

# GENERAL PURPOSE STANDING COMMITTEE No. 5

Monday 4 September 2006

Examination of proposed expenditure for the portfolio areas

## PRIMARY INDUSTRIES, NATURAL RESOURCES, MINERAL RESOURCES

The Committee met at 7.00 p.m.

### MEMBERS

Mr I. Cohen (Chair)

The Hon. A. Catanzariti  
The Hon. R. H. Colless  
The Hon. A. R. Fazio

The Hon. D. J. Gay  
The Hon. E. M. Obeid  
Ms L. Rhiannon

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### PRESENT

**The Hon. I. M. Macdonald**, *Minister for Natural Resources, Minister for Primary Industries, and  
Minister for Mineral Resources*

**Department of Primary Industries**  
**Mr A. Coutts**, *Acting Director General*

**Department of Natural Resources**  
**Dr Richard Sheldrake**, *Director General*

**NSW Food Authority**  
**Mr G. Davey**, *Director General*  
**Mr C. Sahlin**, *Executive Director, Policy and Science*

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**CHAIR:** I declare this hearing open to the public. I welcome Minister Macdonald and accompanying officials to this hearing. At this hearing the Committee will examine the proposed expenditure for the portfolios of Primary Industries, Natural Resources, and Mineral Resources.

I would like to make a few general comments. First of all, today's hearing will proceed without microphones due to Public Services Association work bans on room setup. I ask members and witnesses to speak in a clear voice, and one at a time, and I ask the audience to keep background noise to a minimum.

In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings*, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. 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 on the table by the door.

Any messages from attendees in the public gallery should be delivered through the chamber and support staff or the Committee clerks. Minister, you and the officers accompanying you are reminded that you are free to pass notes and refer directly to your advisers whilst at the table. I ask that Hansard be given access to material placed on the public record during hearings. This is the usual practice in the House, and it is intended to ensure the accuracy of the transcript. I remind everyone to please turn off your mobile phones.

Minister, the Committee has agreed to 1½ hours being set aside for Natural Resources, and then a further 2½ hours for Primary Industries, and Natural Resources. The Committee has resolved to request that answers to questions on notice be provided within 21 calendar days of the date on which they are sent to your office. Do you anticipate that this will pose any difficulties?

**The Hon. IAN MACDONALD:** That depends on the volume, but 21 calendar days seems a short time for responses.

**CHAIR:** I suppose that depends on how much we get through tonight.

**The Hon. IAN MACDONALD:** We will get through a lot.

**CHAIR:** Good.

**The Hon. IAN MACDONALD:** Can revisit that issue at the end of tonight's hearing? If you have say a thousand questions, 21 days could be prohibitive of proper responses.

**CHAIR:** Every other Minister so far has been comfortable with that, so I do not think we have a problem. But, yes, we can revisit the issue.

**The Hon. IAN MACDONALD:** I like to meet deadlines, not ask for extensions.

**CHAIR:** Thank you, Minister. All witnesses from departments, statutory bodies or corporations will be sworn prior to the giving of evidence. Minister, you do not need to be sworn as you have already sworn the oath to your office as a member of Parliament.

**RICHARD FREDERICK SHELDRAKE,** Director General, Department of Natural Resources, affirmed and examined:

**CHAIR:** I declare the proposed expenditure for the portfolios of Primary Industries, Natural Resources, and Mineral Resources open for examination. Minister, do you wish to make a brief opening statement?

**The Hon. IAN MACDONALD:** No, thanks.

**CHAIR:** Then the Committee will go straight to questions, first from the Opposition.

**The Hon. RICK COLLESS:** Minister, do you recall being asked by the Hon. Duncan Gay at this forum on 9 December last year about an offset ratio of 1:100 for a property at Cobar?

**The Hon. IAN MACDONALD:** I do not recall the specifics of the actual question, but I know what you are getting at in relation to offsets out west.

**The Hon. RICK COLLESS:** Let me remind you, Minister. I have here a copy of the transcript, if you would like to see it. The Hon. Duncan Gay asked:

Are you aware that just this week a farmer at Cobar was told that he could clear 500 hectares if he gave an offset of 50,000 hectares—that is, a ratio of 1:100?

That was the specific question that you were asked. Do you recall that?

**The Hon. IAN MACDONALD:** Not the specifics, but I know the issues you are talking about, if you want to ask me something about the issues.

**The Hon. RICK COLLESS:** Do you recall replying to the Hon. Duncan Gay that you found that:

... the offset might be in the realms of the large.

**The Hon. IAN MACDONALD:** Yes. It was subsequently reduced to 15:1 for the specific example that you are talking about.

**The Hon. RICK COLLESS:** When did that happen?

**The Hon. IAN MACDONALD:** Subsequent to that date.

**The Hon. RICK COLLESS:** At the time I was last out at that property, that ratio of 1:100 was still in place.

**The Hon. IAN MACDONALD:** That is not the information I have.

**The Hon. RICK COLLESS:** Minister, is it a fact then that you did know about the unrealistic offset ratio as early as 9 December last year?

**The Hon. IAN MACDONALD:** You were going on some information that I did not have at that time.

**The Hon. RICK COLLESS:** It was asked?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. RICK COLLESS:** Do you agree then that you knew about it as at 9 December?

**The Hon. IAN MACDONALD:** I am going on your word about what is in that transcript.

**The Hon. RICK COLLESS:** You can have a look at if you like.

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

**The Hon. RICK COLLESS:** Given that you did know about it then, why did you then deny any knowledge of such large offsets to Ross Coulthard on the Channel 9 *Sunday* program just a few weeks ago?

**The Hon. IAN MACDONALD:** It is very interesting you should ask me that question. The interview that I did with Ross Coulthard was about the issue of invasive native shrub and we dealt

with that at length. The question of these large offsets is to deal with threatened species, which is a separate issue in which a separate set of arrangements operate.

**The Hon. RICK COLLESS:** The question that you were asked in relation to that 1:100 was referring to property vegetation planting [PVP] offsets not the threatened species offsets.

**The Hon. IAN MACDONALD:** There are threatened species implications within the PVP developer process and the large offsets—and particularly this one we are talking about—relates to its impact upon threatened species. That is the advice I have.

**The Hon. RICK COLLESS:** That was the issue that Ross Coulthard was asking you about. It was the offsets required for a farmer at Cobar who had been told that it was 1:100, and you denied knowing anything about it.

**The Hon. IAN MACDONALD:** There are lots of farms.

**The Hon. RICK COLLESS:** You said, "I'm not aware of that".

**The Hon. IAN MACDONALD:** I was not aware of that specific example. He did not raise what example it was. He was discussing the issue of invasive native species [INS], as the whole program was about—INS. But my understanding is that the offset ratio in relation to the Cobar farm has at its heart threatened species issues that are not specifically INS, because there are a series of species which are within INS, able to be treated as INS, and there are a number of species external to that that are treated as threatened species. It is very clear: he was talking to me about INS all the way through, then he threw in this example of 1:100.

**The Hon. RICK COLLESS:** And you did not know a thing about it.

**The Hon. IAN MACDONALD:** Because I am discussing INS. I was not discussing threatened species. And he has not discussed threatened species in the whole context of that *Sunday* program, he was talking about INS. We were dealing with INS. I was not aware of an offset ratio of 1:100 in relation to INS, not threatened species. In fact, there are no offsets for INS.

**The Hon. RICK COLLESS:** Can you tell the Committee about your understanding of the key land degradation indicators?

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

**The Hon. RICK COLLESS:** You do not know?

**The Hon. IAN MACDONALD:** No, I am not saying I do not know. I will give you a full technical answer.

**The Hon. RICK COLLESS:** Are you aware of an extension package launched by the CMAs and the DPI with respect to the importance of ground cover in land management?

**The Hon. IAN MACDONALD:** I am not specifically aware of that, but we do do a lot of educative work in relation to those issues, yes.

**The Hon. RICK COLLESS:** So you are not aware of that specific package? I will tell you. It is called Ground Truth Uncovered; it was run by your department and the Border Rivers CMA.

**The Hon. IAN MACDONALD:** We run a lot of education courses.

**The Hon. RICK COLLESS:** Yes, and I thought you would have been aware of this one because it is particularly important.

**The Hon. IAN MACDONALD:** Okay, you tell me why.

**The Hon. RICK COLLESS:** It is important because it talks about the importance of ground cover in relation to land degradation and farm productivity. Do you believe that that improved ground cover message should apply to all land that is held for the purpose of conducting agricultural enterprise?

**The Hon. IAN MACDONALD:** Of course I support the concept of having an adequate level of ground cover in all situations, otherwise you do get erosion, yes.

**The Hon. RICK COLLESS:** Are you aware then that your property vegetation planning process is, in fact, preventing landowners from changing the ground cover characteristics on as much as 45 per cent of their properties?

**The Hon. IAN MACDONALD:** I do not necessarily accept that percentage. I would think that some of these issues are being canvassed in an INS review that Dr Dennis Saunders has done.

**The Hon. RICK COLLESS:** This has got nothing to do with INS, this is property vegetation planting.

**The Hon. IAN MACDONALD:** On INS, yes. INS is the issue in which ground cover has been raised most often, as you would agree. So I am talking in relation to that.

**The Hon. RICK COLLESS:** But this issue of ground cover does not only apply to the INS areas, it applies across-the-board.

**The Hon. IAN MACDONALD:** Indeed.

**The Hon. RICK COLLESS:** Are you aware that when property vegetation planting personnel are asked about the economic viability of retaining 45 per cent of the farm with low ground covers of native species, that their response has been along the lines, "We don't consider the economics"?

**The Hon. IAN MACDONALD:** I would like to know the specific examples of that. However, in dealing with the PVP as a science-based program, the environmental factors are the key factors in ensuring that it maintains or enhances the environment.

