

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Monday 8 October 2012

Examination of proposed expenditure for the portfolio area

PRIMARY INDUSTRIES, SMALL BUSINESS

The Committee met at 9.59 a.m.

MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. J. Buckingham (Deputy Chair)
The Hon. R. H. Colless
The Hon. G. J. Donnelly

The Hon. S. MacDonald
The Hon. Dr P. R. Phelps
The Hon. P. T. Primrose

PRESENT

The Hon Katrina Hodgkinson, *Minister for Primary Industries, and Minister for Small Business*

Transcript provided by Spark and Cannon

CHAIR: Ladies and gentlemen, I declare this hearing for the Inquiry into Budget Estimates 2012-2013 open to the public. I welcome Minister Hodgkinson and accompanying officials to this hearing. This morning the Committee will examine the proposed expenditure for the portfolios of Small Business and Primary Industries. Small Business will be examined from 10 am to 10.40 am and Primary Industries from 10.50 am to 12.10 pm. Before we commence I will make some comments about procedural matters.

Broadcasting of proceedings in accordance with the Legislative Council's guidelines for the broadcast of proceedings and this Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available from the table to my right.

Delivery of messages: any messages from advisers to members, staff seated in the public gallery should be delivered through the chamber and support staff or the Committee clerks. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. Transcripts of this hearing will be available on the web from tomorrow morning.

Return date for questions on notice: Minister, the House has resolved that answers to questions on notice must be provided within 21 days. Mobile phones: I remind everybody in the room, including those at the table, witnesses and the public, please turn off your mobile phone. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a Member of Parliament. For all the other witnesses, I will ask you each in turn to state your full name, job title and agency and then to either swear an oath or take an affirmation. The words of both the oath and affirmation on the cards are on the table in front of you.

I would like to begin with the witness to my left, Mr Paterson. Mr Paterson, could I have your full name, job title and agency, please?

MARK IAN PATERSON, Director-General, Department of Trade and Investment, Regional Infrastructure and Services, affirmed and examined:

CHAIR: Thank you. I will move now to Ms King. Could I have your full name, job title and agency, please?

YASMIN ANNA KING, New South Wales Small Business Commissioner, part of the Department of Trade and Investment, Regional and Infrastructure and Services, affirmed and examined:

CHAIR: Thank you. I declare the proposed expenditure for the portfolios of Primary Industries and Small Business open for examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, I will begin with questions from the opposition.

The Hon. ADAM SEARLE: I would like to start with a question to the Small Business Commissioner, if I may. In the Goulburn Post of March 16 this year there was a discussion of the closure of the Small Business offices in Parramatta, Broken Hill, Tweed Heads, Coffs Harbour and Goulburn as part of a restructuring of the Small Business Advisory Service and it said in the article that the closure of those trade and investment offices was on the recommendation of the Small Business Commissioner and arose from a report by you as Small Business Commissioner. Can I ask you where that report is? Has it ever been released or published?

Ms KING: The report was prepared for Cabinet and it went to Cabinet and so it's up to the Government as to the status of the report.

The Hon. ADAM SEARLE: But just to confirm, you prepared that report?

Ms KING: Not me alone. There were also parts of the department but I can say that it didn't have any recommendation about closure of offices.

The Hon. ADAM SEARLE: Right, but you're aware that you have been credited with the decision of the recommendation to close those offices.

Ms KING: I wrote to the Member of Parliament to advise that I did not make a recommendation to close the Goulburn office.

The Hon. ADAM SEARLE: That's Minister Goward, the Member for Goulburn. Is that correct?

Ms KING: Yes.

The Hon. ADAM SEARLE: Have you had any response to that correspondence?

Ms KING: No.

The Hon. ADAM SEARLE: Have you chased that up at all recently?

Ms KING: No.

The Hon. ADAM SEARLE: No, okay, but, just in short, it wasn't your recommendation to close those offices.

Ms KING: No, it was a recommendation about the restructure of the programs.

The Hon. ADAM SEARLE: Okay, thank you very much. What's the current budget allocation for your office for this budget year 2012-2013?

Ms KING: 11.5 million.

The Hon. ADAM SEARLE: 11.5 million in total.

Ms KING: Correct.

The Hon. ADAM SEARLE: Okay, and how is that broken down? Originally you absorbed the Retail Tenancy Unit which I think was six persons and originally had a budget of 1.6 million so that's quite an increase. What's the increase made up of?

Ms KING: 7.5 million is for the Small Business programs. 1.8 million is in relation to the Retail Tenancy Unit.

The Hon. ADAM SEARLE: Just pausing there, that's up from 1.6 million from last year, is it?

Ms KING: That's correct.

The Hon. ADAM SEARLE: That's still only has six persons or are there more persons?

Ms KING: No, it now has an FTE-we are in the process of recruiting but it will be getting new people and it's not just Retail Tenancy any longer.

The Hon. ADAM SEARLE: I understand.

Ms KING: It's dispute resolution so it's a much, much broader role.

The Hon. ADAM SEARLE: So that's 7.5 for the Small Business program and 1.8 in what used to be the Retail Tenancy Unit, now the Dispute Resolution Unit.

Ms KING: That's correct.

The Hon. ADAM SEARLE: What else?

Ms KING: And then the balance is for advocacy which is the area that basically deals with policy and responding to submissions and also systemic changes to systemic policy issues which we then are dipped into to get change in.

The Hon. ADAM SEARLE: Minister, on 2 June last year you stated through a press release that the Small Business Commissioner will be reporting to you on impacts of unfair market practices. What reports have you had from the Commissioner since June of last year about those issues and, if you have received any, when will they be made public?

The Hon. KATRINA HODGKINSON: Not formally.

The Hon. ADAM SEARLE: What informal reports have you had?

The Hon. KATRINA HODGKINSON: The Small Business Commissioner and I meet on a regular basis to discuss a variety of different issues and I suppose over the last 12 months or so we have been very heavily focused on establishing our new program Small Biz Connect which has now been released and we have appointed the majority of our advisers in that area and making sure that we have got advisers on the ground to really be able to be there to assist small businesses. So the majority of our discussions, while they touch on other issues and other problems that are out there at the moment-I suppose the majority of the problems that are facing small business that the Small Business Commissioner has relayed back to me have surrounded red tape and particularly Commonwealth red tape.

I know that she has been dealing with a lot of small businesses in that area to help them resolve their problems, and it ranges from the very small sort of everyday grassroots problem that you might have in as a small business person such as being able to stick a sandwich board outside to the business and not having to put in a DA to your local council and 30 pieces of paper associated with it through to dealing with the ACCC or trying to get your business offshore or whatever other things these things are. So now that we have got Small Biz Connect up and running and the advisers are in the field, even though it's only early days yet, I think that we have made huge strides forward in Small Business in New South Wales and I have got great hope for our future.

I just also don't think the Small Business Commissioner mentioned in that last comment that she was making about our pilot program in Western Sydney as well we have got-part of that budget that remains is actually allocated to staffing a three-pilot program with the University of Western Sydney and the development of a diagnostic tool for small businesses as well. So there are huge amounts happening in the space. We do meet very regularly and discuss issues that have been raised with either herself or myself and where we need to go in order to make sure that we have got systems in place to be able to assist small businesses as needed.

The Hon. ADAM SEARLE: So, in short, no actual reports, just a general discussion about the kind of challenges being faced by small businesses.

The Hon. KATRINA HODGKINSON: There are many issues that we talk about on a very regular basis.

The Hon. ADAM SEARLE: Okay, but just to be clear, no proposed courses of action in terms of addressing systemic unfair market practices.

The Hon. KATRINA HODGKINSON: As things come up, they are dealt with and you can do it in the quick way which is by meeting and getting action underway or you can write comprehensive, long-winded reports and have nobody ever read them. I can tell you which way I would rather go.

The Hon. ADAM SEARLE: Just can you name an unfair market practice that has been drawn to your attention by the Small Business Commissioner since June of last year where it's been flagged with you and then you have taken this action that you have discussed?

The Hon. KATRINA HODGKINSON: Now, I do have that. Yes, do you want to start?

Ms KING: So one of the issues that has regularly been drawn to our attention is the way in which WorkCover after the event interprets independent contractor versus employee relationships. It's something that we have regularly raised with us. We have worked with WorkCover to streamline the process of how those appeals processes are dealt with and in the same token advised the Minister that this was a regular concern because the way in which WorkCover determines that categorisation is based on "it depends" and obviously it's extremely difficult for businesses to run a business on "it depends" so, as a consequence, the Minister allowed us to put forward a response to the WorkCover inquiry indicating that this was an issue and that it needed to be addressed in policy terms and we currently have a working group with WorkCover to address that.

The Hon. ADAM SEARLE: I can see why some businesses might not be happy with WorkCover's actions in that regard, but that's not really a market practice, an unfair market practice, so I'm actually asking the Minister to tell the Committee an example of an unfair market practice pursued or engaged in by, shall we say, larger businesses to the disadvantage of small business that you have raised with the Minister and the Minister has in this quick way she's referred to taken action?

The Hon. KATRINA HODGKINSON: I mean, one that's topical at the moment has been ongoing and is not yet solved is the issue surrounding dairy pricing. That's something that has certainly been raised with us. We don't have an instant solution to it, but when you have got this competition happening between two of the major retail supermarkets going on and remembering that a lot of the majority of dairies are small businesses themselves. This is something which is currently happening before us, but I'm certainly keen to see a resolution to this. If anybody had a quick solution, it might have been resolved by now, but that's just one example.

The Hon. ADAM SEARLE: With respect, Minister, it's not an example because in your earlier answer you said that a number of unfair market practices have been raised with you by the Commissioner and in this informal and quick way you have discussed you have taken action. Now, I'm just asking you to tell the Committee of one example where that has actually happened, if it has.

The Hon. KATRINA HODGKINSON: Also what has been established is the red-tape trouble-shooter taskforce to address key Government administrative and regulatory burdens as they're raised by small businesses. So under this initiative the office of the Small Business Commissioner and the New South Wales Business Chamber and industry-specific agencies are working with small businesses at a grassroots level to identify unnecessary regulatory burdens and administrative practices that can either be removed or streamlined in order to minimise the impact on the small business sector because good regulation protects consumers, employees and environment and helps to build a fair and equitable society and can even save lives, but over the years regulations and the administrative responsibilities placed on business have grown and grown. That's New South Wales businesses and Australian productivity growth.

I'm very pleased to say that my Small Business Commissioner continues to have success in reducing red tape and supporting small businesses and that supports comes up in a variety of different ways. The program supports New South Wales 2021 which sets a red tape reduction target of \$750 million and savings across Government for business and the community by 30 June 2015. So what that red-tape trouble-shooter taskforce seeks to identify is ways to improve regulatory reporting and processing times to identify system regulatory and red-tape burdens and propose solutions to them and to advocate for change.

There may be immediate solutions to the issues raised by small businesses; one example being to improve access for rural businesses to relevant licensed certifiers for the Vehicle Safety Compliance Certification Scheme. Assisting small business owners to navigate what they see as a maze of Government agencies to get the right information has also been applied to the taskforce. Examples include providing a small not-for-profit organisation with information on the qualifications that their auditor is required to have to satisfy the requirements under their charitable fundraising licence and their obligations under relevant legislation. Another small business operator, as I mentioned a moment ago, was looking for information to help his business explore exporting natural supplements to China. Contact with New South Wales Trade and Investment, Austrade and the

Therapeutic Goods Administration provided to assist him in exploring export options to grow his businesses.

In many cases it's been found that Commonwealth red-tape issues dominate; for example, onerous reporting demands the Commonwealth agency would have for a small business in Albury. The business owner commented that it would be very difficult for her to respond in writing within the required 14 days to 24 detailed questions from the agency or to find the time to gather the 25 supporting documents that she was required to attach to her in-depth response to the agencies' desk audit. In this case the Commonwealth agency was made aware of the significant impact of their regulatory burden on this small business and the matter added to the evidence base that the taskforce was building to assist in lobbying the Commonwealth to commit to meaningful change.

When consulting with small businesses interviews are conducted by both a senior officer from the New South Wales office of the Small Business Commissioner and a representative from the New South Wales Business Chamber, the relevant stakeholder association in the first instance. Those interviews with small businesses typically take about one to three hours at the small business premises. The taskforce has conducted interviews in the middle of a quarry, to the side of workshop floor behind flash curtains to shield from the welding bays and around numerous dining room tables.

The taskforce has found that meeting small business owners and operators face to face elicits the most useful and relevant information to inform the task of reducing red tape. Throughout this process the taskforce is surrounding itself in experiences of small businesses, listening to small business and learning from small business. The taskforce is leveraging the experience and ideas for those in small business who deal with regulation on a daily basis to help recognise and cut red tape. The taskforce has got access to knowledge in relation to Government services and extensive networks that allows the right people to be asked the right questions to tackle red-tape burdens. It works collaboratively with the Independent Pricing and Regulatory Tribunal and the Better Regulation Office providing grassroots input.

New South Wales Government agencies have nominated senior officers to act as go-to contacts who have agreed to work collaboratively with the taskforce to assist in resolving red-tape burdens. The willing assistance of agencies to find solutions is proving critical to the success of the work undertaken by the taskforce. There are many examples of individual cases where action by the Small Business Commissioner has resulted in quick and effective resolutions to problems. I have already mentioned a couple of those.

