

BUDGET ESTIMATES 2007

QUESTION ON NOTICE

MINISTER FOR PRIMARY INDUSTRIES
MINISTER FOR ENERGY
MINISTER FOR MINERAL RESOURCES
MINISTER FOR STATE DEVELOPMENT

QUESTION 1

The Hon. RICK COLLESS: How long is it since there has been a district agronomist at Coonamble?

The Hon. IAN MACDONALD: I will take that question on notice.

ANSWER

The position of District Agronomist, Coonamble has been filled by Mrs May Fleming since October 2005. While Mrs Fleming was on maternity leave earlier this year arrangements were made to cover her responsibilities in the district. She has now returned to work.

QUESTION 2

The Hon. RICK COLLESS: Will you commence the re-appointment process for the technical officer at Coonabarabran immediately? This officer will be required to implement those trials starting in January next year so there is a certain amount of urgency to this issue.

The Hon. IAN MACDONALD: I will have a look at the case and give you an answer.

ANSWER

DPI regularly reviews statutory needs and requirements to maintain an appropriate balance between flexibility and service delivery. I understand that arrangements are in place to meet existing commitments.

QUESTION 3

The Hon. RICK COLLESS: Turning to the drought, can you provide details of the \$335 million claimed to have been expended by the Government for drought relief since 2002?

ANSWER

The breakdown of drought expenditure by the State Government is as follows:

Totals by CATEGORY	Amount
Pests	\$ 906,133
Fees	\$ 29,970,009

Drought Support Workers, Irrigation Assistance and other miscellaneous programs	\$ 23,235,256
Transport Subsidies	\$124,600,272
Rural Business	\$ 7,180,670
Training & Animal Welfare	\$ 1,500,000
Exceptional Circumstances	\$ 68,955,545
Loans	\$ 63,451,959
Town Water	\$ 14,874,859
TOTAL	\$334,674,703

QUESTION 4

The Hon. DUNCAN GAY: Can I move to equine influenza? I hope you are a bit calmer than you were yesterday. I hope you are taking your green pills.

The Hon. IAN MACDONALD: You have been noted for taking a series of pills.

The Hon. DUNCAN GAY: First, I acknowledge the hard work the members of the Department of Primary Industries have done during this.

The Hon. IAN MACDONALD: Appreciated.

The Hon. DUNCAN GAY: I also note that Fisheries have been involved. How many fisheries officers have been involved?

The Hon. IAN MACDONALD: The campaign of fighting equine influenza has involved in the order of 300 staff permanently doing it, but they have rotated. We have utilised the services of a large number of staff from across our agencies, particularly from our biosecurity division.

The Hon. DUNCAN GAY: You will find out that number?

The Hon. IAN MACDONALD: I will get the precise number.

ANSWER

Forty-two.

QUESTION 5

The Hon. ROBERT BROWN: I had an issue raised with me just this morning concerning an apparent eco-resort development in the Corowa area, where apparently in order to create a pathway for clients' speedboats the developer has had his contractors de-snagging about six kilometres of the Murray River and in the process appears to have damaged huge amounts of registered riparian riverland and wetlands areas. I have seen the photographs this morning. The local hunting club and the local fishing club have brought this to my attention. I have reported it to the Fisheries Department, but it seems to have a bit of trouble getting anybody on site to look at it while the evidence is fresh. Given that the Government, whether Federal or State government, has put money into rehabilitating this area and given that the alleged actions by this developer, if they are true, are certainly a breach of either the Fisheries

Act and regulations or environmental regulations, have you been made aware of this incident, number one, and, number two, is the department in a position to be able to investigate this and if fines, et cetera, are available to be imposed upon this developer, will you assure the Committee that the appropriate action is taken to stop it?

The Hon. IAN MACDONALD: If there has been any inappropriate activity we will certainly pursue that. Which office did they contact?

The Hon. ROBERT BROWN: I think it would have been whichever office is closest to Corowa.

The Hon. IAN MACDONALD: It would be the Albury office. I will chase that up.

ANSWER

I am advised that the New South Wales Department of Primary Industries has issued a stop work order. The area under investigation involves a three- to four-kilometre section of the Murray River and two nearby creeks. The order states that all de-snagging works must cease immediately and that any snags removed not be touched. I understand that although Corowa Shire Council issued development consent in May this year, it included strict conditions that no snags were to be moved, relocated or removed without consultation with the New South Wales Department of Primary Industries.

All illegal works are looked upon very seriously and a full investigation is now being carried out. People or groups found to be in breach of the Fisheries Management Act 1994 in this way could face prosecution. The New South Wales Department of Primary Industries is continuing to work closely with the council and other natural resource management agencies in the area during the investigation. A key outcome currently sought by the New South Wales Department of Primary Industries is the remediation of the site to ensure that fish habitat is reinstated in the area of the alleged works while the investigation continues.

QUESTION 6

CHAIR: Minister, did you or your office have any input into the rejection of a request by a member of the public to have his land at Wanganui Gorge, between Goonengerry National Park and Nightcap National Park protected in a legally binding property agreement and have the high conservation value stream, Coopers Creek, on the property gazetted as a freshwater aquatic reserve?

The Hon. IAN MACDONALD: I know this issue.

CHAIR: Known as the Wompoo Reserve?