**The Hon. RICK COLLESS:** Which environmental indicators?

**The Hon. IAN MACDONALD:** It would be any number of indicators about the health and condition of that land that is subject to a proposal.

**The Hon. RICK COLLESS:** Do you agree then it should be more than one indicator?

**The Hon. IAN MACDONALD:** I would suggest that the PVP has a multitude of indicators.

**The Hon. RICK COLLESS:** No, it does not. It only really considers the native vegetation aspects.

**The Hon. IAN MACDONALD:** That is a multitude of factors, for sure.

**The Hon. RICK COLLESS:** It is one factor.

**The Hon. IAN MACDONALD:** In your opinion, but it might be a lot of different factors within that.

**The Hon. RICK COLLESS:** How do you rationalise then or how do you plan to rationalise the conflict between production-based requirements that underpin with sound environmental criteria such as this ground cover message of your own staff—the project leaders are Jeff Lowien and Bob McGufficke, two of your most respected district agronomists—with the extreme environmental agenda that is preventing improved ground cover on native grassland that has been used for agriculture for over 100 years?

**The Hon. IAN MACDONALD:** I believe there are within the INS module a number of ways that you can improve your ground cover for a start and, secondly, the current INS tools are, in fact, being reviewed and Dr Dennis Saunders has made a series of recommendations to the Natural Resources Commission, which they are currently considering and will in due course present proposals to us. Those particular changes recommended by Dr Dennis Saunders are on the web.

**The Hon. RICK COLLESS:** This is not just an issue about INS, this is an issue across-the-board. What about in other areas of the State, such as the areas that Jeff Lowien and Bob McGufficke operate in?

**The Hon. IAN MACDONALD:** Be specific.

**The Hon. RICK COLLESS:** The Northern Tablelands.

**The Hon. IAN MACDONALD:** But be specific. Where is the big problem that you are talking about?

**The Hon. RICK COLLESS:** The big problem is that the PVP process is preventing farmers from improving the ground cover because what the people who are trying to get PVPs approved are being told is that on up to 45 per cent of their property they are not allowed to alter the ground cover.

**The Hon. IAN MACDONALD:** You will have to give me the specific information and I will take it on notice and answer it.

**The Hon. RICK COLLESS:** I am surprised you do not know about this issue. Do you understand that if the ground cover is not improved, as recommended by all your leading agronomists, that much of this land will continue to degrade?

**The Hon. IAN MACDONALD:** Ground cover is clearly important.

**The Hon. RICK COLLESS:** Why are you allowing one part of your portfolio to promote the benefits of ground cover while you are preventing farmers from implementing improved ground cover in another part of your portfolio?

**The Hon. IAN MACDONALD:** Be specific.

**The Hon. RICK COLLESS:** I have just explained the situation to you.

**The Hon. IAN MACDONALD:** I do not think there is a conflict that you are trying to render there.

**The Hon. RICK COLLESS:** I can assure you there is when farmers are out there trying to improve their ground cover by the addition of exotic species, such as sub clover and fertiliser, into a degraded native grass pasture and the PVP people are telling them that they cannot change ground cover. In other words, they are not allowed to direct drill exotic species into their native grass cover to improve the ground cover. That is what they are being told.

**The Hon. IAN MACDONALD:** I will get the specific instances and I will have a good look at it.

**The Hon. RICK COLLESS:** Good. In your view is the direct drilling of improved species, such as sub clover and crops, such as wheat and oats, into native grass pastures permissible under the Act?

**The Hon. IAN MACDONALD:** I think you have to look at it in a more detailed sense and what you are trying to set up here. It is one thing to want to clear a lot of native vegetation to then grow wheat and do it regularly is a different thing, and that is what I understand a lot of people wanted to do. That then changes the nature of the environment at that point, in that instance and, therefore,

could conflict with the Government's aim to end broadscale clearing unless it enhances or maintains the environment.

**The Hon. RICK COLLESS:** Is direct drilling sub clover into native grass pastures classified as broadscale clearing?

**The Hon. IAN MACDONALD:** I will have to take the precise example on notice and give you a reply in due course.

**The Hon. RICK COLLESS:** Are you familiar with the term "pasture cropping"?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. RICK COLLESS:** Is pasture cropping permissible under the Native Vegetation Act?

**The Hon. IAN MACDONALD:** I would have to take advice on that.

**The Hon. RICK COLLESS:** Is it classified as broadscale clearing?

**The Hon. IAN MACDONALD:** I would have to take advice on that. A lot of this depends on what the proposition is and how it impacts the nature of the particular property that is under question. I might add that 1,033 landholders have made inquiries relating to catchment management authorities—61 PVPs have been included. These include broadscale clearing, 181 hectares, offsets of 3,000 hectares and a whole range of other treatments in areas. For instance, invasive native scrub treatment is up to 71,600 hectares of which no offsets are required.

**The Hon. RICK COLLESS:** How many of the PVPs have been approved?

**The Hon. IAN MACDONALD:** Sixty-one are registered. There are a lot more than that, in fact, that are before the landholders.

**The Hon. RICK COLLESS:** I checked on your web site and as of today I could find only 42 PVPs.

**The Hon. IAN MACDONALD:** It is going up all the time.

**The Hon. RICK COLLESS:** It must have jumped from 42 to 61 this afternoon, did it?

**The Hon. IAN MACDONALD:** It is jumping.

**The Hon. RICK COLLESS:** This morning it had only 42 on it.

**The Hon. IAN MACDONALD:** It may not have jumped today. I do not know what date the web site figure is.

**The Hon. RICK COLLESS:** It is not up to date?

**The Hon. IAN MACDONALD:** It might be a week ago or two weeks ago.

**The Hon. RICK COLLESS:** On 28 August 2006 number 42 was listed as being the approval date.

**The Hon. IAN MACDONALD:** My understanding is that it is 61.

**The Hon. RICK COLLESS:** There are only 42 on your web site as of today.

**The Hon. IAN MACDONALD:** I would suggest that the numbers are increasing rapidly as more people become aware that they can do certain activities on their farms.

**The Hon. RICK COLLESS:** Why is it that GPS co-ordinates that are listed on this printout of all the PVP approvals are not considered to be personal information under the Privacy and Personal Information Protection Act?

**The Hon. IAN MACDONALD:** That was part of a negotiation with the stakeholders, and that was the outcome that the Government took as its approach. The Government is responsible for that. There is no question about that.

**The Hon. RICK COLLESS:** Do you agree that any information relating to the location of farmers' personal belongings is personal information?

**The Hon. IAN MACDONALD:** Not much more than the fact that your electoral role address is on a role from which people can access personal information about you. I do not think it is all that much different.

**The Hon. RICK COLLESS:** I do not think it is, is it?

**The Hon. IAN MACDONALD:** Yes, it is on the electoral role.

**The Hon. RICK COLLESS:** You cannot access electoral roll information.

**The Hon. AMANDA FAZIO:** Of course you can. They have it at the Easter show.

**The Hon. IAN MACDONALD:** Yes. It tells you what occupation you are.

**The Hon. RICK COLLESS:** Do you agree that the logging of GPS co-ordinates facilitates environmental terrorists harassing farmers weekly going about their business by using low-flying aircraft to scare livestock, in some cases to death?

**The Hon. IAN MACDONALD:** I have made it clear that I do not agree with people allegedly flying low over properties doing this sort of activity. I do not think that helps the debate in any shape or form.

**The Hon. DUNCAN GAY:** You are a very experienced flyer, too.

**The Hon. IAN MACDONALD:** However, I believe that information that I would regard as pertinent to property vegetation plans and what is going on throughout New South Wales as these plans are rolled out, I do not think that having information of that sort about the plans is a great threat to the safety or the lives of the individuals concerned. I believe this has been blown out of all proportion.

**CHAIR:** I would ask that the word "terrorist" not be used in terms of it being a emotive subject. I do not think it is necessary to accuse people of being terrorists in this context.

**The Hon. IAN MACDONALD:** I have not used it.

**The Hon. RICK COLLESS:** Are you aware of reports that an aircraft belonging to a Mr Robert Bingley-Pullen from Mosman, registration number VHDAF, was observed flying low over a Canbelego property on Monday 14 August?

**The Hon. IAN MACDONALD:** Was I aware of allegations about a low-flying aircraft out in the Cobar area, is that what you asked me?

**The Hon. RICK COLLESS:** Yes.

**The Hon. IAN MACDONALD:** Yes, I am aware that there are allegations in relation to it.

**The Hon. RICK COLLESS:** Did your staff receive a report of an allegedly illegal clearing activity on Monday 14 August or Tuesday 15 August on that property near Canbelego?



**The Hon. IAN MACDONALD:** I do not know if my office did. I certainly did not.

**The Hon. RICK COLLESS:** Who was the person who furnished that information to your staff?

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

**The Hon. RICK COLLESS:** Who was the staff who received that information?

**The Hon. IAN MACDONALD:** I will have to take that on notice as well. I am not aware—

**The Hon. RICK COLLESS:** What was the nature of that information?

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

**The Hon. RICK COLLESS:** You do not know very much. Who gave the direction to the Dubbo-based compliance officer to investigate the complaint?

**The Hon. IAN MACDONALD:** I will take that on notice. I presume it would have been the Compliance Division of the department in some shape or form. I do not get involved in these operational matters, and I am not going to get involved. It is up to the Compliance Division to make its decisions. I made no decisions in relation to any complaint whatsoever.

**The Hon. RICK COLLESS:** What was reported back to you and/or the Director General following your directions to the officer?

