



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEES

BUDGET ESTIMATES 2021-2022 Supplementary Questions

Portfolio Committee No. 4 – Industry

REGIONAL NSW, INDUSTRY AND TRADE

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Answers due by: Monday 27 September 2021

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REGIONAL NSW, INDUSTRY AND TRADE

Questions from Ms Abigail Boyd MLC

Mining rehabilitation

1. The NSW Resources Regulator lists the minimum deposit values for a title as: \$200 for a small-scale minerals title; \$1000 for an environmental assessment permit (under the *Mining Act 1992* only), and \$10,000 for any other title. How were these minimum deposit values determined?
 - (a) How many titles have no assessed deposit, and so have been placed on the minimum deposit requirement?
2. The Resources Regulator reports that the NSW Government holds \$3.4 billion in security bonds for mine rehabilitation. In what form are these bonds held (eg cash bond, bank guarantee)?
 - (a) Please itemise the type of bond held for each title where the bond value is over \$1 million
 - (b) In the case of bank guarantees held, what is the ranking of these guarantees in the event of insolvency or winding-up of the relevant mining company? What other claims do these bank guarantees rank equally with?
 - (c) Considering that mine rehabilitation takes place over the course of many years and often decades, what action does the Department take to ensure that the security bonds held by the government adequately cover the predictable effects of inflation on the value of the bonds held?
3. Can you list all of the past instances of a security deposit needing to be used by the government?
 - (a) Were the security deposit amounts held by the government for those titles adequate to fulfill the predetermined rehabilitation requirements?
 - i. For instances where the security deposit was inadequate to cover the cost of the predetermined rehabilitation outcomes, how much additional public money was required to be extended by the government?
 - ii. Have there been instances of certain rehabilitation outcomes being amended or discarded as a result of inadequate security deposit amounts?
4. Will the rehabilitation bonds held for the six open-cut coal mines in the Namoi region, found to be illegally burying thousands of large mining tyres, be reviewed and amended to account for the foreseeable impact on groundwater and local environment?

5. The mining title holder has a right of review by the Minister of the size of the assessed deposit, which allows the Minister to overrule the amount determined by the department. On how many occasions has the Minister conducted a review of the assessed deposit, and recommended an alternative amount?
 - (a) If any, please list them and advise whether this modification increased or decreased the required deposit amount, and by how much
6. Current rehabilitation requirements do not operate in perpetuity. What guarantees does the government have that water treatment of saline voids will continue and be funded by the mining company responsible?
7. Are current rehabilitation bonds held adequate to fully rehabilitate mine sites, with pits refilled to near original surface level, should current or future generations desire that outcome?
8. Has a financial assurance mechanism been established, such as a sinking fund, to cover the risk of long term environmental degradation after mines are closed and security deposits returned?
9. How many of the recommendations from the 2017 Auditor General's report into Mining Rehabilitation Security Deposits have now been completed in full? Which ones are still outstanding, and when will they be completed?
10. Since the Auditor General's report, how many titles have had their security deposits reassessed?
 - (a) How many of these reassessments have resulted in an increase in the security bond required, and by how much?
11. How much is the sum of money held in conservation bonds for biodiversity offsets?
 - (a) Is it appropriate that biodiversity offsets are accounted for under a system of Net Present Value when there are no cash flows associated with offsets?

Coal mines

12. How was Whitehaven, along with its joint partners, able to apply for two exploration licences over 3,700 hectares in the Gorman North area?
 - (a) Has Whitehaven been granted approval to sidestep the 'Strategic Release' process?
 - (b) Has the Gorman North site begun any phase of the process set out in the 'Strategic Release' framework, including a resource assessment by the Department or a Preliminary Regional Issues Assessment?

- i. If yes, was this process initiated prior to Whitehaven lodging applications for the relevant exploration licences?
13. How many fines for environmental non-compliance have been issued under the Mining Act in the last 5 years?