The Hon. IAN MACDONALD: Yes. I know Dailan, whose proposition has been put to me several times. Yes, I have a very strong view in relation to this. We do not have, at this point, a system that is properly worked out in relation to freshwater aquatic reserves. It would require some analysis, and I am in

discussions with the Minister Assisting the Minister for Climate Change, Environment and Water on this issue on how it can be looked at.

CHAIR: Would you publicly support that gazettal of what would be the first aquatic reserve in New South Wales, over Coopers Creek?

The Hon. IAN MACDONALD: No.

CHAIR: What grounds would you have to opposing such an extraordinarily generous offer for voluntary conservation?

The Hon. IAN MACDONALD: I believe there are plenty of provisions under which Mr Pugh can protect the stream. Plenty of people across the State have nature reserves. Where is the big problem with the creek? I do not think there are heaps of people tramping up that creek to fish. It is pristine, where is the problem?

CHAIR: The problem lies in the opportunity to actually codify the reserve.

The Hon. IAN MACDONALD: I do not believe in making policy on the run. If you are going to take the serious step of establishing a concept such as aquatic reserves, that should be done in a proper way, not as a one-off, and there are a large number of instruments available to Mr Pugh to protect his area. He could put a covenant over it, for instance.

CHAIR: What, with your department or National Parks?

The Hon. IAN MACDONALD: He could put a covenant over it within his title.

CHAIR: Like a voluntary conservation agreement with National Parks?

The Hon. IAN MACDONALD: I am not going to say precisely which mechanisms. I saying there are other mechanisms available to him.

CHAIR: What are they in terms of the covenant that you would see as reasonable and worthy of support?

The Hon. IAN MACDONALD: I will give you some advice on that.

ANSWER

This is a matter for my colleague the Minister for Climate Change Environment and Water.

QUESTION 7

CHAIR: Can you guarantee that Forests NSW will not log Crown lands in the Brigalow and Nandewar regions until a process agreed in the Brigalow and Nandewar Cabinet decision for transfer of high conservation value Crown lands to national parks in those regions is finished?

ANSWER

The Government's Brigalow decision does provide that if any Crown land was to be identified through this process as being of high conservation value it may be reserved.

However, the decision also recognised that timber from Crown timber lands will be used to meet commitments in wood supply agreements made following the Brigalow decision.

QUESTION 8

The Hon. DUNCAN GAY: The thoroughbred industry has been looked after reasonably well but it still needs more money. A matter of great concern is the recreation equine industry, which equally is doing it tough. In some instances the help appears not to be there.

The Hon. IAN MACDONALD: Let me deal with your assertion. For a start I mentioned yesterday that over 5,300 horses have been vaccinated in the buffer zones, that is, outside the performance or high-value horses. The vast majority of those horses are leisure horses in those buffer zones. We have provided 3,000 doses of canary pox vaccine to the recreation equine industry and so far they have not been utilised. We have employed 150 people who had jobs in the leisure industry to assist in the campaign. When I was at the Elizabeth Macarthur Agricultural Institute [EMAI] the other day I met many of them. They have been employed to come in and help with the campaign and to deal with people. In the green zone we have allowed movement and access for all types of leisure activity.

The Hon. DUNCAN GAY: What will you do for the future? They are not happy and I believe that they genuinely believe they have been badly treated.

The Hon. IAN MACDONALD: We are working with their representatives. In fact, we worked out a plan of activities, which will be announced in due course, that will be recommencing. We did that in conjunction with industry leaders.

The Hon. DUNCAN GAY: How long before that plan is issued?

The Hon. IAN MACDONALD: It will not be long. I will send you a copy.

ANSWER

Copy to be sent – no answer required.

QUESTION 9

The Hon. TREVOR KHAN: Minister, are you aware that some months ago Tamworth Regional Council approached your department for funding to undertake a study of the impact of a disease outbreak on the equine industry in the Tamworth area?

The Hon. IAN MACDONALD: I am not aware of that submission.

The Hon. TREVOR KHAN: Are you aware that, since the outbreak as I understand it, the department has agreed to provide funding for such a study?

The Hon. IAN MACDONALD: I am not aware of that either.

The Hon. TREVOR KHAN: If it is the case that that funding is now being made available, does it indicate that your department itself is not undertaking studies as to the impact of disease outbreaks on the equine industry?

The Hon. IAN MACDONALD: I am not sure that that is accurate either, and I will certainly look into that. I do not think people across Australia realised that our quarantine services have been run down so greatly over the last few years, and that people could, from what I am told, enter and leave the premises without proper biosecurity. If we had known that, there would have been a lot of effort put into trying to get that situation rectified.

ANSWER

I am advised that NSW Department of Primary Industries has not agreed to provide funding for a study into the impacts of a disease outbreak on the equine industry in the Tamworth area.

NSW DPI has co-operated with Tamworth Regional Council in convening a workshop with stakeholders to discuss the risk of potential disease outbreaks and has provided a letter of support for the National Cutting Horse Association and the Australian Bushman's Campdraft and Rodeo Association, who sponsored an application to the Department of Agriculture, Fisheries and Forestry for funding to undertake a risk assessment for the new Australian Equine and Livestock Centre and the horse industry centred around Tamworth.

I am happy to note that this application has been successful. NSW DPI will continue to work with industry and councils in these endeavours by promoting issues of concern and contributing expertise where appropriate.

QUESTION 10

The Hon. RICK COLLESS: I have had a few reports of departmental people—not necessarily your departmental people but people working in various government departments—going on and off properties on which horses are located, then entering another property on which horses are located and having no requirement to wash down or take any biosecurity measures.

