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29 March 2017

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Guy Dickson  
Secretary to the Budget and Finance Committee  
Legislative Council  
Parliament House  
ADELAIDE SA 5000

Dear Mr Dickson

**Re: Budget and Finance Committee – Transcript of Evidence**

I would like to clarify comments that I made to the Committee on Monday 20 March 2016. On page 1704 paragraphs 11885 to 11900 I was asked about the selection process for the new Deputy Chief Executive, Mr Tim Goodes.

To clarify the process, PIRSA did undertake the development of an initial list of potential candidates utilising a consultant. This took place post-June 2016, prior to the process documented in Hansard.

Please note also in paragraph 11887, I was mistaken. I stated Mr Goodes was interstate. He was in fact unavailable at a week-long Australian Institute of Company Directors Course.

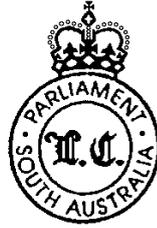
Could you please bring this information to the attention of the Committee. Thank you for allowing PIRSA the opportunity to clarify these comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Ashby', with a long horizontal stroke extending to the right.

Scott Ashby  
**CHIEF EXECUTIVE**

Enc.  
Transcript of Evidence



# **LEGISLATIVE COUNCIL**

## **BUDGET AND FINANCE COMMITTEE**

Plaza Room, Parliament House, Adelaide

Monday, 20 March 2017 at 10:35am

BY AUTHORITY OF THE LEGISLATIVE COUNCIL

## MEMBERS:

Hon. R.I. Lucas MLC (Chairperson)  
Hon. J.A. Darley MLC  
Hon. J.E. Hanson MLC  
Hon. A.L. McLachlan MLC  
Hon. T.T. Ngo MLC  
Hon. D.W. Ridgway

## WITNESSES:

ASHBY, SCOTT, Chief Executive, Department of Primary Industries and Regions SA  
DOROUDI, MEHDI, Deputy Chief Executive, Department of Primary Industries and Regions SA  
GABRIELLI, ANNA, Executive Director, Corporate Services, Department of Primary Industries and Regions SA  
CASEMENT, DANIEL, Executive Director, Rural Solutions SA, Department of Primary Industries and Regions SA  
COLLINS, JO, Executive Director, Agriculture, Food and Wine, Department of Primary Industries and Regions SA  
LLOYDD-WRIGHT, ALISON, Executive Director, Regions SA, Department of Primary Industries and Regions SA  
JOHINKE, STEPHEN, Director, Finance and Prudential Management, Department of Primary Industries and Regions SA

11794 The CHAIRPERSON: I will start with the formalities. Welcome to the meeting. The Legislative Council has given the authority for this committee to hold public meetings. A transcript of your evidence today will be forwarded to you for your examination for any clerical corrections. Should you wish at any time to present confidential evidence to the committee, please indicate and the committee will consider your request.

Parliamentary privilege is accorded to all evidence presented to the committee; however, witnesses should be aware that privilege does not extend to statements made outside of this meeting. All persons, including members of the media, are reminded that the same rules apply as in the reporting of parliament.

In welcoming you formally to the committee, can I introduce to you the members of the committee who are with us today: a new member, Justin Hanson; Tung Ngo; John Darley; Andrew McLachlan; and we are joined this morning by David Ridgway. Thank you for your attendance this morning. You are familiar with the proceedings of the committee. At the outset, for the benefit of Hansard, could I ask you to introduce yourself formally and your title, and your colleagues and their titles. Given the breadth of your portfolio, it may well be that other officers join you during the hearing, so I would ask that you, at that time, introduce them with their title for the benefit of Hansard.

You would have received correspondence over the break that we are limiting opening statements to 10 minutes. If you want to table something to give us a fuller understanding of the wonderful work your department does, we are happy to receive a tabled document, but we would ask you to keep your opening statement to no more than 10 minutes. At the 10-minute mark we will ding the bell, and we will send Justin after you to close you down. I invite you now to go ahead with your formal introductions and your opening statement, should you wish to make one.

Mr ASHBY: Thank you. Good morning, Mr Chair, and committee members. I am Scott Ashby, the Chief Executive of the Department of Primary Industries and Regions SA. Attending

with me today are Deputy Chief Executive, Professor Mehdi Doroudi, and Chief Financial Officer, Stephen Johnke. As the Chair mentioned, I will introduce any other officers, if necessary.

PIRSA is responsible for the delivery of the 'premium food and wine produced in our clean environment and exported to the world' economic priority and leading the state's regional development agenda to improve economic and social outcomes for regional South Australia. By working with the state's primary industries and regions to help them grow, innovate and maximise their economic potential, PIRSA makes a very significant contribution to the economy and helps generate thousands of jobs for South Australia every year.

In 2015-16, South Australia's agribusiness sector, including agriculture, food, wine and forestry, generated about \$21 billion in revenue; employed about 150,000 people (or one in five working South Australians); and accounted for 52 per cent of the state's merchandise exports. This demonstrates the enormous value of the sector to the state, which continues to grow due to rapidly growing global demand for high quality food and wine, and our strong reputation for food safety, biosecurity and product integrity. Most of our produce comes from regional South Australia, which is the backbone of our economy, and it contributes more than \$25 billion of revenue from all industries every year, despite containing only 29 per cent of the state's population.

Before answering your questions, I would like to highlight a few of the areas in which PIRSA helps grow the economy. In agriculture, food and wine, we generated in 2015-16 over \$18 billion in revenue—an increase of over \$443 million in the previous year. Employment in these industries increased by 3,400 to an average of 147,400 in the 12 months to August 2016, with an increase of 11 per cent (or 2½ thousand jobs) in food and beverage manufacturing—the state's largest manufacturing employer. Exports of differentiated and processed food and wine in 2015-16 were valued at \$3.39 billion: only \$210 million short of the current target of \$3.6 billion, which we were set in 2016-17 under the premium food and wine economic priority.

PIRSA contributes to the outcomes in these sectors through a range of activities focused on building capability, securing production, expanding markets and growing regions. For example, we play a key role in the state's international trade missions to help our food and wine companies foster business connections and export leads. In 2016, we were involved in 27 inbound missions and 13 outbound missions and visits, which resulted in nearly 1,000 new business connections in China, Japan, Korea and Taiwan. This year, we are going to be involved in a similar number of missions through our market access and development initiative, which builds on the success of the previous China agribusiness initiative and action plan.

The value of our food and wine exports to China have grown by 137 per cent in the last five years, so it continues to be our number one priority. We are supporting activities in other key markets, predominantly in north Asia and South-East Asia. Locally, we are progressing the detailed planning for the Northern Adelaide Food Park and the next stage of the South Australian Food Innovation Centre, as well as delivering industry development programs and establishing the Food Innovation Taskforce to tackle specific opportunities and challenges facing the South Australian food sector. As I mentioned earlier, the wine industry has really turned the corner and is really growing at this point in time. In 2015-16, the gross wine revenue increased by \$329 million to \$2.11 billion, with the value of wine exports increasing by \$119 million to \$1.34 billion and the average price per litre of exported wine from \$2.53 to \$2.83.

To further cement our global reputation as a premium food and wine tourism region, Adelaide, South Australia officially became a Great Wine Capitals Global Network member in July last year. Since joining that network, a series of international activities has been undertaken to capitalise on the benefits of our membership, promote our wines and increase brand recognition. In January this year, minister Bignell launched the new \$1.8 million per annum South Australian Wine Industry Development Scheme. Through the first round of that scheme, 44 wineries have been allocated funding to improve their cellar door experiences, and nine regional wine industry associations have had approved funding to develop regional wine tourism and visitor experiences.

The meat and livestock industry is one of our fastest growing industries at this time. In 2015-16, meat and livestock revenue increased by \$195 million to \$4.78 billion, with an increase in total value of production of \$116 million, led by beef production and exports remaining steady. Pig and poultry meat for the domestic market has grown after significant investment over 10 years and is now in a position to expand in the export market.

In horticulture, in 2015-16 revenue increased by \$157 million to \$3.23 billion. Exports are growing steadily, increasing by 32 per cent in 2015-16 with a total value of \$297 million. South Australia remains the only Australian state that is fruit fly free, and every year we spend about \$5 million keeping fruit fly and other plant pests out of our state to protect our horticulture industry and ensure industry success. Fruit fly freedom is incredibly important in the Riverland pest-free area, maintaining access for growers to lucrative citrus export markets such as Japan, China, Hong Kong and Malaysia, worth almost \$60 million in 2015-16. Indonesia now recognises the Riverland's pest-free area after a delegation reviewed arrangements in early 2016.

We are now working with the cherry, apple, pear and strawberry industries to establish another pest-free area in the Mount Lofty Ranges, which is expected to be worth about \$112 million per year to the South Australian economy and generate about 900 new jobs in the region over 10 years. The Northern Adelaide Plains is another key horticultural area, employing more than half of the state's vegetable industry workers and producing more than a third of the state's horticultural product.

Through the Northern Adelaide Plains Agribusiness Initiative we are working with industry to transform the area into a national leader of intensive high-tech food production through increased access to water resources, productivity and efficiency gains, biosecurity improvements and the expansion of market opportunities. In the seafood area, our fisheries and aquaculture industries generated revenue of \$934 million in 2015-16, an increase of \$58 million. Through PIRSA's environmental monitoring, aquatic animal health programs and strict zoning requirements, we ensure South Australia's seafood retains a high standard of environmental credentials.

The grain sector continues to be a vital part of the state's economy, generating \$4.4 billion of revenue in 2015-16, with about 85 per cent of that grain exported overseas. The state's grain farmers have produced another record-breaking 11.1 million tonne harvest for 2016-17, worth an estimated \$2.2 billion at the farm gate, despite some extreme weather events that were experienced in part of the state during September and December 2016, which actually caused 250,000 tonnes of grain losses.

11795 The CHAIRPERSON: You have about two minutes to go, so pick your highlights.

Mr ASHBY: I'll be there; don't worry. PIRSA continues to support and develop the forestry industry in South Australia, with initiatives such as the South East Forestry Partnerships Program and also the work we are doing in the Mid North Forests, with commercial negotiations on the future use of that region underway with a range of very interesting options under consideration.

I can't close without talking about regional development. The prosperity of all of the industries that I have mentioned really drives regional development in our state and our focus is on building stronger regions working with those communities. We are doing that through such programs as minister Brock's \$15 million per year Regional Development Fund. More than 900 new ongoing full-time jobs were created as a result of \$33 million in grants awarded in rounds 1 and 2 of the RDF. That represents some 61 projects worth a combined \$5.6 billion.

I will close by simply mentioning two areas which I think are of critical importance: firstly, research and development in South Australia. This year marks the 25<sup>th</sup> anniversary of the South Australian Research Development Institute (SARDI). I think it is an opportunity to celebrate how SARDI's innovative world-leading research has helped our industries become internationally competitive. SARDI is now developing a strategic R&D action plan focused on supporting food, wine and agribusiness innovation, exploring new ways to embed commercialisation, extension and transfer of technology.

Finally, emergency management: I couldn't really look back on the year without reflecting on some of the outstanding responses from PIRSA staff to a series of emergencies, including the flooding of the Gawler River and a hailstorm affecting the Riverland and other parts of the state, and the ongoing efforts of our staff in the Pinery bushfire situation, as well as search and rescue operations that are undertaken by our fisheries staff. I think all of these programs reflect the very high standards that our officers demonstrate at all times.

I would like to mention in particular, though, our biosecurity responses, including responding to giant pine scale, the Russian wheat aphid and the Khapra beetle. Earlier this month,

our response to Khapra beetle on Kangaroo Island was recognised with the Australian Biosecurity Award. At this point, I will close and we will be happy to respond to your questions.

11796 The CHAIRPERSON: Excellent. Thank you very much for your opening statement. Can we initially move to the series of questions on your savings target for 2016-17 for each of the forward estimate years.

Mr JOHINKE: For 2016-17, the savings target is \$3.141 million; for 2017-18 it is \$2.790 million; for 2018-19 it is \$2.789 million; and for 2019-20 it is \$2.782 million.

11797 The CHAIRPERSON: So, by 2019-20 you are looking at what—

Mr JOHINKE: \$11½ million.

11798 The CHAIRPERSON: —about \$11½ million off your current. In operating terms, essentially what is the efficiency dividend in the out years? It seems to be pretty consistent. Is it a percentage of your total budget or a percentage of your non-salary budget? How is it actually working out at \$2.79 million every year?

Mr JOHINKE: It's a consolidation of a number of different savings initiatives: some are based on the net cost of the agency, some are applied based on the net cost and others are applied on salaries and wages costs each time they roll over an out year.

11799 The CHAIRPERSON: Can you take that on notice and provide us with the technical detail. You have given us the absolute number but, on the basis of what you have just said, there is obviously a calculation which aggregates to the \$2.79 million each year. Exactly what is it that is imposed on you as part of the savings task?

Mr JOHINKE: Yes.

11800 The CHAIRPERSON: Could you also outline the notional FTE savings that you have agreed with Treasury for 2016-17 and for each of the forward estimate years?

Mr JOHINKE: Treasury and Finance has approved adjustments for PIRSA to reclassify efficiency dividend and other savings that initially had an FTE impact away from employee expenses and to other types of savings, as long as those savings are achieved, so we don't have any savings-related FTE reduction.

11801 The CHAIRPERSON: For 2016-17 or for any of the four years.

Mr JOHINKE: That's correct.

11802 The CHAIRPERSON: So your total savings are to be achieved through non-FTE savings tasks.

Mr JOHINKE: That's correct.

11803 The CHAIRPERSON: Your FTE cap that Treasury has imposed—on your most recent calculation you normally operate a bit under the cap. Is that still the case? What is your most recent actual FTE number?

Mr JOHINKE: The FTE cap as at 30 June 2017 is currently 904.9 FTEs. I have some information here, as at end of January, showing that we are 893.2 FTEs, but it's worth noting that throughout the year PIRSA can expect to see some variations in that FTE cap given disaster response, such as the chief executive was talking about a while ago, or casual staffing for farms and quarantine stations and the like.

11804 The CHAIRPERSON: But your expectation would be that you would generally operate a little bit under the FTE cap, as has been the case the last few years?

Mr JOHINKE: As at 30 June we would expect to be under the FTE cap.

11805 The CHAIRPERSON: You advised the committee last year that, in terms of the number of surplus or excess employees, under the new commissioner's determination 7 you had one excess employee. Has that one excess employee now been formally removed, given that we are now 12 months down the track. Has he or she left the department?

Mr ASHBY: Mr Chair, I might ask our executive director of corporate services, Ms Anna Gabrielli, to come forward and respond to that.

11806 The CHAIRPERSON: Ms Gabrielli, you have heard the question. Last year the committee was advised that there was one employee who had been declared excess under the commissioner's determination 7, which essentially means once you have done that, 12 months later the department has the capacity to forcibly retrench or retire that particular employee. Has that occurred?

Ms GABRIELLI: No. The individual was placed in another position of two years in another government agency.

11807 The CHAIRPERSON: When did that occur? How far into the—

Ms GABRIELLI: We've still got 14 months to go into that contract.

11808 The CHAIRPERSON: About 10 months ago?

Ms GABRIELLI: Yes. Most of our excess employees are within two to four-year contracts within other government agencies, and so, as you rightly say, don't count as our excess employees. We have the ability to retrain and redeploy them. We have the accountability of each person involved to ensure that everyone is being held accountable in those 12 months. We had one excess employee last year—sorry, we declared four excess employees in the last financial year. One has actually taken a package, in the first three months, and the other three have all been placed in temporary contract positions and therefore are no longer declared excess employees.

11809 The CHAIRPERSON: Can we clarify this: 10 months ago one person had been declared surplus. That person now has a two-year contract, and in 14 months' time will come back to you and will be your responsibility again?

Ms GABRIELLI: Yes.

11810 The CHAIRPERSON: If you don't have a position at that stage, your understanding of determination 7 is that you will then have to activate determination 7 again?

Ms GABRIELLI: Correct.

11811 The CHAIRPERSON: And wait another 12 months before you can retrench either him or her; is that the case?

Ms GABRIELLI: That is the case, but remembering that we have a small number of excess employees in our organisation and across the department. I need to explain that I am also the chair of the Redeployment, Retraining and Redundancy Committee. I am across the number of people who are declared excess. They have the ability to be managed into either wanting to take a TVSP, to be retrained or to be offered redeployment across agencies. The main focus is to look at their employability and transferable skills.

The issue of making them redundant after 12 months, when we are clearly still advertising somewhere between 200 to 300 vacancies a year across 100,000 employees, would be highly unlikely. We are seen as one government. We will be able to place people within government agencies with employability and transferable skills. Where there isn't employability and transferable skills, this is normally highlighted in the first two to three months of a person being declared excess and case managed in a way that they have to be offered a package and opportunities, if they wished to continue, and the nature of work and skills sets that they currently have, which is no longer being offered in the public sector, what would be the main aim of that person.

11812 The CHAIRPERSON: We have clarified the one person from last year.

Ms GABRIELLI: Yes.

11813 The CHAIRPERSON: Did you say you nominated as excess four additional employees?

Ms GABRIELLI: Correct.

11814 The CHAIRPERSON: Of those, you said one has taken a package? Was that a targeted voluntary separation package?

Ms GABRIELLI: As per determination 7, in the first three months of redeployment, they need to be offered a package, and that person took a package.

11815 The CHAIRPERSON: And the other three, whilst they have been nominated as excess under determination 7, now have positions in other agencies?

Ms GABRIELLI: Two have jobs elsewhere in the department or other government agencies. One is still with us at the moment and in a temporary position of four months, a funded position in PIRSA.

11816 The CHAIRPERSON: So, it's technically within the 12-month guideline under determination 7.

Ms GABRIELLI: Yes.