**The Hon. IAN MACDONALD:** My directions? I just said I do not make operational directions.

**The Hon. RICK COLLESS:** Has a property inspection been carried out on that property?

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

**The Hon. RICK COLLESS:** What was the outcome of that inspection? Was the landholder operating legally or illegally?

**The Hon. IAN MACDONALD:** I will take it on notice.

**The Hon. RICK COLLESS:** What actions do your compliance officers implement to ensure that any information submitted to you about illegal land clearing is information that is legally obtained?

**The Hon. IAN MACDONALD:** Illegally obtained?

**The Hon. RICK COLLESS:** Legally obtained.

**The Hon. IAN MACDONALD:** I would think if it were legally obtained it would be able to be used. It would be.

**The Hon. RICK COLLESS:** But do they check to see that it is legally obtained?

**The Hon. IAN MACDONALD:** With compliance I think they would check beforehand. I would assume that.

**The Hon. RICK COLLESS:** Would you accept that information has been legally obtained if it were suspected that an aircraft in question was operating at altitudes of less than 500 feet above the ground?

**The Hon. IAN MACDONALD:** I do not work for the Civil Aviation Safety Authority. If people have those allegations and can sustain them, they should put them forward to the appropriate Federal authorities.

**The Hon. RICK COLLESS:** But the question is: if you are aware that information has been illegally obtained, do your compliance officers still accept that information?

**The Hon. IAN MACDONALD:** I told you I did not know. I do not know what you are talking about. I have told you that I do not get involved in operational matters. I did not know of either the complaint or who made the complaint.

**The Hon. RICK COLLESS:** You do not know much for a very serious issue.

**The Hon. EDDIE OBEID:** Why do you not tell us, if you know?

**The Hon. DUNCAN GAY:** When we had Minister Campbell here talking about the Metropolitan Water Plan, he indicated that, although he was responsible for that, catchments, dams and ground water fell under the portfolios of Environment and Natural Resources. Would you be comfortable in answering questions on ground water?

**The Hon. IAN MACDONALD:** Within the metropolitan area, is that what you are talking about?

**The Hon. DUNCAN GAY:** Yes.

**The Hon. IAN MACDONALD:** We will see. Fire away.

**The Hon. DUNCAN GAY:** Is it your portfolio?

**The Hon. IAN MACDONALD:** Yes, we have management of ground water issues.

**The Hon. DUNCAN GAY:** The Government indicated that it shelved the desalination plant because of the discovery of new ground water near Kangaloon and Leonay. Can you tell me when this new ground water was discovered and indicate the report that arrived to you indicating that this was new ground water?

**The Hon. IAN MACDONALD:** I would have to take that question on notice. The Sydney Catchment Authority would be the lead agency in relation to this.

**The Hon. DUNCAN GAY:** Would I be correct in putting to you that the ground water that the Government is describing as "new" comes out of a report of 1999 called "The Blue Mountains Sandstone Aquifer Status Report" by the Department of Land and Water Conservation and the "Southern Highlands Technical Status Report of March 1999" by the Department of Land and Water Conservation, which indicated that there were 221 gigalitres a year available. Would my assumptions be correct that these reports are what the so-called new water was based on?

**The Hon. IAN MACDONALD:** No, my understanding is that there has been an ongoing drilling program in the area and what has occurred is that significant volumes of water have been confirmed through that drilling program and the information that was released to the public of New South Wales was based on the new assessment of the volumes that could be available.

**The Hon. DUNCAN GAY:** The fact is that it was the old plans; there were not any new plans?

**The Hon. IAN MACDONALD:** No, you did not listen to me.

**The Hon. DUNCAN GAY:** I listened to you.

**The Hon. IAN MACDONALD:** Okay, you listened to me but you did not understand. We know that there are many aquifers across the State. The situation is that if we are able to confirm

through a drilling exercise, which has been going on, a far greater amount of sustainable yield, it is in effect new water. If it is much larger in effect than what was originally thought might be available, then it is new water.

**The Hon. DUNCAN GAY:** Could you take on notice copies of plans that indicate that there was water exceeding the water detailed in these two reports?

**The Hon. IAN MACDONALD:** Yes, I will take that on notice, and point out that recharged values and all of these are part of working out precisely what that aquifer is capable of doing.

**The Hon. DUNCAN GAY:** Have you or your department undertaken any studies into the degraded nature of the Hawkesbury-Nepean River system?

**The Hon. IAN MACDONALD:** In the last year or in the past?

**The Hon. DUNCAN GAY:** In the last three to four years?

**The Hon. IAN MACDONALD:** I am not sure what happened under DIPNR. I am sure there have been a number of studies done and I will take it on notice. I do not recall a major one being done in the year that I have been Minister for Natural Resources.

**The Hon. DUNCAN GAY:** Does the condition of the Hawkesbury-Nepean River and the requirement for environmental flows come under your department?

**The Hon. IAN MACDONALD:** Yes, to a large degree, although I must say that there are other agencies that have some input in relation to it.

**The Hon. DUNCAN GAY:** What are the other agencies?

**The Hon. IAN MACDONALD:** I think you will find that the Department of Environment and Conservation would have some role in it all and the CMAs.

**The Hon. DUNCAN GAY:** Would you be shocked to hear that Minister Campbell indicated that this was solely a matter for Natural Resources?

**The Hon. IAN MACDONALD:** I would not be shocked about anything in life, but that is a good view. I think I have key role in it, yes. There is no question about that.

**The Hon. RICK COLLESS:** While we are on the issue of ground water, are you aware of the situation in the lower Gwydir ground-water area where a landholder has an allocation of 980 gigalitres a year from ground water and also has a high flow surface water licence, which he sometimes uses to supplement his ground water. When he uses the high flow he does not use the ground water, so he has actually been using his ground water very conservatively. That is very definitely reflected in his usage patterns over the years, yet his history of use now is being averaged out on what he has actually pumped out of the ground rather than what he has put on his crop. But in the dry years, when he does not get that high flow water, he is totally reliant on his ground-water allocation. His ground-water allocation now has been cut back dramatically to reflect his history of use, yet he has been saving water on behalf of all water users.

**The Hon. IAN MACDONALD:** Yes. My understanding is that this process has been applied generally across the State to find an appropriate mechanism through the issues of getting our aquifers sustainable. I could go into some great length about the issues attendant to this—

**The Hon. RICK COLLESS:** Just answer the question, Minister.

**The Hon. IAN MACDONALD:** From the policy of across-the-board cuts that were originally proposed.

**The Hon. RICK COLLESS:** What is the across-the-board cut in the lower Gwydir ground-water area?

**The Hon. IAN MACDONALD:** Sorry, we have gone now to history of use? I am talking about the previous policy of basing everything on across-the-board cuts, which was rejected in the agreement between my predecessor and John Anderson.

**The Hon. RICK COLLESS:** Okay, so do you understand now this particular landholder's dilemma because he has had his ground water licence cut back from 980 megalitres to 333 meg a litres and he has a 1,340-megalitre high flow licence, which he does not get most years; he needs the ground-water licence as his security.

**The Hon. IAN MACDONALD:** I can understand that there are probably some difficulties in the methodology that do not just apply to the Gwydir. In trying to wind through these to get sustainable aquifers across the State, it has required a lot of review work between the Commonwealth and the State to find some solutions.

**The Hon. RICK COLLESS:** Is there an anomalies committee for the lower ground-water users?

**The Hon. IAN MACDONALD:** I understand that such a concept is in place and I suggest that—

**The Hon. RICK COLLESS:** Yes or no. It is or it is not?

**The Hon. IAN MACDONALD:** My understanding is that it is, yes, and he should refer that matter to them.

**The Hon. DUNCAN GAY:** Do you believe that New South Wales is suffering from severe water shortages?

**The Hon. IAN MACDONALD:** Gee, that is a difficult question. I think that the last nine months that we have gone through is one of the driest and hottest periods on record. There is no question about that. Most of our storages are at lower levels, which will impact dramatically, potentially, on allocations later this year.

**The Hon. DUNCAN GAY:** Why then did the Premier suggest on 30 July 2006, "In New South Wales we have secure supplies for the next decade and a half"?

**The Hon. IAN MACDONALD:** I do not know. I have not seen that particular quote, so I am not exactly sure what he might have been referring to. I will have a look at that and I will give you a reply.

**CHAIR:** How and when will you ensure that flood-plain harvesting becomes adequately regulated and measured to protect security of downstream landholders' rights and the environment?

**The Hon. IAN MACDONALD:** I have got a lot of information on this for you. The flood-plain policy is currently being developed. It is part of the Government's strategy for dealing with issues on the flood plain and we believe it is a positive way forward in the management of the State's water resources. We are in the process of finalising a harvesting policy. The new flood-plain harvesting policy represents a significant improvement in the manner in which flood-plain harvesting operations are undertaken.

This policy is an integral part of this Government's strategy for dealing with the issues on the flood plain. Other initiatives include a renewed focus on flood plain planning and a review of the flood plain development assessment procedures. Flood plain harvesting predominantly occurs in the north west slopes and plains of New South Wales. It is a feature of irrigation enterprises—the border rivers, the Gwydir, Namoi, Barwon, Darling and lower Macquarie river networks. There are also other isolated examples. I could continue but suffice to say that we are in the process of drafting the flood plain management and harvesting strategy.

**CHAIR:** My question, I guess, really revolved around how and when.

**The Hon. IAN MACDONALD:** When will it be released?

**CHAIR:** Yes. Whenever you are going to release it, when will we see the department ensuring that flood plain harvesting is being adequately regulated—how and when? I mean, do you have a timetable?

**The Hon. IAN MACDONALD:** Yes. At the moment the Department of Environment and Conservation, the Department of Natural Resources and the Department of Primary Industries and State Water are engaged in these discussions. We have not concluded them at this point, but we obviously need to adopt a policy in relation to this. After all, it is an issue that we need to focus on and resolve. But I do not have the specific time frame at this point.