The Hon. IAN MACDONALD: Which zones are you talking about?

The Hon. RICK COLLESS: The incident I am referring to have happened in the green zone, and I understand that things are different in the green zone. That is why I asked what are the protocols in the purple zone.

The Hon. IAN MACDONALD: In the purple zone, if you come into contact with horses you are meant to take appropriate biosecurity measures.

The Hon. RICK COLLESS: Does coming into contact with horses mean that a person has been present on the property on which horses are located?

The Hon. IAN MACDONALD: I will give you the precise details of what is going in any situation.

ANSWER

There are a range of biosecurity measures that are applicable to people depending on the zone that they are working in and the purpose of the particular visit onto a property. The requirements for each zone can be found on the NSW DPI equine influenza website www.dpi.nsw.gov.au/equine-influenza

QUESTION 11

The Hon. RICK COLLESS: How is that policed? How are you sure that your staff are abiding by those requirements?

The Hon. IAN MACDONALD: I think our staff are pretty sensible, and would abide by the appropriate rules to an appropriate area.

The Hon. DUNCAN GAY: That was not the question.

The Hon. IAN MACDONALD: I have confidence that they are.

The Hon. DUNCAN GAY: Will you get the details?

The Hon. IAN MACDONALD: The details are on the website, but we will get them for you. It is very much based on the officer that is doing some task applying a risk assessment of the situation they have been in, and that risk assessment changes from zone to zone.

ANSWER

Refer to the answer to question 10. If people are concerned with particular issues they should contact the Equine Influenza hotline 1800 675 888.

QUESTION 12

The Hon. ROBERT BROWN: Minister, how much did this State Government spend itself in joining the action and are there any other ways that perhaps RecFish and the New South Wales bodies that supported RecFish could be reimbursed for their court costs?

The Hon. IAN MACDONALD: In relation to the first question about the overall cost, I do not think that figure has been computed—the case has only finalised yesterday. In relation to the second part of your question that deals with the recreational groups of the joint action in relation to defending the Commonwealth decision, I have had discussions with a number of people associated with the RecFish approach. I have not been able to give commitments in view of the legal advice and I guess the issue remains for further discussion.

The Hon. ROBERT BROWN: So you will continue to look at it, Minister?

The Hon. IAN MACDONALD: I am happy to look at it, yes.

ANSWER

The actual costs to the State Government are difficult to estimate given the complexity and dynamic nature of the case in point. However, I can report that the State Government assisted the Federal Government to defend the Commonwealth's original decision in the Administrative Appeals Tribunal (as distinct from the NSW Administrative Decisions Tribunal), as well as joining the case as a party in its own right during proceedings.

I am still considering options relating to costs of recreational groups involved in the matter.

QUESTION 13

The Hon. ROBERT BROWN: In relation to the recreational fishing licence numbers. Are you able to supply the Committee with the sales figures of recreational fishing licences for, say, the last three years?

The Hon. IAN MACDONALD: I certainly can. You will get that on a piece of paper.

The Hon. ROBERT BROWN: Do you have any knowledge as to whether those numbers have increased or decreased?

The Hon. IAN MACDONALD: No, I do not. It is publicly available. I think you can get them from the website but anyway we will get that for you. Do you think there is a falloff?

ANSWER

Year	Total no of fee payments
2004/2005	523,044
2005/2006	504,854
2006/2007	485,127

These figures comprises sales of 3 day, 1 month, 1 year and 3 year licences.

QUESTION 14

CHAIR: On another issue, does Forest New South Wales have a pesticide and herbicide register that details the name of chemical, location and volume per hectare of said location where a pesticide or herbicide is applied and the reason for its application?

The Hon. IAN MACDONALD: Does New South Wales have it?

CHAIR: Forest New South Wales.

The Hon. IAN MACDONALD: I think we keep an inventory of our chemical usage.

CHAIR: To such a degree?

The Hon. IAN MACDONALD: I am not sure if it is to that degree. I will take that on notice.

CHAIR: Thank you. There is evidence that chemicals such as atrazine and simazine, which are commonly used in forestry activities, could have serious health effects on the population that is drinking water from catchments where these chemicals are being used. Do you think that is an important issue?

The Hon. IAN MACDONALD: I think that the usage of atrazine and simazine are important issues. They are two chemicals that have come under considerable discussion internationally. For instance, atrazine and simazine are widely used on conventional canola crops right across New South Wales. We have about 300,000 hectares of canola in New South Wales, in a good year, I might add. Those chemicals are used extensively in those crops. So it is being used in industries other than forestry. Forestry is not the only one.

CHAIR: My question is about forestry. If that is the case, perhaps you will give an answer to the original question.

The Hon. IAN MACDONALD: As you would be aware, the usage of these chemicals is highly restricted and controlled in terms of their application. We follow very stringent controls in their usage and we have a very low rate of usage. You would be aware certain categories of competition weeds and species have to be countered, particularly in the early growth years of our plantation forests. So it does require some usage of chemical to enable the forest to grow at a rate so it is productive and can meet demand—where you can make a quid basically.

CHAIR: Will you get back to me on the investigation?

The Hon. IAN MACDONALD: Investigation?

CHAIR: On the assessment as to whether there is a register and, if so, how effective it is and whether it is being adhered to.