Another thing that we have done is introduce a 30-day payment policy. It's one of the very first reforms to help small businesses in New South Wales. It's an introduction of a strict payment regime for Government agencies which requires them to pay outstanding accounts within 30 calendar days or face penalties for late payment. The Commissioner has collaborated with departmental heads to implement this policy and to ensure small businesses are paid in a timely manner. I certainly commend her on its success to date and the hard work and I'm sure that the success of our small businesses will play a major role in our efforts to rebuild the New South Wales economy and place our small business sector in the premier position it deserves.

The Hon. ADAM SEARLE: Thank you, Minister. Just in relation to reducing red tape, I think your Government says it's got a one-on, two-off policy initiative and an overall objective of reducing regulations by 20 per cent over this term of office. I think there are something like 44 regulations that have been enacted in your portfolio since September last year. Is that a correct figure and, whatever the figure is, how many have been revoked or repealed?

The Hon. KATRINA HODGKINSON: I have here a very comprehensive list across the portfolio. Yes, that's absolutely right. We are very determined to reduce regulation in this Government and certainly within my own portfolio responsibilities, particularly within Primary Industries where there is a significant amount of regulation, whenever we are looking at regulation, we certainly look at how we can streamline it and make it more efficient and reduce where possible, so we are certainly making a good effort in that area.

The Hon. ADAM SEARLE: How many?

The Hon. KATRINA HODGKINSON: Sorry?

The Hon. ADAM SEARLE: How many regulations have you made and how many have been repealed?

The Hon. KATRINA HODGKINSON: Hang on; I have just got to go through this list. It's quite comprehensive-

The Hon. ADAM SEARLE: I just asked for a number, Minister.

The Hon. KATRINA HODGKINSON: Many regulations have been identified by the Better Regulation Office as either with the date of assent and also the date of repeat and, as I go through this list, the attorney-general obviously has many-

The Hon. ADAM SEARLE: Minister, just to assist, I just asked for the number. If you don't know, I'm happy for you to take it on notice.

The Hon. KATRINA HODGKINSON: I will just see if I can get it if you just bear with me for a second.

The Hon. ADAM SEARLE: Sure.

The Hon. KATRINA HODGKINSON: You're just after Primary Industries or are you after the whole of Government?

The Hon. ADAM SEARLE: I was asking about your portfolio to start with, but I'm happy for it to be a whole-of-Government response; both perhaps. So how many regulations have you signed off on, how many have you repealed and what is the-

The Hon. KATRINA HODGKINSON: In Primary Industries-

The Hon. ADAM SEARLE: -figures for the whole of Government?

The Hon. KATRINA HODGKINSON: Yes, look, I think that if I was to sit here and go through them all, I have got probably 150 pages here.

The Hon. ADAM SEARLE: I'm not asking you to list them. I'm just after-

The Hon. KATRINA HODGKINSON: I can see the detail here. There is on. There is off. I know a substantial number have come off so-

The Hon. ADAM SEARLE: Just to be very clear, you will take it on notice.

The Hon. KATRINA HODGKINSON: We'll just take that on notice.

The Hon. ADAM SEARLE: So how many regulations have been made by you as Minister within your portfolio?

The Hon. KATRINA HODGKINSON: Yes, and how many have come off subsequently just within Primary Industries.

The Hon. ADAM SEARLE: How many have come off in your portfolio, yes, and then again for whole of Government, how many regulations have been made by Government since 26 March last year-

The Hon. KATRINA HODGKINSON: By Government how many have come off.

The Hon. ADAM SEARLE: -and how many have come off, and also I think your target for the four-year period is 20 per cent reduction so based on the fact that we're about 18 months into the term that should be about 7 or 8 per cent.

The Hon. KATRINA HODGKINSON: Well, you know, things have to be-with respect, things do have to be identified.

The Hon. ADAM SEARLE: Sure.

The Hon. KATRINA HODGKINSON: So it might not have a strict-might not be strictly recorded because-

The Hon. ADAM SEARLE: No; no, I understand that.

The Hon. KATRINA HODGKINSON: So we came in as a fresh government and had to identify the areas of waste and multiple levels of regulation that were left to us by the former Government so-

The Hon. ADAM SEARLE: You're referring to a document there, Minister. Would you care to table that document?

The Hon. KATRINA HODGKINSON: No, thank you; no, these are my working notes so-but we'll provide that information if it's put to us.

The Hon. ADAM SEARLE: Okay. Just regarding the role of the Small Business Commissioner, you said in September of last year that legislation will soon be introduced to Parliament to establish the role of the Commissioner and her powers, but then in March of this year it became a discussion paper which you then released in June. Why has legislation you promised 13 months ago still not been introduced?

The Hon. KATRINA HODGKINSON: Because we actually believe in consulting with our stakeholders and we have done substantial amounts of consultation with our stakeholders. The legislation has been drafted and we wanted to make sure that that legislation hit the mark and that people were comfortable with that so extensive consultation has taken place. That is now within the Government processes of approval so I would expect it to be introduced in the near future.

The Hon. ADAM SEARLE: Will you consult with stakeholders about the legislation before its introduction?

The Hon. KATRINA HODGKINSON: We have consulted extensively with stakeholders.

The Hon. ADAM SEARLE: Okay.

The Hon. KATRINA HODGKINSON: In fact, yes, here we go. I have got some additional here just in relation to consultation for the Small Business Commissioner legislation. The New South Wales Small Business Commissioner recently concluded an extensive six-week consultation period on the Small Business Commissioner legislation as part of the Commissioner's tour around the state. This was a while ago. Here we go, last month-two months ago. The consultation period sought feedback from all people interested in the Small Business Commissioner legislation, particularly small business operators. About 330 parties across the state participated in the consultation process by attending listening tours, events hosted by the Commissioner, attending individual meetings with the Commissioner or by responding to the consultation paper so I think that 330 consultations-I think that's pretty significant and as well often, as I have also attended various business events, I have talked about the legislation extensively and invited people to put submissions forward.

CHAIR: Thank you, Minister. I will now move to questions from Mr Buckingham.

The Hon. JEREMY BUCKINGHAM: I have nothing. I will ask all mine on notice.

The Hon. PETER PHELPS: Project, Jeremy; pretend you're on a public stage.

The Hon. JEREMY BUCKINGHAM: All right, I will. Minister, do you believe the carbon tax will destroy jobs in New South Wales small businesses and, if so, for how long have you had that view?

The Hon. KATRINA HODGKINSON: The carbon tax is primarily a Federal Government responsibility. I know that there has been a lot of comment in this space and a lot of concern about the increase in pricing for small businesses that the carbon tax will be responsible for and one of those things is obviously if you look at someone like a working abattoir who has got extensive refrigeration or electricity costs, all these prices will increase, we know, as a result of the carbon tax. So can I say that costs will increase for small businesses. I think that it's universally recognised as a capital Y yes. Will it spell the end of small business? Well, that's one of the reasons that we have created Small Biz Connect.

We want to make sure that small businesses have got good advisers working throughout the state to make sure that businesses that are facing difficulty, including enormous hurdles such as dealing with price increases that will result from the carbon tax have got the opportunity to work through these problems. We don't want to see any small businesses go down. We want to assist small businesses start up and if small businesses want to exit, then we want to make sure that we give them the ability to do that in a strategic manner which will result in that business owner's best interests for the future.

Obviously there's been a lot of talk out there about the carbon tax and a lot of concern that it will spell the end of affordability for a lot of small businesses. I have certainly had quite a number of representations from my own electorate made to me from small business people in all fields, whether they're apple growers or whether they're farmers or whatever industry they're in about what the impacts will be for them from the carbon tax, but I guess at the end of the day it is the responsibility of the Commonwealth and it's a piece of their legislation that's now with us.

The Hon. JEREMY BUCKINGHAM: So, in short, you are expecting there to be job losses from the carbon tax.

The Hon. KATRINA HODGKINSON: Small businesses will have to—there are 650,000 small businesses in New South Wales in a wide variety of different areas and it will be dependent on what you're doing. You might be a screen printer. You might be providing some sort of advice to organisations as a lobbying firm. You could be directly involved in a blue-collar industry. The carbon tax will impact on different businesses in different ways, and I'm quite sure that if some businesses need to rein in their costs, are struggling with increased overheads, that would naturally impact on their bottom line and they would be needing to look at strategies in order to make sure that they can survive and if that's going to involve a reduction in employment, then that's a high probability.

The Hon. JEREMY BUCKINGHAM: So given that there's a high probability of job losses, in your view, from the carbon tax, what modelling has your department commissioned—

The Hon. KATRINA HODGKINSON: Depending on what your business is in.

The Hon. JEREMY BUCKINGHAM: Of course. Minister, given that you're saying there's a high probability and you're saying that if industries want to exit and it's the end of affordability, as you said, for some small businesses, what modelling has your department commissioned or completed in regards to the impact of the carbon tax on small businesses?

The Hon. KATRINA HODGKINSON: I would imagine that the Commonwealth has done some since they're the ones who are introducing it, but what we can do is provide the service to small businesses that they will need for the future if they want to get through any sort of hurdle that might come their way, whether it's the carbon tax, whether it's some other impact that comes on them, some other piece of legislation that comes on them or market forces or whatever it happens to be. There might be a downfall in commodity prices. Any number of things can affect a small business and we want to be there with the proper advisory service to be able to assist them through whatever they happen to be going through at that particular time.

The Hon. JEREMY BUCKINGHAM: So, in short, Minister, you haven't commissioned or completed any economic modelling on potential impacts of the carbon tax on small business in New South Wales.

The Hon. KATRINA HODGKINSON: The way I see Small Biz Connect now our responsibility here from the state Government is to provide a service to small businesses to assist them with whatever conundrum they happen to be facing and it could be-

The Hon. JEREMY BUCKINGHAM: You have just said that you believed that there would be job losses. You have had a number of people coming to you from across the community from different sectors, different businesses, saying that they're expecting to have adverse impacts and yet your department hasn't-to be clear, it hasn't done or hasn't put in place any reporting or modelling on the job losses from the potential impacts of the carbon tax.

The Hon. KATRINA HODGKINSON: I can't speak on behalf of the Commonwealth. It was their legislation, but small businesses face a variety of problems on a daily basis and certainly the carbon tax is one that has had a lot of media space. It certainly was very controversial. We know that the Federal Government went into the last election saying that there would be no carbon tax under the Prime Minister Gillard said there would be no carbon tax under a Government that she led and now there is one and that has been enormously controversial, but it's Commonwealth legislation. It's not state legislation. We are there to assist small businesses to start up, to be successful and to exit gracefully if that's what they want to do and to help them-if they're having trouble with the carbon tax and they need assistance in working their way through and surviving, then, yes, our Small Biz Connect advisers will be there to help them.

The Hon. JEREMY BUCKINGHAM: How are they going to do that specifically in terms of the impacts of the carbon tax?

The Hon. KATRINA HODGKINSON: I mean, obviously, as I said a moment ago, small businesses are different, involved in many different fields. You might have a very labour-intensive and electricity-intensive and waste-intensive small business that is going to feel the impacts very heavily of a carbon tax and that small business may require additional services or strategies on how to succeed.

The Hon. JEREMY BUCKINGHAM: I understand that, Minister, but are there actually strategies within that Small Biz Connect program for dealing specifically with the impact of the carbon tax?

The Hon. PETER PHELPS: We could always vote for the Coalition at the next election and that will get rid of the carbon tax.

The Hon. SCOT MacDONALD: Point of order, Chair; point of order, Chair.

CHAIR: Order.

The Hon. SCOT MacDONALD: Point of order, Chair. I think that question has now been asked three or four times in three or four different ways.

The Hon. PETER PHELPS: And the answer is, no, there isn't.

CHAIR: Order; I will uphold the point of order. Move on to another question, please.

The Hon. JEREMY BUCKINGHAM: That's all I have got.

CHAIR: Okay. I will move back to the opposition.

The Hon. ADAM SEARLE: Thank you. Minister, your reference to the 30-day payment policy and the quarter January to March of this year some \$5.5 million worth of invoices were owed by the New South Wales Government to just over 2000 small businesses that weren't paid on time. Can you give us the figures from April to present?

The Hon. KATRINA HODGKINSON: The March figures have been published, I believe, and I think that the next round are yet to be published. They're in the approval-sorry, due at the end of this month.

The Hon. ADAM SEARLE: Okay. The three worst performers both by time and by amounts owed to small business appear to be Transport, Health and Department of Premier and Cabinet. What actions are you taking as Minister to ensure that they improve their ways?

The Hon. KATRINA HODGKINSON: Agencies that don't pay correctly attended invoices on time within 30 days are subjected to interest rates, commercial interest rates, and are also subject to audit obviously. As far as those particular agencies are concerned, I think that the question is probably best directed towards those agencies as to why they're not meeting those particular targets, although I have got to say overall-sorry, I have got to say that overall the rate-I think it was 92 and a half per cent-was pretty good. I think it was pretty good and I think that it's having a positive impact. I beg your pardon, it was 91.5 per cent of invoices across Government departments so I don't think that that's too bad and certainly this has been a really positive approach and a wake-up call to Government agencies that we're really serious about this and it's the first time really that they have been held to account in this way.

I don't know about-I can't speak for Legislative Council Members who probably do get representations, but certainly Lower House Members get many representations and this was something that was brought to my attention on numerous occasions over the years. I remember one tyre company actually in one of my rural centres complained to me one day that he had the contract for the Department of Health motor vehicle local area and he hadn't been paid in something like a year. He had been putting new tyres on these cars for more than a year and he still hadn't been paid and I remember thinking at the time, "We've really got to do something about this." He said he didn't want to go public. He certainly never wanted me to mention the name of his company because he didn't want to lose the contract and that was just something that stuck with me and I know that other Members of Parliament on our side of the fence had similar representations. That was one of the reasons that we went to the election with this policy. So this is strong motivation for Government agencies to buck up and to pay their bills on time and Ministers are certainly well aware of this policy.