11817 The CHAIRPERSON: In addition to those four employees that you are managing in the way you have just outlined to the committee, are there any others who no longer have substantive positions within your department and whom you are managing with contracts of longer than 12 months?

Ms GABRIELLI: Yes.

11818 The CHAIRPERSON: How many others are there?

Ms GABRIELLI: We have a total of seven.

11819 The CHAIRPERSON: Is it fair to say that your evidence to the committee is that in total there are currently 11 employees who no longer have substantive positions within the department for—

Ms GABRIELLI: No. The seven include those whom I've said have jobs—who were declared this year, but have jobs for two years or more in other agencies.

11820 The CHAIRPERSON: Can you clarify, what is the total number of employees within PIRSA who no longer have substantive positions within PIRSA and whom you are managing in some way or another, whether within determination 7 or alternatively?

Ms GABRIELLI: Seven, and the date range of their contracts goes as far as 2017 up to 2019.

11821 The CHAIRPERSON: Are you able to answer now, and we are happy for you to take it on notice, the person longest, that is, for how long since they no longer had a substantive position within PIRSA and you are managing with ongoing contracts, either within the department or elsewhere; are you able to either answer that or take that on notice?

Ms GABRIELLI: Can I take that on notice?

11822 The CHAIRPERSON: Sure.

Ms GABRIELLI: Because it is a moving feat.

11823 The CHAIRPERSON: Can you take on notice: of the seven, how long since the longest one of those has been without a substantive position within PIRSA and you've been managing—

Ms GABRIELLI: You're referring to the ones who have gone and have got four-year contracts, whether it is in June or—

11824 The CHAIRPERSON: No, ones you are still managing within that seven, in terms of what we in the committee would refer to as excess or surplus employees from the department, which you are managing at the moment.

Ms GABRIELLI: Okay.

11825 The Hon. J.A. DARLEY: One thing that seems a bit weird to me is that you mentioned your FTE cap is 2,017 and yet your actual is significantly less than that. Does that mean you could increase your staff?

Mr JOHINKE: I'll clarify. Our FTE cap as at 30 June 2017 is 904.9.

11826 The Hon. J.A. DARLEY: So, it's around about the same as what your actual is.

Mr JOHINKE: Yes.

11827 The CHAIRPERSON: I think it is about 11 under, isn't it?

Mr JOHINKE: Yes.

11828 The Hon. J.A. DARLEY: On the efficiency dividend, do you apply that across the board or do you vary it in accordance with the work required to be done, section by section?

Mr ASHBY: That's a good question. You would think the easiest way to do it is just to apply it across the board, but—

11829 The Hon. J.A. DARLEY: Not the best, though.

Mr ASHBY: No, correct. At the beginning of every financial year—in fact, before that, usually in about May—we start the process of the redevelopment and updating of our corporate plan, based on the priorities of the government and industry. We then look at what programs are running and what contractual arrangements we have in place, for example, in the research areas and, obviously, the statutory responsibilities we have around fisheries management and biosecurity. Once you do that analysis, you then see what flexibility you actually have within your budget, and we then prioritise accordingly.

The efficiency dividend is then taken from what I would consider to be the flexibility that we have within the program base of the organisation. Otherwise, I think if you just did a wholesale cut across the divisions, then you would get some perverse outcomes, particularly in terms of our statutory responsibilities.

11830 The CHAIRPERSON: Following on from Mr Darley's question, you told the committee last year that you do your reviews of departmental outcomes and value for money through the year. Can you advise the committee whether over the last 12 months there was any reallocation of funds that you took from non-performing or lower performing programs to other areas of need within the department? Can you highlight for the committee an example where you said, 'Okay, we're going to move money from this particular area into another area within your agency.'

Mr ASHBY: I will answer in the broad and then perhaps Stephen will find an example for you. We are constantly reviewing our budget situation and our program delivery. Executive receives monthly budget updates, and we also have a process through the executive meetings where we review policy outcomes and also program outcomes. Where there might be a need, for example, in an emergency management response, we may need to re-prioritise our budget effort to those areas in the short term. We do this on an ongoing basis. We try to be very flexible with the flexibility that we have within our budget. Stephen, you might have an example?

Mr JOHINKE: I guess one thing that came to mind in terms of the initiative that has been funded—and Scott might need to expand on his Indigenous fisheries officers this year. Scott will talk about that in a sec, no doubt, but that was a priority for the agency. The funding didn't come from one spot. Obviously, I have to make sure enough savings are achieved to deal with the increase in the savings task in any given year, plus provide some flexibility for initiatives and priorities.

11831 The CHAIRPERSON: Mr Ashby could outline that. Perhaps if you could take it on notice, though, because Mr Ashby highlighted last year that, in essence, you move funds from one area to another area. If Mr Ashby wants to expand on that particular one, but if you, Mr Johnke, could take on notice other examples through the last year or two where you have actually moved priorities or funding from within your agency to others.

Mr JOHINKE: Just in expanding on that one, a good proportion of these Indigenous positions did come from one spot, just not the entirety of it.

Mr ASHBY: To follow on from Stephen's comments, clearly a priority of the government is Aboriginal employment, and for many years PIRSA has really struggled to meet that target of 2 per cent employment because of the scientific nature of many of our employees. More than half of our employees are scientists with formal degrees and PhDs and so on. I won't go into the challenges that the Aboriginal community has in going through the university system and the

education system to get to a point where they would be a person who could be considered for employment in the science field.

This year we very actively challenged ourselves and said we need to really push hard to achieve this target, and one of the areas which really lends itself to regional employment and also Aboriginal employment is in the fisheries compliance space. I am a strong believer that you should not establish jobs, you should establish careers, and the fisheries compliance area is an area where, once you are an employee in that space, there is a career path that is set out for people to follow.

So, this year we bit the bullet and re-prioritised some vacant positions that we had elsewhere in the organisation. This is all about going through that process where we ask, 'What is critically important for PIRSA? What is important for the industry?' We hired three more Aboriginal fisheries compliance officers and those people, I have to say, are doing incredibly well in the organisation and we will be looking to expand that program next year.

The benefits are really twofold. One is that we have provided a career path for Aboriginal employees in the Public Service which, in the main, is regionally based. Two, it significantly assists the organisation with our relationship with those Aboriginal communities that live along the coast, where in the past we have had some compliance challenges. So, having Aboriginal staff working for us, with us and with those communities, I think is really important.

It has been a success so far. We have been able, therefore, to meet our target which is very pleasing. After having been CE for four years, to have achieved that target is really something that is important to the organisation, and now we are looking beyond that target. Before I close, Professor Mehdi Doroudi had another example which he could give you.

Prof. DOROUDI: Thank you, Scott. I may have another practical example here. In the work of the South Australian Research and Development Institute, we worked very closely with other jurisdictions nationally around the National R&D Strategy. Certain organisations decided to get out of certain areas of research—for instance, cherries. When you look at that, in the past we had R&D activities directly around cherries but we don't have them anymore. That was an area where we consciously made a decision that we will get access nationally to the sort of research that we need, and we put the emphasis on those areas where South Australia will take a lead.

11832 The CHAIRPERSON: David, do you have questions?

11833 The Hon. D.W. RIDGWAY: Mr Ashby or Mr Jihinke, for your corporate services structure—you may or may not have it here—for FTEs, what is the total cost of services and how is that apportioned to each program that PIRSA runs?

Mr JOHINKE: No, you're right, I won't have a whole heap of detail here on that. State budget papers have corporate services costs allocated across the program areas of the agency. Are you talking about internally how it's managed?

11834 The Hon. D.W. RIDGWAY: Yes, exactly—what your budget allocation is for, how many FTEs and the total expenditure by PIRSA on corporate services.

Mr JOHINKE: As at the end of 2015-16, corporate services had about 135 FTEs, with a headcount of about 143, but I don't have how those costs—

11835 The Hon. D.W. RIDGWAY: Could you take that on notice, please.

Mr JOHINKE: Yes.

11836 The Hon. D.W. RIDGWAY: That's about 15 to 16 per cent of the workforce of the 904?

Mr JOHINKE: Yes.

11837 The CHAIRPERSON: On that issue, budget documents show that, from the 2015 to 2016 financial years, your spending on professional technical services, including consultancies, jumps from \$15 million to \$17.4 million (a \$2.4 million jump or 15 per cent) and administrative and operating costs jumps from \$8.1 million to \$10 million, which is a 23 per cent jump in costs. You might want to take these on notice, but do you have any immediate response to why the administrative and operating costs would have jumped 23 per cent in the last financial year and your

professional technical services, including consultancies (which I guess is a broad bag) have jumped 15 per cent?

Mr JOHINKE: Some immediate thoughts would be that it's difficult to look at PIRSA's expenditure in isolation from its revenue. We manage some pretty significant externally funded programs, particularly SARMS (the South Australian River Murray Sustainability program), so \$265 million over the four or five years. Expenditure can move quite substantially from one year to the other, but it could relate to externally funded.

11838 The CHAIRPERSON: Under the broad heading of supplies and services costs, the committee staff have produced a table for us, which shows that there has been this 23 per cent increase in administrative and operating costs and a 15 per cent increase in professional and technical services. Can you take that on notice and detail the explanation for that, which may or may not cross over to the question Mr Ridgway has asked about corporate overheads, etc.

11839 The Hon. J.A. DARLEY: Referring to corporate services, do you have a total cost of running corporate services for the department?

Mr JOHINKE: I imagine that will be the same as the previous question.

11840 The Hon. J.A. DARLEY: Is that then allocated equally across the 900-odd employees? If so, what would it be?

Mr JOHINKE: I will have to take that all on notice.

11841 The Hon. D.W. RIDGWAY: I have two questions from Mr Ashby's opening statement. You said you had 1,000, or thereabouts, business contacts from the overseas trade mission. Define 'business contact', as I'm interested to know what the definition of 'business contact' is.

Mr ASHBY: I don't have a formal definition for it, but it's not just being handed business cards. These are contacts made by our industry people with people overseas who wish to do business with them. The way we get that feedback is to survey all of the recipients of our programs. So, anyone that's coming along with us on a delegation, or in that case even if someone is coming in, we survey them and say, 'How many real business contacts did you make? How many people who want to do business with you have followed up?' This is looking to order or perhaps want to understand better your product. It's not the handover of a business card. There would be a lot more of those.

11842 The Hon. D.W. RIDGWAY: But it's not a database that you manage yourself; it's feedback from Mr Smith, who has been on a trade mission and says, 'I've got 20 good business leads from the trade mission'.

Mr ASHBY: Yes, but we do try to keep more than that. Perhaps Professor Doroudi can give you some more detail.

Prof. DOROUDI: It is a combination of all the inbound and outbound missions that we have. A number of different companies are part of those delegations that are coming to South Australia to visit us or when we go overseas to visit with them. My understanding of that number is that it is the number of companies that officially got engaged with inbound and outbound delegations/interactions that we have had, and I believe that our unit or market access unit would have a register. At the same time, the Department of State Development should have a register.

11843 The Hon. D.W. RIDGWAY: Could you take that on notice exactly how you actually define it, whether it is coming on inbound mission, 10 emails; I would appreciate that. The other question is around the Great Wine Capitals. You said you were spending some money engaging in that process. What is the budget for Great Wine Capitals, and are we likely to host the world conference, because I think there is an expectation that that has to happen at some point in the membership?

Mr ASHBY: Thank you for that question. I might ask Ms Jo Collins, who is the Executive Director for Agriculture, Food and Wine, to come forward and respond to that question.

Ms COLLINS: As Mr Ashby said, on 1 July we officially became part of the Great Wine Capitals global network. It is a really significant partnership between four foundation members,

being the South Australian Wine Industry Association, Primary Industries and Regions South Australia, the South Australian Tourism Commission and also Brand South Australia.

We collectively contribute money. We have a memorandum of understanding that we have agreed between the parties. We all contribute funds. In total, \$125,000 from all the parties was contributed to Great Wine Capitals in our first year. Of that, the membership fees are around €18,000, so that is around \$25,000 Australian. We have had had some fantastic outcomes from being part of the network, one of which today is, as you say, that we won the bid to host the 2018 AGM in Adelaide in November 2018.

11844 The Hon. D.W. RIDGWAY: And how many people do you expect to attend the AGM?

Ms COLLINS: We are expecting around about 100 delegates.

11845 The Hon. D.W. RIDGWAY: I think 67 went to the one in Mendoza in Argentina.

Ms COLLINS: Correct.

11846 The CHAIRPERSON: What is PIRSA's contribution out of the \$125,000?

Ms COLLINS: Our contribution out of that is about \$78,000.

11847 The CHAIRPERSON: So you are the biggest contributor?

Ms COLLINS: We are the biggest contributor.

11848 The CHAIRPERSON: Is this a one-off cost, or are there potential costs in future financial years?

Ms COLLINS: Every year, we are required to pay the membership fee, so the one-off joining fee of €5,000 will be paid in the first year of membership, so it is about \$A25,000 each year to maintain that membership, but we believe as a group that there is no point just paying the membership fees, that there are things we need to do, which is why we are contributing those extra funds per member group.

So it goes towards membership, and it goes towards participating in AGM activity. It also goes towards the Best of Wine Tourism Awards, which we hold locally and then the best of the seven go up internationally against the other competitors. Seppeltsfield was the winner this year from Adelaide, South Australia, and then some promotional activity is factored into that as well.

11849 The CHAIRPERSON: But you funded it for the forward estimates years; that is, PIRSA has provided its share of the funding within its budget in your forward estimates?

Ms COLLINS: Correct.

11850 The Hon. J.A. DARLEY: How would you identify a net return from those activities?

Ms COLLINS: It's a good question. It's really all about us positioning ourselves on the global stage and being able to do that amongst the prestigious members like Bordeaux, Napa, Mainz, and so forth. It really is about a global positioning exercise. We have certainly looked at all the activities we have participated in today since we started our membership in June of last year, and have had some significant coverage, particularly in luxury publications on the international stage.

We also have the president and CEO of Napa Valley coming out in May of this year to share what it is that they are doing in Napa Valley in terms of growing their wine tourism offering, so in terms of building the capability of our wine regions in the state it has been substantial. Also we have Katherine, who is the head of the secretariat out of Bordeaux, coming out to share what they are doing in Bordeaux and also participating in Tasting Australia activities.

There have been other opportunities we have seized. We have also be invited by Mainz to be the international guest country there for their big wine festival being held in August I think of this year. They are looking at between 400,000 and 600,000 visitors who actually attend that festival over that week period, so there have been some other significant opportunities for us as well.

11851 The CHAIRPERSON: It may or may not be related to trade missions, which have just been raised, but we noticed in your answers to the questions provided last year that your agency paid \$11,000 to 57 Films Pty Ltd . I am assuming, unlike another CEO of the Department of the Premier and Cabinet, who spent \$12,000 with 57 Films to professionally videotape his Christmas

message to his staff, that you didn't spend it that way. Did this expenditure in 2014-15 relate to trade missions? Was it your share of the total costs? Can you throw any light on that?

Mr ASHBY: Jo, can you cover some of that?

Ms COLLINS: Not for trade missions, is my understanding, Scott.

11852 The CHAIRPERSON: What did PIRSA spend \$11,000 with 57 Films for in 2014-15?

Ms COLLINS: From memory, there was a chef exchange production that was developed, but we would have to—

11853 The CHAIRPERSON: Can you take that on notice. Has PIRSA employed 57 Films in 2015-16 or 2016-17?

Ms COLLINS: No.

11854 The CHAIRPERSON: Could you take that on notice and clarify. In addition to taking on notice the purpose of the expenditure in 2014-15, can you also clarify why 57 Films are listed (and this is for the accountants in the group) as a contractor, not a consultant?

Mr JOHINKE: We can clarify that as part of the response.

11855 The CHAIRPERSON: The Auditor-General has raised these issues with a number of departments (I'm not sure whether he has with yours) about the misallocation of consultant expenditure as contractors, so I seek your clarification as to why 57 Films, who certainly are advertising film consultants, are designated as contractors here.

Mr JOHINKE: Yes, it can be a fine line, but I am not aware that the Auditor-General has raised any issues like that.

11856 The CHAIRPERSON: Well, he might not have raised 57 Films specifically, but the general issue. Can you outline to me why your department characterised the expenditure as a contractor expenditure rather than as a consultant expenditure? There are a number of others like that, but I won't delay the proceedings here today with why they have been designated, but I would like to know how you have described that.

On that, the minister has been active recently on his Facebook site and others with a Chinese documentary group out here in South Australia. Is that trade mission or PIRSA related? Is there any expenditure from PIRSA in relation to the film production that is going on in relation to that exercise?

Ms COLLINS: Not that I am aware of.

Prof. DOROUDI: The only engagement we have had, if this is the same group—

11857 The CHAIRPERSON: This is in the last month.

Prof. DOROUDI: No, it's not last month. About six months ago, we were approached by Australian companies that were doing documentaries for China in China, and they wanted to know about the status of our premium food and wine, specifically seafood, and I conducted an interview with them. As far as I'm concerned, that was the only engagement we had with that group.

11858 The CHAIRPERSON: Was that interview filmed?

Prof. DOROUDI: Yes, that was on camera, interviewing me when they were asking questions in relation to our industry, and I understand they got access to video clips of our industry.

11859 The CHAIRPERSON: And that was provided by PIRSA?

Prof. DOROUDI: Not by PIRSA.

11860 The CHAIRPERSON: The essential question is that there was no request for funding from PIRSA towards this particular documentary?

Prof. DOROUDI: Not to the best of my knowledge, and my time was voluntary, to just participate in that.