The Hon. IAN MACDONALD: Yes.

CHAIR: I take it you will take action to collect this information so that it can be used for scientific investigation, if that is not already the case?

The Hon. IAN MACDONALD: I think I should be very generous here. We will investigate the use of atrazine and simazine in all industries in New South Wales.

CHAIR: Including forestry?

The Hon. IAN MACDONALD: Including forestry.

ANSWER:

Forests NSW Chemicals Manual provides that records of pesticides and herbicides are to be kept in accordance with the requirements of the *Pesticides Regulation 1995*.

Those records are subject to audit against the requirements of the *Pesticides Regulation 1995* by the Department of Environment and Climate Change. The records also form part of Forests NSW Environmental Management System accredited and subject to internal and external audit for compliance with ISO 14001 and Australian Standard 4708.

The Commonwealth regulator, the Australian Pesticides and Veterinary Medicines Authority (APVMA), has undertaken an exhaustive review of the use of the herbicide atrazine in all industries including forestry. NSW Department of Primary Industries has provided considerable comment on atrazine use practices to the APVMA during the course of the review. While the final outcomes are not yet available, the APVMA has already applied a range of restrictions to the use of atrazine to minimise the more immediate public health and environmental risks that were identified during the review process.

QUESTION 15

CHAIR: When and in what manner do you intend to conduct the legislative review of the Game and Feral Animal Control Act? Will it be a public review? If not, why not?

The Hon. IAN MACDONALD: I have not actually considered this, but I am sure in-built within the legislation is the need for review. When that arises we will conduct a review.

CHAIR: Can you give any indication when and in what manner that would be?

The Hon. IAN MACDONALD: Not right now. It is a great Act, by the way. The vast numbers of feral animals that are being wiped out in forests in New South Wales is a delight, given the impact of feral species upon the environment. The activities that the Game Council has been conducting in a very responsible and co-ordinated way under strict guidelines have been very useful. I am sure Forest New South Wales is very grateful for its work in keeping down feral species, which have such a bad impact on our native species—a matter I am sure you are very concerned about. In fact, they are collecting an inventory of it. I will personally send you a copy of it, the latest one.

ANSWER

A review of the *Game and Feral Animal Control Act 2002* will be conducted in accordance with the statutory requirements of the *Act*.

QUESTION 16

CHAIR: The proportion of appearance grade and structural timbers in the Red gum sawlog production mix in the Riverina was 58 per cent in 2005. Is that a

percentage of all sawlogs or just high-quality sawlogs in the quota? What is the break-up between appearance grade and structural timbers?

ANSWER

The '58 per cent' figure to which the question refers includes products milled from 'High Quality Premium', 'High Quality 1', 'High Quality 2' and 'Ex Quota' grades of sawlogs ie all sawlogs. Eight per cent are appearance grade products and 50 per cent are structural products.

QUESTION 17

CHAIR: How much does the Red gum timber industry in NSW return to Government each year?

ANSWER

In addition to the over \$4.5 M in timber and forests products royalties and occupation permit fees paid annually, the Red gum timber industry pays State payroll taxes, local government rates and GST that is returned to the State.

The NSW red gum forests in the Riverina support sustainable forest-based industries worth around \$60M per year to the NSW economy and support almost 400 jobs in southern NSW and northern Victoria - locations where they are much needed. Spending by Forests NSW employees and the timber industry and its employees produces multiplier effects that support indirect employment, maintenance of public services and the regional economy generally.

Forests NSW sells high quality logs, low quality logs and residue logs to a range of customers who have invested more than \$10 Million in value adding plant and equipment and down stream processing technology.

While cattle grazing has been phased out of many sensitive forest areas in other parts of the State because of its environmental impact, in the Riverina Region a managed program of grazing has been developed to tailor stocking levels to the capacity of the forest over time, combat weed problems, bring back and maintain native vegetation and reduce fire hazards. The forests have provided alternative pastures during droughts and winter months and in the Riverina cattle have grazed the forests for about 160 years.

Revenue from Occupation Permits for grazing on Red gum State forests is about \$120,000 pa, which contributes to the management and wise use of 115,000 ha of grazeable land capable of supporting over 8,000 head of cattle

QUESTION 18

CHAIR: What is the annual operating cost of the Deniliquin Forests NSW office, including staff, vehicles and equipment expenditure?

ANSWER

The Deniliquin Office of Forests NSW was, up until this year, the managing office for the Riverina region. The costs of operating the Deniliquin Office are included in the accounts for the Riverina region as a whole for 2006/07 and are not separately accounted.

QUESTION 19

The Hon. DUNCAN GAY: When are you going to appoint the new Tick Board?

The Hon. IAN MACDONALD: I will come back to you on that. Have you got someone you want appointed? Is that what it is about?

ANSWER

I am currently considering appointments to the new Tick Board and expect to make a decision in the near future.

QUESTION 20

The Hon. ROBERT BROWN: Was the Department of Fisheries consulted or did it provide any technical advice to the ports people who are overseeing the construction and the methodology of construction of the wharfage in relation to the alternative methods of constructing that wharfage to have minimal impact on the fish habitat—for example, slab and pier construction versus just one big long wall? Was there any consultation at the fishery stage?

The Hon. IAN MACDONALD: I would have to check that for you, but we have been involved in habitat, how the habitat will be restored, rehabilitated or increased.