**CHAIR:** Can you take that on notice?

**The Hon. IAN MACDONALD:** Yes.

**CHAIR:** As it is something that you have not planned out yet, I am just wondering where your planning is up to. Can you get back to the Committee with a timetable?

**The Hon. IAN MACDONALD:** Yes, I will.

**CHAIR:** Thank you. Minister. You have stated that flood plain harvesting is included within the integrated quantity and quality models [IQQMs] for the Gwydir and the Namoi. What studies have you done to determine the volumes of water harvested? What are the figures held by your department on the estimated amount of water harvested in these and other New South Wales valleys? Do these figures include just bona fide licensed works, or all the illegal works as well?

**The Hon. IAN MACDONALD:** Well, obviously, we would have to take into account what happens to the overall volume of water, so it would include looking at what may be illegal harvesters as well as what is legally taken.

**CHAIR:** Do you have any figures or indications, or can you get any figures on the volumes that are harvested?

**The Hon. IAN MACDONALD:** I will get that material.

**CHAIR:** I appreciate that the legal harvesting must be difficult, but you must have some general idea. Would that not be the case?

**The Hon. IAN MACDONALD:** I am not sure whether we even have a general idea, but I will get you the figures.

**CHAIR:** Minister, what evidence do you have from audits, assessments or studies that detail water harvesting volumes on unregulated systems and from so-called rainfall harvesting? What evidence do you have that shows that these volumes are so minimal that they do not need to be included within the CAP, IQQM models and the flood plain harvesting policy?

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

**CHAIR:** I was hoping to get some interesting figures.

**The Hon. IAN MACDONALD:** Yes, I am good at figures.

**CHAIR:** When will you do a study to assess the extent of flood plain harvesting within the Macquarie Valley, given that it is now clear that flood plain harvesting does exist in the Macquarie and that it must be included in the IQQM?

**The Hon. IAN MACDONALD:** The Macquarie River is one where the Government has set a priority because of the importance of the Macquarie Marshes in delivering a program to provide

substantial relief in that area. You might be aware that over a year ago we announced that we would be spending \$13.4 million on acquiring water for the marshes. We have already spent some of that. The Commonwealth recently announced that it was matching that in an announcement by Malcolm Turnbull. We have received a number of allegations of illegal flood plain harvesting for one purpose or another. These are now being investigated by the department.

**CHAIR:** Thank you, Minister. Can you give a commitment to assess flood plain harvesting in the Macquarie?

**The Hon. IAN MACDONALD:** I think I can safely assure you that we will have a review of that and a good look at it.

**CHAIR:** Do you have a time frame on that process?

**The Hon. IAN MACDONALD:** We have a lot of priorities, particularly with the National Water Initiative and other matters. I could not put a time frame on it, but I will get back to you on it.

**CHAIR:** Thank you.

**The Hon. IAN MACDONALD:** The policy is clearly the first step for flood plain harvesting.

**CHAIR:** Yes. I think you would appreciate there is a lot of interest in just getting that assessment, in getting some indication of just what the Government perceives it is dealing with in that situation.

**The Hon. IAN MACDONALD:** Yes.

**CHAIR:** Do you acknowledge that, where necessary, some flood plain works will need to be removed where they have negative environmental impacts to bring harvesting under CAP, and where they will take or interfere with environmental water?

**The Hon. IAN MACDONALD:** I would have to see and receive information in relation to any of these structures before I could commit to any particular statement about removal, but there is some work being done in relation to it, as I said before—allegations of illegal harvesting in the Macquarie Marshes area. We would have to carefully consider what action we would take.

**CHAIR:** If that is the case, would you commit to acting on that?

**The Hon. IAN MACDONALD:** I will have a look at the situation and give an appropriate reply to your question on notice.

**CHAIR:** If you do find that there are those anomalies, would you commit?

**The Hon. IAN MACDONALD:** Our position has been that we are not going to stand by and allow illegal activity to be conducted. I have made that clear in other areas of natural resources.

**CHAIR:** Thank you, Minister. The Macquarie water-sharing plan [WSP] says that flood plain harvesting is included within the long-term extraction limits, but you have stated that flood plain harvesting has not been included in the IQQM. How is your department ensuring that current extraction is not exceeding the statutory extraction limits within the WSP, especially given recent evidence that there is flood plain harvesting in the Macquarie?

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

**CHAIR:** Minister, you stated that flood plain harvesting was not included in the IQQM in an answer to questions on notice from me in May 2006. What evidence do you have to show that you are including flood plain harvesting within the long-term extraction limits for the Gwydir and Macquarie rivers, currently given that you are not clear on the volume of water harvested in those areas? Do you acknowledge that current extraction may exceed the statutory limit imposed under the WSP?

**The Hon. IAN MACDONALD:** As I said, we are framing a policy at the moment to handle the issues of flood plain harvesting, and that is our priority. We are investigating where we believe there are possible breaches, which we will act upon. The rest of your question is down to considerable detail. I am quite happy to take it on notice.

**CHAIR:** But do you have evidence to show that you are including flood plain harvesting within the long-term extraction for the Gwydir?

**The Hon. IAN MACDONALD:** Generally, if we are going to do a harvesting program and policy, it would have to definitely be related to what is permissible to extract—clearly.

**CHAIR:** Thank you, Minister. We recognise that works licensed for flood control or water delivery must be environmentally assessed where used for harvesting, especially given that your current harvesting policy commits to having a proper environmental impact assessment underpinning licensing. Large channels 10 kilometres long and 15,000 megalitre storages in the Gwydir Valley were not assessed on their flood plain harvesting impact, yet harvest substantial amounts of water.

**The Hon. IAN MACDONALD:** I am not sure what the policy was a few years back, but surely in our new policy we will be looking at these various issues. Some of these policies that have gone on in some of the valleys were sort of formed a considerable time ago. Clearly over the next period we will have to look at how we manage issues of flood plain harvesting and it would have to be related to the volume of water that would be available.

**CHAIR:** When will your department ensure that such developments undergo an EIA? When will you ensure that there is a full statewide environmental impact assessment for all flood plain development?

**The Hon. IAN MACDONALD:** I understand that there is a process that requires information from the proponents that gets towards the environmental assessment, so I will take it on notice and give you a fuller answer.

**CHAIR:** Hatton put in a 15,000-megalitre storage on Lenore Creek, a major Gwyder tributary, with no EIA. There is another 10-kilometre long channel between the river pump and dam and I do not think there was an EIA on the channels. Another example is the Seery development, which had no adequate EIA but ecologists flew over the wetlands with a survey crew. Are you aware of those particular issues?

**The Hon. IAN MACDONALD:** I will have to take it on notice. What year did that happen?

**CHAIR:** I do not have a date. I will have to get back to you on that. Perhaps I will provide it to your staff. Will you honour the commitment to have an EIA on the proposal for a three gigalitre storage dam on the Gwyder River?

**The Hon. IAN MACDONALD:** I always honour my commitments.

**CHAIR:** We will just worry about this one, I suppose.

**The Hon. IAN MACDONALD:** I will take it on notice.

**CHAIR:** What information does your compliance department have about environmental water being allegedly stolen in the Macquarie Marshes?

**The Hon. IAN MACDONALD:** I said we are investigating a number of instances around the Macquarie Marshes, as well as other parts of the State.

**CHAIR:** When you say "investigating", how serious is the investigation? How detailed is it? Basically, it is environmental water theft. Will you ensure that environmental water is not stolen in other New South Wales rivers? Can you give a commitment to follow through on what is basically water theft, with a deadline?

**The Hon. IAN MACDONALD:** I will certainly take that question on notice. I might add that in recent times we have successfully prosecuted a number of people for various offences relating to taking water when they are not entitled to it. As I said, we are doing investigations in that region at the moment, but I make it clear to you that I will not get involved in the operational side of the department.

**CHAIR:** In relation to the Macquarie Marshes matter, I put it to you that insufficient funding has been allocation to compliance because of issues around water theft and illegal vegetation clearing.

**The Hon. IAN MACDONALD:** I would dispute that. I believe that the compliance division has an adequate funding base and is competently investigating a number of matters on both those acts you are talking about. Also, in recent times I appointed a new executive director to manage that area who has a very good record of incredibly competent public service.

**CHAIR:** That is wonderful. What information is publicly available on the department's compliance activities?

**The Hon. IAN MACDONALD:** It is a bit like asking the police force how much public information is available on its investigations. My view is that if investigations are to be conducted without being compromised by public disclosure and debate, making information available publicly would not be a good thing. It is better that the department conduct its activities. If you ask me to give you a report about the success in various areas over recent times, I am quite happy to provide that in written form and in general terms so that you can have a think about it. But I will not comment on individual cases.

**CHAIR:** I will put it to you another way. How many compliance actions and prosecutions have there been? Even if I am asking the police department in the circumstance it is a fair call, would you agree, if prosecutions have occurred on water resource issues in the past two years, for example?

**The Hon. IAN MACDONALD:** I will supply you with those figures on notice.

**CHAIR:** Do you intend to honour the policy commitment to stop new or expanded flood plain harvesting, particularly given commitments under the national water initiative to return overused rivers to sustainable levels of extraction?

**The Hon. IAN MACDONALD:** I think I have sort of answered that several times. You might not like the answer in its entirety. I might add that something useful to know in relation to water is that one of the great strengths of New South Wales, which is accepted at the NDBC level, is that we are in fact 1600 gegalitres below cap, and we are the only State to have that in relation to extractions.

**CHAIR:** Where is it going?

**The Hon. IAN MACDONALD:** If it would rain, I am sure it would be going to the environment, but we have a great difficulty at the moment in that we have the longest drought in 100 years and very low capacities in all our dams across the State.