The Hon. ADAM SEARLE: In terms of you mentioned the interest penalties, what role-I mean, whose job is it to make sure that not only do these agencies pay but if they're late in paying, they should pay the interest?

The Hon. KATRINA HODGKINSON: There's a Treasury circular that went around, but it's interesting that since the introduction of this policy, this 30-day payment policy, there have only been four formal complaints to the office of the Small Business Commissioner by small businesses about late payments or outstanding interest payments by agencies. So it's well known out there; small number of complaints. I think that that's really good and can only go forward from this point in time.

The Hon. PETER PHELPS: Hear; hear.

The Hon. ADAM SEARLE: Minister, the Trade and Investment Department which hosts the Small Business Commissioner was late in paying some 364 invoices worth nearly \$640,000, I believe, for that quarter. Can you give an explanation as to what those invoices were for and what led them to being late.

The Hon. KATRINA HODGKINSON: I might just hand over to the DG of T and I in that case because that's sort of the Deputy Premier's area.

The Hon. ADAM SEARLE: Sure.

Mr PATERSON: I can't provide you with a breakdown of each individual item.

The Hon. ADAM SEARLE: I'm happy for you to take it on notice if you can-

Mr PATERSON: There are very large numbers of transactions that are processed. We occupy something-I think it's 213 different premises around New South Wales so we have got a very diverse portfolio and we're aggregating a whole range of our financial and support services together. Part of addressing the payment regime for small businesses is a challenge for our organisation, as it is for some other large organisations, in being able to bring all of those elements of transaction processing into a central location (1) where you can control it and (2) where you can make sure those payments are made on time. If there's extensive detail, without trying to go into the payment details for every individual case, I would be apprehensive about committing to explain to the Committee each individual circumstance without then going back to the third parties to consult with whether they want-

The Hon. ADAM SEARLE: Okay.

Mr PATERSON: So I'm happy to assist the Committee to respond a question on notice which looks at the cases where we had failed the 30-day payment and to provide a generic explanation if there are groupings of reasons as to why we have fallen short.

The Hon. ADAM SEARLE: Yes, that would be satisfactory.

CHAIR: Thank you, Mr Searle. I might just ask a couple of questions, if I may. Staying on this line of payment of invoices and in fact dealing with small business, the first question: is there anywhere-excuse my ignorance. Is there anywhere defined what is a small business insofar as Ms King's role is concerned, like, by numbers of employees or by turnover?

The Hon. KATRINA HODGKINSON: Yes, look, we basically use the Commonwealth definition of "small business" which is a turnover of 2 million or less a year for the 30-day pay, but when it comes to Small Biz Connect, we're not that strict on it. We figure that if a small business-it might be an FME. It might be slightly heading towards that medium enterprise. Should they be turned away if they genuinely need advice? No, they shouldn't be so we're a little bit relaxed when it comes to the actual advice through Small Biz Connect, but the 30-day payment (indistinct).

CHAIR: All right. The next one is a bit of a hypothetical. Both this current Government and the previous Government have in certain circumstances demonstrated they're prepared to act unilaterally as a state on issues which might be regarded as Commonwealth issues. Would the Department of Small Business consider recommending to the Government some sort of a state based antitrust legislation rather than sit around waiting for ASIC to do something which it may never do, and I'm specifically talking about issues here related to the large retail grocery chains and the effect or the reported effect that they have on small business?

The Hon. KATRINA HODGKINSON: Yes, look, that's the big question at this point of time and I have discussed this with a number of people that are either directly involved in-say, milk in terms of I had used it as an example a moment ago. I have talked of dairy farmers about it. I have talked to industry groups about it. I have talked to people involved about it and it really seems that they need to get in the same room together and sort it out but they can't do it alone. So this is really something in the Commonwealth space that I'm just very keen to see it worked through and I'll certainly be writing to the relevant Commonwealth body to progress this. Yasmin, do you want to add?

Ms KING: We have a very strong working relationship with the ACCC and one of the things that is a concern and a reason why the unfair market practices and unconscionable conduct provisions of the Australian Consumer Act hasn't had as much traction as would have been likely is because there's a fear of retribution of small businesses in putting their hands forward. So one of the things that we're canvassing in our legislation as a mechanism whereby people can come through us and we can be the representative of the complaint so they can have protection and that's something that certainly the Chair of the ACCC is going to be considering.

CHAIR: So the Chair of the ACCC would favour, say, the business-your unit making, shall we say, aggregated representations which would be taken as fact without those businesses having to expose themselves? Is that really what you're saying?

Ms KING: Yes, but for them to basically then on the basis of that go out and investigate, okay. Obviously this may be a legal proceeding, then there has to be parties who are prepared to come forward, but at the moment even the first part isn't happening effectively because people are too scared to even just raise their hand.

CHAIR: Okay. That seems like a reasonable answer. Minister, we're now out of time for the Small Business portfolio. We will take a 10-minute break to allow you to re-arrange your advisers and for anybody who wishes to have a cup of coffee can do so and your advisers are welcome to partake as well. So we will reconvene in 10 minutes' time at 10.50 am, thank you.

(Short adjournment)

(Public hearing resumed)

CHAIR: ...The committee will now proceed to examine the portfolio area of primary industries; we will be proceeding until 12.10 p.m. What I will now do is proceed to swear those witnesses that have not already been sworn. I will ask you, in turn, to state your full name, job title and agency and then to either swear an oath or take an affirmation. I will begin with you, Mr Bullen.

MICHAEL BULLEN, Acting Director General of the Department of Primary Industries, affirmed and examined:

DAVID ANDREW HARRIS, Commissioner, New South Wales Office of Water, Department of Primary Industries, affirmed and examined:

RENATA BROOKS, Deputy Director General, Catchments and Lands, Department of Primary Industries, sworn and examined:

GEOFF ALLAN, Executive Director, Fisheries, Department of Primary Industries, affirmed and examined:

NICHOLAS ROBERTS, chief executive officer of Forests New South Wales, sworn and examined:

CHAIR: Minister, if I may, I will proceed straight to questions. Mr Buckingham.

The Hon. JEREMY BUCKINGHAM: Thank you, Chair. Minister, I would like to ask some questions about the proposed award buyback in the Nimmie-Caira irrigation area.

The Hon. KATRINA HODGKINSON: Sure, okay.

The Hon. JEREMY BUCKINGHAM: Is it fair to say that you have been supportive of the proposed buybacks in Nimmie-Caira irrigation area? Nimmie-Caira?

The Hon. KATRINA HODGKINSON: Nimmie-Caira, yes. Thanks very much for your question. Look, this probably goes back to probably about – I think it was about June of last year that I had representatives from that area want to come and meet me to talk about their proposal. They came here to Parliament House because it was sitting day, actually. I think there were about six or eight farmers that came, and they outlined their proposal to me. I took it on board, and I discussed with Minister Tony Burke. We have had many discussions about it, actually, but I will give you some more detail.

The Hon. JEREMY BUCKINGHAM: Well, I'm not so much interested in the detail of it. I have got a series of questions I have to get through. I would just like to know – considering that you have met with them, there has been a comprehensive and detailed business case prepared – are you supportive of the proposed buybacks?

The Hon. KATRINA HODGKINSON: Yes, look, I am, and I have this conversation with Minister Burke as well. We believe that it is something that should go forward, and we have certainly been putting that view forward to the Commonwealth minister as well.

The Hon. JEREMY BUCKINGHAM: Okay. So you have seen the business case presented to the Commonwealth government in relation to the Nimmie-Caira Enhancement Environmental Water Delivery Project?

The Hon. KATRINA HODGKINSON: Mm'hm.

The Hon. JEREMY BUCKINGHAM: You have?

The Hon. KATRINA HODGKINSON: Yes – it was presented the commissioner's name; there you go.

The Hon. JEREMY BUCKINGHAM: But you have read it?

The Hon. KATRINA HODGKINSON: Yes, I have been through the documents relating to the Nimmi-Caira some time ago, yes I have.

The Hon. JEREMY BUCKINGHAM: It was the business case.

The Hon. KATRINA HODGKINSON: Okay. I have seen a summary of it, the commissioner advised me. That is what is jolting my memory here. But the commissioner has the full business case.

The Hon. JEREMY BUCKINGHAM: So you have not seen the full business cases we have presented to the federal government?

The Hon. Dr PETER PHELPS: The question has been asked twice in the three times I have been to—

CHAIR: The point of order is not supported, but do not take it far.

The Hon. JEREMY BUCKINGHAM: I am not; I am just trying to get a question – so, to be clear, Minister, you have not seen the business case that has been presented – the full business case that has presented to the federal government?

The Hon. KATRINA HODGKINSON: No, I believe that I have seen it, but I have also had a briefing relating to it as well, and that is – I am pretty sure it was attached to it.

Mr HARRISS: Yes, the briefing was not so long ago.

The Hon. KATRINA HODGKINSON: We get hundreds of briefings every week, obviously, but I do recall that.

The Hon. JEREMY BUCKINGHAM: Is it true to say, Minister, that this would be one of the largest buybacks of water in Australian history?

The Hon. KATRINA HODGKINSON: Well, yes. How does it stack up with—

Mr HARRISS: Yes, we are well in excess of—

The Hon. JEREMY BUCKINGHAM: Yes, so this would be the largest water buyback in the history of Australia?

The Hon. KATRINA HODGKINSON: That is my advice from the commissioner, yes.

The Hon. JEREMY BUCKINGHAM: The amount of money that is being talked about as part of the plan to buy the land, water and infrastructure across the 11 or so properties seems to be a closely held secret and was made privileged in the call for papers that got up recently. Do you think there has been enough transparency about this project?

The Hon. KATRINA HODGKINSON: Now, I think that you actually put a call for papers in on this, didn't you? But it was interesting because my office was quite willing to give you anything that you wanted in relation to this subject, but you still went ahead with the call for papers, from memory. So I do not think that it was a case of secrecy; it was more that you wanted to proceed to get the information in a different way.

The Hon. JEREMY BUCKINGHAM: So you are prepared to release – because there was a claim for privilege on the business case—

The Hon. KATRINA HODGKINSON: But the actual sale itself is commercial in confidence, obviously.

The Hon. JEREMY BUCKINGHAM: Would you be prepared to release that document with certain elements, like, say, the monetary figures were adapted?

The Hon. KATRINA HODGKINSON: I will just allow the commissioner to make a brief comment in that sense.

Mr HARRISS: All of that information has been provided in those papers under Standing Order No. 52, but we have asked that the issues which are commercial-in-confidence be privileged.

The Hon. JEREMY BUCKINGHAM: I understand that, but would you be prepared to release the business case to the public with some of those elements that may be considered commercial-in-confidence redacted?

Mr HARRISS: I think we would probably be prepared to do that, subject to the agreement with the Commonwealth because it had been a business case prepared for the consideration of the Commonwealth government under its draft agreement.

The Hon. JEREMY BUCKINGHAM: Okay. So subject to the agreeance of the Commonwealth?

Mr HARRISS: Yes, but very much I would advise the committee that landowners are very keen that the commercial arrangement be kept confidential.

The Hon. JEREMY BUCKINGHAM: I understand that. In the handwritten notes, the non-privileged handwritten notes from the recent call for papers, there is a suggestion that the range of offer to these landholders is between \$113 million to \$148 million. Does that sound like value for money for an assessed average annual yield of 173 gegalitres?

Mr HARRISS: I can answer that. It is probably the cheapest water the Commonwealth is currently getting. At the moment it has a long-term average yield – that is long-term average at that site – of 173,000 megalitres, a maximum of any one year of 381,000 megalitres, and that is the value for money which we proposed in the business case. It is probably less than a quarter of the value of the water that was recently purchased from Murray Irrigation Ltd.

The Hon. JEREMY BUCKINGHAM: All right. Are you, Minister, comfortable with the modelling that is central to that business case? You have—

The Hon. PETER PHELPS: You are not denying the science, are you?

The Hon. JEREMY BUCKINGHAM: No, there is – well—

CHAIR: Order.

The Hon. JEREMY BUCKINGHAM: There is a range of models that have been put, that have been considered in the formulation of the business case and in the discussions around this. Are you comfortable, Minister, with the modelling that has assessed this at 173 gegalitres in terms of long-term average annual yield for this—

The Hon. KATRINA HODGKINSON: Well, look, I do rely on the New South Wales Office of Water to provide me advice in these particular areas. Obviously, they are the ones with the expertise and experts in this area. I know that they undertake very comprehensive reviews of anything that happens in this sort of space, and their recommendation is that I can be comfortable with it. I do look through these things and I do ask questions in relation to these matters, but it is pretty regular that I take the advice of the New South Wales Offices of Water because they are the professionals; they are the experts in this field, but I certainly do regularly question various aspects of things as they come to mind.

The Hon. JEREMY BUCKINGHAM: Thank you, Minister.

The Hon. KATRINA HODGKINSON: And the commissioner would like to add to that, thanks.

The Hon. JEREMY BUCKINGHAM: Sure.

Mr HARRISS: The models used to determine those numbers are typically the models used for CAP management throughout New South Wales, and they are independently assessed by the Murray-Darling Basin Authority.

The Hon. JEREMY BUCKINGHAM: So that leads to my next question. So the Commonwealth has accepted the calculations of an average annual yield of 173 gigs, or are they challenging that model?