ANSWER

NSW DPI was consulted by the Department of Planning, the consent authority, in relation to the changes in the design. Several concerns were raised relating to wave energy and habitat loss associated with the new wall option.

NSW DPI negotiated the following outcomes for fish habitat:

- Wave energy is to be monitored to ensure no impact on adjacent fish habitats, in particular seagrass beds.
- If impacts on adjacent seagrass beds are detected then wave energy dissipation devices will be constructed to protect this habitat.
- To offset the design changes to the wharf an extra 1 hectare will be added to result in approximately 2.8 hectares of rock habitat being constructed, which will provide additional habitat diversity for fish.

QUESTION 21

CHAIR: Minister, could you let me know what the economic value of shark fishing by the commercial sector is in New South Wales and also the economic value of shark fishing by the recreational sector?

The Hon. IAN MACDONALD: Yes. I will have to get you those figures.

ANSWER

The commercial shark fishery is estimated to be worth in the vicinity of \$1 million at this stage; this is estimated because DPI does not have specific information on the export prices achieved at this stage.

A recreational fishing figure can not be broken down with specific reference to sharks.

QUESTION 22

CHAIR: Thank you. How much money does the New South Wales Government spend on managing commercial and recreational shark fishing in New South Wales?

The Hon. IAN MACDONALD: I will have to take that on notice.

CHAIR: And perhaps the total management budget for managing the shark fishing in New South Wales?

The Hon. IAN MACDONALD: We will see if we can disentangle it from all of the different fishing responsibilities.

ANSWER

Approximately \$15 million is spent on managing commercial fisheries in NSW - a component of which includes issues relating to management of sharks.

Overall in excess of \$10 million is spent on supporting recreational fishing programs in NSW

QUESTION 23

CHAIR: How much have you spent on recovering the critically endangered grey nurse shark population in New South Wales?

The Hon. IAN MACDONALD: I will have to come back to you on that figure.

ANSWER

I cannot provide you with a definitive figure on grey nurse shark recovery alone as NSW DPI's threatened species recovery program is not broken down to individual species.

QUESTION 24

CHAIR: How effective have those recovery measures been?

The Hon. IAN MACDONALD: I will get you some assessment of that.

I have not had reports in recent times that indicate that there has been a further downward trend in recent years. The Government introduced a number of world firsts in relation to the grey nurse shark. We were the first to declare it an endangered species and we established critical habitats at key points along the coast and provided effective protection measures. We have enhanced that in more recent times with the establishment of marine parks, which have effectively incorporated a number of other sites within the overall protection plan for the grey nurse shark.

As you would be aware, we are also researching artificial breeding of the shark. That work is proceeding and it is more or less a collaborative effort internationally with work being done in South Africa as well as in Australia. Many steps have been taken along the path and we will continue this effort. Just as others have put a lot of effort into saving terrestrial animals, we believe that if we can achieve this, it will be a great measure because a lot of the science indicates that when you get to a very low number of the population you will have many difficulties in long-term survival anyway, given that it is cut off from the grey nurse shark in Western Australia and grey nurse sharks in other parts of the world that do not migrate that far.

If you have a smaller population you tend to have lots of development problems from potential inbreeding. There are a lot of difficulties with the survival of the grey nurse shark and we are working on a number of fronts, not only in areas that are protected but also on breeding measures to try to improve its chance of long-term survival.

ANSWER

The measurement of the effectiveness of recovery efforts is dependent on the reassessment of the grey nurse shark population data over time.

Using the previous NSW estimates of the shark population, NSW DPI is now focusing on using survey techniques and demographic modelling to better analyse the population structure.

QUESTION 25

CHAIR: What resources have been allocated to ensure that the shark unspecified category is removed and ocean trap and line fishers know how to adequately identify sharks and ensure compliance with regulations?

The Hon. IAN MACDONALD: I will take that question on notice, but I am pretty sure that we have good plans in place for that.

ANSWER

Refined catch returns are currently being prepared, as is an identification guide to assist fishers in completing these returns correctly. An observer program currently underway in the Ocean Trap and Line fishery will also provide valuable information on the species and biology of sharks being landed in the commercial fishery.

QUESTION 26

CHAIR: What proportion of the State's shark protection budget is spent on the 93 per cent of New South Wales' beaches currently free of the summer shark-netting program?

The Hon. IAN MACDONALD: Now that you have raised the subject of nets, I think I should say a couple of things. At your request earlier this year or late last year the department conducted a considerable study into electronic means to deter sharks. That report came to the conclusion that to net one beach under our current program by electronic means it would cost virtually the entire program in terms of funds. It pointed out that in the future electronic hopefully the means may become more viable. For instance, the battery life was not strong enough to sustain them. They had to be continually changed and that required a lot of direct maintenance to keep the system operating and at this stage it is not far beyond the sort of personal carriage of such a device. In terms of a net, you are taking and covering a significant length of beach.

ANSWER

All of the shark meshing budget is spent on meshed beaches.

QUESTION 27

The Hon. RICK COLLESS: In 2003-04 the royalties collected from New South Wales minerals amounted to \$233 million, and that rose to about \$500 million in the last couple of years. Has there been any change in the royalty formula to reflect that increase, particularly in view of the fact that coal production, for example, has only increased by four million tonnes during that period?

The Hon. IAN MACDONALD: During that period we did move to ad valorem for working out the royalty paid. Yes, your figures are roughly accurate. It has gone from \$206.5 million in 2002-03—

The Hon. RICK COLLESS: 2003-04 was \$233 million, according to my figures.