**The Hon. DUNCAN GAY:** No, there are 50 years, according to the Premier.

**The Hon. IAN MACDONALD:** Sorry?

**The Hon. DUNCAN GAY:** There is 15 years water, according to the Premier.

**CHAIR:** Do you acknowledge that laws and the long-term extraction limit within the WSP in the Gwyder, Namoi and Macquarie systems may be being breached due to illegal flood plain works and lack of knowledge held by the department on flood plain harvesting?

**The Hon. IAN MACDONALD:** I will send you my previous answers.

**CHAIR:** So you do not acknowledge that?



**The Hon. IAN MACDONALD:** No. I will send my previous answers. We look at all instances of complaints about illegal activity.

**CHAIR:** Regarding groundwater, what evidence does your department take into account in determining whether or not to issue new groundwater licences in New South Wales?

**The Hon. IAN MACDONALD:** There would be a number of factors, but certainly the available water in the aquifer would have some major role. Basically, when we are looking at an aquifer to get sustainable groundwater management we are attempting to get sustainable yield and we calculate that for individual groundwater sources. Sustainable yield is based on the recharge of the groundwater source while preserving some volume for environmental water. Basically, it is the amount of water that can be extracted without diminishing the source in the long term. For those groundwater sources covered by a water sharing plan, the sustainable yield to an extraction limit is defined in the plan. Once the extraction limit has been determined, the volume required for stock, domestic and town water supplies is set aside and the remaining water up to the extraction limit is available for commercial purposes. So we have a strict and solid policy of determining the overall usage that can be gained from a particular aquifer and then we would be looking at licences and how they would operate within the available usage.

**CHAIR:** What is the Government's policy about new licences in groundwater areas determined to be overallocated? What is in place to give us confidence that no new licences will be accepted?

**The Hon. IAN MACDONALD:** We do not allocate to areas where we believe that they are fully allocated. You just cannot get a borer licence in an aquifer which we believe is fully allocated.

**CHAIR:** I know you like to be scientifically driven in these estimates, but does the department have enough information and evidence for groundwater systems around the State to make such determinations?

**The Hon. IAN MACDONALD:** I believe we have collected evidence for some time. We have made a lot of assessments about aquifers across the State. New licences will be issued only if it is determined that there will be no significant impact on the groundwater source and existing users.

**CHAIR:** If you had to deal with a proposal for a larger storage dam on one of our seriously overallocated inland rivers, what aspect of your portfolio would you prioritise?

**The Hon. IAN MACDONALD:** Prioritise?

**CHAIR:** Yes.

**The Hon. IAN MACDONALD:** In Natural Resources? I do not quite follow your question.

**CHAIR:** In any of the areas of your interest, be it Primary Industries or Natural Resources?

**The Hon. IAN MACDONALD:** Between my portfolios?

**CHAIR:** Yes.

**The Hon. IAN MACDONALD:** I would assess the situation on the advice of departmental officers of both. If you are talking about a dam, I assume you are talking about a dam of some significance?

**CHAIR:** Yes.

**The Hon. IAN MACDONALD:** It would almost certainly go before a budget committee, Natural Resources committee, and would be made as a decision of several members of Cabinet. It would not be my decision alone, I suggest.

**CHAIR:** Similarly, if you had a proposal for a longwall mine near a major river system, what aspect of your portfolio would you prioritise?

**The Hon. IAN MACDONALD:** I do not prioritise any sections of my portfolio. I evaluate the evidence put forward by my respective departments and make a judgment, after receiving that evidence.

**CHAIR:** Minister, would you concede—and it has often been said that you have absolute broad overview of many areas of Natural Resources and Primary Industries activities—that in your current portfolios there is a conflict of interest?

**The Hon. IAN MACDONALD:** I do not think there is a conflict of interest any more than when I had Agriculture and Fisheries, and both those areas had production roles as well as regulatory roles. I saw no difficulty there. You get the advice from your department. Generally departments would debate the issues and I would act on their advice. There are heaps of situations in departments across New South Wales where you have both regulatory and other roles. You get the advice and the departments debate the matter. They are both totally separate departments, the Department of Primary Industries and Natural Resources, and they are quite capable of having a good discussion.

**CHAIR:** Who makes the decision? You say the officers of both departments discuss it, both have quite different priorities, which is understandable.

**The Hon. IAN MACDONALD:** Oh, no.

**CHAIR:** If they are not represented by different Ministers going into bat—most notably there could be Primary Industries situations and Environment situations, where you have two Ministers going into bat for their particular portfolio—surely that is a basic driver for fair governance in these areas where there is obviously a dispute. You have no competition. You are the one Minister and you could get conflicting advice from people in your bureaucracies. So, who is making the decisions?

**The Hon. IAN MACDONALD:** It does not work that way. For instance, the sorts of issues you would be involved in, the Department of Environment and Conservation would have a big say anyway. If it is a serious issue of a high order it would go to the Natural Resources committee of Cabinet, on which a number of people sit.

**CHAIR:** Minister, would you acknowledge that the Riverina region is one of the most poorly reserved and highly threatened bioregions in New South Wales?

**The Hon. IAN MACDONALD:** I do not make judgments like that; I leave that to the scientists.

**CHAIR:** Has anyone given you any information regarding that issue?

**The Hon. IAN MACDONALD:** I receive a lot of information, but I go on advice, Chair.

**CHAIR:** It has been recognised by both the National Land and Water Resources Audit and the National Reserve System Report that it is one of the highest priority bioregions for consolidating protected area systems in Australia. Would you agree with that?

**The Hon. IAN MACDONALD:** It is their statement; I presume that is how they feel about the world.

**CHAIR:** Are you aware that only 1.9 per cent of the Riverina bioregion is protected in national parks nature reserves in New South Wales?

**The Hon. IAN MACDONALD:** You will be pleased to note that the Department of Environment and Conservation has recently purchased a rather large property there, with 17,000 hectares of red gum on it.

**CHAIR:** That was talked about at last year's estimates hearings as well. It is only so long that you can run on that one.

**The Hon. IAN MACDONALD:** Yes, but it is a pretty good effort. It cost a considerable sum, of which I am not aware.

**CHAIR:** Nevertheless, in the Murray Fans subregion, where most of the river red gum State forests are located, there is no reserve at all, 0 per cent in reserves.

**The Hon. IAN MACDONALD:** I am not sure if it is zero.

**CHAIR:** My understanding is that that is the case; there are no reserves. There is only a single, tiny national park reserve along the entire length of the Murray River in New South Wales. Given those facts, why has the New South Wales Government not conducted a regional assessment of river red gum forests, as it has for all other forested regions in New South Wales?

**The Hon. IAN MACDONALD:** The Government has not made a decision to do that at this time.

**CHAIR:** Can you give a reason for that?

**The Hon. IAN MACDONALD:** The Government has not made that decision.

**CHAIR:** You think it is not a priority?

**The Hon. IAN MACDONALD:** I am not saying it is not a priority, or otherwise. The Government has not made a decision.

**CHAIR:** Given that these are incredibly iconic internationally significant river red gum forests, why has there not been a move on that? Surely in your portfolios you would have an interest in protecting those iconic areas?

**The Hon. IAN MACDONALD:** I have an interest in all sorts of levels of the Riverina area. I assume that at some point in future the Government will look at those issues.

**CHAIR:** Is this just going slow on this issue because of the Government's honourable member for Murray-Darling, and Country Labor, and vested interests in the timber industry?

**The Hon. IAN MACDONALD:** I would not say that that is all linked up.

**CHAIR:** He has come out very strongly against any protection of these areas?

**The Hon. IAN MACDONALD:** Well, he is allowed to have his own view about those areas. He lives and works in them, obviously he has a very well-founded interest in that region.

**CHAIR:** Would it not be reasonable that the New South Wales Government commit to undertake a forest assessment of that region?

**The Hon. IAN MACDONALD:** The Government has made no decision to conduct a regional forest assessment [RFA] in that region.

**CHAIR:** You will not give a commitment to conducting a forest assessment in the Riverina catchment, and set a deadline for its completion?

**The Hon. IAN MACDONALD:** It is not my decision to do such.

**The Hon. DUNCAN GAY:** Is it the responsibility of the Minister for the Environment?

**The Hon. IAN MACDONALD:** It would be a Government decision.

**CHAIR:** But as Minister for Natural Resources, surely you would have an interest?

**The Hon. IAN MACDONALD:** There is no question that I would have a role in it.

**CHAIR:** What is your view, Minister? Is this something that should no be undertaken?

**The Hon. IAN MACDONALD:** I have only Government views. The Government has made no decision at this point to have an RFA.

**CHAIR:** We have had RFAs in other areas. Is it not reasonable? Can you understand that these are the not the dreaded green extremists, or something like that, but there is a genuine concern for those iconic areas?

**The Hon. IAN MACDONALD:** I think you will find that in general terms the conduct of the activities of New South Wales forests in the area are of the highest standards. They are protected under Ramsar. Lots of work is done there to ensure that the forests are sustainably harvested in that area. In due course, the Government will make its decision, if it feels it appropriate to do so.

**The Hon. RICK COLLESS:** Minister, will you reinforce what you told the Committee in answer to my first few questions about the issue of the property vegetation plan [PVP] offset at Cobar of 1:100? I think you said that that had been reduced to 1:15. Is that correct?

**The Hon. IAN MACDONALD:** My understanding and advice was that in an instance at Cobar, where there was a 1:100 and asked for, that it involved threatened species. There has been some reduction in the offset, in the order of 1:15. I am not 100 per cent certain whether it is the same property that you are talking about.