Mr HARRISS: They have asked us questions relating to the modelling, and we have provided answers to that. This case was presented to the Commonwealth on 4 July. The Commonwealth has asked a number of questions since, which we have responded to. The Commonwealth is coming out in the next couple of weeks to actually have an on-site visit to the Nimmie-Caira region to get an appreciation of what the area is like, but they have not made any decisions one way or the other whether they support the business case to date.

The Hon. JEREMY BUCKINGHAM: Okay. If the federal government agrees to support the business case for the Nimmie-Caira water licence buyback of land acquisition, how much money annually will the Commonwealth Environmental Water Holder have to pay the New South Wales Office of Water for the management of the 173 gegalitres?

Mr HARRISS: I would have to take that on notice, but those numbers will be determined by the Independent Pricing and Regulatory Tribunal for the water management-side of things, which pays the Office of Water for its functions, and the water delivery fees are currently determined by IPART for the State Water's fees – they will, in the future, under the new Water Act be determined by the ACCC.

The Hon. JEREMY BUCKINGHAM: So you will take that on notice and get a more detailed answer?

Mr HARRISS: I can provide you how much would be charged under the current arrangements, but bearing in mind that it is a combination of a fixed charge and a use charge only for the supplementary water. So that only applies, depending on how much water is available and how much water is actually delivered and diverted. So in a year like this where there is no shortage of water around, there will be quite substantial charges incurred. In drought years there will be nothing.

The Hon. JEREMY BUCKINGHAM: Thank you. How are the Office of Water and your office, Minister, dealing with the probity issues regarding this proposed buyback, considering that the licences that are the subject of this buyback have not yet been gazetted under the draft Murrumbidgee Water Sharing Plan?

Mr HARRISS: The amendments have been tabled and are currently being gazetted, but the whole process of providing a volumetric entitlement as part of the process of converting all area-based licences to volumetric entitlements, which we have been doing around the state over the last 20 years – because it is unregulated water it is all supplementary. They used to previously be allowed to divert as much water as possible to irrigate a land area which was nominated, similar to any other unregulated river valley in New South Wales, but, consistent with the COAG water policy reforms and the National Water Initiative, New South Wales has been steadily moving from area-based licences to volumetric entitlements, and the Low Bidgee, which includes separate components, including the Nimmie-Caira, is probably the last cab off the rank in the Murrumbidgee Valley, but it is absolutely consistent with the whole water-reform process in the move from area-based licences to volumetric entitlements.

The Hon. JEREMY BUCKINGHAM: I understand the issue of moving from area to volumetric licensing, but how is the government managing the probity issues in terms of ensuring that everything is above board in terms of granting those licences under the draft Murrumbidgee Water Sharing Plan at the same time as negotiating with the Commonwealth for the buyback of those licences? Is there any specific strategy? The separation—

The Hon. KATRINA HODGKINSON: No, can I just clarify the Murrumbidgee regulated water sharing plan actually commenced on 4 October, so it has been in operation for a couple of days now, so.

The Hon. JEREMY BUCKINGHAM: So it has already been gazetted?

The Hon. KATRINA HODGKINSON: It has gone through. It has commenced. It has commenced.

The Hon. JEREMY BUCKINGHAM: All right. I'll move on to another area if I may, we've got a couple of more minutes, seven minutes—

CHAIR: You get another 20 too.

The Hon. JEREMY BUCKINGHAM: Okay. Thanks. In the area of water, why Minister in terms of the Aquifer Interference Policy why did the government decide to downgrade the planned aqua for interference regulation and make it policy only?

The Hon. KATRINA HODGKINSON: Look I can't tell you the amount of work that went in to this policy. It was an enormous task and we were left with an absolute basket case by the former government. Something had to happen in this space.

The Hon. PETER PHELPS: Hear, hear.

The Hon. KATRINA HODGKINSON: It was never going to be easy, but we were determined to get a balance – strike a balance between mining and agriculture. The corruption could not be allowed to continue. We had a former minister that is currently facing at least ICAs and inquiries, and heaven knows what else has been happening in that space prior to the election of the New South Wales Liberal and National government. So we were determined as a new government to do our best in this area to actually set up some sort of strategic framework whereby people would know the rules surrounding mining and agricultural lands, key agricultural lands. So an inter-agency panel was formed and certainly an inter-ministerial task force was also formed. This happened, I think, it was back in May that we commenced our first meetings. Minister Hazzard is the head minister because this falls firmly within the planning space. In conjunction with that was Deputy Premier Stoner, myself, Minister Hartcher, Minister Humphries and Minister Parker. So we each had work to do in our respective portfolio areas, but we were quite determined that no longer would this be an area of silos. We inherited a system whereby government agencies did not talk to each other —

The Hon. JEREMY BUCKINGHAM: Minister, excuse me, sorry to interrupt, but the question—

The Hon. KATRINA HODGKINSON: I think it is just a prelude though. I am just giving a background.

The Hon. PETER PHELPS: It is his question.

The Hon. KATRINA HODGKINSON: This is important because you need to know how we ended up in this space.

The Hon. JEREMY BUCKINGHAM: We do have very limited time this morning, with all respect, Minister, and the question was about why the aquifer interference regulation was downgraded to a policy on—

The Hon. SCOT MacDONALD: Point of order.

CHAIR: I think a point of order has been called.

The Hon. SCOT MacDONALD: The minister is answering the question.

The Hon. KATRINA HODGKINSON: I am. Thank you very much.

The Hon. JEREMY BUCKINGHAM: To the point of order—

CHAIR: You wait for the Chair to rule.

The Hon. JEREMY BUCKINGHAM: To the point of order, in terms of relevance, I think that the minister is wandering far and wide away from the actual question, which was specifically about the downgrade of the aquifer interference regulation – from a regulation to a policy, and the minister is straying through a history of land-use planning and the development of the Strategic Regional Land Use Plan.

CHAIR: I do not uphold the point of order. The minister is able to answer the question in whichever way she sees fit.

The Hon. KATRINA HODGKINSON: Thank you, Mr Chair.

CHAIR: There is ample time this morning. The Greens will have another 20 minutes. I will not take any questions, so, Minister, please proceed.

The Hon. KATRINA HODGKINSON: Thank you, Mr Chairman. The reason that this is important – that you understand the ministerial framework surrounding this – is because we did not want to have co-signing ministers. There has to be one head of this particular plan, and that is Minister Hazzard, the Minister for Planning. Now, the reason that the Aquifer Interference Policy is a policy – a very good policy as well, in fact – and here I have the New South Wales Aquifer Interference Policy, which you can see is really quite comprehensive, but for the first time there is actually a structure as to what constitutes minimal harm in relation to the Water Management Act 2000. That was written in to that particular piece of legislation without a definition, so that has actually now been clarified by this. This is a very important piece of work that is being conducted here, but it was important that you did not have dual ministers signing off. And the reason that I went through that prologue, Mr Chairman, with due respect to you, of course, is that I needed to identify the fact early on that this government does not wish in the future to have future ministers or future governments embroiled in the same level of scandal and controversy that happened under the former government in relation to approvals of mining projects. That is so important, so the planning minister, as the head of this particular strategic regional land use, is actually devolved with the responsibility for approvals to the Planning Assessment Commission. That is something that we committed to in the lead-up to the election. But it is important that there are appropriate guidelines in place. This Aquifer Interference Policy, which I am very happy to table for this committee, is a strategic step in the way forward for the way aquifer interference is managed in the future. It sets out some very, very clear rules.

Now, on 30 June 2011 we introduced a draft Aquifer Interference Policy, knowing that this would take quite some time to develop, and there was a lot of work that had to go into it, and would like to take this opportunity to thank Rob O’Neil from the New South Wales Office of Water, who did an amazing job in this space, and also Commissioner Harriss and the others in the team. But a huge amount of work and dedication has gone into the development of this policy. So, as I was saying, 30 June 2011 we introduced the draft Aquifer Interference Policy, which basically said that if you are in New South Wales and if you wish to extract more than 3 megalitres of water, then you need to have a licence, you need to buy a licence on the open market, and that, at least, was a temporary arrangement. Now this new Aquifer Interference Policy, which clearly identifies minimal harm for the first time, sets out the ground rules for future aquifer extraction, water extraction in an aquifer area.

The Hon. JEREMY BUCKINGHAM: Thanks, Minister. Is it true that this was done because the government was concerned the regulation would be disallowed?

The Hon. KATRINA HODGKINSON: Not at all, we—

The Hon. JEREMY BUCKINGHAM: And that – sorry, Minister – the stakeholders involved in the development of this, principally the New South Wales irrigators, to quote them, were “disappointed in the regulation”.

The Hon. KATRINA HODGKINSON: Look, stakeholder groups will often put out comments about various things, using an angle which – look, I probably should not foresee along that line—

The Hon. JEREMY BUCKINGHAM: That is a headline.

The Hon. KATRINA HODGKINSON: The whole point was to not have dual consent roles in this space but to set a very clear guideline in this area. It had never been attempted before. We wanted to make sure that mining and agriculture could co-exist but there was a set of rules of surrounding it. I was very keen to ensure that we had very clear rules in relation to water extraction and aquifer interference, and that is why we pursued this with such gusto, and, as I said before, I was just so proud of the New South Wales Office of Water and the amazing amount of work that it did in this space, the amazing amount of consultation. It really has been a mammoth effort, and I am very proud of where we have landed with strategic regional land-use policy.

CHAIR: Thank you, Minister. Can I just confirm that you wish to table the document?

The Hon. KATRINA HODGKINSON: I am very happy to, if it is the wish of the committee.

CHAIR: I will move on now to opposition.

The Hon. STEVE WHAN: Thanks, Chair. Minister, in relating to your announcement last week of the creation of local land services and the amalgamation of LHPAs, CMAs and extension officer DPI functions, how many staff are affected in those organisations by these changes?

The Hon. KATRINA HODGKINSON: The progress of local land services, which is a great step forward in the delivery of regional services into the regions – just for the other members of the committee, this involves basically the merger of the 14 livestock and health authorities, the 13 catchment management authorities and DPI extension – will for the first time enable local regions to be able to say how their ratepayer dollar is used for the issues that affect them. So if you are on the north coast and you have got a problem with cattle tick and you want your ratepayer dollars to be directed towards dealing with cattle tick, you will be able to do so. If you are in South Australia and you have got a problem with Queensland fruit fly, then your ratepayer dollar can be directed into that area. So this is the biggest change, they are saying, in primary industries service delivery in over 70 years. It is just great to be able to do something positive for the farming community. So what will happen, for the information of the honourable member, is that over 12 months or so a panel, which will be chaired by Dr John Keniry, the National Resources Commissioner, will be going into the nuts and bolts of how we are actually going to be—

The Hon. STEVE WHAN: Minister, that was in your press release, which I have read. Can you just answer the simple question of how many staff are directly affected by this?

The Hon. PETER PHELPS: What do you mean by “affected”?

The Hon. STEVE WHAN: In the three organisations that have been amalgamated, how many people in total are employed in those organisations at the moment?

The Hon. KATRINA HODGKINSON: He will also be assisted by his executive director of the Australian Farm Institute. So that is the background. Now, to answer the question, just bear with me a moment. There was a series of fact sheets that I am sure the honourable member has read. If he has not, then they are available on the web site. They have been out there. The New South Wales Farmers have distributed them regarding all the figures. They are involved with this. And we know that there will be, obviously, a reduction in the level of duplication that is out there at the moment. It has been interesting to watch in this space how this has evolved over the years, because the former government—

The Hon. STEVE WHAN: Minister, I am asking you a specific question about a number of people who are actually affected by this decision. I would have thought that is something you would have at hand.

The Hon. KATRINA HODGKINSON: Yes, absolutely.

The Hon. STEVE WHAN: Well, would you mind answering the question.

The Hon. KATRINA HODGKINSON: Yes, I will. But it is important to recognise also that there were separate departments that were responsible delivery agencies in the primary industries space, and under the former government you had the Department of Environment very heavily involved with catchment management authorities and also—

The Hon. STEVE WHAN: As you would expect.

The Hon. KATRINA HODGKINSON: And also industry investment was responsible for the LHPAs.

The Hon. STEVE WHAN: That is something to do with the environment. Minister, have you got an answer to this specific question about the number of staff? Over 800, would that be right?

The Hon. KATRINA HODGKINSON: I was just about to mention the savings that we have identified that are possible under this new regional service delivery organisation. The state management council will have to find savings of 10 per cent on its operating expenditure. In relation to LHPAs—

The Hon. STEVE WHAN: Is it the LHPA state management council that you are talking about?

The Hon. KATRINA HODGKINSON: That is correct. The LHPA state management council has to find 10 per cent savings on its operating expenditure. Just by way of background, Mr Chairman, also there is an immediate freeze that has been put on any rate increases. The number of CMAs in New South Wales will be reduced from 13 to 11.

The Hon. STEVE WHAN: So 11 is the number. 11 now is – because that wasn't in your original press release. Eleven is the number of LLSs that there will be?

The Hon. KATRINA HODGKINSON: It is in the publicly available information on the local land services web site. It has been very publicly out there. The CMA boards have been reduced from seven to five members, and CMAs will be asked to find savings of \$11 million for the 2013–14 financial year and beyond. This is all from the fact sheet that is publicly available. Agriculture New South Wales must find budget savings of \$9.3 million for 2013–14 financial year and beyond. Biosecurity New South Wales must find budget savings of \$5.6 million for 2013–14 financial year and beyond. And business services within DPI have to find budget savings of \$4.7 million for the 2013–14 financial year and beyond – through its business services division. Mr Chairman, there are 200 board members between LHPA and CMAs, costing taxpayers and ratepayers more than \$7 million per annum.