The Hon. IAN MACDONALD: That is the ad valorem affect. The significant increase during the past three years is due to the introduction of the ad valorem royalty regime and high coal prices, which has obviously had a considerable impact. The reduction in the value for 2006-07, where there was a drop from—we are dealing with 2006-07—\$447 to \$411.9 was due to the rising Aussie dollar. The proportion of royalties received from coal production in the area from Maitland through Scone during 2006-07 was about 63 per cent of the \$411.9 million. Royalties obtained from coal mining companies are paid into the Government's consolidated fund, which provides facilities, infrastructure and services to the benefit of New South Wales' residents.

The Hon. RICK COLLESS: Would you be able to furnish to the Committee a copy of the way that the ad valorem process is worked out, if you would not mind?

The Hon. IAN MACDONALD: Sure.

ANSWER

Full details of the Ad Valorem regime are available on the Department of Primary Industries website at:

<http://www.dpi.nsw.gov.au/minerals/resources/royalty#Coal-royalties>

QUESTION 28

The Hon. RICK COLLESS: In Budget Paper No. 3 it is noted that the value of mineral production in New South Wales will decline by about \$2 billion. Why is that?

The Hon. IAN MACDONALD: Sorry, in which year?

The Hon. RICK COLLESS: In Budget Paper No. 3 Volume 3 it is noted that mineral production in New South Wales will decline by about \$2 billion?

The Hon. IAN MACDONALD: In what year though?

The Hon. RICK COLLESS: I do not have that in front of me?

The Hon. IAN MACDONALD: I am not aware of this figure?

The Hon. RICK COLLESS: Well it is in the budget paper?

The Hon. IAN MACDONALD: I am not disputing you. I am not aware why that decline would have been predicted. Perhaps someone thought that the commodity boom might have some impact if it went through a decline but I will get you the answer to that.

ANSWER

At the time that Budget Paper No. 3 was compiled the price of coal was declining, which is the major driver of the value of NSW mineral production. Estimates of the value of mineral production are revised as more current data becomes available. The latest estimate of the value of NSW mineral production for 2006-07 is now around \$12.3 billion, which is slightly higher than for the previous year.

QUESTION 29

The Hon. RICK COLLESS: What is the situation with the asbestos mine at Barraba? Is there any work on that?

The Hon. IAN MACDONALD: Last year work was done—oh no, to the clay mine but I understand that is being re-mined? Yes, there is work being done there in association with a company that is actually mining some of the residue, recovering, using more modern technology.

The Hon. RICK COLLESS: So they would be required to rehabilitate—

The Hon. IAN MACDONALD: Yes.

The Hon. RICK COLLESS: Can you rehabilitate the whole area or only part of it?

The Hon. IAN MACDONALD: I will have to give you the detail on that. I will take that on notice.

ANSWER

At this stage only part of the mine site can be rehabilitated. Works completed under the derelict mines program have secured the site and the drainage is managed. Rehabilitation of the whole area depends on the outcomes of current exploration activity over the area.

QUESTION 30

The Hon. RICK COLLESS: In the Budget Paper there is also an expense identified as \$6,000 to the Australian Standing Committee on Agriculture. What was that for?

The Hon. IAN MACDONALD: I will have to get you that figure but we do contribute to its costs.

ANSWER

The payment is NSW DPI's contribution to the Australian agriculture and natural resources online website. Information Technology costs are treated as a corporate overhead and as such charged out to each of NSW DPI's programs.

QUESTION 31

The Hon. RICK COLLESS: Also in that section of the budget there is a retained revenue figure of \$679,000 for the sale of farm reduction. Can you give us some information about what that figure includes?

The Hon. IAN MACDONALD: This is not a minerals item. I think there is a mistake there.

The Hon. RICK COLLESS: Well it is in section 19.11 of the minerals budget.

The Hon. IAN MACDONALD: We are not sure about that. We will have to take that on notice.

ANSWER

The sale of farm produce is a by-product of NSW DPI's activities and is categorised as a corporate overhead and is returned to programs on the same basis as costs are allocated.

QUESTION 32

CHAIR: Minister, in 2005 the public was invited to comment on position papers as part of the Government's review of the New South Wales Mining Act 1992. It seems that a report of this review has never been released, although we have been advised that a bill to amend the Act is soon to reach New South Wales Parliament. Was a report ever produced? If so, will it be made public? If not, why not?

The Hon. IAN MACDONALD: This was before my time. The Government is committed to enshrining ecologically sustainable development in mining legislation and further strengthening the environmental provisions of the Mining Act. To fulfil this commitment the Government has endorsed amendments to the Mining Act 1992. The amendments are aimed at ensuring the Mining Act is consistent with contemporary environmental standards, community expectations and recent developments in the legislative and regulatory framework. The key changes to the Act include incorporating principles of ecologically sustainable development, adopting a broader definition of "environment" to ensure that a wide range of possible impacts can be addressed by mining title conditions, ensuring the environmental management provisions that are currently applied through policy arrangements are adopted as statutory requirements, strengthening the enforcement provisions to be consistent with provisions in other legislation and extending the scope of the Act to include off title impacts. That is what has been considered.

CHAIR: I appreciate that it may be positive from my perspective too. However, there has been a position paper and a review and proposed legislation to come before the Parliament. Has that review been made public? Can we have a look at it?

