not think that this Labor government with its spin can even go that far. The government is quite happy to take the results of the sector that provides the most income of any single sector in this state—still well ahead of mining, which is still going through a major exploration phase, before the potential mining boom.

I would also like to talk about commercial fishing and aquaculture, where we see that more cost recovery will happen as the government claws away at the good businesspeople of this state, making a good income and building their businesses. These people rely on some of the research I was talking about previously. There is the biosecurity cost recovery, where the government introduced Property Identification Codes, but they have not been game enough to introduce their biosecurity levy because I think they will have a fight.

I think they will recover something like \$8 million through that levy, which was to be introduced this year but has been put off by 12 months. The government is saying that it wants to go out and consult. Well, that might be a first. I can assure you that industry does not take kindly to being hit time and again for different fees and charges, and there will be a strong debate around that budgetary measure when the legislation is introduced. I believe it has to come in under amendments to the Livestock Act.

While I am talking about issues I am responsible for, I want to talk about the forward sale of forests. The government has still not been game to give us the actual number, but I note that the shadow treasurer (the member for Davenport) identified a \$682 million hole in the budget where he thinks (and I think he is pretty right) the number they may get for the forward sale of forests comes in. The government has a real issue. Gunns has just sold some forestry assets in the South-East—

Mr Pengilly: Given them away.

Mr PEDERICK: —given them away, says the member for Finniss. They went for something like under 40 per cent of their value, so you have to wonder what is happening here. It has been indicated to me that potential forestry buyers are swarming over the South-East looking to pick up a bargain. Someone has picked up Gunns' assets, and someone can see the potential of picking up 111 years of forward rotations of timber—three rotations—and getting a bargain out of it. I am still stunned by how this government thinks, as it has indicated, that it can put certain controls in some contract agreements to guarantee that that timber will be sawn in the South-East of this state, as well as timber that comes out of Victoria on ForestrySA plantation land.

The government is trying to believe its own spin by saying, 'If the forestry plantation expands, then our mills will be fine.' There is no guarantee of that. There is no guarantee that the forests will expand, because the government has not been spending the money that it has budgeted for as far as expansion of the forestry estate. If there is no confidence in the industry and the mills go before we see the expansion (because obviously timber is a long-term asset and takes a long time—about 37 years—to get to full growth) how is there any guarantee that any mills will be in place?

I will go through the *Hansard* because I find it quite interesting. I asked a question regarding industry development and referred to the South Australian Forestry Industry Strategy through engagement with forest industry stakeholders. On the subject of engagement with forest industry

stakeholders, we learn from the Treasurer's response to a question in Estimates A on 29 June 2011 that certain information about the forward sale proposal was not shared with ForestrySA as it was considered to be commercial in confidence. My question to the minister was:

...does the government not trust its own board to treat such information with absolute confidentiality?

The minister responded:

I expect to receive the South Australian Forest Industry Strategy within a fortnight. My understanding is that it has been developed with wide engagement with forestry industry stakeholders. I have just been advised that some 428 copies of the draft strategy were distributed. There were 21 media interviews and articles, which obviously would have gone to other individuals and businesses with an interest in the industry. There were seven stakeholder forums involving more than 100 people, and 21 submissions were received. I have been advised that I will receive the final strategy within the fortnight, and it is then my intention to consult further on the key recommendations.

Then I responded:

You have not answered the question, minister. Regarding the forward sale of the three rotations, certain information was not shared with the ForestrySA board, and I am wondering whether the government does not trust its own board to keep things in confidence.

The minister replied:

Member for Hammond, you referred to a dot point that referred to the forest industry strategy and engagement with forestry industry stakeholders, and I have answered the question.

I responded:

I do not think you have but it sounds as though that it is all we are going to get. It sounds like the ForestrySA board is out in the wind. How can the government explain its decision not to share the detailed financial information and modelling of the forward sale proposal of three rotations of forestry in the South-East with the ForestrySA board?

The minister responded—I found this quite amazing and I hope the house takes note:

That is not a budget line within my portfolio area. It is one that sits squarely within the budget responsibilities of the Treasurer and I thought the Treasurer made himself available through this process to answer any questions on the forward sale.