Regional Precincts

14. Why was the Namoi region identified as a Regional Job Precinct to support intensive agriculture and livestock production, considering the risks to groundwater and other potential and predicted environmental damage resulting from intensive mining in the region?
15. For what reason was the Williamstown Special Activation Precinct (the only precinct in the Hunter region) chosen as a “defence and aerospace hub” rather than as a renewable energy industrial precinct?
 - (a) Were local conditions in the Hunter included in this decision making, including the need to ensure a just and equitable transition away from fossil fuel dependent industries for coal communities?
 - (b) How many jobs are predicted to be created by the defence and aerospace hub directly?
 - i. How many of those jobs are predicted to go to local residents?

Questions from the Hon Mark Buttigieg MLC (on behalf of the opposition)
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Future of Gas Statement

16. What was the total cost to produce and publish the Future of Gas Statement?
17. Did the NSW Government conduct any consultations during the drafting of the Statement?
 - (a) Did this include any companies holding expired petroleum exploration licences in the impacted region?
18. How frequently will the Statement be updated?
19. Does the Government intend to review areas in which gas exploration can occur?
 - (a) If so, how frequently will this be reviewed?

20. In relation to Part 2 of the Plan of Action ('Enabling access to gas or affordable alternatives to unlock economic potential and job creation'), which steps have been taken to ensure consumers in NSW will not face higher gas prices in the future?

Royalties for Rejuvenation Fund

21. How will the statutory expert panel for the Royalties for Rejuvenation Fund be selected?
22. In May 2021 the Deputy Premier said that:
"We will work with mining communities to establish the Hunter Expert Panel and ensure it is given the independence it needs to design the terms of reference, policy, direction and guidelines for investments from the Royalties for Rejuvenation Fund." Who will determine the level of independence granted to this panel?
23. Will the Department of Regional NSW have a representative on the panel?
24. Will the Hunter Expert Panel have an active role in job creation associated with the Royalties for Rejuvenation Fund?

NSW Resource Regulator

25. How much in funding did the NSW Regulator provide to companies under its Sponsorship Policy between January and June 2021?
- (a) Which companies received funding?
26. According to the Sponsorship Policy criteria, organisations must have 'a sound reputation with the Government'. Who assesses this?
- (a) What factors are taken into consideration?
27. How many safety site assessments were conducted between January and July 2021?
- (a) Of these, how many site assessments were reactive?
28. Of the 951 mine safety incident notifications that NSW Resource Regulator attended to, how many penalties were issued by the NSW Resources Regulator?
29. In July the Resources Regulator published an investigation into the death of an employee at the Snapper mine, has the Resources Regulator done anything specific to lift the standard of health and safety enforcement in response to its findings?

30. How often does the Resource Regulator provide training and webinars to mining operators?
 - (a) How many online training sessions were conducted between June to August 2021?
31. What was the average of weekly incident totals in July to December 2020 compared to January to June 2021?
32. Have the work health and safety reports required from all mine operators been received?
 - (a) How many operators failed to submit their reports by the 31 July 2021 deadline?
 - (b) What penalties apply if your report is after the due date or incomplete?
 - (c) How many penalties have been issued to operators for a failure to comply with the deadline?

Resources for Regions

33. Which government departments and/or agencies are responsible for the administration and assessment of the Resources for Regions program?
34. Which 84 projects in Round 7 received funding?
 - (a) What was the amount provided to each project?
35. In March 2021, the Department of Premier and Cabinet (DPS) published a report 'Resources for Regions – Rounds 5 and 6 Process Evaluation.' Why was this report only made public two years after Round 6 was administered?
 - (a) How will the findings of this report be useful to future rounds administered by the Department of Regional NSW?
 - (b) Were the recommendations from this report taken into consideration when undertaking the assessment and approval process for Round 8 so far?
36. The DPS 'Resources for Regions – Rounds 5 and 6 Process Evaluation Report' states that Rounds 5 and 6 of the Resources for Regions programs were underspent, with \$50 million allocated for each Round and yet only a total of \$54.2 million was spent across both Rounds. Was this unallocated \$45.8 million rolled over?
 - (a) In response to a question on notice, on 11 June 2020 the Deputy Premier indicated that unallocated funding from Round 6 will be rolled into the next round of the Resources for Regions program. Was the unallocated \$24 million from Round 6 rolled into Round 7?
 - (b) If no, unallocated money was rolled over between Rounds, why not?