The Hon. IAN MACDONALD: I will check on what is happening with it and come back to you.

ANSWER

The Position Paper was made public on 29 July 2005. All comments were considered as part of the drafting of the proposed amendments to the Mining Act.

QUESTION 33

CHAIR: Minister, are you aware of any workers employed in your department or by companies undertaking contract work with your department who are on 457 visas?

The Hon. IAN MACDONALD: Not that I am aware of. I will have to take that on notice.

CHAIR: Thank you. Would you also let me know what procedures does your department undertake to check whether workers are on 457 visas or not?

The Hon. IAN MACDONALD: Yes.

ANSWER

Generally a person must be a permanent resident or citizen of Australia to be eligible for appointment to a permanent position in the NSW public sector. Overseas workers on visas may work in the NSW public sector as either temporary or casual employees or contract workers. In some limited instances, overseas workers on a 457 visa may be appointed to an ongoing position, for example in the health sector.

Temporary or casual employees on temporary work visas need to be sponsored by the employing department or agency. Contract workers on temporary work visas need to be sponsored by the contract employment agency.

The NSW Government employs workers who have entered Australia on 457 visas to fill vacancies that cannot be filled from within the Australian workforce.

Where a NSW Government agency employs overseas workers on temporary work visas, it must comply with Commonwealth requirements.

Agencies have policies in place to verify information supporting appointments, including the identity, residency status and qualifications of potential employees. On commencing duties with a NSW Government agency, an employee would be required to provide sufficient documentation about these matters.

In the case of contract workers, compliance with Commonwealth requirements is the responsibility of the contract employment agency and the contract worker.

QUESTION 34

CHAIR: In terms of rehabilitation after coalmining, how many companies have been fined in the last five financial years for failing to rehabilitate land that has been mined?

The Hon. IAN MACDONALD: I will have to get you that information.

ANSWER

I am advised that no companies have been fined in the last five financial years.

QUESTION 35

CHAIR: Thank you. For those companies that have informed the Department of Mineral Resources that their mine site has been rehabilitated, what checks are undertaken to ensure that the land has been returned to its previous use?

The Hon. IAN MACDONALD: I will give you that data by way of an answer in written form.

ANSWER

The Department of Primary Industries undertakes inspections and requires written documentation demonstrating that the land is safe, stable and effectively rehabilitated.

QUESTION 36

CHAIR: In answer to a question from my colleague Ms Lee Rhiannon at last year's budget estimates committee you stated:

The Government has knocked back 349 exploration and mining propositions.

In your response you then gave examples of how mining companies modified their mining plans, which were subsequently approved. Could you inform the Committee if any exploration and mining propositions once modified have been knocked back?

The Hon. IAN MACDONALD: I will have to give you a breakdown on that.

CHAIR: I do not refer to plans that mine companies have withdrawn. After modifying their plans, has the Government given them the go-ahead? Have you ever said no to a mining company's amended plan?

The Hon. IAN MACDONALD: Yes, I will get that information.

ANSWER

Exploration proposals are refused if the application fails to meet the requirements of the *Mining Act 1992* or the exploration proposal is considered deficient or not satisfactory by the Department of Primary Industries technical officers.

Unacceptable mining proposals will not be considered by the Government. This has resulted in a number of mining plans being withdrawn or significantly modified as previously advised. Consideration of mining project applications under the *Environmental Planning & Assessment Act 1979* is a matter for my colleague, the Minister for Planning.

QUESTION 37

CHAIR: Thank you. At last year's budget estimates committee you stated that the largest fine issued under the Mining Act is for \$5,500. In the last financial year how many companies were fined and for what amount?

The Hon. IAN MACDONALD: I would have to get you that detail. Are you talking mine safety or the environment?

CHAIR: Under the Mining Act. Would that be either?

The Hon. IAN MACDONALD: No. I will get you the details on that.

ANSWER

In the last financial year one company was fined under the *Mining Act 1992* for breach of environmental conditions of a mining title. The amount of the fine was \$5500.00.

QUESTION 38

CHAIR: Minister, could you inform the Committee what your department spent on government advertising in 2006-07 and what it spent in the preceding two years?

The Hon. IAN MACDONALD: Which department?

CHAIR: Mineral Resources.

The Hon. IAN MACDONALD: I will have to get you that figure. The total expenditure of the department is \$822,000, but I have not got a breakdown of that amount.

ANSWER

Government Advertising

In contrast to the Federal Government use of taxpayer funded advertising to promote Work Choices the Auditor General recently found the NSW Government has introduced greater rigour into the process for approving Government advertising.

To quote the Auditor General:

“...the government has improved guidance for agencies and introduced a more robust framework for approving advertising campaigns.

“Greater rigour has been introduced into the process by requiring campaigns to be peer reviewed and approved by Cabinet.”

A large part of the advertising expenditure for 2006/07 was on important but routine Government business. \$30 million was spent on such things as the recruitment of nurses, teachers and police – as well as tender advertisements and public notices.

On advertising campaigns, the Government agency with the largest expenditure was the Cancer Institute of NSW. The Cancer Institute spent \$13 million in 2006/07 on important campaigns like breast cancer awareness and encouraging people to quit smoking. This has contributed to a record 400,000 women now getting regular mammograms in NSW.

The Auditor General has specifically acknowledged the success of the Quitline campaign, which resulted in 48,000 calls last year – well over double the number received the previous year. NSW now has one of the lowest rates of smoking in the developed world.