11861 The CHAIRPERSON: Could you take on notice to confirm that PIRSA wasn't approached for funding for the documentary and, if you were approached, what your response was. I assume, from the collective wisdom around the table, that you didn't agree to any funding, even if you were asked.

11862 The Hon. J.A. DARLEY: Going back a bit, when we were talking about funding initiatives and so on, you touched on a number of task forces set up for certain things. They would have set terms of reference and a timetable. Do you ever have occasion where you withdraw funds for non-performance in those areas?

Mr ASHBY: That's an interesting question. All our projects have project management plans. If you went to our corporate plan, you would see a list of projects in there, and each of those has a project plan. We are constantly reviewing those to ensure that, firstly, they are up to date; secondly, they are meeting their milestones; and, thirdly, we are actually getting the delivery we expected when the project was first developed.

I mentioned before a task force set-up. We have recently set up a Food Innovation Taskforce because that was a space where my view was that a regular project plotted out over a two or three-year time frame is not going to deliver what the government or the industry is looking for, which is some significant change quickly because we really need to get on the front of this wave around food, food innovation and food manufacturing in the state.

We have put together a group of officers led by Professor Pauline Mooney. Pauline, as you know, is a very experienced person not only in the science space but also in the food technology space. Those resources come from elsewhere in the organisation. When pulling those people from their ongoing roles, you do the work around whether that program can keep proceeding, albeit possibly at a bit of a slower pace, while meanwhile we will get the result we want through an innovation task force which, as you say, has terms of reference, very specific and very clear outcomes and very clear time lines that they have to deliver on over that period of time.

We don't do that often, but we do it where we feel that the economic drivers really need the focus and the push through in the agency. To answer your question then, we do reallocate resources for those, but we try to do it sparingly because we are not a large organisation. It is not as if we have a lot of flexibility to move people from one program to another. Every year, for that corporate planning process, we are sorting and re-sorting our projects, so we are very confident that the programs that we have actually listed and are delivering are the right programs given the resource base.

11863 The Hon. J.A. DARLEY: So, it is more than likely that, if you have a program of particular importance, you may allocate additional resources.

Mr ASHBY: Correct. A group we often use is our Rural Solutions SA division which, for want of a better way of describing it, is a division made up of highly talented consultants. They are multiskilled people who are running everything from the SARMS program we spoke about earlier through to emergency management response, so they are very good project managers. Some of them are also content people as well, so we tend to build our task forces and our project groups from within that division, and then we pull in people from elsewhere as needs be.

11864 The Hon. A.L. McLACHLAN: I have a question in two parts. By way of process, given your grants program, what is your process after the grant is given? Do you do a quick review or a short review of whether the money was well spent or not? The second part of the question is around the Indigenous Land Corporation grant in 2014-15 and whether we have had success with employing 14 Aboriginal workers.

Mr ASHBY: I might ask Stephen to talk in general about our grants programs, and then I might ask Daniel Casement—

11865 The Hon. A.L. McLACHLAN: I am not questioning where they are going. Some of them are more practical than others, which is why I kept the question general. It is just about the process.

Mr ASHBY: Stephen might speak about the process, and then I might ask Dan Casement, who is Executive Director of Rural Solutions, to talk about the second part of your question.

Mr JOHINKE: Generally, our grants are paid on achievement of milestones by the recipients. We have a number of grant programs so, obviously, they look to deliver different things, but we look to document the deliverables in quite a bit of detail in the contractual documents. Milestone payments are made when those milestones are met. That is an overview.

11866 The Hon. A.L. McLACHLAN: So, at least there is some documentation in the department that the money has, firstly, landed in the right hands and has actually been applied in the right places.

Mr JOHINKE: Yes.

Mr ASHBY: And that the deliverables have been delivered.

11867 The Hon. A.L. McLACHLAN: In the grants, which were given to us for 2014-15, there was \$200,000 funding to the north-west Indigenous pastoral programs. Was that successful in employing 14 Aboriginal workers? What were the outcomes of that program?

Mr CASEMENT: The program has been run in two phases. In the first stage, since June 2015, we have had 46 people employed through that program for varying periods of time. Eight of those have transitioned into independent employment, which is quite impressive, given the region that that is in. We expect that number to increase in the next 18 months. We have also seen 200,000 hectares of land brought back into production and we are expecting another 320,000-odd hectares within this current program, so the ongoing jobs will grow as that production land continues to be used for their own purposes as opposed to just agisting for other areas.

11868 The Hon. A.L. McLACHLAN: We're talking cattle, are we, or sheep?

Mr CASEMENT: Yes.

11869 The Hon. A.L. McLACHLAN: Cattle?

Mr CASEMENT: Predominantly, yes.

11870 The Hon. D.W. RIDGWAY: I have a question around the Northern Adelaide Irrigation Scheme. In the Mid-Year Budget Review of 2016-17, a total of \$3.7 million was allocated and three FTEs were allocated from PIRSA to contribute to the feasibility study. How much of that has been spent? My understanding is that a report was meant to be delivered by mid-December. We are now in March, so can you please update us on where that program is up to?

Mr ASHBY: I might ask Dan to stay at the table and answer that question because Dan has been leading the work on the Northern Adelaide Irrigation Scheme—NAIS, as it is referred to. You are right: there was a report initially being looked at for December and then in fact late March. What I can say is—

11871 The Hon. D.W. RIDGWAY: It is due in late March now?

Mr ASHBY: Yes. The actual commonwealth government deadline was last Friday?

Mr CASEMENT: Thursday.

Mr ASHBY: Thursday—sorry, they all blend into one after a while. We met that deadline, but I might ask Dan to speak in a bit more detail.

Mr CASEMENT: To step back to the first part of your question, the \$3.7 million was feasibility funding from the Australian government for two different projects: \$2.5 million of it was for NAIS and \$1.2 million was to investigate the new opportunities for use of the water out of the three northern reservoirs—Baroota, Beetaloo and Bundaleer—so we separate the two.

Both of them had a business case prepared and a feasibility study was done into each of them to look at the best uses, the likely end users. There was a demand study done for each local community engagement and industry engagement. All those reports were received in December and we worked through those to meet the deadline of submitting to the Australian government.

11872 The Hon. D.W. RIDGWAY: In terms of the \$3.7 million, you allocated three FTEs but how was the \$3.7 million spent? Were consultants used? I'm a little unsure as to how that—

Mr CASEMENT: A significant portion of that went to SA Water to undertake the detailed design and study. We funded demand studies back to industry. A small amount went to third-party consultants to develop the actual business case and to do the economic modelling around that.

11873 The Hon. D.W. RIDGWAY: It has been widely reported, Mr Casement, that a lot of the small stakeholders—vegetable producers—feel as though the SA Water proposal that was in the public domain late last year with, I think, a Spanish consortium left the local producers out of the picture. What interaction did the feasibility study and PIRSA have with those local producers?

Mr CASEMENT: I will perhaps make it clear that this was about new use of water and new water. The majority of the users in question there are using current VPS (Virginia Pipeline Scheme) water. The study was to look at new opportunities for water in a new location. That is the guideline set out by the Australian government, so I think we need to make it really clear that it is new water to a new location. Throughout the demand study, a couple of the industry groups, including AUSVEG and the like actually went to their stakeholders and asked who would like water and how they would use it. What that did is it started to inform the likely end use for us.

So I think it is quite clear for us that the expression of interest run by SA Water, whilst complementary, was not what we ran as a feasibility and business case study. We were looking at what is the most likely and best end use of water; they were running an expression of interest of likely use and they essentially worked with one stakeholder. We came back and looked at what might be a blended option for water, what are the most likely development and end uses of that water. I think they are complementary processes, but they are not one and the same. That is the best way to put it.

11874 The Hon. D.W. RIDGWAY: So you have provided the report to the federal government?

Mr CASEMENT: That's right.

11875 The Hon. D.W. RIDGWAY: Is there an expectation that will be made public at some time and the federal government will respond? Is there a timeline?

Mr CASEMENT: The timeline is given by the Australian government for end of June for a July announcement. That is what we are working with.

11876 The Hon. D.W. RIDGWAY: The report on those northern reservoirs and the feasibility study for those, when are we likely to see that?

Mr CASEMENT: I guess that's a decision for us to work through over the next few weeks, given that we submitted as recently as last Thursday.

11877 The Hon. D.W. RIDGWAY: So you completed that feasibility study at the same time?

Mr CASEMENT: Yes.

11878 The Hon. D.W. RIDGWAY: Was SA Water involved in that one as well?

Mr CASEMENT: Absolutely.

11879 The Hon. D.W. RIDGWAY: Obviously, apart from the horticulture up in the Wirrabara Forest area, there is very little horticulture or water use from those reservoirs.

Mr CASEMENT: That's right.

11880 The Hon. D.W. RIDGWAY: So who were the local stakeholders involved?

Mr CASEMENT: We work quite closely with councils and the regional development authority up there to identify people who have expressed interest over time. We also ran some public meetings and invited any public users or people with ideas to come forward, and they were all addressed and worked through in that feasibility study.

11881 The Hon. J.A. DARLEY: At any stage during these feasibility studies was the actual cost of water considered?

Mr CASEMENT: Yes; any modelling has considered the cost of water. A willingness to pay was provided throughout the engagement with stakeholders, so we have taken that into account.

11882 The Hon. J.A. DARLEY: Was there agreement as to cost?

Mr CASEMENT: There is not agreement because we don't have the end design, because we don't have the end user signed up. Until you sign up that end user you don't know how far you have to take the pipeline, what sort of treatment. It is purely modelling at the moment to understand the feasibility of it.

11883 The Hon. D.W. RIDGWAY: I think you mentioned AUSVEG and others, so clearly they articulated to PIRSA their preference for some access to the water by existing users. I know these reports are confidential, but did your final report reflect that there might not be just one big end user but that SA Water had floated that there was sort of a request for interest, that it would be a combination of potential end users?

Mr CASEMENT: Yes. We believe we engaged, and AUSVEG were very clear in their views and we have considered in that in our end solution we have proposed.

11884 The Hon. T.T. NGO: The Pacific Oyster Mortality Syndrome outbreak that happened last year in Tasmania, could you tell the committee about the impact on the local industry? When it was announced I just assumed there would be a big impact and also that prices would go through the roof, and there was talk about oysters here at least having as much chance. I did go out and try to eat a lot at that stage, assuming there would be a shortage, but the prices didn't go up a lot. What sort of impact did that syndrome have on the local industry, and what did the department do about it?

Mr ASHBY: I might ask Professor Doroudi to respond.

Prof. DOROUDI: POMS, or Pacific Oyster Mortality Syndrome, is a very serious disease of oysters and the last outbreak nationally occurred in Tasmania. Eighty per cent of our farmers import spat, or they imported spat, from Tasmania. It means that while we have near to a \$40 million industry in this state, for years the hatchery side of this business, which is production of seed and spat, was not completely really developed here.

In the case of diseases of that nature, exotic diseases, we have no choice but to close the border and stop spats coming from the areas where they have been affected by the disease, by the virus. That could have, potentially, a severe impact on our industry: as I said, 80 per cent of our farmers are relying on that seed coming from Tasmania. While we had no choice but closing, we decided to support two local hatcheries (one in Louth Bay and one in Coffin Bay) in terms of providing them with a grant or funding to upgrade their facilities to increase the number of spats that they can locally produce.

As an insurance policy, we also decided to gear up our West Beach SARDI aquatic sciences to be able to produce enough spat as a back-up for what would be the shortfall coming from those two hatcheries making sure that we have enough spat. The industry needs near to 110 million spat each season. For that, initially the capacity of these two hatcheries was around 20 per cent of that number. We supported them, they increased their production, they improved their production. The Coffin Bay hatchery has a problem with ciliates, and they haven't been able to produce as many as they expected to produce.

Having said that, two providers in Tasmania decided to have their investment also in South Australia. One of them, the Cameron group, went to our abalone farms in Port Lincoln and started production of spat there. The other one in Cowell, working with the council at Cowell, just asked for a new licence that we issued (and we issued in a very timely manner) for them to establish a new hatchery there.

To shorten my response, we are confident that we are going to have enough spat for the industry. SAOGA, the industry's association, has been supportive of what PIRSA has done in helping them out in this situation. SARDI is in production, but SARDI is not going to stay in production for a long time because if these commercial producers produce enough spat, there would be no role

for SARDI in competing with them: we just had them to make sure that we would have enough numbers of spat.

I have been told by SAOGA, which is the industry peak body, that there could be a shortfall for this year's production, but the shortfall is not going to be adversely impacted as the backup or previous production in line has been very productive and prices have been very good. Therefore, we will get them too, and by the time we hit the next season we should have in all of these four hatcheries enough spat to produce them internally and domestically in South Australia rather than relying on other jurisdictions.

11885 The CHAIRPERSON: Mr Don Frater was the deputy chief executive this time last year. You now have a new deputy chief executive?

Mr ASHBY: I do, that's correct.

11886 The CHAIRPERSON: That's who?

Mr ASHBY: Mr Tim Goodes.

11887 The CHAIRPERSON: He is unable to be with us today?

Mr ASHBY: Unfortunately, Tim is interstate today.

11888 The CHAIRPERSON: When did that change occur?

Mr ASHBY: We will correct the—

11889 The CHAIRPERSON: Just take it on notice.

Mr ASHBY: I think Mr Frater left in late June, and Mr Goodes started on 2 February.

11890 The CHAIRPERSON: Did you go through an open competitiveness panel process for that position, or how was it appointed?

Mr ASHBY: The way we went through that process was: in the first instance, Mr Will Zacharin acted as acting deputy chief executive for that period. We did a national search for applicants and received a number of applications and interviewed those people over that six-month period.

11891 The CHAIRPERSON: Did you advertise?

Mr ASHBY: No, I did not advertise it.

11892 The CHAIRPERSON: Did you employ someone to do that search?

Mr ASHBY: No, we didn't. In fact, Mehdi undertook the search for us. To be honest with you, we pretty much know most of the people in the industry sectors, and somebody of the calibre who could do a DCE role in an agriculture department. So, we went through those lists of people and considered a number of others as well in that process. We interviewed a couple of those, including two interstate people we spoke with. In the end, where we got to was that Mr Goodes was looking for a career change. Previously, he had been a senior officer in the Department of Environment, Water and Natural Resources here, and so I appointed him.

11893 The CHAIRPERSON: Was he still in DEWNR at that stage?

Mr ASHBY: Yes, he was.

11894 The CHAIRPERSON: The panel was yourself and—

Mr ASHBY: I want to be clear. There wasn't a panel.

11895 The CHAIRPERSON: Didn't you say 'we' interviewed?

Mr ASHBY: Yes, because Mr Doroudi interviewed people and then I spoke to those people as well—separately.

11896 The CHAIRPERSON: So, this was an informal panel? That is, Professor Doroudi interviewed the three people, you interviewed the same three people—

Mr ASHBY: No, I didn't. Sorry, I just need to be clear.

11897 The CHAIRPERSON: Let's be clear. You outline what the process was.

Mr ASHBY: We worked through a short list of people we knew around Australia who would be capable of the role. It was important that we found somebody who was experienced as a deputy chief executive. This wasn't a training or development role. At that level, we were looking for people who understand the nature of our business and can take on the responsibilities, not only of the corporate area, but also some of the natural resource management and agricultural industry experience. It's a pretty small pool of people around Australia.

Then, Mehdi spoke to a number of those people with a view to whether or not they were even thinking about a move and, if they were thinking about a move, would they be thinking about South Australia and did they have the experience and background we were looking for? Of those, I was given a couple of names and I spoke to those people as well—separately. In the end, I settled on Mr Goodes. It was my decision.

11898 The CHAIRPERSON: I accept that. Did Mr Goodes approach you, or did you approach Mr Goodes?

Mr ASHBY: I approached him.

11899 The CHAIRPERSON: And you knew him from his previous work in DEWNR?

Mr ASHBY: Yes. Previously, he had worked with me in the department for water.

11900 The CHAIRPERSON: So, you had worked with him previously?

Mr ASHBY: Yes, I had.

11901 The Hon. J.A. DARLEY: Can you explain to me the relationship between PIRSA and the natural resources management boards? I understand Tim Goodes is involved with those.

Mr ASHBY: How long have we got? The relationship is an interesting one because, obviously, the natural resources management boards formally report under the Natural Resources Management Act to minister Hunter, and DEWNR is the administrative unit that oversees that act. That said, obviously the NRM boards do a lot of work in the sustainable agriculture space and, in fact, increasingly so. PIRSA has representatives on the NRM boards. I meet with all of the chairs of the NRM boards. I do that at least a couple of times a year.

I am also on a reference group which is probably best described as senior NRM chief executives and leaders across the state, which DEWNR chairs, but that not only has NRM boards but also Conservation Council, Landcare and a number of other entities. Together, we collectively work through what are the key priorities for expenditure and focus in the coming years in that space. So, we have quite a significant high-level contact with the NRM boards. Also, some of our biosecurity programs in pests, plants and animal areas are delivered collectively between Biosecurity SA and the NRM boards. So, at an operational level we also have contact with them.

11902 The Hon. J.A. DARLEY: What about weed control?

Mr ASHBY: That's fundamentally theirs but, of course, a lot of the policy work—

11903 The Hon. J.A. DARLEY: They're not doing it very well.

Mr ASHBY: I couldn't comment on that.

11904 The CHAIRPERSON: We won't get diverted down that path. Can I turn to the issue of forestry. I presume you're going to have to answer those questions. Can you outline to the committee how the monitoring of compliance of the contract with OneFortyOne is undertaken by your department, who is responsible. From the committee's viewpoint, how can the parliament and the community be assured that the compliance is being monitored? The leases, I understand, are available, but the contract has been claimed to be cabinet in confidence and is not available. Is that a fair summary of the legal position in terms of the deal between the government and OneFortyOne?