37. With respect to the 4 projects ineligible for Round 6 of the Resources for Region program, but were granted funding under the Government's 2019 Drought Stimulus package, as referred to in the hearing by Mr Barnes:
- (a) What were these projects?
 - (b) How much funding was allocated to each of them?
38. On 21st July 2021, the Deputy Premier announced the Future of Gas Statement and stated that: "We want to ensure communities where gas exploration occurs receive their fair share and that's why I'm also confirming additional funding will be made available for these LGAs through a future round of Resources for Regions."
- (a) In which round of the program will these LGAs receive their additional funding?
 - (b) How much of Round 8 will be allocated to these LGAs?

Mine Rehabilitation

39. When is the Resource Regulator next scheduled to review the assessed security deposits for mine rehabilitation?
- (a) Does the Regulator have any plans to review its Rehabilitation Cost Estimation Tool?
40. Did the Department in its August 2021 assessment of the Rehabilitation Security Deposits incorporate the recommendations made in Auditor General's 2017 Performance Audit Report 'Mining Rehabilitation Security Deposits' with respect to the issues identified with the calculation of the mine rehabilitation calculator?
41. Of the mines that had their rehabilitation security deposits assessed by the Resources Regulator as at 20 August 2021, how many of these mining companies sought an independent ministerial review?
- (a) How many ministerial reviews were granted?
42. Response to a supplementary question about the Strategic Statement on Coal from Budget Estimates earlier this year, question 46 (a) to be exact, it was stated that: "*a cross-agency Mine Rehabilitation Steering Committee has been established to progress other key reforms with an initial focus on post mine closure land use, final voids, residual risk and mines in care and maintenance*". So,
- (a) Has the committee been established?
 - i. If not, why has the committee not been established?

- (b) Which government agencies are included in this committee?
- (c) Who are the specific committee members?
- (d) How often does the committee meet?
- (e) How does the committee intend to strengthen regulatory requirements around mine rehabilitation and closure planning?
- (f) Have any new reforms been proposed by the committee?

Legacy Mines Program

- 43. The 2021-22 budget allocated \$107.7 million over the next 10 years for the Government's Legacy Mines Program. How will this be allocated across the existing 645 legacy mine sites?
- 44. How much of the allocated \$107.7 million will be distributed in the 2021-22 financial year?
- 45. Is the Legacy Mines Project Database public?
 - (a) If not, why not?
- 46. Legacy mines site risk assessments are conducted by the Department of Regional NSW. Why are these risk assessments not public?
- 47. In 2018 the Department of Planning and Environment stated in a media release: An Australia-first rehabilitation Geographic Information System (GIS) will also be introduced by March 2018 to assist mining companies and Department environment officers to accurately record and track areas of disturbance and effectiveness of rehabilitation progress at each mining site in NSW. Is there an explanation as to why it took till July 2021 for the Department of Regional NSW to launch this system, three years after it was indicated?
- 48. Given that mining operators will now be required to publish their rehabilitation management plans, will this affect how the Government assesses and collects security deposits?
- 49. What actions have the Department taken to implement the finding made by the 2018 NSW Auditor-General's report into Mining Rehabilitation Security Deposits that there is no mechanism to prevent a NSW mine being in 'care and maintenance' indefinitely?
 - (a) If nothing has been done, especially in light of the most recent mining rehabilitation regulation, why not?