The second biggest spending Government agency was the RTA, with its important road safety awareness campaigns. These have contributed to the lowest road toll in NSW since the Second World War.

Another example is Sydney Water's water conservation campaigns, run in response to the drought. These have contributed to Sydney homes using the same amount of water now as in 1974 – despite an extra one million people living in the city.

Other ads saw public transport patronage increase and police recruit numbers surge.

These are legitimate public awareness campaigns with clear benefits for the people of NSW.

In 2006/07, the Auditor General has reported that the NSW Government spent \$111.7 million on government advertising. Twenty seven percent of this expenditure was on routine advertising for job vacancies and tenders.

In contrast, media reports have estimated that the cost of the Federal Government's advertising will exceed \$200 million, a substantial portion of which will be spent on promoting Work Choices.

QUESTION 39

CHAIR: I would appreciate you providing that on notice. What modelling has your department done on peak oil and what recommendations and plans are being implemented in your department and portfolio area to prepare for peak oil?

The Hon. IAN MACDONALD: This is the new groovy term from America—peak oil.

CHAIR: Yes.

The Hon. IAN MACDONALD: I do not know of any specific planning that is underway in relation to the anticipated decline of oil and oil reserves, but I will come back to you in relation to that. I do not know of any specific project that we are engaged in.

ANSWER

Peak Oil Modelling

The sustainability of global oil production and the pricing of fuel are international issues for which the Commonwealth Government has primary responsibility in Australia.

The Department of Premier and Cabinet complies with the Cleaner NSW Government Fleet Initiative. Under this initiative, all executive officers and public service staff who drive Government-owned vehicles whether in their daily duties or as part of their remuneration package have been required to

use E10 blends (or other alternative fuels) where this is practicable, available and cost effective.

The initiative also sets environmental targets for vehicle use by general Government agencies. The targets are progressive and when reached will see a 20 per cent improvement in overall environmental scores and a 20 per cent reduction in greenhouse gas emissions.

Further information on this initiative can be found at www.statefleet.ogp.commerce.nsw.gov.au/Home.htm.

QUESTION 40

CHAIR: You talk of clean coal, and I know you have mentioned the idea of producing biodiesel from carbon dioxide emissions and suchlike. Do you have any information to give to the Committee on that kind of energy?

The Hon. IAN MACDONALD: Yes. It would have to be in writing, but we are proposing to engage in a number of research projects, which deal with alternate energy sources.

CHAIR: How developed is that, and is it a viable proposition? Do you have any information? Is this real or just more protection of the coal industry here?

The Hon. IAN MACDONALD: We are involved at Tamworth. The centre there is doing certain works relevant to this issue, and we intend to expand the department's capacity in this area. That is something we are working on at the moment.

CHAIR: Have you produced any biofuels yet in this process?

The Hon. IAN MACDONALD: No, not at this stage.

CHAIR: Does your department do any modelling on climate change and is there any implemented in your Mineral Resources portfolio to reduce the impacts on climate change?

The Hon. IAN MACDONALD: As I indicated before in my long answer to a question from the Hon. Michael Veitch, clean coal is a very important part of our agenda, and a major part because it is a significant carbon producer in New South Wales.

ANSWER

NSW DPI has been scoping the whole area of bioenergy and biofuels for some time. It is a rapidly changing field.

In 2006 NSW DPI and NSW DSRD prepared a biofuels strategy document for the NSW government. This document identified that, in the main, biofuel production from crops (ethanol from grains or sugar, biodiesel from oil seed crops) was unlikely to be a major source of fuel for NSW, because of the vagaries of production from year to year due to drought, as well as potential impacts on food production and prices.

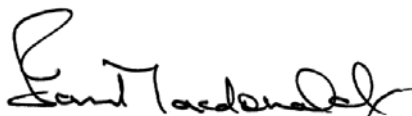
However, the report identified considerable long term potential for ethanol production from lignocellulosic (biomass) sources (wood, sawdust, paper waste, stubble etc.). Technologies to produce this are under development particularly in North America and Europe and commercial production is now feasible.

A project has now started under the Primary Industries Innovation Centre, an alliance between NSW DPI and UNE, to investigate the feasibility of using woody feedstocks for ethanol production. This project is receiving funding from the NSW Government's Climate Action Grants and is in its first year of funding.

Scientists working on this project are also pursuing joint research opportunities with Ethtec Pty Ltd, a company which is intending to build Australia's first commercial lignocellulosic ethanol production plant on the NSW north coast.

As well, NSW DPI fisheries scientists are working with The University of Newcastle and a bioenergy consortium known as the Crucible to develop practical low-cost ways of growing algae which could then be used for bioenergy production. Algae are the world's most efficient organisms at photosynthesis and this research, although long term, could eventually help us produce more bioenergy.

Apart from this, NSW DPI scientists have been at the forefront of investigation into biochar, which is charcoal produced by a process known as pyrolysis from any form of biomass eg. poultry manure, paper factory waste, sawdust and so on. The biochar is proving to be agriculturally beneficial for improving soil quality and lasts in soil as a permanent carbon sink for hundreds if not thousands of years.

A handwritten signature in black ink, appearing to read 'Ian Macdonald', with a stylized flourish at the end.

IAN MACDONALD MLC
MINISTER FOR PRIMARY INDUSTRIES