The Hon. STEVE WHAN: Minister, I read that in your material. Can you answer the very simple question of how many staff are involved in this process? And if you cannot, could you pass it on to somebody else?

The Hon. KATRINA HODGKINSON: Well, I know that currently there is more than 4000 staff in DPI.

The Hon. STEVE WHAN: But not in this amalgamation.

The Hon. KATRINA HODGKINSON: There are 4000 staff—

The Hon. STEVE WHAN: No, no, that is not the question I have asked you. The question I have asked you is how many – there are three specific groups that are being amalgamated to create the LLS?

The Hon. KATRINA HODGKINSON: So I have identified the cost savings in each of these, and I might actually defer to the Acting Director General, Michael Bullen, from DPI, and I must put forward Richard Sheldrake's apology as he is on leave at the moment, which is why Michael is in his space.

Mr BULLEN: Could I just add to that, as part of this process, the panel chaired by Dr Keniry will be required to review boundaries and arrangements. So one of the comments you made around there being 11 local land services is as yet not finalised because that is one of the outcomes that Dr Keniry has to do through the reference panel. What I would also then say is that, because the LHPAs and CMAs are separate organisations through report through to the minister, they have to go through a process of developing their change of management plans to determine how they are going to address the savings that the minister has mentioned in terms of the targets that have been met. At the same time, across the Department of Primary Industries, within agriculture and Biosecurity New South Wales, we will also have to work through those change of management plans to complement the ones that are prepared through the CMAs and LHPAs. So at this stage we are unable to say the exact number of staff that will be affected by this change.

The Hon. STEVE WHAN: Yes, Mr Bullen, I appreciate that you may not be able to tell me the exact number of staff who may lose their jobs, although that is something, I think, would be reasonable for people to know. What I am asking you is how many people are actually employed in total by these three groups that are being amalgamated.

The Hon. RICK COLLESS: Why didn't you ask that in the first place?

The Hon. STEVE WHAN: I did, several times.

The Hon. PETER PHELPS: Of course, it can be found in the annual report. Did you read the annual report, Steve?

CHAIR: Order.

The Hon. STEVE WHAN: Does the minister?

The Hon. KATRINA HODGKINSON: Every one of them.

The Hon. STEVE WHAN: So do we have an answer?

The Hon. KATRINA HODGKINSON: Yes.

The Hon. STEVE WHAN: Would you like to provide it?

The Hon. KATRINA HODGKINSON: It is important that you understand the background.

Mr PATERSON: I am happy to respond.

The Hon. STEVE WHAN: Yes, please.

Mr PATERSON: All right. The total number of people employed in agriculture at the present time, and it moves around, as you appreciate, but it is 703 full-time equivalent in agriculture, 415 full-time equivalent in biosecurity. Mr Bullen and the Minister have both already given evidence that it's not precisely clear who in those areas will be directly impacted.

The Hon. STEVE WHAN: To go to the new organisations.

Mr PATERSON: Your question is to the total number of people in the affected areas. In the staff that is within the Department of Primary Industries, LHPAs and CMAs by and large are outside of the Department of Primary Industries, but for those that area within the Department of Primary Industries it is 703 full-time equivalent in agriculture and 415 in biosecurity.

The Hon. STEVE WHAN: Thank you.

Mr PATERSON: Not all of those people will be directly affected, but this is—

The Hon. STEVE WHAN: No, but they come within the scope of—

Mr PATERSON: —delivery of services.

The Hon. STEVE WHAN: Do you have a figure for the total number of people employed by LHPAs and CMAs at the moment?

Mr PATERSON: I do not —

The Hon. KATRINA HODGKINSON: Yes, I do. The State Council and LHPAs have 337 FTE and CMA has 534, and I have got to say, the response to this announcement has been fantastic. Landcare New South Wales has commended this change. Greening Australia is excited about it. The LHPAs themselves are looking forward to the future.

The Hon. STEVE WHAN: Thanks, Minister, for giving us the figures.

The Hon. KATRINA HODGKINSON: So the—

The Hon. STEVE WHAN: Can you give us an estimate of how many jobs will result in being no longer required as a part of this process? I know you cannot give an exact figure at the moment. Can you give us an estimate of how many jobs you are expecting to go as part of this process?

The Hon. PETER PHELPS: Point of order.

CHAIR: There is a point of order made.

The Hon. PETER PHELPS: That question has been asked and it has been answered by Deputy Director-General Bullen. He answered that question previously.

The Hon. ADAM SEARLE: The Minister sets policy.

CHAIR: Order.

The Hon. PETER PHELPS: It's a point of order.

The Hon. ADAM SEARLE: I am speaking to the point of order. The Minister sets policy, not departmental officers, and it is appropriate for the Minister to answer the question.

CHAIR: There is no point of order but we will have another crack. Ask your question one more time.

The Hon. STEVE WHAN: Minister, can you give us an estimate of how many jobs you expect to go out of those jobs which we have now got the figures for? How many do you expect redundancies to be offered or other severances to occur in estimate as a result of this process?

The Hon. KATRINA HODGKINSON: There is no doubt that there is massive duplication in this space and there will be positions that do not continue into the future. The changed management plan, though, has to be worked through with the department. As I mentioned before, John Keniry also will be working out whether it is appropriate to have three officers in some towns and how to properly streamline this most important change that we have seen in the last 70 years. So the figures have been provided on the current staffing levels and—

The Hon. STEVE WHAN: So out of nearly 2000 you cannot tell us how many are likely—how many are approximately likely to lose their jobs out of this?

The Hon. KATRINA HODGKINSON: I have got to say that over the next 12 months the panel will be looking at even the—how many regional boards there should be, which has not been decided yet. So it will be very—

The Hon. STEVE WHAN: So we think that there might be 11 that are going to occur out of this but we do not know whether there will be 11 regional boards.

The Hon. KATRINA HODGKINSON: That has not been finalised yet, because the panel will be spending the next 12 months working through and seeking submissions and public comment in this space and making sure that the numbers that they eventually determine are going to be appropriate for regional service delivery.

The Hon. STEVE WHAN: Minister—

The Hon. KATRINA HODGKINSON: So, anyway, you know the amount of savings that each agency has been asked to find.

The Hon. STEVE WHAN: Yes, thanks, Minister for that. Can you tell us—

The Hon. KATRINA HODGKINSON: I think it is important also that, you know, my focus here is clearly on the farmer. The farmer, to me—as I said before, it is the sacred cow, it is not necessarily the public, so we want to make sure that we are using taxpayers' money and ratepayers' money for the most effect when it comes to regional service delivery.

The Hon. PETER PHELPS: Hear, hear.

The Hon. STEVE WHAN: Minister, based on that answer, why is it that before the election you promised, your party promised, that there would be no sackings from DPI and there would be no closures of offices? Do you agree that this is now breaching that promise?

The Hon. KATRINA HODGKINSON: Look, not at all. We went with a very clear commitment—

The Hon. STEVE WHAN: It was a very clear promise, made in a debate with me.

The Hon. KATRINA HODGKINSON: A very clear commitment to review livestock health and pest authorities. There were thousands of signatures tabled on petitions certainly into the Lower House; I imagine into the Upper House as well, and we committed to review LHPAs because we knew that they were not working. There was something fundamentally wrong there. We conducted that review. It was a priority of our government. We appointed Terry Ryan to conduct that review. He came back with a report and he had—

The Hon. STEVE WHAN: Thanks, Minister. Let's move on, though, to the employment of extension officers, who I am sure you would agree are critical employees for farmers around New South Wales. What is the basis of employment going to be of extension officers with these new agencies? Will they still be employed by the state or will their tenure of employment and their basis of employment change to being employed by the new semi-autonomous bodies that you have announced?

The Hon. KATRINA HODGKINSON: I will just let the DG answer that one, thanks.

Mr PATERSON: As has already been given in evidence, the final details in relation to how this will be worked through and where staff will be located and the final structure of the new service has not been resolved. So the legal form of your question I cannot give a precise answer to, but it is expected that extension officers in the future will be employed as part of the new service that has been announced, as would employees of CMAs and LHPAs.

The Hon. STEVE WHAN: Well LHPA employees and CMAs are employed by them already, but extension officers are currently employed under the conditions and tenure with the government. Is that going to change?

The Hon. KATRINA HODGKINSON: So I am advised that DPI extension officers and their funds go across to the new—sorry. So I am advised that DPI extension officers and their funds go across to the new model, but I think it is also important to note—

The Hon. STEVE WHAN: On an employment basis, though, Minister?

The Hon. KATRINA HODGKINSON: Look, industrial awards will have to be worked through over the next 12 months or so, because I understand there are different awards for LHPAs and CMAs and DPI extension officers.

The Hon. STEVE WHAN: Yes. So would you give a commitment today that any extension officer who has a permanent position with the New South Wales public sector will keep that permanent position?

The Hon. KATRINA HODGKINSON: Can I just say that this is not about doing things exactly the same way as they were under your government?

The Hon. STEVE WHAN: It is probably about important if people's livelihoods depend on it.

The Hon. KATRINA HODGKINSON: It is now about how things have always been done in the last 100, 150 years. This is a new way forward. We are creating a brand new, stable and strong regional service delivery organisation that will meet the needs of the modern farmer and the future farmer.

The Hon. PETER PHELPS: Hear, hear.

The Hon. KATRINA HODGKINSON: It cannot just be same old, same old, it has always been that way—

The Hon. STEVE WHAN: Minister, when you talk about duplication of extension services, which you have talked about in a number of your interviews, are you talking about duplication with the CMAs and LHPAs or with private providers, which I think you mentioned as well, and are you expecting that you will be eliminating services which have private companies providing those services?

The Hon. KATRINA HODGKINSON: Can I just say that if you are in a regional—one of the new Local Land Services area and you think it's appropriate to have somebody specialising in cattle breeding, then under the new system you will be able to do that. If you want to have somebody there that is responsible for tick management you will be able to do that. This is about localised regional service delivery organisations.

The Hon. PETER PHELPS: Hear, hear.

The Hon. KATRINA HODGKINSON: This is not about some centralised system where everybody has to fund the locust levy— [indistinct]

The Hon. S. WHAN: Minister, I am pleased you have raised the locusts. Can we go on to that, because you have said today on radio that you do not believe that someone on the north coast who is concerned about cattle ticks should have to pay locust levies. On that basis, how do—

The Hon. KATRINA HODGKINSON: If they do not want to.

The Hon. STEVE WHAN: If they do not want to?

The Hon. KATRINA HODGKINSON: It is up to them if they want local delivery.

The Hon. STEVE WHAN: So it is opt out taxes now?

The Hon. KATRINA HODGKINSON: Ratepayer dollars, it is, actually.

The Hon. STEVE WHAN: Minister, how do you propose to fund a major locust campaign in the future if you are not collecting a levy across all of New South Wales? Will the government guarantee now that it will make an allocation to fund that campaign rather than putting the burden on farmers in locust affected areas?

The Hon. KATRINA HODGKINSON: Okay, so if there is a biosecurity outbreak then I fully expect government to make a contribution in that particular area, as we recently did with Hendra, which if you look at the current system with LHPAs, you can look at also how biosecurity is enacted in this state at the moment. At the moment, if you have got 10 hectares and over that is who pays LHPA rates. Anybody with under 10 hectares is not subject to LHPA rates and you have got to ask yourself is that really fair? Look at equine influenza and the impact that that had on this state. Look at the Hendra outbreak. You know, when that was announced \$3 million to Hendra.

The Hon. STEVE WHAN: I know you did, and I actually complimented you at the time, Minister. I am sure you will be surprised to know that, but there—

The Hon. KATRINA HODGKINSON: I have got that framed on the wall.

The Hon. STEVE WHAN: Good to hear, good to hear. The point is, will you commit that in future if there is a major outbreak of a locust plague or any other biosecurity incident, that it will not just fall on those ratepayers in those areas affected to fund it?

The Hon. KATRINA HODGKINSON: Look, obviously as issues arise these are going to be things that are going to need to be worked through over the next 12 months.

The Hon. STEVE WHAN: So the answer is not at this stage.

The Hon. KATRINA HODGKINSON: Look, there are many things that will need to be worked through with the panel, and they will be worked through with the panel and there will be a submissions process and New South Wales farmers will be involved with that panel and many other organisations, but we have announced a strategic way forward for a new regional service delivery organisation in this state. It is the biggest change in over 70 years and I am very proud of it.

The Hon. STEVE WHAN: Thanks, Minister. Now, can you tell us—

The Hon. KATRINA HODGKINSON: I am very proud that the government has had the guts to do something like this.

The Hon. PETER PHELPS: Hear, hear.

The Hon. STEVE WHAN: Minister, can you tell us now who did you discuss the proposed changes of extension officers with? Who did you consult with as you went through?

The Hon. KATRINA HODGKINSON: The Ryan review involved many—

The Hon. STEVE WHAN: Extension officers particularly.

The Hon. KATRINA HODGKINSON: The Ryan review had many stakeholder group consultations over the period, and there were two extensions provided to that particular review. Ian Donges from the LHPA was a member of that panel, as was Charlie Armstrong from the New South Wales Farmers Association. Those were the three men on that particular panel, as well as Terry Ryan.

The Hon. STEVE WHAN: What groups actually said to you, "We would like to see extension officers taken out of the DPI and put into a new organisation"?

The Hon. KATRINA HODGKINSON: This is a brand new—

The Hon. STEVE WHAN: Can you identify any group that gave its support of that?