**The Hon. DUNCAN GAY:** You were certain earlier.

**The Hon. RICK COLLESS:** You were certain earlier.

**The Hon. DUNCAN GAY:** We gave him the name of the property and he was certain.

**The Hon. IAN MACDONALD:** No, I do not know whether he named the property. Are we talking about Oxley Downs? Is that the one we are talking about?

**The Hon. RICK COLLESS:** Correct.

**The Hon. IAN MACDONALD:** My understanding is that the Central Western Catchment Management Authority has reduced the ratio 15 to one. My understanding—and I will check this—is that this deals with threatened species issues. That is my understanding. The problem with the *Sunday* program is that the whole discussion we had was about integrated management strategy [IMS]. This example does not deal with IMS.

**The Hon. RICK COLLESS:** So you are saying now that the property Oxley Downs has had its property vegetation plan [PVP] offsets reduced from one to 100 to one to 15?

**The Hon. IAN MACDONALD:** That is my understanding. That is my advice.

**The Hon. RICK COLLESS:** Correct me if I am wrong, but is the landholder there Mr Rob Chambers?

**The Hon. IAN MACDONALD:** I do not know the name.

**The Hon. RICK COLLESS:** Perhaps somebody sitting in the back of the room could confirm this with you. This is an important point. Is that the landowner?

**The Hon. IAN MACDONALD:** I am not sure whether or not it is important.

**The Hon. RICK COLLESS:** Is that the landowner?

**The Hon. IAN MACDONALD:** I am not sure.

**The Hon. RICK COLLESS:** Perhaps you could take advice from your staff seeing as you are so big on taking advice from your staff. I need to know right now.

**The Hon. EDDIE OBEID:** Let him answer in the way that he wants to answer.

**The Hon. IAN MACDONALD:** Just calm down.

**The Hon. RICK COLLESS:** We need to know right now.

**The Hon. IAN MACDONALD:** Sorry.

**CHAIR:** Order! The Hon. Rick Colless can ask a question and the Minister can either take it on notice or answer it as he sees fit.

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

**The Hon. RICK COLLESS:** Minister, I am telling you now if it is Mr Rob Chambers you have misled this Committee. Our staff just spoke to Mr Rob Chambers and he said it is incorrect that his PVP offset has been reduced one to 15.

**The Hon. IAN MACDONALD:** That is the advice I received.

**The Hon. RICK COLLESS:** So is the advice you received incorrect?

**The Hon. IAN MACDONALD:** I assume that that is correct. But, then again, I am not giving the advice; I am rendering advice that has been given to me.

**The Hon. DUNCAN GAY:** So you have been given incorrect advice?

**The Hon. RICK COLLESS:** There is a roomful of people sitting behind you. I suspect that they would know the answer to that question.

**The Hon. IAN MACDONALD:** That is the advice that I have had. We will debate this at another time.

**The Hon. RICK COLLESS:** We sure will. Minister, I refer to the Independent Pricing and Regulatory Tribunal [IPART]. As you are aware, IPART released its draft determination for bulk water prices in New South Wales for the Department of Natural Resources [DNR] and State Water. One of the major issues that Murray Valley irrigators have is that they are having a lot of Murray-Darling Basin Commission [MDBC] costs passed on to them. The DNR, in its submission to IPART, said that up to \$73 million in MDBC costs would be passed through your department and on to irrigators. Has the DNR challenged those costs?

**The Hon. IAN MACDONALD:** As this is an important question I have some information for you. The setting of bulk water prices is an independent and transparent process undertaken by IPART. In making its determination the tribunal considers all submissions lodged with it, including those of the water users themselves. In September 2005 the Department of Natural Resources lodged a medium-term water resource management pricing submission with the tribunal for the four years starting 1 July 2006. This should be distinguished from the submission by the State Water Corporation for the cost of its bulk water delivery services.

It is important that I set the record straight on some of the misguided statements made by the honourable member for Murrumbidgee in relation to the water pricing process. State Water is responsible for infrastructure management and water delivery in regulated rivers only, that is, rivers whose water supply is regulated by major dams. The Department of Natural Resources is responsible for the assessment of available water, planning, monitoring and reporting for regulated rivers, unregulated rivers and ground water. These water management activities are essential for ensuring

bulk water can continue to be made available to water users on a sustainable basis into the future and to ensure environmental sustainability of the resource.

Contrary to the claims of the honourable member for Murrumbidgee the submission of the Department of Natural Resources clearly confirmed that there are no activities duplicated with State Water and, therefore, water users will not pay higher charges as a result of inefficient practices. The department met with the New South Wales Irrigators Council before lodging its submission to ensure that the council was informed of the key elements and drivers of water management activities in the submission. As I said at the outset, this is a fair and independent process—another thing that the honourable member for Murrumbidgee appears to have difficulty in understanding.

IPART even engaged consultants to review and provide independent advice on the pricing submissions of DNR and State Water. Adding to the transparency and fairness of the process, the consultant's findings were made available for public comment and taken into full consideration by the tribunal in setting a price path. This rigorous process resulted in savings in the efficient level of costs for water management services of some \$8 million per annum over the four-year period. The tribunal's inquiry process is nearing completion with a draft determination having been released and a further public hearing having been held in Sydney at the end of June.

IPART's final determination will be made in September 2006 following further consultation. The honourable member for Murrumbidgee also fails to recognise that the move towards full cost recovery for water is one of the key platforms of the national water initiative. On the one hand we have the Federal Coalition outrageously penalising New South Wales through suspended competition payments, despite us being the leading State in water reform and progress in the national water initiative. On the other hand we have the New South Wales Nationals praising the Federal Government for the national water initiative. I am sure we could deal with this issue in greater detail. I will provide that detail to the honourable member.

**The Hon. RICK COLLESS:** Thank you for that extended answer that did not really answer the question I asked. Have you challenged those costs—yes or no?

**The Hon. IAN MACDONALD:** Challenged the costs?

**The Hon. RICK COLLESS:** The costs that have been imposed through your department and passed on to irrigators by the MDBC.

**The Hon. IAN MACDONALD:** No, I have not challenged the costs.

**The Hon. RICK COLLESS:** Has the DNR been given any information about what the costs are? Has the department challenged their validity at all?

**The Hon. IAN MACDONALD:** You have to remember that a lot of our costs are driven by the MDBC. We are part of the \$500 million package that was put up by the Commonwealth at the end of the last financial year, which made it clear that it required a certain contribution from New South Wales. Those costs obviously form part of the assessment that has been made.

**The Hon. RICK COLLESS:** What steps does the DNR take to make sure there is sufficient transparency and accountability in those MDBC costs?

**The Hon. IAN MACDONALD:** As I understand it, we have been completing and working on an effective and transparent efficiency review in relation to these issues.

**The Hon. DUNCAN GAY:** But you have not got one yet?

**The Hon. IAN MACDONALD:** We are working on it.

**The Hon. RICK COLLESS:** As a member of the MDBC council you must be aware of the cost structures of that organisation? You would also be aware that irrigators have sought more information about these costs from both the MDBC and your department, but they have not received any information. Have you provided them with that information?

**The Hon. IAN MACDONALD:** We contribute annually to Murray-Darling Basin Commission costs, and we have for a long period. The New South Wales contribution for 2006-07 is \$26.34 million. Costs include capital works, river operations, natural resource management and administration. A portion of these costs are subsequently apportioned to New South Wales irrigators by IPART, based on submissions by State Water for operational costs and DNR for water resource management costs. IPART, in its draft determination, has recommended that the MDBC cost be borne by Murray Valley users only. DNR and State Water recently met with IPART to discuss this apportionment. As a result, DNR suggested a proposed method of equitably sharing water resource management costs throughout the basin. The end result, however, is for IPART to determine.

**The Hon. RICK COLLESS:** On the broader issue then of the IPART determination—

**The Hon. IAN MACDONALD:** I add that the MDBC has presented its cost structures, et cetera, to the service committee in the Murray region.

**The Hon. RICK COLLESS:** On the broader issue of the IPART determination, do you believe that irrigators should bear the full cost of managing rivers and delivering bulk water in New South Wales?

**The Hon. IAN MACDONALD:** The Council of Australian Governments [COAG] has signed an agreement, or an agreement has been signed by COAG, which potentially will lead, over time, to full cost recovery. That is the nationally agreed position.

**The Hon. RICK COLLESS:** Why then did your department make a submission to IPART asking for price increases for bulk water charges at above 100 per cent of full cost recovery in a number of valleys across New South Wales?

**The Hon. IAN MACDONALD:** For what? Bulk water?

**The Hon. RICK COLLESS:** Yes, for water charges above 100 per cent of full cost recovery. That happened in a number of valleys across New South Wales according to my information.

**The Hon. IAN MACDONALD:** I am not sure whether that relates to State Water.

**The Hon. RICK COLLESS:** It says it is your department.

**The Hon. DUNCAN GAY:** You can take the question on notice, Minister.

**The Hon. IAN MACDONALD:** I am quite happy to take it on notice. But IPART makes its determinations. I cannot tell IPART what to do. I met with IPART but I cannot tell it what to do. I can only put a position.

**The Hon. RICK COLLESS:** Why did you make a submission to IPART asking for price increases in excess of 100 per cent of full cost recovery in a number of valleys across New South Wales?

**The Hon. IAN MACDONALD:** You have to take into account that the NWI has a clear-cut position that we have to work towards full cost recovery. My understanding and the advice I have received is that we did not put in a submission asking for figures in excess of 100 per cent cost recovery in particular valleys.

**The Hon. RICK COLLESS:** Thank you.

**CHAIR:** Returning to the red gum resource, what is the total volume of red gum sawlogs currently allocated to the mills by Forests NSW? What was the total volume of red gum sawlogs allocated to mills for each of the past five years? Has the total volume of red gum sawlogs allocated to mills in the Riverina increased in the past five years and, if so, by what amount?