Mr ASHBY: That's my understanding. To go to your question, OneFortyOne is required to report against the agreement to PIRSA. The relevant senior officer in our organisation is Mr Rob Robinson, who is the director of forestry. That report is provided to the agency and we review

it. We go through and, in effect, truth it and determine whether or not what they are saying is actually what has happened. We go back to them if we have any points—

11905 The CHAIRPERSON: Is that done annually?

Mr ASHBY: Yes.

11906 The CHAIRPERSON: So, the last one would have been received when?

Mr ASHBY: Sorry, I will have to take that on notice. I couldn't—

11907 The CHAIRPERSON: Is it at the end of the financial year or the end of the calendar year?

Mr ASHBY: Sorry, I can't tell you that, but I am happy to take it on notice. We go through it and then report to the minister as to the veracity of that report and whether or not all their requirements have been met.

11908 The CHAIRPERSON: Has there been any issue with noncompliance with the contract arrangements with OneFortyOne?

Mr ASHBY: No, not that I'm aware of. Just to be clear, though, where there have been points of clarification—so if we're not clear in terms of what they have reported—we go back to them and ask for more detail around it. Obviously, some of it is quite complex and at times they feel that they have fully answered the questions or the requirements, but they may be required to provide us with further information.

11909 The CHAIRPERSON: Can you take on notice and advise the committee whatever information you can as to the most recent compliance report from OneFortyOne and the department's response. I'm assuming that none of that is currently publicly available; is that correct?

Mr ASHBY: Again, I will take it on notice.

11910 The CHAIRPERSON: Can you take it on notice; if it's publicly available, you can provide that to the committee.

Mr ASHBY: Of course.

11911 The CHAIRPERSON: But if it's not, can we specifically ask you a question to update the committee because if the contract is not available and there are conditions that have been outlined, how do we as a committee and the parliament assure ourselves that the terms and conditions of the contract are being complied with? We seek your specific response to the most recent compliance report and some detail on that and your response, if any, to those issues.

Mr ASHBY: Yes.

Mr JOHINKE: Excuse me, Chair, I have an answer to a question you asked previously, so if I can just clarify it. I believe you were asking about the professional technical services increase of \$2.4 million between financial years. I can advise that that was mainly to do with increased contractor payments and the use of temporary staff for biosecurity responses. You might recall that in 2015-16 there were fruit fly eradication responses required in metropolitan Adelaide—Clarence Park, Kurralta Park, Colonel Lights Gardens, Highgate—and those costs are mainly to do with that.

In relation to the admin and operating costs of about \$1.9 million, which I think you were asking about, that is mainly for SARDI collaborative research projects. That might be the other side of the externally funded for SARDI collaborative—

11912 The CHAIRPERSON: Can you give us information—that is offset by revenue was the point I think you were making.

Mr JOHINKE: Yes, and also the biosecurity response in terms of chemicals and vaccines and things like that, so that's the main reason for those—

11913 The CHAIRPERSON: Thank you for those initial responses. If there is anything further you can provide on notice in terms of the detail, we would appreciate that. If I can return to the forestry issue, Mr Ashby have you or Mr Robinson had any discussions with OneFortyOne about

an approach from OneFortyOne regarding the sale of a parcel of land just currently leased to OneFortyOne next to the Timberlink mill in Tarpeena?

Mr ASHBY: Yes, there have been discussions about that.

11914 The CHAIRPERSON: The nature of those discussions is what? Have you said no to—because it's a lease, I understand, that has been signed. My understanding is that they are seeking, in essence, to purchase it. What has been your response and the government's response?

Mr ASHBY: I guess I can tell you what I know, and I'm happy to do so. There have been discussions. Obviously, they are looking at the expansion of their footprint in that region. Quite the contrary to a negative response, we have looked at this very positively, because there would be some significant jobs involved should they decide to expand. I am not privy to their board decisions in that regard.

Clearly, should they want to proceed with that construction, then I can fully understand why they might want to own that piece of land rather than be leasing it. The process for that I am not personally involved with. That would be something that, obviously, the crown would have to look at in terms of the possibility of doing that because, as you rightly say, currently they are leasing it and so there would need to be a consideration of if and when the government decided to make that land available and what that process would be. In the initial discussions that we had with them on this, it has been very positive at this point.

11915 The CHAIRPERSON: Can you outline to me what your understanding of the process is. You are the agency responsible for managing the compliance with the contracts and the leases, etc., and they have obviously approached you or your department. Have the discussions been with you or were they with Mr West or with Mr Robinson?

Mr ASHBY: No, they haven't been with me. In fact, the management of OneFortyOne, whilst we review the compliance issues, both the Department of Treasury and the crown are also involved here. Obviously, these are lands which are currently utilised for forestry, so there would need to be some form of revocation of the land for use for forestry in return being able to be sold. The actual process here, as I understand it, and I have to say I'm a little bit removed from this, is quite complex. The last I heard, it was still being worked through.

11916 The CHAIRPERSON: What I am trying to find out is that if you, as an agency, are not handling it, is it Treasury that is handling it?

Mr ASHBY: Mr Robinson has been involved in that. There's a panel, a group of people from Treasury, from the crown, and ourselves, Mr Robinson being that person—

11917 The CHAIRPERSON: Can I call it an interdepartmental working party?

Mr ASHBY: An interdepartmental committee, thank you, an interdepartmental committee that oversees all dealings with OneFortyOne. That proposition has been taken to them.

11918 The CHAIRPERSON: Who chairs that working party? Is that you?

Mr ASHBY: No, it's not me.

11919 The CHAIRPERSON: PIRSA, I mean?

Mr ASHBY: No, I believe it's Treasury, but I'm happy to provide that information.

11920 The CHAIRPERSON: Could you take on notice who is on the working party.

Mr ASHBY: Sure.

11921 The CHAIRPERSON: Crown law advice would just be the legalities of it, but would this require legislation? It certainly would require an amendment or variation to the contract.

Mr ASHBY: It's only my understanding, so I would have to say that I'm happy to stand corrected on this. The crown would be involved because of the complexity of any proposition that is put forward from OneFortyOne in the first instance, whether or not that's actually deliverable. If so, then how. They don't just look at the legalities, they would tell us legally how that could be done. The second part of the question?

11922 The CHAIRPERSON: That's essentially it. How big a parcel of land are we talking about?

Mr ASHBY: Sorry, I don't know that off the top of my head.

11923 The CHAIRPERSON: Can you take that on notice. In terms of the process forward, you are saying this working party is going to come to some recommendations and then the government will have to take a decision, and that would be a decision that cabinet would have to take, I assume, rather than an individual minister?

Mr ASHBY: I would have thought that would be the case.

11924 The CHAIRPERSON: Has OneFortyOne made any approaches to you or your senior officers about reducing the rotation of the trees, different from what was already agreed and outlined in the contract?

Mr ASHBY: They haven't approached me. I have almost no dealings directly with OneFortyOne, but I'm happy to take it on notice to see whether or not they have approached Mr Robinson. But I'm not aware of that.

11925 The CHAIRPERSON: Okay if you take that on notice. But the lease and the contract make it quite clear what the agreed positions are. It would require the government to agree to any change. Would that be a fair summary of your understanding of the lease and the contract?

Mr ASHBY: That would be a fair summary.

11926 The CHAIRPERSON: Okay. So you will take it on notice as to whether or not Mr Robinson has been approached. Has the issue of OneFortyOne or a subsidiary of the Campbell Group investing in a pine panel mill—which would see the monopoly supply of raw timber product entering the processing market in direct competition with Carter Holt Harvey—been raised with you or your senior officers?

Mr ASHBY: It hasn't been raised with me.

11927 The CHAIRPERSON: Could you take that on notice?

Mr ASHBY: Again, if Mr Robinson was here he might be able to speak for himself, but I will take it on notice.

11928 The CHAIRPERSON: Okay.

11929 The Hon. D.W. RIDGWAY: With regard to the Regional Development Fund, Mr Ashby, often when grants are approved there is a press event where you have ministers—minister Brock and minister Bignell—and all the happy snaps and press releases are sent out. I am aware that happened in the case of the McLaren Vale Distillery, where they were allocated \$500,000. I am also aware that McLaren Vale Distillery has not gone ahead with that particular project; that is, they have gone ahead with the project, but they have not gone ahead with the funding because it was too onerous and too difficult to comply with the government's requirements.

Can you confirm that that is the case, and can you also let us know if there are any other cases where the media event has occurred, but in the end the funds have never actually been delivered.

Mr ASHBY: If you don't mind, I might ask Ms Alison Lloyd-Wright, who is the Executive Director, Regions SA, to come forward. Alison will be across the detail of that.

Ms LLOYDD-WRIGHT: Your question was about the McLaren Vale Distillery grant under the Regional Development Fund. In that grant, as you rightly identify, there was a process where they were made an offer of grant funding, but ultimately the project did not proceed with the government grant funding. Just to be clear, grant funding is offered to successful applicants under the Regional Development Fund under a number of conditions, including that the project be completed at the same scale of investment that they identify in their application and with the same job outcomes that they identify in their application.

Despite the best efforts of successful applicants and a comprehensive due diligence process undertaken by the department, sometimes circumstances change, which means that grants that have been offered under the Regional Development Fund sometimes do not proceed. For

example, an organisation might change the direction of its project, it might be unable to make its co-investment contribution—for the Regional Development Fund there is a 1:3 co-investment requirement—or there have also been circumstances where grantees have faced a sudden industry downturn that has affected the demand for their product or service.

It is a bit disappointing when projects are not able to proceed as planned. With respect to the McLaren Vale Distillery, I don't want to go into the specific details of that project, as I respect that some of it is commercial in-confidence, but I would like to offer the committee an assurance that PIRSA went through a range of negotiations with McLaren Vale Distillery to try to come up with an arrangement that suited its business needs. We always leave it up to the applicant to determine what the milestones will be and when the milestones will be met, subject to our criteria and requirements.

We entered into a range of negotiations over some years with McLaren Vale Distillery to try to resolve that issue; however, we of course are bound by certain requirements. For example, our agreements with all grantees are standard template agreements agreed by Crown, and there is a limited degree to which we can change elements. Ultimately, after much negotiation, McLaren Vale Distillery was not able to identify how it would address the necessary elements of the grant and withdrew from the process.

11930 The Hon. D.W. RIDGWAY: What were those necessary elements? Are you able to tell us? McLaren Vale Distillery is producing product and has been built. It seems bizarre that we would have this great big media event but at the end of the day nothing ever really happened. Why did they withdraw from the process?

Ms LLOYDD-WRIGHT: I don't know if it's appropriate for me, but an issue that was discussed extensively in negotiation is around the ownership of the land on which the assets that the grant was to support would be built. For our template agreements, we require that the party to whom we are granting money is ultimately the owner of the land and the asset on which the land would be built with the grant money, so that in the event that there is need for recovery, we have that option available to us. I don't want to go into the specifics of that about McLaren Vale Distillery but that was an element.

11931 The Hon. D.W. RIDGWAY: Wouldn't it make sense to deal with those issues prior to having the media event and the publication of a half a million dollar grant that then ultimately, for these reasons you have outlined, does not go ahead?

Ms LLOYDD-WRIGHT: Yes, from time to time grants don't go ahead, and it is always disappointing, both because we really are invested in those strong regional employment outcomes and in supporting regional businesses. In all cases, applicants have an understanding of what would be required of them under the grant agreement, but sometimes while they indicate at the time the grant is offered that they will be able to meet those requirements, their circumstances change.

11932 The Hon. D.W. RIDGWAY: But surely, Ms Lloyd-Wright, if it was land ownership, that was well-known at the time of the application and the announcement, so if that was a hurdle that was too great to get over, then I'm just surprised that the application received initial approval if that was a problem.

Ms LLOYDD-WRIGHT: It is somewhat more complicated than that, and it was to do with what the milestones were, how they were to be described and where the payment scheduling would occur, along with issues around land ownership.

11933 The Hon. D.W. RIDGWAY: I don't want to dwell on McLaren Vale Distillery. Are there any others that have been granted funds and then have had the same experience where they can't proceed when the final settlement comes?

Ms LLOYDD-WRIGHT: There are several organisations that have been offered grant funding under the Regional Development Fund which at some stage in the process, usually before the funding deed is finally executed, have had to withdraw, yes.

11934 The Hon. D.W. RIDGWAY: Are you able to take on notice the actual number of grantees that I assume have the announcement when we have country cabinet or some ministerial visit but then in the end don't proceed?

Ms LLOYDD-WRIGHT: Just to be clear, you would like to know the number that have been announced but then have not proceeded.

11935 The Hon. D.W. RIDGWAY: Yes.

Ms LLOYDD-WRIGHT: Yes.

Mr ASHBY: If I could just add something here, one of the challenges I think we have, and I am sure you would recognise, is that people fill in an application form. They understand their business and the structure of their business, but I would have to say that with some of the business structures that you see which then come forward, someone will say, 'I own this business,' but actually when you go into all of the legalities of it, there can sometimes be a number of companies and trusts and all sorts of elements. Every business is different, so whilst they might appear even to themselves that they are eligible, once you actually start going through it in detail in terms of meeting the contractual requirement, they often come to a point where they say, 'Actually, we thought we met your criteria but we don't.'

Another thing which happens with some of these grants is that the business environment that they are operating in changes. Some of these businesses sometimes can change quite rapidly, so they might make a choice not to proceed with their development for good business reasons from their perspective. We have to respect that and recognise that at times someone might choose not to proceed. We don't then interrogate them in terms of, 'Why aren't you proceeding?' If someone notifies us formally that they don't wish to proceed, then we respect that and then we go again.

11936 The Hon. D.W. RIDGWAY: I understand business circumstances may change, Mr Ashby, but the point I want to find out is why is the minister announcing this before the final due diligence has been done, if they are not going to meet the criteria that has been laid out by the Crown?

Mr ASHBY: I guess that's a good question that we sometimes have to ask of proponents as well, when we have been very clear in terms of what the criteria are. In the end, we have to accept that what they write down for us in a formal application is correct. We do our due diligence on that, and as we continue down the contractual path, sometimes elements come to light, which we were not aware of, which they may not have thought at the time were significant. However, that occurs.

11937 The Hon. D.W. RIDGWAY: My point, Mr Ashby, is that the minister is announcing it before you have actually done all that final due diligence. Ms Lloyd-Wright, I notice those that have sadly not proceeded. Can you give us a total value of those?

Ms LLOYDD-WRIGHT: Certainly.

11938 The Hon. D.W. RIDGWAY: The Regional Development Fund is not funded across the forward estimates. Are we going to see it funded over the next three or four years?

Mr JOHINKE: It is funded across the forward estimates, yes.

11939 The Hon. D.W. RIDGWAY: For the next four years, for the foreseeable future?

Mr JOHINKE: For forward estimates period, yes.

Ms LLOYDD-WRIGHT: Back to your point, we have a range of successful grants through the Regional Development Fund, nearly a hundred, that clearly don't find the requirements of the Regional Development Fund grant process too onerous or difficult.

11940 The Hon. J.E. HANSON: Just going to what you are possibly going to outline, in addition to providing some of the information Mr Ridgway has asked for, could you provide the total number of applications that were received and could you also provide the total value of those applications?

Ms LLOYDD-WRIGHT: Yes.

11941 The Hon. J.E. HANSON: And the time lag that was between the announcement and when you knew that it wasn't going ahead, so the amount of time in relation to the specific funding

mentioned by Mr Ridgway. Lastly, this is all part of the round of regional development grants. Is that correct? So, if I go back into previous—

Ms LLOYDD-WRIGHT: Yes.

11942 The Hon. J.E. HANSON: Okay. Is the amount of those still \$15 million each year, or has that changed?

Ms LLOYDD-WRIGHT: The amount of the Regional Development Fund is \$15 million a year. The bulk of that expenditure is through Regional Development Fund grant rounds, which are competitive grant processes, which have a range of subprograms that have varied over the last three years, including the Regional Food Initiatives Program, the Community Infrastructure Program, the Major Projects programs; but the fund is larger than the grants scheme.

11943 The Hon. J.E. HANSON: Is there an estimated amount that is the benefit of providing these grants? Do you follow that at all?

Ms LLOYDD-WRIGHT: Yes, we do. In fact, we have engaged Ernst & Young to assess the overall economic value of projects awarded grant funding under rounds 1 and 2 of the Regional Development Fund, which is what was current when we engaged Ernst & Young. Its report looks at the economic contribution of the fund and underscores the importance of regions as the kind of engine room, I suppose, of the economy of the state. The report identifies not only the direct jobs that are created through those two rounds of Regional Development Fund grants but also the indirect impact on regional communities by introducing greater levels of investment and employment in regional South Australia.

11944 The Hon. J.E. HANSON: Is that report publicly available?

Ms LLOYDD-WRIGHT: Yes, it's on our website.

Mr JOHINKE: Can I clarify something before we move on? The expenditure authority associated with Regional Development Fund will differ from the \$15 million per annum that's available to allocate, as we have to match that expenditure with when we anticipate the milestones will be met. You will see it in the budget papers. For instance, in 2016-17, the revised budget for the Regional Development Fund is about \$26½ million, which is funding carried over from previous financial years, attempting to match when we expect the milestones will be met and the invoices paid.

Ms LLOYDD-WRIGHT: To add on that, and to offer some supplementary information from an earlier question, because the grants are paid on a reimbursement basis as milestones are met, in addition to the process that was outlined, regional coordinators frequently visit our grantee businesses to check up on how they are going and actually physically have an opportunity to inspect what they have built with their grant funding.

11945 The Hon. J.A. DARLEY: In terms of the grant application forms, surely they would have a definition of terms there so that anything as fundamental as tenure would be crystal clear to the applicant?