Here we have the Minister for Forests, essentially, saying he is not responsible for ForestrySA. I do not think the minister knows the wood from the trees! I responded:

Surely, minister, referring to Budget Paper 4, Volume 3, page 199, Program 4: Forestry Policy, as far as forestry policy, I would have thought the ForestrySA board would have something to do with the Minister for Forests.

Then the minister said:

They do—

So he has had a revelation—

in the sense that it manages and advises within the policy settings. The policy settings are in the process of being determined, in large part by the round table. Once they are determined, they will inform the management practices of ForestrySA and the advice that will be given to me.

I responded:

A policy decision of forward selling three rotations of forest, you do not think that is a policy decision that ForestrySA should be involved with?

The answer was:

It is a policy decision that is made by government.

I further responded:

Obviously, as the Minister for Forests, you are right in the thick of the forest, I would think with regard to this matter, and I would have thought it would be appropriate that ForestrySA's opinion was sought on the advisability of the forward sale. I am advised that their opinion was not sought before the decision to sell was announced. Can you clarify that one way or the other, minister?

The minister's final response on that line of questioning was:

I have made the comment that it is not a budget line for which I have responsibility. It falls squarely within the Treasurer's ambit of responsibilities. He has given evidence and I think these issues may have been canvassed. If they were not, that was a decision the opposition made at the time. We are talking about my budget lines, areas over which I ultimately have responsibility, and that is not one of them.

So, that shows the depth that ministers will go to to dodge answering questions in estimates. We saw it right through the program. There are issues we have where ministers will not take responsibility for their portfolio areas.

Just on the issue of the forward sale of forests, I know that the ForestrySA board is ropeable about not being consulted or acknowledged in the whole process of going ahead with the forward sale. I would have thought they would have been the prime group to consult on this issue.

The member for Finniss gave a very good summing up of the marine parks debacle in this state. I certainly questioned the Minister for Fisheries and went through a detailed address of how well fisheries are managed under the Fisheries Management Act. I asked a question around, 'Do you actually acknowledge that you manage them and will the department of environment be taking over management with their planned marine parks that they want to instil on the people of this state?' He did indicate that yes, he was still going to be in charge and the environment minister will not be.

Well, I hope they get it sorted out because it is certainly clear in my head that the environment minister, who says he is a keen fisherman, wants to stuff everyone else's fishing capabilities up by imposing these marine parks on the best-managed fishery in the world. The minister for fisheries—and it is not often I agree with him but I do on this one—has actually indicated in this house that they are the best-managed fisheries in the world. Why do we need this whole debacle where we will see people in tinnies going six or seven kilometres offshore to get outside a marine park zone, and then we will be sending the search parties out to find them? Sadly, we may lose people because of this.

Just quickly, I too am concerned with issues around school bus contracts. We have seen LinkSA come in with its parent company from Queensland. They are taking over family-run bus operations right throughout South Australia. From what I have heard, some of these operations have buses that are being fitted out as I speak, ready to go on with what they thought were continuing contracts. But no, alas, these people with the local knowledge, who have put money into communities and regional communities for decades, are being overlooked for someone coming in over the top of them. I hope this government does not go looking in a few years time and say, 'Hang on, we need some buses for tourist outlets,' or 'We need some buses for education,' and find out they have sent all these people broke and they have left the state to find their wealth somewhere else.

We see the same issue with the government's regard for country health. I note that the Keith hospital debacle still has not been dealt with. The Keith hospital is 100 kilometres south of where I live at Coomandook. It is a vital hospital on the Dukes Highway, connecting to the Riddoch Highway. It is just a shame that this government does not recognise what goes on in regional areas, and that includes the regional road network that needs hundreds of millions of dollars of upgrades to get back on track.

Just finally, I just hope it is not the irrigators of this state who have to take the hit for the \$228 million that the commonwealth has pledged for the desal plant because the Minister for Water cannot work out who has to quantify for that water to come from the commonwealth, to look like we are drawing less water off the Murray.