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

**CHAIR:** Thank you. Previous reviews by independent scientists to the New South Wales Labor Government have found that:

clearfelling of gaps greater than approximately 40m diameter is incompatible with optimal habitat tree protection and recruitment

and that:

Any creation of gaps of larger size must be undertaken with the expectation that hollow dependent fauna will decline.

How can you justify the use of gaps up to 80 metres in size in red gum forests in New South Wales by Forests NSW?

**The Hon. IAN MACDONALD:** I am not sure about the information that you are rendering. I am not sure whether that applies at all to red gum forests. All I can say is that Forests NSW operates to incredibly high standards in its red gum forests and we abide by many standards, environmental and otherwise, that I believe ensure that we are acting sustainably within that area.

**CHAIR:** Minister, I put it to you that Forests NSW has clear-felled even larger gaps in the region in breach of the licence condition on a Western Lands lease known as Weimby. Perhaps you would like to take that question on notice. That is my understanding of the situation.

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

**CHAIR:** Are you aware that Forests NSW logs intensively to within 20 metres of the Murray River? Would you agree that it is a national disgrace that such practices are occurring in Australia today? That is the information I have. I ask you to answer that question in light of what you said previously about the Forests NSW regime being of a high order.

**The Hon. IAN MACDONALD:** In relation to Weimby, which is a Western Lands lease, allegations were made of clear-felling. Forests NSW invited the Department of Environment and Conservation to assess the claims, which appear to be about a timber-harvesting operation completed in 2005. Department of Environment and Conservation officers inspected the alleged breaches and Forests NSW is providing the department with further information and comments following that inspection. Forests NSW does not employ clear-felling as a silvicultural technique. In mature eucalypt forests, like red gum forests, it employs single-tree selection or Australian group selection. These techniques involve removing single trees for a small group to allow natural regeneration of a new forest.

**CHAIR:** Does it fit in with your prescription of reasonable logging practice if logging is undertaken to within 20 metres of the Murray River?

**The Hon. IAN MACDONALD:** In relation to a stream. I am answering in terms of your clear-felling accusation. I am not sure exactly what is the—

**CHAIR:** The Murray River is hardly a stream.

**The Hon. IAN MACDONALD:** It is a stream; it is a big stream.

**CHAIR:** Thank you for that clarification.

**The Hon. IAN MACDONALD:** I am not sure about the actual point at which we cannot harvest to the point of the river. I am not going to make a judgment on that. I will get an answer on that.

**CHAIR:** Can I put it to you this way: If Forests NSW was permitting logging to within 20 metres of the Murray River, would you be concerned?



**The Hon. IAN MACDONALD:** Not necessarily. I would want to check.

**CHAIR:** Do you think it is reasonable practice to log within 20 metres of the Murray?

**The Hon. IAN MACDONALD:** I am not sure. I would have to take advice on that. The advice I have is that the harvesting that you may be referring to was in accordance with the licence issued by the Department of Environment and Conservation.

**CHAIR:** Do you think that is a reasonable practice regardless?

**The Hon. IAN MACDONALD:** I am not a scientist. I am many things, but I am not a scientist.

**CHAIR:** You rely on scientists when it is convenient. You constantly say on many issues that you rely on science. I am talking about the science of logging to within 20 metres of the iconic Murray River. If that is the case—and I can prove it is outside this Committee—would you be concerned and would you investigate the matter? Twenty metres is not much of a buffer zone from the Murray, would you not agree?

**The Hon. IAN MACDONALD:** I am not going to make a judgment on that. All I am saying is that the operation was conducted under a licence issued by the experts and the scientists in the Department of Environment and Conservation. Who am I to argue with them?

**CHAIR:** You do when it suits you.

**The Hon. IAN MACDONALD:** You argue with everyone when it suits you.

**CHAIR:** Exactly. Is it true that logging and patch clear-felling are currently allowed and are being undertaken in New South Wales in areas that have been identified as significant ecological assets, for example, Millewa and Koondrook-Perricoota, under the Living Murray process?

**The Hon. IAN MACDONALD:** The operations of Forests NSW are conducted under appropriate licences from DEC and abide by all the appropriate international standards.

**CHAIR:** You could give that answer every time on every issue. I am giving you specific instances. I would appreciate it if you could at least undertake to investigate the matter rather than giving a pap answer that relies on the integrity of your bureaucracy, which may be erring in this case. For example, if I show you pictures, which I have, of logging 20 metres away from the Murray—they are photographs of those practices taken from the river—would you investigate the matter and not have this blind acceptance of the veracity of your advice?

**The Hon. IAN MACDONALD:** I never have "blind acceptance".

**CHAIR:** I am sorry, but it certainly seems that way.

**The Hon. IAN MACDONALD:** If you would like to have the matter investigated you can ask me to do that. But you asked me for a personal view or a view of how I see the advice.

**CHAIR:** I am asking you to at least be open to the idea that your bureaucracy is not working the way you would like to think it is.

**The Hon. IAN MACDONALD:** If you ask me to investigate it, I might say yes—

**CHAIR:** I am asking you to investigate the issue.

**The Hon. IAN MACDONALD:** —instead of trying to create great walls of sound.

**CHAIR:** Do I have to squeeze an answer out of you? Will you investigate the matter?

**The Hon. IAN MACDONALD:** I am happy to give you a detailed response.

**CHAIR:** Thank you, Minister. Are you aware that recent studies have shown that 75 per cent of trees along the Murray are already showing signs of stress, decline or death due to changed water regimes?

**The Hon. IAN MACDONALD:** Ian, as you would appreciate, we have a massive drought in New South Wales. In fact, I was looking at some figures the other day that tend to suggest that the Murray River would have stopped flowing in May 2002 on the back of this drought and we would have had very little down it. In fact, there is a very good book released in recent times that I suggest you read called *Drought: The Red Marauder*—or something like that. There is a series of photographs in the middle of the book taken during droughts in 1921 and at the turn of the nineteenth and twentieth centuries of picnics being held in the bed of the Murray River.

I have got photographs of East who was Commissioner for the Murray in 1921 in his suit standing astride the Murray which was a trickle of water. Periodically we suffer severe droughts in this country; it is not a new phenomenon. I am sure at that time there would have been severe stress upon the river red gums in that region on the back of those droughts in which there was no water whatsoever. In this drought we have had storage, primarily out of the Snowy River system, which has enabled us on occasions, despite this drought, to release significant volumes of water in the order of 300 gegalitres last November/December to assist with watering of the red gums in that region and other regions.

I do not think one should paint the picture that somehow everything has just developed now. This country has had severe droughts. The Murray River has in fact stopped flowing on many occasions, which would have been a terrible environmental look, but in recent times we have been able to at least deliver, despite all the other commitments, via our significant storages in the southern alps significant volumes of water both for production as well as environmental purposes in those red gum forests. In fact, the Snowy borrow which involved a significant level of gegalitres of water to the rice industry was paid back with a significant environmental watering of that area.

To back up what I am saying the inflows into the Murray River in the past five years from 2001 to June 2006 and for the six months ending in July are the lowest on record. Currently Murray allocations are zero and 31 per cent carry over while the Murrumbidgee allocations are 18 with 14 deliverable before the end of February and about 13 per cent carry over. I am suggesting that the drought has had a huge impact upon the health of a lot of our red gums along the Murray River.

**CHAIR:** Fair enough, Minister. You have just made statements on percentages, but will you also give percentages still being allocated to industry along the Murray? If you are talking about drought let us look at the allocations to industry, which I am not saying they are not necessary allocations but it is too much that you blame the drought when there is still a lot of industrial extraction from that system.

**The Hon. IAN MACDONALD:** I said that in the Murray the allocations are zero for general use. The Murrumbidgee is a little higher, it is 18 per cent so everyone has taken a huge hit in this drought. It has affected the environment and industry. For instance, the year before last the rice industry went down from 1.7 million tonnes to about 350,000 tonnes and it could be less next year.

**CHAIR:** We are out of time for natural resources.

**The Hon. IAN MACDONALD:** I will provide a further written answer.

**CHAIR:** And I will give you some further questions on notice.

**ALAN COUTTS**, Acting Director General, Department of Primary Industries,

**GEORGE DAVEY**, Director General, NSW Food Authority, and

**CRAIG SAHLIN**, Executive Director, Policy and Science, NSW Foods Authority, affirmed and examined:

**The Hon. TONY CATANZARITI:** Will you please update this Committee on the activities of the NSW Food Authority to educate the consumers of New South Wales to help them make informed choices about the food they eat and to make sure they handle food safely?

**The Hon. IAN MACDONALD:** A very good question. Since its creation in April 2004 the NSW Food Authority has been a leader in the field of food safety, regulation education. Making sure the message about food safety gets to the public is one of the authority's priorities and it uses innovative campaigns to accomplish this. These campaigns are rapidly gaining attention internationally with the NSW Food Authority showing the way both at home and overseas. For example, last year the Food Authority launched a major campaign as part of this community education role, which aimed to provide reliable information on mercury levels in fish.

The mercury in fish campaign was launched at the Sydney Fish Markets and had the involvement and support of various government, medical, consumer and industry groups. The Food Authority has had several other successes in recent months, including a crackdown on the black market seafood trade, and successful prosecutions for fish substitution and butchers doctoring meat to sell to customers.

Perhaps one of the most important Food Authority campaigns was launched at the Royal Easter show this year—the Safe Kids' Lunch Box campaign. Research by the Authority's food scientists indicated up to 40 per cent of our school children were at a higher risk of food poisoning due to warm lunch boxes. That is because 40 per cent of our kids go to school without any way of keeping their lunches cool. The message is simple—pack a frozen popper drink or cooler block to keep food in the lunch box cool. This helps prevent the growth of potentially dangerous bacteria that can cause food poisoning.