Special Disaster Grant and Supply Chain Support Grant

50. In stage 1 of the Bushfire Local Economic Recovery Package there were 16 forestry projects that received a total of \$41,895,852 in *Sector Development Grants*. Who were the recipients?
 - (a) How were these recipients selected?
51. In stage 1 of the Bushfire Local Economic Recovery Package there were 49 forestry projects that received a total of \$26,466,167 in *Supply Chain Support Grants*. Who were the recipients?
 - (a) How were these recipients selected?
52. How many of the Supply Chain Support Grant recipients were haulage contractors?
53. The Supply Chain Support Grant criteria stated that “eligible applicants for haulage of burnt timber (unprocessed) must be the bearer of the haulage charges for the out of area timber”, effectively making haulage contractors ineligible for individual financial support. If the very premise of the Bushfire Industry Recovery Package is to “rebuild, recover and regrow” affected industries, why were haulage contractors who had an active role in bushfire recovery ineligible for this grant?
54. Forest contracting businesses faced approximately 30% increase in costs to harvest and haul burnt timber and did not recoup this cost through their contracts or benefit from the Supply Chain Support Grant. What support is available from the government to ensure these businesses and workers are not at further risk in the future?
55. Forest contracting businesses of the South West Slopes region are facing reduced quotas, forward contracts with reduced volumes and some will cease operations altogether. Given that the government has fallen short in assisting these businesses through their bushfire recovery, would the government provide income support payments consistent with previous government industry support such as the Blue Ridge Hardwoods Retrenched Workers scheme?
 - (a) If not, why not?
56. Were any recipients of the Special Disaster Grant - Bushfires private forest harvesting contractors?
 - (a) If not, why not? *The grant guidelines indicate that contractors working in private forestry would be eligible according to the definition of a primary producer.*

Timber Supply Shortage

57. Has the Government given further consideration to Labor’s call to appoint a Forestry Recovery Commissioner, along with a NSW Forest Industry Advisory Council to ensure closer management

and planning of the State's timber resources in the wake of ongoing challenges from the 2019/20 Bushfires?

(a) If not, why not?

58. In Budget Estimates in March 2021, Deputy Premier John Barilaro stated that there is “no easy fix” and effectively no plan for the timber supply shortage currently facing NSW. What has the Government done since then to address the current timber shortage, which is impacting on the supply of timber for the current housing boom?

Forestry Corporation

59. How is the government supporting industry to access any additional supply of timber and transport these logs from further afield, to mills with capacity (especially the bushfire affected timber mills in Tumut, Tumbarumba and Bombala which have seen a significant reduction in supply)?
60. Is Forestry Corporation of NSW exporting any softwood sawlogs at the moment? If so:
- (a) What volumes?
 - (b) From which plantations?
 - (c) From which ports?
 - (d) To which countries?
61. Has the government pivoted with the current timber shortages by stopping any existing export contracts and redirecting to the domestic supply? If so:
- (a) What volumes?
 - (b) From which plantations?
 - (c) To which mills?
62. How long will it take to replant the softwood plantations burnt in the 2019-20 bushfires?

Growing the forest estate

63. According to the Australian Bureau of Agricultural and Resource Economics, the NSW plantation estate has barely grown over the past decade despite record demand for timber. What is the NSW Government doing to actively grow the forest estate in the state?

64. With the largest source of suitable native hardwood potentially on private land, is the government undertaking any assessment of this resource?
65. What initiatives is the government implementing to support the development of private native forestry?
66. How does existing legislation and policy encourage or incentivise farm forestry in the state?

Economic, environmental and social benefits of forestry

67. What are the main benefits provided by the entire forestry supply chain as understood by the NSW Government?
68. How are these benefits recognised within current NSW Government policies such as the Net Zero Plan Stage 1 and the 20 year Waste Strategy for NSW?
69. What do industry have to offer in achieving waste and climate change goals?
 - (a) How are you planning to work with industry?
70. Plantations are a major contributor to carbon sequestration. What policies does the NSW Government have in place to support the establishment of new timber plantations as a means of achieving emissions reductions?

Support and promotion of the forestry industry

71. As lockdowns have highlighted the need to maintain the supply chains, how does the government support the breadth of the forestry supply chain?
72. What measures have the NSW Government implemented to assist innovation in the industry, particularly for the pulp and paper processing sector, to optimise resource use?
73. The 2021-2022 Budget committed \$51.2 million for recurrent expenses over four years to lead policy and industry development, research and regulatory oversight for NSW's wood and product manufacturing industry. In the first year, the government allocated \$13.4 million:
 - (a) How will this be distributed between research and development projects and regulatory oversight?
 - (b) Is there an assessment criteria when allocating this funding?
 - (c) Have any industry development, research or regulatory oversight operations begun to date?