Ms LLOYDD-WRIGHT: Yes, and all those things were made known to the applicant at the time, I believe, although I wouldn't want to speak on their behalf that they thought they were going to come up with an alternate arrangement that would satisfy the application requirements.

11946 The Hon. J.A. DARLEY: Of the \$15 million proposed to be given away this year, what was the actual salary cost to the department?

Ms LLOYDD-WRIGHT: The \$15 million does not include any salary costs. The \$15 million Regional Development Fund is a discretionary fund for the Minister for Regional Development, so none of the operational salary costs for Regions SA or any other parts of PIRSA are met from that fund.

11947 The Hon. J.A. DARLEY: Sorry, I should clarify that. What was the actual cost to the department to give away that \$15 million?

Mr ASHBY: You are looking for FTE costs associated with running the fund?

11948 The CHAIRPERSON: Annual costs for managing the fund.

Mr ASHBY: We will take that on notice, please.

11949 The CHAIRPERSON: Before we move off the Regional Development Fund, you provided us with some information last year about the movement in the Regional Development Fund, and there was a \$12.5 million underspend from 2014-15 which, for the reasons you outlined previously, has now been added to 2015-16.

Mr JOHINKE: For the forward estimates period. It won't be—

11950 The CHAIRPERSON: It sounds like 2016-17 as well. I am wondering whether for 2014-15 onwards you can provide for the committee on notice a mud map that outlines what was the allocated funding, what was the actual expenditure (which should be the two easy bits), and the difficult bit: I think you indicated to the committee that you might have made commitments in 2014-15 of \$15 million, but only \$2½ million was spent, and the rest of it was going to be spent in 2015-16 or 2016-17, as the various commitments were met.

I assume that your hard-working staff will have some sort of monitoring mechanism that indicates the level of the commitments you have made, which, let's assume, is for the full amount of the \$15 million each year, but when are you actually anticipating expenditure? Clearly there is significant underspend (in terms of the budget, that is) each year as it carries over into the following year or the following year. If you could do that in an easy-to-read fashion for the committee, that would be of great assistance.

Mr JOHINKE: Certainly, and you are right in that only \$2.2 million was spent out of the Regional Development Fund in 2014-15. It's probably worth noting that it was \$17.6 million in 2015-16.

11951 The CHAIRPERSON: Actually spent?

Mr JOHINKE: Actually spent, so we disclose our major grant programs in the financial statements.

11952 The CHAIRPERSON: If you could do that. You have given us a list of who actually got grants in 2014-15 out of the RDF; we will be looking for that for 2015-16 as well, but if you can give us that spreadsheet as to the commitments, the approvals that you have and the budget that you have, that will assist the committee.

A round of grants were called for in December 2015, the applications for which closed in January 2016. It was put to me (and maybe this has already happened) that the next round was meant to have gone out for December 2016, to close in January 2017. Has that occurred or been done?

Ms LLOYDD-WRIGHT: No. To take you back a step, all the grants are available on the website, so for the 2015-16 and 2016-17 years. In terms of projecting the expenditure, because we project it against the milestones that the grantees themselves indicate, from time to time we need to grant a variation to those milestones if they are unable—

11953 The CHAIRPERSON: We understand that, that's why there are carry-overs.

Ms LLOYDD-WRIGHT: So, it would only be current as of today, but then—

11954 The CHAIRPERSON: We want your best endeavours in terms of that mud map. Should there have been another round of applications called for, and has it or has it not occurred?

Ms LLOYDD-WRIGHT: It is at the discretion of the minister, and no, it has not occurred.

11955 The CHAIRPERSON: So there has been nothing since December 2015?

Ms LLOYDD-WRIGHT: There was no indication that it was going to either.

11956 The CHAIRPERSON: But the last round was called in December 2015, so why wouldn't there have been one since then? Have you fully expended the money?

Ms LLOYDD-WRIGHT: It's a decision of the Minister for Regional Development, how he was to just—

11957 The CHAIRPERSON: I understand that, but you have \$15 million allocated in the forward estimates—I think Mr Johnke has outlined—so why wouldn't you have called for applications since December 2015 for the next round of \$15 million in funding? It is a decision of the minister, I know, but is there a technical reason you can throw to us as to why there is a problem with calling for it?

Ms LLOYDD-WRIGHT: It's a question of if the minister, I suppose, considers that a grant program is the most strategic and effective way to spend the funds from the Regional Development Fund at this juncture. Certainly, some funding from the Regional Development Fund has been committed to other projects that have a significant regional economic development benefit, including, for example, \$1 million towards the commonwealth Mobile Black Spot Program to address the problems of telecommunication connectivity in regional South Australia. There is certainly an opportunity to spend the Regional Development Fund in ways other than grant programs.

11958 The CHAIRPERSON: Does that come out of the 2016-17 RDF budget, the \$1 million for black spots?

Ms LLOYDD-WRIGHT: Yes.

11959 The CHAIRPERSON: What else has been spent by the government, or the minister, out of the \$15 million from 2016-17?

Ms LLOYDD-WRIGHT: It's probably best if I take that on notice. I would much rather give you a really accurate answer.

11960 The CHAIRPERSON: If there had been an application round called in December 2016, closing in January 2017, would that have been for the \$15 million to be spent in 2017-18? How do you work in terms of the \$15 million grant applications? The December 2015 one, which closed in January 2016, for what lump of \$15 million was that for?

Ms LLOYDD-WRIGHT: Out of which financial year would that grant round have been—

11961 The CHAIRPERSON: Yes.

Ms LLOYDD-WRIGHT: I understand your question. I can't answer it right now; I will need to take that one on notice.

11962 The CHAIRPERSON: Do you already have commitments to, or expenditure for, the 2016-17 \$15 million?

Ms LLOYDD-WRIGHT: Yes.

11963 The CHAIRPERSON: So, the next free money, if we can put it that way, or available money, is actually 2017-18 money?

Ms LLOYDD-WRIGHT: Yes.

11964 The Hon. T.T. NGO: I just want ask Scott about the flood in the northern suburbs, in Gawler and Virginia. How has the grant application gone? Can you give the committee an update on the number of applicants that you have had so far and just a general update?

Mr ASHBY: I am very happy to discuss that. I will ask Mr Dan Casement, the Executive Director of Rural Solutions, to come forward. The reason I'm doing that is that Dan's team ran our response to the flood in Gawler and, as you rightly say, there were grants that were offered to individual growers out there.

Also, there has been a large number of programs that we have run out there to really get that northern horticultural area back on its feet and back in production as quickly as we possibly could. Dan, if you wouldn't mind going through how we have gone on the grant program first and then such things as the clean-up program as well.

Mr CASEMENT: As of 15 March (last week), we have had 91 approved grants, totalling just over \$800,000. Applications will continue to be received until it closes on 13 April.

Mr ASHBY: Can you talk about the other programs we have run out there too?

Mr CASEMENT: The storm was between 28 September and 5 October. We provided \$260,000 of immediate assistance out there, which was to pump floodwaters away and then to go straight in to damage assessment. We have undertaken 250 impact assessments. An estimated loss for us, that we estimated with industry, was around \$51 million. We contributed \$50,000 to the industry appeal. The \$152,000 that they raised for seedlings, the state government contributed \$50,000 of that.

Another major program was the waste management program, where we had 649 tonnes, or just over 200 truckloads of waste removed, and that was flood waste from 58 of those properties. That has now concluded as well.

11965 The Hon. T.T. NGO: How did you remove it? Did you just bring the trucks down?

Mr CASEMENT: A couple of things: we either employed contractors to come through and take away what was classified as flood waste and, in some instances, we put major waste bins there and the landholder loaded it as they were removing it from their glasshouses, and we then took away the bins. We had a contractor manage that work for us.

11966 The Hon. D.W. RIDGWAY: I have a question relating to that. Mr Casement, I think it was about \$3 million, and the commonwealth government put in half and the state government—

Mr CASEMENT: That's right.

11967 The Hon. D.W. RIDGWAY: How much of that \$3 million has been spent, how much is left to be spent, and how much of it is used for administration and so didn't get on the ground?

Mr CASEMENT: There are no administration costs in that \$3 million. We either manage the administration costs through the PIRSA budget or we seek that additional funding through the funding agreements. As I said, we are at 91 approved payments of \$815,000, so we are less than a third of the way there.

11968 The Hon. D.W. RIDGWAY: Do you expect to spend the \$3 million?

Mr CASEMENT: It depends on the demand over the next month. It would be great to see more come in the door. We are turning them around quickly. We have received 99 applications, and there are eight that are either still under assessment or have been declined.

Mr ASHBY: If I can interrupt here please, Chair, we actually have the latest figures literally—

11969 The CHAIRPERSON: Hot off the press.

Mr ASHBY: —hot off the press. There have been 101 applications. To date, 96 have been approved, one was withdrawn and four are still under consideration. The total expenditure has been \$865,697, as of today.

Mr CASEMENT: If we just use Pinery, probably close to half of the grants approved were received in the last couple of weeks of the program, so we would anticipate a significant increase in grants.

11970 The Hon. D.W. RIDGWAY: When does this program finish?

Mr CASEMENT: Mid-April.

11971 The Hon. D.W. RIDGWAY: What will then happen to the residual money? Will it be returned to the commonwealth?

Mr JOHINKE: We won't be able to expend the grant budget provided on anything else. It will be adjusted out through standard budget processes in Treasury and Finance.

11972 The Hon. T.T. NGO: Do you have many applicants waiting? Mid-April is obviously just two or three weeks away, and you still have a couple of million dollars to spend.

Mr ASHBY: At this point, there are only four who have put in an application that is still being assessed. As Dan was saying, our experience with disaster management is that people go out and do the work first and then, I guess, when they hear our advertising—and we have made it very widely known on the northern Adelaide plains—that the program is closing, that seems to be a trigger in the community for people to say, 'I had better get my paperwork together and apply.' We

inevitably, as we did with Pinery, see a last-minute, last couple of weeks rush in these areas, so we would expect that it could go very close. We are probably expecting at least double what we have here at this point in time.

11973 The Hon. T.T. NGO: When it closes, could you give me a breakdown, if you can, of the ethnicities of those grant recipients?

Mr CASEMENT: I don't have it with me, but we can take that on notice.

11974 The Hon. T.T. NGO: If you could, my office would be grateful. I just have one quick question about the Gawler River. Are we doing anything in terms of putting in more funding to prevent this kind of flood down the track? I know we spent some money before and it still happens, so I am wondering whether you have any plans in terms of another big flood down the track. It seems to have done a lot of damage, so I am wondering whether we can put some money into preventing the same thing happening.

Mr CASEMENT: I think we asked the same question. Local government has the legislative requirement to protect the areas from Gawler River flooding, and that applies to flood risk from stormwater. The Gawler River Floodplain Management Authority is responsible for all flood plain mitigation strategies and infrastructure in that area. I believe they received a final report within the last six weeks or so, and I don't understand the recommendations in that.

11975 The Hon. T.T. NGO: I know they have responsibility. Is there anything that the department can do in terms of putting pressure on them?

Mr ASHBY: Perhaps I could answer that. I am aware that the Gawler River Floodplain Management Authority have been in discussions with the Stormwater Management Authority, which is the state body that manages stormwater, flood events and infrastructure. It's only my understanding through conversation that there are some funds that the Stormwater Management Authority could potentially look at here.

I do know that DEWNR, through the local NRM board, is already looking at native vegetation management in that channel. Obviously that can be an issue for the movement of water through the channel, so they are spending some money in that space as we speak, and there's quite a bit of planning going on looking at how we can avoid another flood situation.

I was out there only last week and saw an interesting situation where a grower was explaining to us that, at the height of the flood, when they went out and looked down the road, there was clearly a blockage in one of the roadside channels. When they went down, someone had built a road access across that channel without a culvert in it, so he and two other gentlemen went and got spades and opened that up, and the floodwater disappeared in about two hours for them.

We are recommending that we work with council to look at all those situations because each one of those blockages then banks up water behind it. There's quite a bit of planning going on. There is consideration of the funding for this. It is important from the Northern Adelaide Plains horticultural development perspective that we don't have a flood like this happening again. Obviously that is a deterrent for people to invest in particular in significant infrastructure, so there is a lot going on in this space.

One other difficulty that just complicates this matter is that 100 years ago, our forebears decided that it would be a really good idea to have council boundaries running along the centre of rivers and creeks and so on. I think Brown Hill Keswick Creek was in the same situation. We do have a council boundary that runs down the middle of this river system, which always throws in a few challenges.

11976 The Hon. D.W. RIDGWAY: How much government funding—PIRSA or SARDI money—has been contributed to support the Davies research livestock centre at Roseworthy Campus?

Prof. DOROUDI: We have been talking to the University of Adelaide and MLA nationally to be able to secure funding for the centre. We were talking about in the scale of \$100,000 to \$200,000 if we could allocate from the existing SARDI budget. The Roseworthy Campus has a dedicated state recurrent budget that they get on an annual basis. I believe it is a work in progress that currently we are doing.

I understand that the University of Adelaide has secured about \$800,000 a year and my understanding is that, whatever would be the combination between the university and SARDI, then MLA, which is a national body to leverage the R&D funds, is going to put a leverage of at least 1:1, to the best scenario of 2:1, for that centre. That is the plan we are working on at the moment.

11977 The CHAIRPERSON: You would be disappointed if we didn't ask you to update the committee on the Food Park: have all the decisions been taken as to how the \$2 million and the \$7 million are going to be spent?

Mr ASHBY: Thank you, Mr Chair. I might ask Professor Doroudi to respond. He has the lead on this in the department.

Prof. DOROUDI: Mr Chairman, we haven't spent the \$7 million yet, and if I want to be absolutely up-front and frank here, we are not going to until we have a clear understanding in terms of where we stand with Parafield Airport or Adelaide Airport in terms of the sites they have offered in relation to the Food Park. The \$1.9 million, yes, we have been utilising that for the feasibility study that we have been doing over the last 18 months.

We have been closely working with Food SA and the Economic Development Board and all the manufacturers that we have. It's the matter that the feasibility study needs to be completed by Parafield Airport. They have been working on that. It was supposed to be finished in October last year, but they asked for an extension. The current deadline is the end of this month.

To be fair to them they put their own investment in; for every dollar that we put towards that, a dollar is contributed to that work. The result of that work is going to clearly say what would be the final rent or lease rate, which is crucial for how much economic viability would be there for some of our industries to move there. We are hoping that we get all that detail by the end of this month. As part of this work, also, is the infrastructure that is needed both externally and internally to get the food park up and running. All those details should be provided to us by the end of this month.

11978 The CHAIRPERSON: Last year we asked whether a decision had been taken by government as to whether the \$7 million is broadly going to be spent on incentives to attract businesses to go to the park or, the alternative Mr Ashby outlined, was, in essence, some sort of infrastructure expenditure on energy or something like that, which would be spent on the park in terms of infrastructure as an alternative to providing specific incentives. Has that decision been taken by the government, as to whether it is incentives to businesses to move or whether it is to be spent on infrastructure in the park?

Prof. DOROUDI: Yes; we provided recommendations to the government that about \$4 million out of \$7 million be utilised as incentives to bring industry or companies to the park, and the other \$3 million—

11979 The CHAIRPERSON: The other \$3 million to be spent on infrastructure?

Prof. DOROUDI: —on infrastructure, like energy efficiency or business—

11980 The CHAIRPERSON: Have those recommendations been approved or agreed by government, or are they still awaiting the work that Parafield Airport is doing?

Prof. DOROUDI: We have provided that in the process, as we report back to the economic development subcommittee of the cabinet. That has been approved and noted by the subcommittee.

11981 The CHAIRPERSON: So it has been approved?

Prof. DOROUDI: To the best of my knowledge. The flexibility is there if we need to change it.

11982 The Hon. D.W. RIDGWAY: What process is in place for when people express an interest? I have a food producer who claims he has contacted somebody and has never had a response from government.

Prof. DOROUDI: We employed Advanced Focus, a company that runs a process of working with all the food manufacturers. Going one step back, we had an initial expression of interest of about 70 companies. We provided the list of 70 companies to Advanced Focus, and they came up with about 40 companies that are going to be more interested or a bit more serious in terms of their

interests. Then internally, within PIRSA, we ran a process that is about 12 companies that we have on our list out of that 40 that are ready and prepared to go to the park when we are ready.

As part of this process, on the website we also have images and contact details so that all manufacturers can directly contact PIRSA if they have an interest to express their interest. We also work closely with Food SA through their process to make sure that expressions of interest are known to us.

11983 The CHAIRPERSON: Do any members have questions on notice? Can you take on notice the number of invoices overdue longer than 30 days, and what was the corresponding amount of interest paid to suppliers because of the late payment of invoices by the department? What was the eligible amount of interest payable to suppliers but not claimed by eligible suppliers under the Late Payment of Government Debts (Interest) Act 2013?

The 2015-16 annual report makes reference to the transfer of the Lincoln Marine Science Centre to the department from Flinders University. Can you take on notice what obligations and liabilities, if any, does the department incur as a result of that particular transfer? Can you also take on notice any funded programs? For example, you have indicated that you have forward estimate funding for the Regional Development Fund, so that is locked in, but are there any funded programs that end at some stage in the forward estimates for which the department has put a case to Treasury that it should continue for the length of the forward estimates and beyond?

Then there are the normal questions on notice: the level of expenditure for any minister's office from the department to the minister's office; the list of carryovers from 2015-16 into 2016-17, those that were approved and those that haven't been approved; a list of the consultants and contractors greater than \$10,000, the name of the consultant or contractor, a brief description of the work they were employed or engaged for, and the actual amount of money expended on them; a list of the capital works expended in June 2016 and what that was as a percentage of the 2015-16 capital works budget; and a full list of the grant programs that you have outlined (we have asked you already for the RDF, but any other grant programs the department has). Finally, you provided us with a comprehensive answer in regard to the job accelerator fund: \$10 million had been negotiated with minister Brock. Can you just clarify whether there is any further detail on that or whether the answer you provided last year remains accurate; if it does, that's fine.