The Hon. KATRINA HODGKINSON: The government does set the policy. This is a brand new way forward and it just—it makes sense to incorporate the service delivery into one particular organisation. I have got a bit more information here on the Ryan review. It got 367 submissions and so on, but we know all that.

The Hon. STEVE WHAN: All right.

The Hon. KATRINA HODGKINSON: So, you know, it just makes sense to have a regional service delivery organisation that is not in a confused space, without the duplication, so that a farmer knows—

The Hon. STEVE WHAN: Thanks, Minister.

The Hon. KATRINA HODGKINSON: —that if they have got an issue they have just got one—

The Hon. STEVE WHAN: I appreciate the rhetoric—

The Hon. KATRINA HODGKINSON: The Local Land Services.

The Hon. RICK COLLESS: Point of order, Mr Chairman.

The Hon. KATRINA HODGKINSON: They do not have to be in—

The Hon. STEVE WHAN: Minister—

CHAIR: A point of order has been raised.

The Hon. RICK COLLESS: Mr Chairman, the Shadow Minister is constantly interrupting the Minister and not giving her a chance to express her answers and I ask that you call him to order.

CHAIR: I will remind all members that witnesses are to be allowed to answer questions to the best of their ability. Interruptions and badgering will not be tolerated. Please proceed.

The Hon. Dr PETER PHELPS: Bully, Bully.

The Hon. STEVE WHAN: Thanks, Mr Chair. Minister who will be eligible to vote for the board members on the new LLS bodies?

The Hon. KATRINA HODGKINSON: I would just like to answer the last question, which I was not given an opportunity to answer, if I may, Mr Chairman, with your indulgence.

CHAIR: Please proceed.

The Hon. KATRINA HODGKINSON: We conducted a survey in relation to the Department of Primary Industries which has not actually been done before. The stakeholder survey showed that less than half of the producers surveyed, 43 per cent, felt that the DPI has evolved and adapted to reflect farm needs and over half, or 54 per cent, actually felt the Department of Primary Industries needed to change to meet the needs of rural producers, and that was a view shared across all demographic groups. So this was not done in isolation, this was done with an enormous amount of consultation, with the first comprehensive review from farmers—survey of farmers that has actually been conducted by DPI. I congratulate DPI on taking the initiative of doing such a survey.

The Hon. STEVE WHAN: Could you table that survey and questions?

The Hon. KATRINA HODGKINSON: 46 per cent of respondents felt that the New South Wales DPI overlapped with other organisations, companies and providers. There is now a much more sophisticated—I mean, it is disturbing—very disturbingly, 33 per cent of respondents could not actually nominate a single service offered by DPI and, you know, I just think that that speaks volumes. So we need—

CHAIR: Order.

The Hon. KATRINA HODGKINSON: We need a service so that if a farmer has got a problem with rabbits on their property or if they have got a problem with salinity, where do they go to? They go to Local Land Services. It is a one-stop shop for their regional area.

The Hon. PETER PHELPS: Hear, hear.

The Hon. STEVE WHAN: I think they would know their district agronomist. Could you table that—

The Hon. KATRINA HODGKINSON: I beg your pardon—

CHAIR: Order. The time for opposition questions has now concluded.

The Hon. KATRINA HODGKINSON: Okay, but I just—

CHAIR: I am sorry to interrupt you, Minister, but I will move on.

The Hon. KATRINA HODGKINSON: Okay, right.

CHAIR: Before I move to Mr Buckingham I will ask two questions, if I may. Minister, can you confirm that the appropriate level of funding has been made available to the Department of Fisheries locations which were to be the subject of a decentralisation, in particular Port Stephens and Nowra and Coffs Harbour?

The Hon. KATRINA HODGKINSON: Thank you very much for the question, Mr Chairman, and it is a very good one. We are relocating services from the Cronulla Fisheries centre to three strategic places while ensuring that the jobs that are related to Sydney specific projects actually stay in Sydney with those employees still in that city. The three locations that they will be relocated to include Port Stephens, particularly for aquaculture, to Coffs Harbour, particularly for commercial fisheries, and to Nowra, an area of very high unemployment, which will see the relocation of recreational fishing and indigenous fishing and licensing. So work is well under way to progress this and I am sure that committee members would be aware that this announcement was made by the Deputy Premier and myself last September. Funding obviously has been made to these areas and that has been budgeted for. Strategically, we said to employees that we would give them 12 to 18 months to make the move or to make their decisions and there has been a lot of counselling and work by the department. I want to thank Geoff Allan and his team for the work that they have done in this space, but just to get down to specifics, the budget—

CHAIR: Specifically the infrastructure costs, I was referring to.

The Hon. KATRINA HODGKINSON: Yes. The budget allocation is \$85 million for this year for Fisheries and we fully expect that everything in relation to this move has been accounted.

CHAIR: So when do you expect all the infrastructure works to be complete at those three sites?

The Hon. KATRINA HODGKINSON: Look, I will ask Geoff Allan to go into more detail, but I would say to the committee that I recently inspected the new offices at Nowra. They are just excellent, and for the first time—I think it is recreational fishing, will not be located in three different buildings. They will actually all be on the same floor. So very excited—well, the person that is responsible for that move is excited about actually having them in the one space. I might ask Dr Allan to go on more about Port Stephens, because that is his actual location.

CHAIR: Thank you. Specifically, I would like Dr Allan to just let the committee know how far along is the completion of the infrastructure works that were required, particularly for Port Stephens, and for the other centres? 50 per cent complete, 80 per cent, 100 per cent?

Mr ALLAN: Thank you, Mr Chair. The Nowra office is complete and staff have started to move in, so that is – I believe there are 30-odd staff that will be located down there and that is ready to go and officers are moving in, so that is completed. At Coffs Harbour we will have two buildings at the jetty and one located at the university and those—the last one at the jetty has been completed so that is ready to move in now as well. At Port Stephens we have got plenty of office space for all the staff that relocate and we are upgrading some of the facilities. The laboratories will be finished before the end of this year and the aquarium facilities will be completed within the next few months. So I would say 80, 90 per cent complete.

CHAIR: Thank you. My second question, Minister, relates to the portfolio of Forestries, or the sub-portfolio. Minister, is it within the purvey of Mr Roberts to be able to move staff around the state, and I am referring particularly here to the staff that undertake the assessments of new compartments to be opened up and specifically in relation to providing staff from other sites to the cypress forestry to allow the work to be done to assess new areas there as a matter of urgency or are the cost centres fully compartmented and therefore staff cannot be cross-allocated.

The Hon. KATRINA HODGKINSON: I will ask Mr Roberts to answer that.

Mr ROBERTS: Thank you. Thank you for the question. Yes, we can move people around the state to undertake the sort of inventory work that you are alluding to. There is an issue there, in the sense that cypress trees grow very differently, obviously, to blackbutt and eucalypts in the coastal regions. So there is a matter of specialty that is required there. The issue really is which trees are we going to assess? Are we going to assess trees within the existing state forest? We know a lot about those trees.

CHAIR: Yes.

Mr ROBERTS: If it was trees outside of the state forests then some of those trees we do not know much about and so there is a question there of budget allocation, but it is something that we have indicated a willingness to consider along with the EPA.

CHAIR: Thank you. I was referring specifically to resources within the current Forestry orbit. So are you telling the committee then that there is not a problem with finding staff to be able to undertake an urgent assessment of extra compartments?

Mr ROBERTS: I think when you say urgent—

CHAIR: By the end of the year?

Mr ROBERTS: Look, again, staff need to have a look at where there may be some larger trees. We have some good information about how we think we can direct crews in the short term to alleviate that problem for the saw millers out in that area.

CHAIR: Using LiDAR or—

Mr ROBERTS: LiDAR can help us, but there is also some local knowledge about—it is really a question of we know where there are some larger trees. We need to put the harvesting plans in place so that the crews can go and access those trees. So we have some plans on foot at the moment to allow that to happen very soon.

CHAIR: How quickly can that work be done, do you think?

Mr ROBERTS: Look, as I understand it, those plans are weeks away from being completed. In terms of – I do not want to mislead, though. In terms of the inventory work, if we were to launch a significant reinventory program that would take some time to complete.

CHAIR: Thank you, Minister.

The Hon. KATRINA HODGKINSON: Would the chairman be interested in knowing about the corporatisation that is being undertaken by the—

CHAIR: No, I will ask those questions on notice so that I do not take up the other minister's—

The Hon. KATRINA HODGKINSON: Sure.

The Hon. JEREMY BUCKINGHAM: Thank you, Mr Chair. In terms of the Local Land Services you have indicated in your previous answer that the CMA boards will be to five members. So the CMA boards will be retained?

The Hon. KATRINA HODGKINSON: Yes, they will be, but—

The Hon. JEREMY BUCKINGHAM: In the longer term?

The Hon. KATRINA HODGKINSON: There will be a new board. There will be local boards for the new regional service delivery organisation.

The Hon. JEREMY BUCKINGHAM: Those will replace completely the CMA boards.

The Hon. KATRINA HODGKINSON: That's right.

The Hon. JEREMY BUCKINGHAM: Okay.

The Hon. KATRINA HODGKINSON: The LHPA boards and the CMA boards will actually—it will be a new regional—

The Hon. JEREMY BUCKINGHAM: So basically a single board.

The Hon. KATRINA HODGKINSON: A new regional single board.

The Hon. JEREMY BUCKINGHAM: Okay, so it is just in the short—

The Hon. KATRINA HODGKINSON: Because at the moment we have got 200.

The Hon. JEREMY BUCKINGHAM: Yes.

The Hon. KATRINA HODGKINSON: You know, we are paying \$7 million a year and it is just—

The Hon. JEREMY BUCKINGHAM: Yes, okay, thank you. How will they be elected, because—

The Hon. KATRINA HODGKINSON: Yes, that is a good question. So they are going to be—

The Hon. JEREMY BUCKINGHAM: Because, Minister, obviously the LHPA has a different focus in terms of focusing on biosecurity and agriculture as opposed to the CMA which is focused on water quality, environment, natural resource management.

The Hon. RICK COLLESS: Wild dog control.

The Hon. JEREMY BUCKINGHAM: Wild dog control, of course. Does that mean—because the broader community would be concerned about catchment management but only a sector of the community would be concerned about a particular biosecurity issue. How are those boards going to be elected?

The Hon. KATRINA HODGKINSON: Okay, so 50 per cent of the new board will be skills based, selected within the boundaries of the local area and 50 per cent will be elected.

The Hon. JEREMY BUCKINGHAM: How will they be elected?

The Hon. KATRINA HODGKINSON: The voting eligibility will be considered by that panel that is going to be chaired by Dr John Keniry over the next 12 months.

The Hon. JEREMY BUCKINGHAM: So at this stage we do not know how that—

The Hon. KATRINA HODGKINSON: But what I—

The Hon. JEREMY BUCKINGHAM: At this stage there is no indication of whether or not everyone in the community or only a section of the community or a certain type of ratepayer will be eligible.

The Hon. RICK COLLESS: You will not get a vote, Jeremy. Don't worry about it.

The Hon. KATRINA HODGKINSON: Look, that will need to be clarified by the work of the panel, clearly. But to my mind, the way I would see it working is that if you are a ratepayer then you would be part of that election process. So you would be asked to vote in the same way as if you were a member of say the NRMA that you get a vote on the NRMA board, and so on.

The Hon. JEREMY BUCKINGHAM: So if you are a ratepayer in New South Wales you would be able to vote—

The Hon. KATRINA HODGKINSON: In that local area.

The Hon. JEREMY BUCKINGHAM: Yes, well, of course. You have got to be somewhere.

The Hon. KATRINA HODGKINSON: Because each local area will have its own board.

The Hon. RICK COLLESS: What planet are you on?

The Hon. JEREMY BUCKINGHAM: I beg your pardon. So what will be the cost of conducting those elections across New South Wales? What estimate of cost have you put on conducting 11 elections? How will those elections be conducted, considering that these are to start operating by January 2014? When do you envisage those elections to actually occur and at what cost will they be?

The Hon. KATRINA HODGKINSON: Just for the Honourable Member's information, when the Ryan review was brought forward there was a recommendation in there that all regional boards be abolished and they just go to one central board.

The Hon. JEREMY BUCKINGHAM: Or region.

The Hon. KATRINA HODGKINSON: Yes, in the meantime, before going back into the regions. We have decided to dispense with that and actually just continue on with having regional boards.

The Hon. JEREMY BUCKINGHAM: When will the elections be, Minister, and how much will they cost?

The Hon. KATRINA HODGKINSON: Well, I mean, you know, we have still got to get the rates determined. The size of the rateable land needs to be determined by the panel. These are the sorts—

The Hon. JEREMY BUCKINGHAM: So you do not know when the elections will be and you don't know—

CHAIR: Point of order. Point of order.

The Hon. KATRINA HODGKINSON: I can tell you Local Land Services will commence in January 14. That is the date of commencement. I would envisage that the election process would take place in due course after that. There will be still a similar arrangement to the state management

council whereby you will have representation at a panel level which will report directly to me and also directly to DPI. Under that will be your regional boards. Look, it is a new system. It is a brand new system and things will take time to develop, but we insist on them being done in the proper way, which is why there is a slight delayed commencement to this of January 14—

The Hon. JEREMY BUCKINGHAM: But how do they meet if there hasn't been an election?

The Hon. KATRINA HODGKINSON: Because we want to make sure that all those faults are worked through. I mean, you have got to start somewhere.

The Hon. JEREMY BUCKINGHAM: That's right, but they have to commence with the election occurring before, so how can—so I would assume that the election would have to be next year at some—so when next year will it be, what will the eligibility criteria be for people seeking election and how much will it cost?