- (d) Is there a plan for the distribution of \$51.2 million over four years?

Cross tenure forest monitoring

74. In 2018 the Government announced a \$7.2 M allocation in the Budget to DPI for 'cross tenure forest monitoring':
- (a) What have been the outcomes of this work in 2021?
 - (b) Since 2018 what on-ground monitoring data has been collected?
 - (c) Since 2018 how many written reports have been produced?
 - (d) Is DPI still the major agency in the respect to this Budget Allocation?
 - (e) How much money has been spent on cross tenure monitoring compared to IFOA monitoring?
 - (f) How has this budgetary allocation assisted cross tenure forest monitoring?
 - i. What has been the expenditure split between the monitoring of environmental, social and economic forest values?
 - (g) How does the Government define 'cross tenure' forest monitoring?
 - i. How many social and economic monitoring projects have been completed?

Wood supply agreements

75. Does the wood supply agreement (WSA) owned and operated by Boral contain preference clauses which are not found in any other WSA with other native forest timber sawmills in NSW?
76. Do any of these preference clauses provide Boral with a floor on preference marketable tree species and a cap on less marketable tree species?
77. Is it correct that a 2014 variation gave Boral:
- (a) minimum share of total north coast Blackbutt supply at 85% of timber harvested
 - (b) the floor for blackbutt is set a fixed cubic metre level
 - (c) a guaranteed minimum of total supply for spotted gum, brush box, tallowwood and Sydney Blue Gum of 49% of annual harvested
 - (d) a floor was set for this timber in the WSA

- (e) a cap was set for New England hardwood species which reduced Boral's commercial exposure to less favoured species in the retail market?

Reporting of forestry operations

- 78. Why does the government continue to include forestry operations and plantation clearing in the land use change statistics termed as land clearing when the Biodiversity Review Panel in 2014 recommended they be removed on the basis that forestry is regenerated or replanted therefore not a land use change?
- 79. Why does the Government only report on canopy removals and not canopy additions?
- 80. Did EES use the Review of old growth mapping to look for endangered flora and fauna?

Spending

- 81. For each department, agency, State-owned corporation or other body, and for each division of those bodies, if any, in your portfolio/cluster in FY 20/21 what was the total amount spent on each of the following categories?
 - (a) Indoor plants
 - (b) coffee and tea
 - (c) crockery
 - (d) kettles, sandwich presses and toasters
 - (e) alcohol
 - (f) cakes, muffins and pastries
 - (g) computers, computer monitors and office chairs
 - (h) office renovations and fit-outs
 - (i) taxi and rideshare expenses
 - (j) office equipment
 - (k) office renovations or upgrades
 - (l) hospitality

- (m) conferences
- (n) travel
- (o) accommodation
- (p) employee development and training activities
- (q) study assistance
- (r) travelling and meal expenses
- (s) temporary accommodation benefits - commercial and private
- (t) removal and storage expenses
- (u) education of children
- (v) reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)
- (w) reimbursement of incidental costs (includes gas, electricity)
- (x) additional benefits.

82. For each department, agency, State-owned corporation or other body, and for each division of those bodies, if any, in your portfolio/cluster, from FY 20/21 what are details (specific item, and total cost) of the top five most expensive occurrences of spending on each of the following categories?

- (a) indoor plants
- (b) coffee and tea
- (c) crockery
- (d) kettles, sandwich presses and toasters
- (e) alcohol
- (f) cakes, muffins and pastries
- (g) computers, computer monitors and office chairs
- (h) office renovations and fit-outs
- (i) taxi and rideshare expenses
- (j) office equipment

- (k) office renovations or upgrades
- (l) hospitality
- (m) conferences
- (n) travel
- (o) accommodation
- (p) employee development and training activities
- (q) study assistance
- (r) travelling and meal expenses
- (s) temporary accommodation benefits - commercial and private
- (t) removal and storage expenses
- (u) education of children
- (v) reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)
- (w) reimbursement of incidental costs (includes gas, electricity)
- (x) additional benefits.