11984 The Hon. D.W. RIDGWAY: I have one quick question on notice, if I may, just to stretch the friendship. Can you provide to the committee what portion of SARDI's funding is allocated to grains and livestock R&D.

11985 The CHAIRPERSON: With that, we apologise for being about five minutes over. We thank you very much for your attendance today and your willingness to cooperate with the committee. Thank you very much.

Mr ASHBY: Thank you.

THE WITNESSES WITHDREW

# PIRSA BUDGET AND FINANCE COMMITTEE

Monday 20 March 2017

Questions on Notice

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## Savings Targets

**Page 1692 – Item No 11799**

**Can you take that on notice and provide us with the technical detail. You have given us the absolute number but, on the basis of what you have just said, there is obviously a calculation which aggregates to the \$2.79 million each year. Exactly what is it that is imposed on you as part of the savings task?**

The incremental increase in PIRSA's savings task of \$2.79 million from 2017-18 primarily comprises a 1.0 per cent annual efficiency dividend on PIRSA's net cost of services budget and a 1.0 per cent annual efficiency dividend on PIRSA's salaries and wages budget, calculated at the time the rollover of the forward estimates out year is undertaken. The net cost of services efficiency dividend is based on the budget the year prior to the savings and the salaries and wages efficiency dividend is based on the budget the year the savings relates to. There are also minor incremental increases in previous budget savings measures, including the public sector wage policy savings announced in the 2016-17 State Budget.

## Surplus Employees

**Page 1694 – Item No 11823**

**Can you take that on notice: of the seven [excess employees], how long since the longest one of those has been without a substantive position within PIRSA and you've been managing [their contracts]?**

There are 2 employees both identified as excess on 17 February 2011 from an organisational review. However, both of these employees have very good transferable skills and have been offered funded contracts continuously, ranging from 2 years to 3 years since 2011 either within PIRSA or with other government agencies.

One of the employees is currently with DSD and the other is within PIRSA.

## Reallocation of agency funds

**Page 1695 – Item No 11831**

**Could you take on notice other examples through the last year or two where you have actually moved priorities from within your agency to others?**

Other examples of emerging priorities allocated additional funding within PIRSA includes the creation of the Food Innovation Taskforce and the Aboriginal Partnerships Unit.

The Food Innovation Taskforce's aim is for PIRSA to deliver timely applied innovations which builds South Australia's food business capability, product attributes and value, and secures the premium product position in target domestic and international markets.

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The Aboriginal Partnerships Unit will lead the development and delivery of Aboriginal Programs and provide a central point of contact, leadership and advice on Aboriginal engagement across PIRSA.

## Cost of Corporate Services

**Page 1696 – Item No 11833-11834**

**For your corporate services structure for FTEs, what is the total cost of services and how is that proportioned to each program that PIRSA runs, i.e. what your budget allocation is for, how many FTEs and the total expenditure by PIRSA on corporate services?**

PIRSA's Programs and Sub Programs, as presented in the State Budget papers, include allocations related to corporate services.

As presented in the 2016-17 State Budget papers, FTE related corporate services costs allocated to Programs totalled approximately \$13.7 million for 128 FTEs (2016-17 Original Budget). It should be noted that these costs are partly offset by revenue, as a result of the provision of services to other Government agencies and recovery of costs through funded service provision etc.

95% of these budgeted corporate services costs are pro-rated to the Sub Programs under Program 1 – Agriculture, Food and Fisheries, based on budgeted salaries and wages expenditure. Program 2 - Forestry Policy is allocated no budgeted corporate services costs, given its relatively small size, while Program 3 - Regional Development receives 5% of the budgeted corporate services costs.

If the \$13.698 million budgeted FTE related corporate services costs was allocated across the 763 budgeted operational staff, the result would be approximately \$18,000 per budgeted operational staff member.

## Trade missions

**Page 1697 – Item No 11840 and 11843**

**... from Mr Ashby's opening statement. You said you had 1,000 or thereabouts, business contacts from the overseas trade mission. Define 'business contact'. Could you take that on notice, exactly how you actually define it, whether it is coming on inbound mission, 10 emails?**

On each business mission delegates are asked to complete a daily business feedback form asking if they have made any business connections and if they have generated any investment leads. This information is collated by the Department of State Development (DSD) for the purposes of measurement and is only publicly released in aggregated form so as to protect commercial confidentiality.

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The number of connections and leads completed on the daily business feedback form by each delegate is used to measure the business contacts from the overseas trade mission.

DSD has reported the following new business connections from the 2016 missions and agriculture food and wine delegates comprise portions of the following total:

- China 730
- India 479
- Singapore, Malaysia, Thailand 71
- Philippines, Indonesia and Vietnam 31
- North Asia 263

### **57 Films engagement**

#### **Page 1699 – Item No 11852**

##### **What did PIRSA spend \$11,000 with 57 Films for in 2014-15?**

57 Films was engaged as a sub-contractor to a project funded by DEWNR to capture footage for the production of a series of documentary films on the impact that State Government environmental works and operations are having in the SA Murray-Darling Basin region, its waterways and floodplains as well as the cultural, ecological and community perspectives.

#### **Page 1699 – Item No 11853**

##### **Has PIRSA employed 57 Films in 2015-16 or 2016-17?**

PIRSA has not incurred any expenditure with 57 Films in 2015-16 or in 2016-17 (as at 31 March 2017).

#### **Page 1699 – Item No 11854**

##### **Can you also clarify why 57 Films are listed (and this is for the accountants in the group) as a contractor, not a consultant?**

A consultant is defined, in Accounting Policy Statement 4.6, as a person or entity that is engaged by a government reporting entity for a specified period to carry out a task that requires specialist skills and knowledge not available in the entity. The objectives of the task will be achieved by the consultant free from direction by the entity as to the way it is performed and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative.

A contractor is a person or organisation engaged by an entity for a specific period to carry out a defined task/s subject to direction of the entity as to the way in which that task is to be performed and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative.

# PIRSA BUDGET AND FINANCE COMMITTEE

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57 Films was listed as a contractor as they were engaged to complete the defined task of capturing footage and were acting under direction of a PIRSA staff member to complete the task.

## Chinese documentary

**Page 1699-70 – Item 11861**

**(Refer to 11856 regarding the Minister’s Facebook site showing a Chinese documentary group in South Australia).**

**Could you take on notice to confirm that PIRSA wasn’t approached for funding for the documentary and, if you were approached, what your response was?**

On 24 November, PIRSA was introduced to 57 Films’ Chef Exchange project by the Adelaide Central Market. 57 Films was seeking input and ideas into series 2 of their Chef Exchange project with China. PIRSA referred the company for further discussions with the SA Tourism Commission, Regional Development Association Barossa and the Barossa Grape and Wine Association.

## OneFortyOne

**Page 1706 – Item No 11906-11907**

**So the last one [annual compliance report on OneFortyOne compliance against the agreement] would have been received when? Is it at the end of the financial year or the end of the calendar year?**

The reporting period covers a calendar year. Reports are due before 30 April in the following year.

**Page 1706 – Item No 11909-11910**

**Can you take on notice and advise the committee whatever information you can as to the most recent compliance report from OneFortyOne and the department’s response. I’m assuming that none of that is currently publicly available; is that correct? Can you take on notice; if it’s publicly available, you can provide that to the committee.**

In the most recent compliance report OneFortyOne certified that it has complied in all respects with its obligations under the Plantation leases, and in all respects with applicable laws. OneFortyOne also confirmed in the report that its Area Weighted Average Clearfall Age during the reporting period was 37 years. OneFortyOne also provided details of resource planted, removed and harvested in the reporting period, which did not reveal any non-compliance. The remainder of OneFortyOne’s annual compliance report is confidential as per the transaction agreements between the State and OneFortyOne.

**Page 1706 – Item No 11911**

# PIRSA BUDGET AND FINANCE COMMITTEE

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**But if it's not [publicly available], can we specifically ask you a question to update the committee because if the contract is not available and there are conditions that have been outlined, how do we as a committee and the parliament assure ourselves that the terms and conditions of the contract are being complied with? We seek your response to the most recent compliance report and some detail on that and your response, if any, to those issues.**

The State and OneFortyOne are committed to ensuring the conditions continue to be met and PIRSA maintains regular communication to achieve this. OneFortyOne is required to report breaches with the conditions as soon as it becomes aware of them and is required to provide an annual report regarding its compliance. An interdepartmental committee reviews OneFortyOne's annual compliance report and advises the Minister for Forests.

**Page 1707 – Item No 11918**

**Who chairs that working party? Could you take on notice who is on the working party?**

Rob Robinson, Director Forestry, with Primary Industries and Regions SA is the State's point of contact on OneFortyOne matters. Rob seeks advice from the Crown Solicitor's Office, and assistance from the Department of Treasury and Finance and external expertise, and chairs formal meetings when required. The Department of Planning, Transport and Infrastructure is providing case management services to OneFortyOne regarding their proposed particleboard development.

**Page 1708 – Item No 11922**

**That's essentially it. How big a parcel of land are we talking about?**

The land in consideration for the proposed timber processing facility is approximately 81ha. This is 0.1% of the land that OneFortyOne leases from the State.

**Page 1708 – Item No 11924**

**Has OneFortyOne made any approaches to you or your senior officers about reducing the rotation of the trees, different from what was already agreed and outlined in the contract?**

A minimum area weighted average clearfall age (rotation length) is set under the lease conditions. The State is not considering any adjustment to this.

**Page 1708 – Item No 11926**

**Has the issue of OneFortyOne or a subsidiary of the Campbell Group investing in a pine panel mill – which would see the monopoly supply of raw timber product entering the processing market in direct competition with Carter Holt Harvey – been raised with you or your senior officers?**

# PIRSA BUDGET AND FINANCE COMMITTEE

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The State is responding to an approach by OneFortyOne to establish a particle board manufacturing facility at Tarpeena. The State will deal with any matters which may impact upon the transaction agreements between the State and OneFortyOne, including the lease. The development will be considered via approved Government processes including development approvals.

In 2015 the Minister for Forests announced \$550,000 from the South East Forestry Partnerships Program for feasibility studies of the opportunity to develop significant processing capacity in the Green Triangle region. The proposal was submitted by the Association of Green Triangle Growers Incorporated – a collective involving the major plantation growers in the region including OneFortyOne. Last year the Association advised it had not been able to progress the proposal and recommended the grant be provided to OneFortyOne as that company would be better placed to undertake the study. This was accepted by the Minister for Forests subject to normal due diligence requirements.

### **Regional Development Fund**

#### **Page 1709 – Item No 11934**

**Are you able to take on notice the actual number of grantees that I assume have the announcement when we have country cabinet or some ministerial visit but then in the end don't proceed? (Ms Lloyd Wright: Just to be clear, you would like to know the number that have been announced but then have not proceeded.) Yes.**

Of the 88 projects offered grants from the Regional Development Fund, seven did not proceed after they were announced. This includes six from Round 1 and one from Round 2.

When grants don't proceed, the funding allocated to the project returns to the Regional Development Fund to be allocated to other projects, so there is no net loss to the distribution from the Regional Development Fund.

Grant payments are made on a reimbursement basis when agreed milestones are met. Accordingly, no money was paid on any of the projects where the grant application was withdrawn.

#### **Page 1710 – Item No 11937**

**My point, Mr Ashby, is that the minister is announcing it before you have actually done all that final due diligence. Ms Lloyd-Wright, I notice those that have sadly not proceeded. Can you give us a total value of those?**

Of the \$49 million committed to through Round 1, 2 and 3 of the Regional Development Fund grants program, the total value of projects that have not proceeded is \$7.7 million.

When a project does not proceed, the funding allocated to the project returns to the Regional Development Fund to be allocated to other projects, so there is no net loss to the distribution from the Regional Development Fund.

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Grant payments are made on a reimbursement basis when agreed milestones are met. Accordingly, no money was paid on any of the projects where the grant was withdrawn.

## **Page 1710 – Item No 11940**

**In addition to providing some of the information Mr Ridgway has asked for, could you provide the total number of applications that were received and could you also provide the total value of those applications?**

A total of 400 applications seeking \$271.6 million were received across the three rounds of Regional Development Fund grants.

## **Page 1711 – Item No 11947 – 11948**

**What was the actual cost to the department to give away that \$15 million? The annual costs for managing the fund.**

Cost of the Regions SA grants team salaries for 2015-16 (including on-costs) was \$493,738.

This included 1 ASO8 Grants Manager, 3 ASO5 Grants Officers, and 1 ASO4 Grant Support Officer.

## **Page 1712 – Item No 11950 – 11952**

**I am wondering whether for 2014-15 onwards you can provide for the committee on notice a mud map that outlines what was the allocated funding, what was the actual expenditure (which should be the two easy bits), and the difficult bit: I think you indicated to the committee that you might have made commitments in 2014-15 of \$15 million, but only \$2 ½ million was spent, and the rest of it was going to be spent in 2015-16 or 2016-17, as the various commitments were met.**

**You have given us a list of who actually got grants in 2014-15 out of RDF; we will be looking for that for 2015-16 as well, but if you can give us that spreadsheet as to the commitments, the approvals that you have and the budget that you have, that will assist the committee.**

The table below reflects the annual funding allocation for the Regional Development Fund since 2014-15, with actual expenditures for 2014-15 and 2015-16 and approved expenditure for the forward estimates from 2016-17.

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<b><u>RDF Funding v Expenditure Profile (\$'000)</u></b>								
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Total</b>
Base Funding Allocation	15,000	15,000	15,000	15,000	15,000	15,000	15,000	105,000
Transfer from Jobs Accelerator Fund	2,600	-	-	-	-	-	-	2,600
Additional Round 2 Funding Allocation (2015-16 MYBR)	-	3,830	2,549	-	-	-	-	6,379
<b>Total Funding Allocation</b>	<b>17,600</b>	<b>18,830</b>	<b>17,549</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>113,979</b>
<b>Expenditure Profile</b> <sup>(1) (2)</sup>	<b>2,232</b>	<b>17,638</b>	<b>25,622</b>	<b>17,128</b>	<b>19,927</b>	<b>15,888</b>	<b>15,544</b>	<b>113,979</b>

Notes:  
<sup>(1)</sup> 2014-15 and 2015-16 represents actual expenditure.  
<sup>(2)</sup> 2016-17 and out years represents current approved forward estimates

All recipients of Regional Development Fund grants are listed below.

**2014/2015**  
**Regional Food Initiatives Program**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Adelaide Hills Farmers' Market	Stallholder Mentoring and Capacity Building Program	\$18,600
Fleurieu Peninsula Food Inc.	Flavours of the Fleurieu	\$50,000
Kangaroo Island Food and Wine Association	Eat KI: Forging Life-long Relationships to Grow Regional Food and Wine	\$80,000
Limestone Coast Food, Wine, Tourism and Agriculture Collaborative (LCFWTAC)	Building the Capacity of Limestone Coast's Wine Food Producers	\$80,000
McLaren Vale Grape Wine and Tourism Association	McLaren Vale on the Epicurean Way	\$25,480
Regional Development Australia Adelaide Hills, Fleurieu and Kangaroo Island	Connected Food and Wine Trails – Adelaide Hills, Fleurieu and Kangaroo Island	\$60,000
Regional Development Australia Barossa	Next Level Barossa Regional Food Dining Experience	\$45,920
Regional Development Australia Whyalla and Eyre Peninsula	Food and Beverage Ambassador project	\$80,000
Regional Development Australia Yorke and Mid North	Southern Flinders Ranges Grass Roots project	\$80,000
Town of Gawler	Gawler Marketplace – Trading Regional, Premium Quality Food and Artisan Products	\$80,000

**Small Grants Program**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Australian Pure Fruits	New processing line upgrade and improvement project	\$200,000
Australian Saltworks	Salt of the earth project	\$200,000
Barossa Valley Cheese Company	Production cellar and tourism centre expansion	\$200,000
Big Bird Investments	Paisley Poultry project	\$200,000

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Ceravolo Orchards	Installation of a new grading system and mezzanine floor	\$200,000
Joyson Orchards	Gumeracha Vineyard redevelopment recycled water storage	\$200,000
Myora Farm	Minimal disease / multi-site development	\$155,350
Paulett Wines	Bush Devine Cafe	\$115,608
Robarra	Expanding growing capacity and expansion into utilisation of wastewaters.	\$200,000
SA Mushrooms	Compost facility	\$200,000
Samex Peterborough Pty Ltd	Replacement of boiler at Peterborough abattoir	\$165,000
Seed Genetics International	Packing and logistics export facility	\$200,000
Wilson Pastoral	Saltbush pellets and dry animal feed processing factory	\$200,000

**Country Cabinet Program (Fund My Idea)**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Red Cross	Far West Mojo	\$26,000
Danceduna	Ceduna Memorial Hall facelift	\$24,000
Rockit Performing Arts	Rockit Rocks the Adelaide Hills	\$31,470
Human Projectile Mountain Bike Club	Fox Creek Mountain Bike Park Trail Extension	\$18,530
St Joseph's School, Renmark	Active Learning Space	\$20,000
Loxton Netball Club	Loxton Stadium Redevelopment	\$30,000

**Community Infrastructure Program**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Whyalla City Council	Whyalla Leisure Centre improvement	\$320,000
Flinders Ranges Council	Quorn Memorial Swimming Pool	\$300,000
Northern Areas Council	Laura stormwater mitigation	\$333,869