The Hon. KATRINA HODGKINSON: Okay, I would envisage, but I will obviously be guided also—and I hate putting words into Dr Keniry's mouth, because he is a great professional on this, but the election of the boards I would envisage taking place before the commencement of January 2014. The actual cost of those elections, I haven't got the details of the cost of those elections yet. It is a brand new policy announcement that has only just been made. It is out there in the public arena and we will be working forward with John Keniry and Mick Keogh in this space over the next 12 months.

The Hon. JEREMY BUCKINGHAM: So don't know. All right, the question is land use relates to a strategic regional land use plans. Your Nationals colleague Kevin Humphries, a Cabinet Minister, has been reported as telling landholders in Bellata to continue, and I quote, "locking their gate" to get around the Government's strategic regional land use policy. Do you support this strategy to protect agricultural land in this state?

The Hon. KATRINA HODGKINSON: That is probably a question best asked to Minister Humphries in his capacity as Minister for Western New South Wales. As I said to ABC Radio, I was not there when he made those comments. It is totally up to him how he represents his local community, but I would certainly be directing that question towards the member that raised those questions.

The Hon. JEREMY BUCKINGHAM: The question is do you support that comment from your fellow Cabinet colleague?

The Hon. KATRINA HODGKINSON: I support the policy, as I mentioned before to your line of questioning—

The Hon. JEREMY BUCKINGHAM: The policy of locking the gate or the strategic regional land use—

The Hon. KATRINA HODGKINSON: Obviously the strategic regional land use policy.

The Hon. JEREMY BUCKINGHAM: Right.

The Hon. KATRINA HODGKINSON: I obviously support the government's policy.

The Hon. JEREMY BUCKINGHAM: There are two there. There is Kevin Humphries' policy and there is—

The Hon. KATRINA HODGKINSON: Well, that is not my policy. My policy is the strategic regional land use policy.

The Hon. JEREMY BUCKINGHAM: Okay, thanks.

The Hon. KATRINA HODGKINSON: As I have outlined very carefully; I tried to, during your last line of questioning.

The Hon. JEREMY BUCKINGHAM: Thank you. The strategic regional land use plans do not rule out mining in any area of the state.

The Hon. KATRINA HODGKINSON: No.

The Hon. JEREMY BUCKINGHAM: Which means that under your policy even best agricultural land, say the Liverpool Plains, could be mined. As the minister responsible for agriculture in this state are you comfortable with that?

The Hon. KATRINA HODGKINSON: Look, what I have done in this space—

The Hon. JEREMY BUCKINGHAM: Because there is—

The Hon. KATRINA HODGKINSON: If I am allowed to answer the question, thank you.

The Hon. JEREMY BUCKINGHAM: I just want to put it in context, because in the case of the Liverpool Plains BHP has announced plans for an EIS for an underground mine at Caroona. Are you comfortable with that land being mined in the Liverpool Plains?

The Hon. KATRINA HODGKINSON: So what we have done is create a gateway process and we determined that very early on in the process, that we must have a set of guidelines so that people knew where they stood when it came to, you know, conducting mining or agriculture in New South Wales. So we have put in a gateway process. We have gone and done some comprehensive mapping in two areas so far and other areas are progressing as we go through. The first areas to be mapped have been the Upper Hunter and the New England and obviously the strategic regional land use policy also requires proponents to undertake agricultural impact statements. So an agricultural impact statement will be required for all new state significant mining and CSG development applications that may impact on agricultural resources. In addition to that they will also have to comply with the new—or they have to give consideration to the new aquifer interference policy and—

The Hon. JEREMY BUCKINGHAM: So do you have to comply or give consideration—

The Hon. KATRINA HODGKINSON: And the New South Wales Office of Water will provide advice in relation to the aquifer interference policy and also that advice is going to be made publicly available. So just in relation to those agricultural impact statements, they will be required for mining and CSG exploration activities as part of the review of environmental factors and that ensures a target of assessment of the potential impacts of mining and coal seam gas proposals and agricultural land and water. So no, we have not ring-fenced areas, but we have made it particularly tough for people involved in mining on strategic agricultural land to proceed. I suppose as we go through the course the tests will be done in that space and there will be obviously mining that is not able to proceed in those areas, but we have made a gateway process. The intention was always to have a set of rules surrounding this. The former government did nothing in this space, left us with nothing except the corruption hearings and inquiries. That is something that we want to be—

The Hon. STEVE WHAN: That is totally untrue, but anyway.

CHAIR: Order.

The Hon. KATRINA HODGKINSON: That is something that we want to stay—we want to make sure that future governments—

The Hon. STEVE WHAN: The Minister's editorialising is quite inaccurate.

The Hon. KATRINA HODGKINSON: That future governments are subjected to and while I have got every confidence in my current government I cannot speak on behalf of future governments.

The Hon. STEVE WHAN: On your government? It is her government.

The Hon. KATRINA HODGKINSON: So we want to make sure that we have minimal possibility—potential here for corruption in what is a corruption potential zone.

The Hon. STEVE WHAN: Minimal.

The Hon. KATRINA HODGKINSON: —also to make sure that we have got very good and very clear guidelines for the mining industry to be able to—

The Hon. JEREMY BUCKINGHAM: Sorry, Minister, I was not talking about corruption, and I do not know why you are. I was talking about the Strategic Regional Land Use Plan. What weighting does agriculture have in the socioeconomic modelling that is now a part of the Gateway process, Minister?

The Hon. KATRINA HODGKINSON: Apart from the agricultural impact statement, apart from the mapping, apart from the—

The Hon. JEREMY BUCKINGHAM: No, no, no, the Gateway process as a socioeconomic model component to it, a cost benefit analysis – what weighting has agriculture in that? And what input has your department had in that?

The Hon. KATRINA HODGKINSON: We have developed the maps for strategic agricultural land, remembering also that planning—

The Hon. JEREMY BUCKINGHAM: I understand, but this is a specific question about the cost-benefit analysis—

The Hon. KATRINA HODGKINSON: Of each project.

The Hon. JEREMY BUCKINGHAM: As a part of the Gateway – of your policy, the Gateway project. What weighting or what consultation – what weighting has agriculture had in that, and what consultation have you had in the development with that cost-benefit analysis?

The Hon. PETER PHELPS: At what point did the Greens—

The Hon. JEREMY BUCKINGHAM: Point of order—

CHAIR: Order. Minister. Interjections are unruly at all times.

The Hon. JEREMY BUCKINGHAM: This is a very serious question – and that is—

The Hon. PETER PHELPS: It is a hypocritical question.

The Hon. JEREMY BUCKINGHAM: Point of order—

CHAIR: Just keep going.

The Hon. JEREMY BUCKINGHAM: I have got a question and the question is: what weighting does agriculture have in the cost-benefit analysis that is part of the Gateway process? And if you do not know, does that mean that you have had no consultation with Treasury in the development of that cost-benefit analysis?

The Hon. KATRINA HODGKINSON: That is just a silly thing to say. I mean, agriculture has been a fundamental part of this policy development. We have now got an agricultural - - -

The Hon. JEREMY BUCKINGHAM: What weighting, in terms of the cost-benefit analysis—

The Hon. KATRINA HODGKINSON: Mr Chairman—

The Hon. JEREMY BUCKINGHAM: Could you be relevant to the cost-benefit analysis?

The Hon. KATRINA HODGKINSON: Well, if you would let me get a word in edgewise, I mean, I might have an opportunity to make a comment, but I have been trying for the last 5 minutes that you have been firing this line of questioning at me, without even giving me a chance to answer. So, Mr Chairman, the agricultural impact statement will have, obviously, a very significant weighting within this entire policy, as does the Aquifer Interference Policy itself.

The Hon. JEREMY BUCKINGHAM: Minister, do you know what the cost-benefit analysis—

CHAIR: Order.

The Hon. JEREMY BUCKINGHAM: It is completely irrelevant, what you are saying.

CHAIR: Order. The minister is to be allowed to answer the question whichever way she feels is relevant.

The Hon. KATRINA HODGKINSON: Thank you very much, Mr Chairman. Can I just comment on consultation for a moment, because the most extraordinary amount of consultation occurred over the 15 months of policy development all over the state. We had 13 regular stakeholders involved in our stakeholder meetings, including everybody from the unions to the environmental movement. There was not a stone left unturned in the development of this policy. It is one that we as a government are very proud—

The Hon. JEREMY BUCKINGHAM: Minister, I have only got four seconds – do you know what the cost-benefit analysis is? Do you know what the cost-benefit analysis as part of the Gateway model is? Do you know what it is?

CHAIR: The time for that question has now expired. I will now move on to the opposition for questions.

The Hon. STEVE WHAN: Minister, in previous questions you have indicated that decisions on staff are still some way away. How is that the member for Orange was able to put out a press release where he included the employment numbers of people who would or would not be employed in Orange, and where did he get that information from?

The Hon. KATRINA HODGKINSON: Yes. Look, I might just refer to the DG on the question of that.

Mr PATERSON: The release that I think the member is referring to related to a range of jobs in the corporate head office, which is based in Orange, and not directly associated with the new regional service delivery organisation. They are part of a consolidation activity that we are undertaking on what is called ERP, our employment resource program, which is finance, payroll, accounting – all of the human resource elements across the board, and there have been changes. We are moving to the largest cloud-based ERP solution in Australia, the largest cloud-based solution for SAP in the world. That is taking place as we speak, and there are some adjustments in relation to staffing, both in Orange and in some of our regional areas. The commentary of the press release – obviously, we do not deal with individual press releases from individual members, but the matter that was referred to last week in the press was associated with staffing changes in the corporate areas associated with the ERP.

The Hon. STEVE WHAN: The *Central Western Daily* in Orange seemed to think that the member for Orange was talking about the LLS changes. Who do you think was confused?

Mr PATERSON: I have got no idea, but I am advising you that the commentary last week was in relation to changes in relation to (indistinct—place name or acronym?).

The Hon. STEVE WHAN: Okay. Thanks for that.

The Hon. KATRINA HODGKINSON: You made a number of erroneous statements in local land services as well, so I mean—

CHAIR: Order.

The Hon. STEVE WHAN: Minister, I think, given the fact that you clearly have no idea of what is going to happen with your local land services, I think anyone could speculate anything at the moment.

The Hon. PETER PHELPS: Is that a question or an answer?

The Hon. KATRINA HODGKINSON: I think the member does not have any idea that has been making comment of you. We have put together a—

The Hon. STEVE WHAN: Let's try answering some questions. That will be a new experience for you. Perhaps we can move on, firstly, to your benefit cost analysis for the Cronulla Fisheries closure, which you estimated that \$4.2 million over 20 years would be gained from this closure. Would you acknowledge that that is dependent on 10 unfilled positions not being filled? And would you then acknowledge that, given that these positions are not dependent on the site, that actually shows that there is a net cost of moving the Cronulla Fisheries of \$4.9 million over 20 years?

The Hon. KATRINA HODGKINSON: You are having trouble with this decentralisation, aren't you? Listen, we already—

The Hon. STEVE WHAN: I am having trouble with poorly-thought-through decisions, Minister. If you would stop your commentary and answer a question, it would be good.

The Hon. KATRINA HODGKINSON: It was a very well thought-through-decision, with due respect.

The Hon. STEVE WHAN: Well, it clearly was not.

The Hon. KATRINA HODGKINSON: And this was never about making money. This was never about selling the site, as some people have suggested. In fact, we are working closely with the local council and the Chamber of Commerce and others in Cronulla to make sure that there is a proper future—

The Hon. STEVE WHAN: Minister, have you got that report ready on future land use of this site, which was due late September?

The Hon. KATRINA HODGKINSON: This is about decentralisation, which was a very clear New South Wales Liberals election policy platform in the lead-up to the last election. It just makes sense to make sure that jobs – that certain regional areas are located in regional areas.

The Hon. STEVE WHAN: So, Minister, do you want to answer the question on the benefit cost analysis or not?

The Hon. KATRINA HODGKINSON: Yes, I do. In fact, a cost-benefit analysis has been prepared using the data available to date. The analysis indicates the closure will generate a net benefit of \$4.2 billion with a benefit-cost ratio of 1.4:1 over the next 20 years. Around 60 per cent of the benefits are derived from payroll cost savings and 10 vacant positions, including those involved in site maintenance, because you can imagine you do not really need a greenkeeper if you are not keeping the same site—

The Hon. STEVE WHAN: If you are not keeping the site at all, you do not.

The Hon. KATRINA HODGKINSON: And administration, which was unnecessary to be transferred. That will not be needed after the Cronulla office is closed. The total cost of the relocation – and I said this so many times – obviously it is going to depend on the number of staff who choose or do not choose to relocate. I am not dictating to staff that they have to move; that they have to go here

or there. We have worked very, very closely, and the department has worked very, very closely with those staff—

The Hon. STEVE WHAN: Thanks, Minister. We have heard that on the committee looking at Cronulla Fisheries. In your previous evidence to – and Mr Paterson’s evidence – to the Cronulla Fisheries inquiry you said that the study that you were doing on land use, the use of the Cronulla site, will be finished in late-September. Is that finished or not?

The Hon. KATRINA HODGKINSON: I do just want to finish the last question. Eligible staff who relocate are entitled to the transferred officers award and staff who are unable or unwilling to relocate are entitled to the excess officers award. There will be costs to enhance laboratory research, aquaria and office accommodation where necessary. Geoff, do you have the—

Dr ALLAN: The report has not been finished – about the Cronulla location – yet on the future of the site. That is still an ongoing process. Some of the issues are being defined and some of the heritage issues. So it will be probably about one month before it will be completed.