**Major Projects Program**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Bowmans Intermodal Pty Ltd	Expansion project	\$840,000
Como Glasshouse	New generation semi-closed glasshouse project	\$2 million
Days Eggs	Expansion of free range production facilities	\$500,000
Lenswood Cold Store Co-operative Society Limited	Expansion of Lenswood Apples	\$850,000
Pernod Ricard Winemakers	St Hugo Cellar Door project	\$1 million
Sundrop Farms	Port Augusta solar desalination greenhouse	\$6 million
Thomas Foods International	Beef Boning Room Upgrade	\$2.5 million

**2015/2016**

**Country Cabinet Program (Fund My Idea)**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Quorn Community Recreation Centre	Play it cool - Quorn gym upgrade	\$30,000
Cara	Sensory and adventure garden	\$20,000

**PIRSA BUDGET AND FINANCE COMMITTEE**  
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Gener8 Theatre	Gener8 Theatre	\$30,000
SA Volunteer Fire Fighters Museum Inc.	Firefighter's Memorial Wall	\$20,000
Kind Hearted Kitchen	Kind Hearted Kitchen	\$20,000
Partnership between Andrew 'Cosi' Costello and the Light Regional Council	Barossa Tree Tunnel	\$30,000
Burra Community School	Community gym	\$30,000
Upper North Regional Sports Stadium	Canteen Construction	\$20,000

**Community Infrastructure Program**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Barossa Village	Supported accommodation	\$824,000
Ceduna Foreshore Hotel Motel	Function room development	\$264,913

**Major Projects Program**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Ashwood Estate	Investment in transformative capability for the burgeoning Adelaide Hills cider and wine industry and the associated fruit growing industry supply chain	\$856,319
B.-d. Farm Paris Creek	New generation of Extended Shelf Life milk processing line	\$900,000
Beerenberg Farm	New factory and innovation space	\$1 million
CMV Farms Pty Ltd	Fielke Almond project	\$600,000
d'Arenberg	d'Arenberg Cube	\$2 million
DMK Engineering	New manufacturing facility	\$540,377
Greenwheat Freekeh	High capacity green grain to freekeh processing plant	\$900,000
Hunter Poultry	Hunter Poultry project	\$500,180
JT Johnson and Sons	Feed mill expansion and upgrade	\$500,000
Midfield Group	Coonawarra milk processing facility	\$2 million
Rowesa Pty Ltd	Great Northern Lodge - a new motel and conference centre in an ancient landscape	\$400,000
TE Storage and Logistics	Barley storage expansion project	\$250,000
Torbreck Vintners	Cellar door and visitor centre development	\$200,000
Treasury Wine Estates	Barossa Valley Wolf Blass packaging and winery expansion	\$2 million
Whitty Engineering	New operating facility	\$300,000

**2016/2017**

**Country Cabinet Program (Fund My Idea)**

<b>Applicant</b>	<b>Project name</b>	<b>Funding awarded</b>
Arid Recovery Education Centre	Develop a field classroom for wildlife education and visitors to the arid zone	\$15,000
RSPCA	Upgrade Whyalla facility	\$35,000
Karoonda Area School	Disability access for Karoonda Area School pool	\$30,000
Lameroo Regional Community School	Bush tucker and community garden	\$20,000

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**Community Infrastructure Program**

Applicant	Project name	Funding awarded
Mary MacKillop Care SA	Innovation in aged care and affordable housing - St Catherine's Berri aged care facility relocation and expansion	\$900,000
Municipal Council of Roxby Downs	Roxby Link Splash Pad - Toddler's Pool Replacement Project	\$200,000
Regional Council of Goyder	Re-purpose of Paxton Square Cottages	\$200,000
Vine Inn Barossa Community Hotel	Regional conference and events centre	\$204,182

**Major Projects Program**

Applicant	Project name	Funding awarded
Australian Grain Export Pty Ltd	Packing and storage facility	\$300,000
Beston Pure Dairies	Murray Bridge expansion	\$2.5 million
Cu-River Mining Australia Pty Ltd	Cairn Hill Mine	\$397,306
Gambier Earth Movers	Asphalt plant upgrade	\$438,820
Inghams Enterprises	Establishment of a new feed milling facility in Murray Bridge	\$1.7 million
Inghams Enterprises	Yumali breeding farms	\$2 million
Mitolo Wines	McLaren Vale cellar door and restaurant	\$557,418
Pikes Wines	Pikes visitor centre	\$320,000
P&L Rogers	Stage 1 of Port Wakefield expansion	\$220,000
Premium Adelaide Hills beverage experience	Premium Adelaide Hills integrated beverage production facility and luxury cellar door tourism experience	\$950,000
Primo Smallgoods	Stage 1: Expansion of the boning room to increase capacity	\$1,228,292
Prime Valley Pastoral	Plant capacity upgrade	\$650,000
Solar Eggs Farms	Barossa Valley farm expansion	\$400,000
Chat Hill Pty Ltd	12 Shed Broiler Farm	\$360,000

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**What else has been spent by the government, or the minister, out of the \$15 million from 2016-17?**

From 2016-17, nearly \$14 million was committed through Regional Development Grants assessed competitively under Round Three.

Additional projects which have been supported through the 2016-17 Regional Development Fund include:

- \$1 million to address mobile black spots in regional South Australia, as mobile connectivity is crucial to regional businesses accessing markets and to the safety of regional communities.

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- Attracting national and international investment to create jobs in regional South Australia in partnership with Investment Attraction Australia, such as the \$275 million Ingham's expansion
- Investing in key infrastructure to enable economic growth, including the Port of Thevenard and the Bundaleer Pipeline Scheme, which will provide secure access to water allowing Mid North agribusinesses to expand production and potentially move into higher-value, more water intense products.
- Developing skills and creating job opportunities for young people, through a \$2 million commitment to a second round of the successful Regional Youth Traineeships Program.
- Supporting regional communities including arts and culture programs, and the Fund My Idea initiative of Country Cabinet.

#### **Page 1713 – Item No 11960**

**If there had been an application round called in December 2016, closing in January 2017, would that have been for the \$15 million to be spent in 2017-18? How do you work in terms of the \$15 million grant applications? The December 2015 one, which closed in January 2016, for what lump of \$15 million was that for?**

Funding for Round 1 of the grant program called in July 2014 was allocated from the 2014-15 Regional Development Fund.

Funding for Round 2 of the grant program called in April 2015 was allocated from the 2015-16 Regional Development Fund.

As it was so highly subscribed, funding for Round 3 of the grant program was allocated from both the 2016-17 Regional Development Fund and the 2017-18 Regional Development Fund.

Accordingly any subsequent grant round would have been drawn from the 2017-18 Regional Development Fund.

#### **Flood Response Grants**

#### **Page 1715 – Item No 11973**

**When it closes, could you give me a breakdown, if you can, of the ethnicities of those grant recipients?**

Ethnicity of grant applicants was not collected as part of the application process, as it is not an eligibility criterion.

Fact sheets and application forms regarding the grants were provided in Vietnamese and Cambodian. PIRSA employees have assisted flood affected growers, often working one on one via interpreters (Vietnamese and Cambodian) to explain eligibility criteria and assist in completing applications.

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## Additional questions on notice

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**The number of invoices overdue longer than 30 days, and what was the corresponding amount of interest paid to suppliers because of the late payment of invoices by the department?**

To the end of February 2017, 170 invoices totalling about \$3.1m have been paid within 31 to 60 calendar days, representing 1.4% by volume and 2.3% by value. Only 84 invoices totalling \$253k have been paid in greater than 60 calendar days, representing 0.7% by volume and 0.2% by value.

To the end of February 2017, no interest relating to late payment of invoices has ever been requested of or paid by PIRSA.

**What was the eligible amount of interest payable to suppliers but not claimed by eligible suppliers under the Late Payment of Government Debts (Interest) Act 2013?**

The requirement to pay interest as a result of the late payment of invoices exists only in certain circumstances (<http://www.sharedservices.sa.gov.au/ap-late-payment-interest>). The main criteria being the size of the business, in that it has to be a small business (business with annual turnover of less than \$5 million in the financial year immediately prior to the year in which a claim for late payment interest is made), that the invoice was paid more than 30 days after being received by the agency (not the actual invoice date), and that the interest amount is not less than \$20.

There is no efficient way for PIRSA to determine eligibility of businesses against this criteria and therefore estimated potential interest not claimed.

**The 2015-16 annual report makes reference to the transfer of the Lincoln Marine Science Centre to the department from Flinders University. Can you take on notice what obligations and liabilities, if any, does the department incur as a result of that particular transfer?**

Under the Deed established between the Minister and Flinders University with a vesting date of 21 October 2015, the Minister does not assume any debt, liability or obligation of the University for any contract or arrangement entered into by the University with a third party prior to the actual vesting date.

**Are there any funded programs that end at some stage in the forward estimates for which the department has put a case to Treasury that it should continue for the length of the forward estimates and beyond?**

No case has been put to the Department of Treasury and Finance in 2015-16 or to the end of 28 February 2017 to continue any programs that currently end within the forward estimate period.

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## What is the level of expenditure for any minister's office from the department to the minister's office?

The Agency is funding the following staff positions in relation to Minister Bignell's Office in 2016-17 at an estimated cost of \$216,000:

- Ministerial Liaison Officer
- Ministerial Liaison Officer

The Agency is funding the following staff positions in relation to Minister Brock's Office in 2016-17 at an estimated cost of \$91,000:

- Ministerial Liaison Officer

## Please provide a list of carryovers from 2015-16 into 2016-17, those that were approved and those that haven't been approved.

As part of the 2016-17 State Budget Process, Primary Industries and Regions SA did not request any carryovers.

Carryovers were approved as part of the end of 2015-16 financial year budget process and included:

	\$'000				
	2016-17	2017-18	2018-19	2019-20	Total
<b>Controlled - Operating</b>					
<b>Minister Bignell</b>					
South Australian River Murray Sustainability (SARMS) Program	11,054	-	-	-	11,054
NRM Pest Animal and Weed Management Programs	982	-	-	-	982
Concessional Loans Schemes - Administration	130	-	-	-	130
Barley Industry Funds	129	-	-	-	129
Establishment of an artificial reef	258	-	-	-	258
Realising Opportunities in China for Food, Wine and Capability Development	241	-	-	-	241
Northern Adelaide Food Park	676	-	-	-	676
Premium Free Range Food	164	-	-	-	164
Supporting Brands of our Key Regions	41	-	-	-	41
Agribusiness Accelerator Program	127	-	-	-	127
Pinery Bushfire Recovery Program	355	-	-	-	355
<b>Total Minister Bignell</b>	<b>14,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,157</b>
<b>Minister Brock</b>					
Save the River Murray Fund	360	-	-	-	360
Regional Development Australia	674	-	-	-	674
Regional Development Fund	-	-	1,267	-	1,267
Upper Spencer Gulf and Outback Futures Program	-	633	-	-	633
<b>Total Minister Brock</b>	<b>1,034</b>	<b>633</b>	<b>1,267</b>	<b>-</b>	<b>2,934</b>
<b>Total Controlled - Operating</b>	<b>15,191</b>	<b>633</b>	<b>1,267</b>	<b>-</b>	<b>17,091</b>
<b>Controlled - Investing</b>					
<b>Minister Bignell</b>					
South Australian River Murray Sustainability (SARMS) Program - Loxton Research Centre	1,020	-	-	-	1,020
Almond Centre of Excellence	1,500	-	-	-	1,500
Clare Regional Office	1,524	-	-	-	1,524

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Sterile Insect Technology (SIT) Facility	280	-	-	-	280
<b>Total Controlled - Investing</b>	<b>4,324</b>	-	-	-	<b>4,324</b>
<b>Controlled – Operating (DTF submission)</b>					
SE Forestry Partnership Program	565	-	-	-	565
<b>Total Controlled –Operating - DTF</b>	<b>565</b>	-	-	-	<b>565</b>
<b>Administered</b>					
<b>Minister Bignell</b>					
Pig Industry Fund	60	-	-	-	60
Barossa Wine Industry Fund	247	-	-	-	247
Adelaide Hills Wine Industry Fund	96	-	-	-	96
McLaren Vale Wine Industry Fund	57	-	-	-	57
Fisheries R&D Fund	167	-	-	-	167
<b>Total Administered</b>	<b>627</b>	-	-	-	<b>627</b>

**Please provide a list of the consultants and contractors greater than \$10,000, the name of the consultant or contractor, a brief description of the work they were employed or engaged for, and the actual amount of money expended on them?**

Consultant	Summary of services for 2015-16	\$'000
ACIL Allen Consulting Pty Ltd	Review of South Australian Research and Development Institute (SARDI)	62
Ernst & Young	Regional Development Fund Economic Impact Analysis	38
Sevaly Sen	Independent Review of Cost Sharing Arrangements for Access to the Marine Scalefish industry	18
Insync Solutions Pty Ltd	ICT Security Review	14
		<b>132</b>

In relation to contractors, the table below represents information relating to controlled funds that were readily available to the Department in compiling this response in the timeframes available, and includes contractors with which PIRSA has incurred expenditure greater than \$10,000 in 2015-16, totalling \$9.234 million.

This is consistent with information provided by PIRSA and other agencies last year in response to this question.

Vendor Name	\$'000
Mechanical Vegetation Solution	507
Vtt Technical Research Centre	464
Dept Of Economic Development, Jobs, Transport and Resources - Victoria	394
Chamonix IT Management	369
Department of Planning, Transport and Infrastructure	354
ESRI Australia P/L	251
Fujitsu Australia Ltd	248
Australian Wine Research	227
University Of Tasmania	223
CSIRO	209
Blue Whale Study Inc	203

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Jacobs Group (Australia) Pty Ltd	175
Dodgshun Medlin	149
Spencer Gulf & West Coast Prawn Fisherman's Association	129
Australian Grape And Wine Authority	128
Econsearch Pty Ltd	126
University Of Sydney	118
Innovation Performance Australia Pty Ltd	114
Sa Blue Crab Pot Fishers Assoc Inc	102
The University Of Adelaide	99
Asian Agribusiness Consulting	98
Adelaide Research & Innovation	94
Department of Agriculture and Fisheries - Queensland	80
Primary Industries, Parks, Water and Environment - Tasmania	74
DWS Advanced Business	74
Kalyx Australia Pty Ltd	73
Abalone Industry Association Of South Australia	72
Oracle Customer Management	70
Zilm Gd & P	70
Advanced Focus	70
Velrada Capital Pty Ltd	68
Objective Corporation Ltd	63
Statewide Shearing Service	62
Well Done International P/L	61
Monash University	60
Department Of Environment Land Water and Planning - Victoria	57
CQR Consulting Australia Pty Ltd	56
KPMG	56
Insync Solutions Pty Ltd	55
Fluvial Systems Pty Ltd	55
Tassie Viticultural Consulting	55
Agtrans Pty Ltd	52
Hydraco Australia Pty Ltd	51
Water Industry Alliance	51
D Hamilton	51
Kufara Enterprises	50
Hays Specialist Recruitment	48
Rentokil Initial P/L	48
SMS Consulting Group Ltd	46
Department of Agriculture and Food - WA	46
Farmlink Research Limited	45
Consilius Pty Ltd	45
Penny Roberts Craig	44
David Farlam	44
IN Fushion Consulting	44
John Whiting Viticulture	43
Taptu Pty Ltd	42

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The University Of Queensland	42
Gum Creek Station Pty Ltd	42
Hayley Erin Conolly	41
SGS Economics & Planning P/L	40
Edge International Consulting	40
Food South Australia Inc	40
UNE Partnerships Pty Ltd	38
CKM Management Solutions	46
Science To Manage Uncertainty	36
RHO Environmetrics	36
Rebecca Lang Consulting	35
MT & LP Collins	33
Mudge BG & KM	33
University Of Canberra	33
RA Irlam Shearing Contractor	33
MICHELLE RILEY	33
Clear Horizon Consulting P/L	32
BDO Advisory (Sa) P/L	32
Planview Apac P/L	32
Absolute Software (Aust) P/L	31
Chris Mcdonough	31
University Of Wollongong	30
Dwyer A.K.	30
Deloitte Touche Tohmatsu	30
Redman Fisheries	30
Aquatic Research Support Svcs	30
Geoff Kuehne	29
Agrisearch Services P/L	29
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IC Independent Consulting	26
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John Mackenzie	26
Phillip Lock	25
Klynton Wanganeen	25
Diane Fullelove & Associates	25
Trengove Consulting Trust	24
Wrightsair Pty Ltd	24
Frame Creative Pty Ltd	23
Clean Seas Aquaculture Growout	23
Powell & Co P/L	23
Peter Cottingham & Associates	22
DR Agriculture Pty Ltd	22
SRA Information Technology P/L	22
Anthony Smith	22
Business & Risk Solutions P/L	21

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Max Workforce	21
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UXC Consulting	20
Landmark Cummins Ag Services	20
Kloud Solutions Pty Ltd	20
University Of South Australia	20
Upper North Farming Systems	20
Turning Point Crisis Mngnt	20
Jemsoft Pty Ltd	20
Inside Infrastructure Pty Ltd	20
Paul Albert Erkelenz	20
Remcast Pty Ltd	20
Arran (Sa) Pty Ltd	19
Foxwood Contracting	19
Australian Trade Commission	19
Agbyte	19
Dept Of Industry - NSW	19
People @ Work	19
Moodie Agronomy	19
Glenbarr Weed & Pest Control	18
Livestock SA	18
Biz Hub Australia Pty Ltd	17
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Datacom Systems P/L	17
Farm Works Pty Ltd	17
Marine Solutions Tasmania P/L	17
Webb Contractors Pty Ltd	17
Department of Primary Industry and Fisheries - NT	17
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Pro Ag Consulting	16
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Professional Public Relations	15
Leading Emergency Services	15
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Berri Drafting + Drilling Svce	12
Chris Dyson Statistics	12
Stephen Swann Family Trust	12
Flinders University Of SA	12
Cottler Graeme N	11
Alpha Group Consulting	11
KPPM Strategy	11
Samantha Wilkinson	11
Agrilink Agricultural	11
Aboriginal Lands Trust	10
Reid Rural Solutions	10
Eldredge & Associates Pty Ltd	10
Allan Mayfield Consulting	10
Fishwell Consulting Pty Ltd	10
Brand South Australia	10
Applied Economic Solutions P/L	10
The University of Western Australia	10
St. Vincent Gulf Prawn	10
Knowledge Transfer Services	10
	<b>9,234</b>

**Please provide a list of the capital works expended in June 2016 and what that was as a percentage of the 2015-16 capital works budget.**

The extent of capital expenditure in June 2016 of \$4.135m as a percentage of total capital works budget of \$25.639m was 16%. This included property, plant and equipment purchases (including under construction) of \$3.4m and intangibles of \$0.7m.

The property, plant and equipment purchases includes:

- Expenditure of \$2.1m for regional site projects (Loxton redevelopment, Clare renovations and Port Augusta SIT Facility) that had progress payments in June.
- Plant and equipment purchases of \$1.3m on the scheduled replacement of items including research farm vehicles and scientific equipment.

In relation to intangibles, the \$0.7m was expended on computer software development.

Capital purchases complied with State Procurement Board policies, principles, guidelines, standards and directions relevant to procurement.

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Please provide a full list of the grant programs that you have outlined (we have asked you already for the RDF, but any other grant programs the department has).

The table below represents the 2015-16 actual grant payments made under the various PIRSA grant schemes.

Name of Grant Recipient	Amount of Grant \$	Purpose of Grant
<b>Economic Sustainability Program</b>		
Almond Board of Australia	1,000,000	Contribution to an extensive research program at the Almond Centre of Excellence in the Riverland Region of South Australia.
Department of Treasury and Finance	640,000	2015-16 contribution to the Whyalla Interest-Free Loan Scheme, administered by the South Australian Government Financing Authority (SAFA).
<b>Total Economic Sust Program</b>	<b>1,640,000</b>	
<b>Jobs Accelerator Fund</b>		
Department of Treasury and Finance	2,000,000	2015-16 contribution to the Whyalla Interest-Free Loan Scheme, administered by the South Australian Government Financing Authority (SAFA).
Local Government Association of SA	800,000	Regional Youth Traineeship Program.
Local Government Association of SA	27,000	Regional Youth Traineeship Program promotional and professional development opportunities project.
Indigenous Land Corporation	800,000	Funding for the North West Indigenous Pastoral Program.
<b>Total Jobs Accelerator Fund</b>	<b>3,627,000</b>	
<b>Riverland Sustainable Futures Fund</b>		
Riverview Lutheran Rest Home Inc.	800,000	Construction of twelve serviced retirement living apartments at the Riverview Lutheran Rest home.
Charlie Ppiros Pty Ltd	13,341	Extension of packing shed, upgrading existing fruit grader, and increasing production facilities and cool storage.
<b>Total Riverland Sustainable Futures Fund</b>	<b>813,341</b>	
<b>Regional Development Fund</b>		
Department of Treasury and Finance	3,192,000	2015-16 contribution to the Whyalla Interest-Free Loan Scheme, administered by the South Australian Government Financing Authority (SAFA).
Sundrop Australia Unit Trust	2,500,000	Infrastructure works associated with the 'Port Augusta Solar Desalination Greenhouse Development' project.

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Thomas Foods International Murray Bridge Pty Ltd	1,995,000	Upgrade the Beef Boning Facility at Murray Bridge.
Como Glasshouse No2 Pty Ltd	1,870,000	Upgrade to existing facilities and the construction of a new glasshouse.
Treasury Wine Estates Vintners Ltd	1,750,000	Extension of the Wolf Blass Winery and Packaging Facility.
Department of State Development	1,400,000	Contribution to the expansion of Orora Ltd glass manufacturing plant at Gawler.
Pernod Ricard Australia	713,854	Construction of a cellar door complex for St Hugo brand wines and associated site development.
Hunter Poultry	450,180	Construction of two farms for production of free range broiler chickens on the facility.
Lenswood Cold Stores Co-operative Society Ltd.	410,000	To support the commercialisation of three new apple varieties and one new pear variety from Lenswood Cold Stores Next Fruit Generation Australia division by establishing a juice and cider and food processing facility.
Regional Development Fund program	355,350	Regional Development Fund funding, administered through the Department of Treasury and Finance (SAFA)
Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island Incorporated	55,515	Connected Food and Wine trails project in the Adelaide Hills and Kangaroo Island.
Regional Development Australia - Whyalla and Eyre Peninsula Incorporated	40,000	Food and Beverage Ambassadors program.
Regional Development Australia - Yorke and Mid North Incorporated	40,000	Southern Flinders Ranges Grass Roots Project.
Regional Development Australia – Barossa Incorporated	22,960	Next Level Barossa Regional Dining Experience project.
Bowmans Intermodal Pty Ltd	326,000	Expansion of the freight facility and the duplication of the existing rail line to marshal longer and more frequent trains associated with a number of mining contracts currently being pursued.
B D Farm Paris Creek Pty Ltd	300,000	Extension of the current factory to house a new extended shelf life milk processing line.
JT Johnson & Sons Pty Ltd	300,000	Upgrade and expansion of the Kapunda feed mill.
Days Eggs Pty Ltd	225,500	Expansion of Free Range production facilities at Port Germein.

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Ashwood Estate Pty Ltd	225,000	Commissioning of an onsite bottling line, a beverage canning line and installation of packaging equipment to support the increased cider and bulk wine production in the Adelaide Hills.
Arts SA	200,000	Establishment of the James Morrison Academy of Music in Mount Gambier and other Regional Arts and Cultural initiatives.
Messamurray Property Trust	200,000	Construction of sealed gas storage for the South East Region of South Australia's malting barley industry.
Joyson Orchards	145,000	Gumeracha vineyard redevelopment recycled water storage project.
Whitty Engineering Pty Ltd	140,000	Construction of a new operating facility including a shed/workshop, office facility and a training area.
Ceravolo Orchards Pty Ltd	135,000	Installation of a new grading system to increase the company's processing capacity.
Arts SA	100,000	To support Regional Development Arts and Culture Grants Program.
Big Bird Investments Pty Ltd	100,000	Construction and fit out of 12 free to range broiler chicken sheds.
Town of Gawler	80,000	To showcase regional food production and demonstrate sustainable and clean farming practices such as effective water reuse programs in the town centre of Gawler.
Kangaroo Island Food & Wine Association Inc.	68,355	Eat Kangaroo Island: forging life-long relationships to grow regional food and wine industries project.
Australian Pure Fruits Pty Ltd	50,000	To assist with the production of a new range of vegetable and fruit juice products.
Rockit Performing Arts	31,470	Installation of various therapy equipment and to engage an occupational therapy consulting service to support the needs of the dance class participants.
Burra Community School	30,000	Purchase and assembly of cardiovascular equipment, free weights and associated benches for the fit out of the Burra Community Gym which is to be located at the Burra Community School.
Loxton Netball Club Inc.	30,000	Re-development of the recreation centre stadium at the Loxton Sporting Precinct.
Wilson Pastoral International Pty Ltd	30,000	Development of Saltbush Livestock Pelleting Plant.

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Australian Red Cross Society	26,000	To assist in creating a local voice in Aboriginal communities and facilitate the sharing of positive local stories around culture, health, law, public space and entertainment with the world.
McLaren Vale Grape Wine and Tourism	25,480	McLaren Vale Epicurean Way project.
The District Council of Ceduna	23,790	To assist in the purchase and installation of a new industrial dishwasher and a motorised stage for the Ceduna Memorial Hall.
SA Volunteer Fire Fighters Museum Inc.	20,000	Establishment of a memorial wall for the fire fighters who have lost their lives while fighting wild fires across South Australia.
Adelaide Hills Farmers Markets	9,500	"Adelaide Hills Farmers Markets Stallholder mentoring and capacity building" project.
Paulette Family Trust	8,750	Establishment of a café specialising in bush foods.
Human Projectile MTB Club Incorporated	8,245	Construction of the Fox Creek MTB Park, Cudlee Creek Forest mountain bike trail.
The Flinders Ranges Council	5,000	Refurbishment and upgrade of the Quorn War Memorial Swimming Pool.
<b>Total Regional Development Fund</b>	<b>17,637,949</b>	
<b>Regional Development Australia</b>		
Regional Development Australia - Yorke and Mid North Incorporated	356,250	Creating the Right Conditions for Economic Growth project in Yorke and Mid North.
Regional Development Australia - Whyalla and Eyre Peninsula Incorporated	352,500	Economic Capacity and Capability Builder project in Whyalla and Eyre Peninsula.
Regional Development Australia - Murraylands and Riverland Incorporated	337,500	Economic Development project in the Murraylands and Riverland.
Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island Incorporated	318,750	Realising our Potential project in the Adelaide Hills and Kangaroo Island.
Regional Development Australia - Far North Incorporated	300,000	Economic Growth and Investment project in the Far North region.
Regional Development Australia - Limestone Coast Inc.	300,000	Economic Development and Investment project in the Limestone Coast region.
Regional Development Australia – Barossa Incorporated	285,000	Targeted Economic Growth project in the Barossa Region 2015.

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Regional Development Australia – Barossa Incorporated	32,750	2014-15 Accelerating Strategic Investment projects in Regional South Australia.
Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island Incorporated	30,000	2014-15 Investment attraction project - deliver jobs and investment for economic growth in Adelaide Hills Fleurieu and Kangaroo Island Region.
Regional Development Australia – Barossa Incorporated	30,000	2014-15 Targeting Quality Jobs project.
Regional Development Australia - Far North Incorporated	30,000	2014-15 Deliver jobs and investment for economic growth in the Far North Region project.
Regional Development Australia - Limestone Coast Inc.	30,000	2014-15 Deliver jobs and investment for economic growth in the Limestone Coast project.
Regional Development Australia - Murraylands and Riverland Incorporated	30,000	2014-15 Deliver jobs and investment for economic growth in the Murraylands and Riverland project.
Regional Development Australia - Whyalla and Eyre Peninsula Incorporated	30,000	2014-15 Deliver jobs and investment for economic growth in the Whyalla and Eyre Peninsula project by participating in a regional consultation network.
Regional Development Australia - Yorke and Mid North Incorporated	30,000	2014-15 Cultivating Investment and Security in Regions Support project.
Regional Development Australia - Limestone Coast Inc.	22,398	2014-15 Limestone Coast Economic Diversification and Strategic Initiatives Support project.
<b>Total Regional Development Australia</b>	<b>2,515,148</b>	
<b>Premium Food and Wine Innovation Cluster Program</b>		
DairySA Regional Development Program Inc.	58,000	Cluster Initiative project for the collaboration between DairySA and Dairy Innovation Australia Limited to deliver a project that provides benefits across the value chain from milk suppliers and industry bodies through small processors and sales (including niche regional produce).
Naracoorte Lucindale Council	58,000	Cluster Initiative project to develop collaboration across the red meat value chain to create a deeper understanding of the industry, its barriers and inefficiencies and the economic impact of potential collaborations.
Environment Protection Authority	42,000	'South Australian Murray Darling Basin Land Use Mapping' project to provide services to support companies within an innovation cluster to establish, maintain, monitor and report on their environmental credentials.

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Mackillop Farm Management Group Inc.	40,600	Cluster Initiative project to establish an industry lead steering committee to collaborate across the Limestone Coast cropping industry to enhance innovation and profitability through the value chain.
Ricca Terra Farms Pty Ltd	40,600	Cluster Initiative project to develop a cluster of Riverland alternative wine grape growers, wine makers and supporting partners that are directly linked to the production of premium wines from the region that are sold both domestically and internationally.
Coonawarra Grape and Wine Inc.	40,000	To optimise water use efficiency for improved wine quality in Coonawarra vineyards using remote sensing technologies.
Regional Development Australia - Murraylands & Riverland SA	29,000	Cluster Initiative project to advance the Murraylands Food Group, which includes major food production and processing companies from across the region, to work together with relevant Government organisations to achieve goals that cannot be achieved as individuals.
South Australian Murray Irrigators Inc.	29,000	Cluster Initiative project to improve Riverland water productivity and business effectiveness - building productive opportunity through customised water stewardship adoption. This project aims to implement a Water Stewardship pilot project which attempts to apply the strategies determined by the cluster to a discrete unit of irrigators that grow a variety of crops.
Regional Development Australia - Murraylands & Riverland SA	10,000	'Workforce Innovation' project which aims to engage the services of a qualified and experienced contractor who can review workforce development and human resource management needs. Murraylands Food Alliance (MFA) members will provide recommendations that will result in improving the availability of workforce who can support future Murraylands food industry growth.
<b>Total Premium Food and Wine Innovation Cluster Program</b>	<b>347,200</b>	
<b>Advanced Food Manufacturing Program</b>		
Organic and Raw Trading Company Pty Ltd.	28,000	Advanced Food Manufacturing grant to optimise alcohol management for raw and naturally fermented Kombucha via collaboration with Australian Wine Research Institute Limited.

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Kangaroo Island Living Honey	20,000	Advanced Food Manufacturing Grant to increase the value of honey product and utilise the waste or by product of propolis or bee glue.
Kangaroo Island Shellfish Pty Ltd	20,000	Advanced Food Manufacturing grant to develop frozen pre-topped premium oysters for retail and caterers to point of commercialisation.
Potatoes South Australia Incorporated	20,000	Advanced Food Manufacturing grant to develop a new product range, transforming waste (graded out) potatoes into pure, nutritious, premium food products targeted at the paediatric, geriatric and convenience market segments.
The University of Adelaide	18,000	Advanced Food Manufacturing grant to enhance innovative management practices to achieve year round supply of premium pasture-finished cattle in the Limestone Coast region.
Willunga Pasta Trust	16,000	Advanced Food Manufacturing grant to develop effective and efficient small-scale low temperature drying equipment for a unique high value gluten free pasta in collaboration with Envirotec Group Pty Ltd and Logifish Consulting.
Fruit Dehydrators Australia	15,000	Advanced Food Manufacturing grant for the development of a range of dehydrated fruit and vegetable superfood products that achieves a 5 star health rating in accordance with the Health Star Rating System.
Flinders Ranges Premium Grain Pty Ltd	14,000	Advanced Food Manufacturing grant to increase shelf life of whole grain cereals and pulse flour for export and domestic markets.
Natural Fractions Pty Ltd.	10,000	Advanced Food Manufacturing grant to further fractionation techniques developed by Natural Fractions Pty Ltd, to enable recovery of more specific natural (high value) components from essential oils.
Savannah Farm Pty Ltd	10,000	Advanced Food Manufacturing grant for the Savannah Stress Free Pod Systems project to design and construct a mobile meat processing unit for use by local, national and/or international producers.
South Australian Cattle Co P/L	7,500	Development of a racking system for in-transit production of dry aged beef for international markets.
Pangkarra Pty Ltd	6,650	Healthy Snack Food and Stock Solution project.

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Careme Pastry	6,640	Develop and trial a customised automated packaging process.
South Australian Seafoods	6,000	Development of premium flavoured cooked mussel meal solutions with extended shelf-life for domestic and export markets.
Robern Menz Manufacturing Pty Ltd.	2,500	Provide technical support to the development and sensory assessment of new product types.
<b>Total Advanced Food Manufacturing Program</b>	<b>200,290</b>	
<b>South Australian River Murray Sustainability Program (SARMS)</b>		
South Australian River Murray Sustainability Program - Irrigation Efficiency (various grant recipients)	16,274,070	Grants to support on-farm and off-farm improvements to the efficiency of delivery and use of water by irrigation water providers and irrigators.
South Australian River Murray Sustainability Program - Water Purchases (various grant recipients)	11,061,500	Grants for irrigators to return water access entitlements from the South Australian River Murray Prescribed Watercourse.
South Australian River Murray Sustainability Program - Irrigation Industry Assistance (various grant recipients)	37,153,043	Grants for irrigation water providers and irrigators who wish to reposition their businesses to be more productive, competitive and resilient to variations in seasonal and trading conditions, and better positioned to respond to future business challenges and opportunities.
The University of Adelaide	134,064	Grants under the South Australian River Murray Sustainability Program - Industry-led Research Sub-Program for applied research to improve regional productivity and innovation in priority research areas.
South Australian River Murray Sustainability Program – Regional Development and Innovation Fund Sub-Program (various grant recipients)	3,442,193	To deliver further employment opportunities and regional economic diversification in the South Australian River Murray region.
<b>Total SARMS</b>	<b>68,064,870</b>	

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**You provided us with a comprehensive answer in regard to the job accelerator fund: \$10 million had been negotiated with minister Brock. Can you just clarify whether there is any further detail on that or whether the answer you provided last year remains accurate; if it does that's fine.**

Since the Budget and Finance hearing in 2016, the remaining \$2 million from the Jobs Accelerator Fund was committed to the Whyalla Interest Free Loans Scheme to support small businesses experiencing cash flow challenges as a result of Arrium entering administration.

**Can you provide to the committee what portion of SARDI's funding is allocated to grains and livestock R&D?**

Response: Of SA government funds to SARDI in 2016-17 \$1.84 million is allocated to grains research and \$1.23 million to livestock research. This covers direct investment in research capability in grains and livestock. This does not include funds allocated to infrastructure or indirect costs.

There is total budgeted investment of \$25.8 million in grains research and development and \$4.4 million in livestock research. This includes external funds from Research and Development Corporations.