The Hon. STEVE WHAN: One month? Are you confident about that?

Dr ALLAN: Well, the important thing is to make sure we get that right, so we need to understand those issues and the significant heritage issues.

The Hon. STEVE WHAN: It is a concern to me that it is coming out after the other committee’s work—

The Hon. PETER PHELPS: Why don’t we just ignore the heritage issues, Steve?

The Hon. STEVE WHAN: Okay. Thanks for that. Minister, in several answers to questions which you took on notice to the Cronulla Fisheries inquiry you were asked the date you visited the Cronulla centre, and in none of those answers did you give an actual date. Can you give an actual date that you visited the Cronulla Fisheries?

The Hon. KATRINA HODGKINSON: Well, it was before the decision was made, and I do remember very clearly being there. Look, the answers to another inquiry are a matter, surely, for another inquiry, and answers have been given in that space.

The Hon. STEVE WHAN: Well, no, in fact you failed to give a date. Is it possible to look at your diary?

The Hon. KATRINA HODGKINSON: Yes.

The Hon. STEVE WHAN: Would you take that on notice and give the committee an actual date of your visit and what you looked at?

The Hon. KATRINA HODGKINSON: Yes.

The Hon. STEVE WHAN: Did you just drive by the driveway or did you go onto the site?

The Hon. KATRINA HODGKINSON: I certainly remember for visit very well. And, as I visited, actually many of the parts of the Department of Primary Industries that I was the new minister for. And it was good to see where our officers were working and also them to be able to compare those with potential future officers too. So, you know, I think that we have said quite a lot in this space. In fact, there is an entire other inquiry which is totally devoted to this space.

The Hon. STEVE WHAN: Thanks, Minister.

The Hon. KATRINA HODGKINSON: So, I mean, I know a lot has been happening in the DPI space over the last couple of months, but it just seems extraordinary that you are continuing this line of questioning when—

The Hon. STEVE WHAN: Well, actually, some employees are concerned about their jobs, but never mind, what are issues, Minister? What consideration is the government giving to returning water to the Snowy River to achieve 28 per cent of natural flow?

The Hon. KATRINA HODGKINSON: Thanks. I will just get the details here.

The Hon. STEVE WHAN: If you would like to take it on notice, Minister, I am quite happy with that.

Mr HARRISS: If I can make a comment – the first 10 years of the proposal for this river was to recover 21 per cent of the natural flow with the consideration to be given to a further 8 per cent, probably from private investment thereafter.

The Hon. STEVE WHAN: And has there been any – because the 21 per cent has now been achieved, which is a terrific achievement. What is the process that your office or the government is now going to take to considering whether further water will be delivered?

The Hon. KATRINA HODGKINSON: Do you want details about environmental flows from the environmental flow monitoring?

The Hon. STEVE WHAN: No, I am actually just asking about the next steps to consideration of that additional 7 per cent.

Mr HARRISS: The initial 7 per cent—

The Hon. STEVE WHAN: Which has not been committed to by anybody. I understand that. I am asking whether there is a process to that.

Mr HARRISS: Well, we have not got a process defined at the moment. The priority at the present stage for the Office of Water with regard to the Snowy is finalising the review report of the Mowamba River and its downstream flows. The priority now is also how to best use the 70 gegalitres recovered through commonwealth investment into how that is diverted from the Snowy River into the Murray River, and we have just made arrangements over the last couple of years to allow us to call that out at the discretion of the Office of Water, whereas previously it was just – the discretion was Snowy Hydro Ltd. So we have got a couple of other things presently which have taken a higher priority than looking at where we are going to get an additional 7 per cent from, if the government has the appetite to go there anymore.

The Hon. STEVE WHAN: Okay. Minister, are you concerned that Water for Rivers is about to be wound up? And are you doing anything to ensure that the expertise in Water for Rivers is retained?

The Hon. KATRINA HODGKINSON: Yes, look, I will just ask the Commissioner to comment on that, thanks.

Mr HARRISS: Water for Rivers, having virtually achieved what it set out to do – and it was over a 10-year period to recover that 21 per cent of average natural flow into the Snowy that has been achieved now. So Water for Rivers is currently just winding up a number of its projects. They are also working with State Water on a project in the Murrumbidgee, introducing computer-aided river management systems, but I think that is just an investigation at the present stage. But ultimately Water for Rivers – their future depends on a role that was originally a joint government enterprise, involving the commonwealth, New South Wales and Victoria.

The Hon STEVE WHAN: I understand that the current project to the Murrumbidgee has actually had a number of works. I think the minister opened some of the river monitoring equipment which is part of that project not that long ago. It does seem that that is an excellent model for other parts of the state, and it would be a shame to lose some of the expertise from Water for Rivers. Would you agree with that? Or is it something which the Office of Water has the expertise within itself?

Mr HARRISS: The expertise in river management is shared between ourselves and State Water as the operating authority in New South Wales. There is also substantial expertise building up in computer modelling for river management via eWater now, as a private entity based in Canberra. We are working with all of those groups, looking at how best we can facilitate better river management with a view to helping recover that water loss and some of the environmental requirements for both the Murray and other rivers around the state.

The Hon. STEVE WHAN: Minister, did your department offer you an assessment of the impact of your decision to cease funding for the native fish strategies on the Murray–Darling River before making that decision?

The Hon. KATRINA HODGKINSON: This was in relation to funding cutbacks to the Murray-Darling Basin Authority?

The Hon. STEVE WHAN: That is correct. An assessment on the impact on the completion of the Native Fish Strategy – which a lot of work has been done, but there is still some to go.

The Hon. KATRINA HODGKINSON: Yes, look, it has been a really interesting 18 months, I suppose, since becoming the New South Wales representative on the Murray-Darling Basin plan. We have certainly been doing a lot of work in that space and supporting New South Wales in many ways, including continuing to insist that we have a triple-bottom-line approach in relation to the plan. But it was interesting looking also at the authority, which, I think, started out with about 16 or so people working that organisation, and it has now blown out – Commissioner, correct me if I am wrong – to around about 400 public servants involved in the bureaucracy of the Murray-Darling Basin. So it just seemed ridiculous to me that New South Wales was funding such a bloated bureaucracy in Canberra with our taxpayers dollars.

The Hon. STEVE WHAN: Minister, can I draw you to the Native Fish Strategy though? Were you specifically—

The Hon. SCOT MacDONALD: Point of order—

The Hon. STEVE WHAN: Do you specifically have a—

CHAIR: Excuse me, Mr Whan, a point of order has been made.

The Hon. SCOT MacDONALD: At the beginning of this meeting we very clearly said we would finish at midday, 12 o'clock.

The Hon. STEVE WHAN: And we have 20 minutes.

The Hon. SCOT MacDONALD: We are now into extra time and extra questions.

The Hon. STEVE WHAN: No, we are not.

CHAIR: No point of order. We are finishing at 12.10, if you read the agenda. Thank you. Please proceed.

The Hon. STEVE WHAN: Minister, I just wanted to draw you very specifically to – I have had complaints passed on to me by people who have been working on the fish strategy that that will now, even though it is nearing completion, because of the funding from New South Wales being cut. Are you aware of that? Has there been an assessment of the impact of that on the native fish in the Murray River – any assessment of the impact of that?

The Hon. KATRINA HODGKINSON: Look, can I just – I hope that you were listening to my last answer. I am not sure if you were – about the bloated bureaucracy with the Murray-Darling Basin.

The Hon. STEVE WHAN: Minister, I was listening to your answer. I want you to specifically address native fisheries. We have not got much time, but if you could specifically address it.

The Hon. KATRINA HODGKINSON: Look, there is so much that I could say in this space. We have another 10 minutes, so I might just ask the Commissioner to comment briefly.

Mr HARRISS: When New South Wales reduced its contribution the MDBA senior officers worked together and said what programs needed to be reduced to meet that reduction in funds. The Native Fish Strategy was identified by all jurisdictions as being one of those strategies that was nearing its end and so the reduction was made. However, some of that has been offset by the contribution by the New South Wales Office of Water to keep that going for another 12 months during the transition period till it is finished.

The Hon. STEVE WHAN: Thank you. That would have been a good answer to get straightaway.

The Hon. KATRINA HODGKINSON: Well, I will add to that – \$0.34 million has been allocated at priority water fish inland infrastructure developments at the Edward River uptake and Stevens Weir and to secure living Murray native fish monitoring at Koondrook-Perricoota. New South Wales also secured joint funding of over a half a million dollars for maintaining the native fish component of the Sustainable Rivers Audit.

The Hon. STEVE WHAN: Thank you. And, Minister, do you envisage the Native Fish Strategy along those lines being rolled out along the Darling River at all? And has there been consideration of that?

Mr HARRISS: No, we currently would not have the resources to roll it out. The Native Fish Strategy, however, was run by the Murray-Darling Basin Authority throughout the whole of the basin, which includes the Darling River tributaries. In fact, there were sites in the Namoi – correct me if I am wrong, Dr Allan – as part of that Native Fish Strategy. But, as I said, it has been a long-going program, and it was reasonably successful.

The Hon. STEVE WHAN: Okay, Minister, prior to the election on a number of occasions in the house you raised the need for action on Yass's water supply. What have you done about providing funds for the upgrade of the Yass Dam?

The Hon. KATRINA HODGKINSON: Yes, look, that is exactly right, and I lobbied very hard at the time to secure a loan for Yass council, together with former Minister Costa, who I worked very closely with in relation to this. Obviously, we knew that there was going to be hard times ahead, given the waste and mismanagement of the finances that the former government had left us with. So we knew that we in for a difficult time, but I was very pleased to be able to secure that low-interest loan for the Yass council, and the raising of the dam wall is proceeding. It is interesting, though, because, look, over the years there have been so many different proposals for the Yass water supply, including bringing water back from Jugiong, including putting a pipeline through from Canberra to Yass. And for many years it was considered that raising the height of the dam wall would simply be a temporary bandaid solution and one that was not good for the long term. People like Jim Field were saying that they could empty out the bottom of the dam and increase the water supply that way. Look, the conversation – honestly, there was no decision made on this for years and years; it went backwards and forwards, but eventually a decision was made to raise the height of the dam wall. I think the original estimates were around about \$10 million and then suddenly they doubled in price, and then I think an extra \$5 million was added to that as well. So, look - - -

The Hon. STEVE WHAN: So you are saying the estimate is \$25 million? Is that what you are saying?

The Hon. KATRINA HODGKINSON: Twenty-three, I beg your pardon. Yes, I was speaking very loosely then. So, look, it has been a subject of great debate in the local community. There was no decision made until quite late in the piece, but I was very pleased to work with former Minister Costa in order to secure that low-interest loan.

The Hon. STEVE WHAN: Thanks, Minister. On the land-use strategy, are you personally, completely happy with the land-use strategy?

The Hon. KATRINA HODGKINSON: Look, I recognise that the land use - - -

The Hon. PETER PHELPS: Point of order - - -

The Hon. KATRINA HODGKINSON: It is okay. I am happy to answer the question. I recognised at the outset that the land-use police had to be a compromise, and I am sure the honourable member recognises the value of the mining community to New South Wales.

The Hon. PETER PHELPS: Absolutely.

The Hon. KATRINA HODGKINSON: And the New South Wales government also recognises the value of mining to New South Wales. My personal portfolio area, obviously, of water and agriculture – that is where I pursue for the benefit of the areas that I pursue, for the benefit of the landholders and the New South Wales farmer – I believe we have struck the balance. While it was a very difficult process – 15 months, you can imagine, with six ministers involves, numerous government agencies, so many stakeholders. It was a very difficult and somewhat torturous process to get through. But I believe that where we have landed is a very good space. Obviously it is early days—

The Hon. STEVE WHAN: So the New South Wales farmers have got it wrong?

The Hon. KATRINA HODGKINSON: There will be a review of the process in a couple of years time, I understand from the planning minister. It was a difficult process, but it is an area that we had to do something – to continue on with the status quo was not an option.

The Hon. STEVE WHAN: So the New South Wales have got it wrong, are you saying?

The Hon. KATRINA HODGKINSON: I do not think any interest group got everything that they were after. Certainly was true in the case of the mining industry, and, I think, New South Wales farmers wanted additional things as well. Look, every industry group put out some statement or another, but he had to strike a balance, and it was a difficult process, and I believe that we have got a very good and practical way forward now, where people can actually look at a clearly defined set of rules. I have spoken at great length this morning about the new Aquifer Interference Policy for the benefit of this committee. But, yes, I believe we have struck a good balance, and I stand by the policy.

The Hon. STEVE WHAN: Have you met with groups in the area that you live, around the Southern Highlands, about the development coal seam gas and coal mines in the area? And have you been to meetings with them to explain the policy?

The Hon. KATRINA HODGKINSON: My principle place of residence is at Yass, and coal seam mining is not a significant issue in the Yass Valley at this particular stage, but, yes, I did meet, with Minister Goward, with Peter Martin. I met with him; I think it was actually on Anzac Day itself, in the afternoon. We met on that day because – I am struggling for memory to find another day to have this meeting. But, yes, I did meet, and I did hear his concerns in relation to Hume Coal and other issues that he had in relation to that. That was before the policy was released.

CHAIR: All right. Minister and staff, thank you very much for agreeing to address the committee today. As previously notified, replies to questions and answers, we would be happy to receive those within 21 days. Thank you very much.

The Hon. KATRINA HODGKINSON: I thank the committee.

(The witnesses withdrew)
(The Committee adjourned at 12.13 p.m.)