The Authority created a wonderful web page showing the survey in details, with handy tips on how to pack a safe lunch. It is a great resource for our schools. It was a good story and was picked up by local media. But that's not all. I am advised that the campaign has attracted the attention of none other than the US Army. The US Army's Environmental Health Unit has asked the Authority for permission to use the campaign in US food safety article. This proves once again that the NSW Food Authority is increasingly being recognised as a centre of excellence in food safety, not just here in Australia but also overseas.

This also explains why the NSW Food Authority has recently won a tender to provide food safety risk communication training for the Food and Environmental Hygiene Department of the Hong Kong Administrative region. The NSW Food Authority's increasing focus on consumers is also reflected in the large number of new consumer fact sheets that have been produced last year. The NSW Food Authority's web site provides consumer advice in the form of fact sheets on a wide range of issues, including allergies, correct cooking temperatures, donating food, food safety risks of doggy bags, labelling, safe eating of raw meat, safe family feasts, safe food tips, and the list goes on and on. Furthermore, a large number of these fact sheets have been translated into community languages to ensure that everyone in the State has access to these important messages. And you might remember I informed the House late last year how the NSW Food Authority won the Public Relations Industry Association's National Golden Target Awards for Excellence in Community Communications.

The NSW Food Authority is planning to continue its important work in consumer education in the next year to get the message across. And the message is getting across. Consumers in New South Wales increasingly know how to find their way to the Authority's web site and contact centre. Both have experienced an increase in traffic over the past year and I am sure that will continue.

Another important point I would like to raise is the work we could do if the Howard Government would share its GST revenue fairly with New South Wales. The NSW Food Authority is currently preparing a business case for consideration by Treasury in conjunction with NSW Health to support consumer education initiatives around food choice. This will support the delivery of programs to educate consumers about food safety and help consumers make healthy food choices, and will focus on providing this important information and advice to a range of vulnerable groups in the community.

Providing an integrated approach to educating consumers on food choice issues will make an important contribution to public health outcomes. The choices made by consumers in relation to the purchase, preparation and consumption of food can lead to adverse public health outcomes. For instance, as much as 23.8 per cent of food-borne illnesses are linked to the home setting, largely around the preparation of food. The costs of food-borne illness to society are significant and I welcome any initiatives that help alleviate these costs.

There are also growing concerns worldwide about the complex issue of obesity, and this has focused attention on the role of preventative strategies. The central argument is that unhealthy diet makes a major contribution to the rising obesity problem, again with a huge cost to society. No doubt the NSW Food Authority would also be using some of its share of the \$3 billion for making further improvements to its IT infrastructure to further enhance stakeholder access to services and information and to enable administrative efficiencies that would benefit the industries.

**The Hon. DUNCAN GAY:** Minister, given your dorothy dixer question and how good you tell us the Food Authority is, why did you cut the Food Authority grant budget by \$97,000 in this year compared with the previous year?

**The Hon. IAN MACDONALD:** You have made this allegation, I see. If the budget papers are studied more closely, one will find that although the total funding has decreased this is put into perspective when you realise that it has actually increased for recurrent expenditure and decreased for capital expenditure. Total government funding has decreased by \$97,000, from \$12.523 million in 2005-06 to \$12.426 million in 2006-07.

**The Hon. DUNCAN GAY:** Could you concentrate that part, Minister? That is what my question is about.

**The Hon. IAN MACDONALD:** Let me finish. I am giving you the proper answer. The 2005-06 budget included \$1.1 million capital funding for the Paddock to the Plate IT project. If this amount is removed from the total of \$12.5 million funding, the amount of recurrent government funding is \$11.4 million. In addition, 2006-07 government funding includes \$0.7 million capital funding for the final stages of the Paddock to Plate project. When this amount is deducted from the total of \$12.4 million for the year, the amount of recurrent government funding is \$11.7 million, which is actually a \$300,000 increase on 2005-06 in real terms.

In relation to concerns about funding for the New South Wales Water Monitoring Program—actually called the New South Wales Shellfish Program—you should have been aware that the funding for this program has recently been reviewed, and a report will shortly be released for comment before any funding decisions are made in 2006-07.

**The Hon. DUNCAN GAY:** Thank you, Minister, for the answer to a question that I had not asked, but which I will ask later. How many prosecutions were made by the NSW Food Authority under the New South Wales Food Act in the 2005-06 financial year? Minister, there are a series of these questions, and if you do not have the answers would you take them on notice?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** How many cases went before Local Courts—what percentage?

**The Hon. IAN MACDONALD:** Just read them all out, and I will take them all on notice for you.

**The Hon. DUNCAN GAY:** Minister, you can try to answer some of them. There is no point my asking these questions of you or Mr Davey if you are going to indicate that you will take all of them on notice. If that is your intention, I can put them on notice and Mr Davey can go home.

**The Hon. IAN MACDONALD:** Well, that sounds all right!

**The Hon. DUNCAN GAY:** And we can bring you back! Minister, how many cases were there in total, that is, verbal advice, warnings, written warnings, improvement notices, prohibition orders and penalty notices?

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

**The Hon. DUNCAN GAY:** Can you provide details of breaches—for example, what operators were warned about?

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

**The Hon. DUNCAN GAY:** How many fines were handed out, and what were the total moneys received and/or receivable?

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

**The Hon. DUNCAN GAY:** Where were the moneys raised put?

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

**The Hon. DUNCAN GAY:** So you do not know where the moneys that your Food Authority raised were put?

**The Hon. IAN MACDONALD:** Treasury.

**The Hon. DUNCAN GAY:** Well, why didn't you answer that?

**The Hon. IAN MACDONALD:** I can answer how I like, Duncan. You have an answer.

**The Hon. DUNCAN GAY:** How many operators were suspended, and how many demerit points were received by each operator?

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

**The Hon. DUNCAN GAY:** Do you believe that the NSW Food Authority and local councils have an obligation to inform the public of serious breaches under the New South Wales Food Act? How many inspections did the NSW Food Authority carry out, and how many inspections did local councils carry out?

**The Hon. IAN MACDONALD:** I would have to get you that information. I will take that on notice.

**The Hon. DUNCAN GAY:** You do not know whether the Food Authority has an obligation or not?

**The Hon. IAN MACDONALD:** To what?

**The Hon. DUNCAN GAY:** To inform the public of serious breaches under the New South Wales Food Act?

**The Hon. IAN MACDONALD:** We have been doing that regularly. Read the papers.

**The Hon. DUNCAN GAY:** Well, reading the papers would indicate that you have not.

**The Hon. IAN MACDONALD:** That is not right.

**The Hon. DUNCAN GAY:** The question is: Do you believe you have an obligation to inform the public of serious breaches under the Act?

**The Hon. IAN MACDONALD:** We have been informing the public.

**The Hon. IAN MACDONALD:** We have been informing the public.

**The Hon. DUNCAN GAY:** The question is, do you believe that you have an obligation?

**The Hon. IAN MACDONALD:** We have been informing the public on every possible occasion.

**The Hon. DUNCAN GAY:** So you do not believe that you have an obligation to inform the public of serious breaches under the New South Wales Food Act?

**The Hon. IAN MACDONALD:** I am answering the question the way I want to answer it.

**The Hon. DUNCAN GAY:** You certainly are answering it the way you want to.

**The Hon. IAN MACDONALD:** True.

**The Hon. DUNCAN GAY:** But you are not answering the question. Are you aware that a prohibition order remains in place until a certificate of clearance is issued, and that if an inspection is not made within 48 hours of the receipt of the written request for an inspection a certificate of clearance is deemed to have been granted? On how many occasions, if any, has that occurred?

**The Hon. IAN MACDONALD:** We do not have that data here, so we will take it on notice.

**The Hon. DUNCAN GAY:** Has it occurred at all?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** But you will come back to me with the detail?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** In the 2005-06 financial year \$4,704,000 was budgeted for earnings in sales of goods and services, yet the revised figure is only \$895,000. Could you explain this rather large discrepancy?

**The Hon. IAN MACDONALD:** No, we cannot. We will have to look at it.

**The Hon. DUNCAN GAY:** Is it possible that this discrepancy could be due to bad budgeting?

**The Hon. IAN MACDONALD:** No. There is no bad budgeting in the department.

**The Hon. DUNCAN GAY:** A lack of confidence in the quality of your goods and services?

**The Hon. IAN MACDONALD:** I think you might have it wrong, but we will give you the written word. Show us the precise reference that you are going on.

**The Hon. DUNCAN GAY:** I do not have to show you that.

**The Hon. IAN MACDONALD:** That is true, you do not.

**The Hon. DUNCAN GAY:** It is based on the budget papers.

**The Hon. IAN MACDONALD:** Based on the budget papers

**The Hon. DUNCAN GAY:** Does the expert panel convened by the New South Wales Food Authority to advise it on dioxin contamination of seafood in Sydney Harbour also advise you?

**The Hon. IAN MACDONALD:** It advises the Food Authority.

**The Hon. DUNCAN GAY:** Does that advice flow on to you?

**The Hon. IAN MACDONALD:** Yes, it certainly would, but through the Food Authority. I go on the advice of the Food Authority.

**The Hon. DUNCAN GAY:** Why did you ignore its recommendation given in January that the maximum safe consumption levels of fish caught from Sydney Harbour should be changed from one meal a month to one meal every two months?

**The Hon. IAN MACDONALD:** I do not recall that at all.

**The Hon. DUNCAN GAY:** Will you check and come back to me? Will you take that on notice?

**The Hon. IAN MACDONALD:** Yes, certainly. My understanding is that we adopted its recommendations. That is my understanding.

**The Hon. DUNCAN GAY:** My understanding is that there was a delay.

**The Hon. IAN MACDONALD:** A delay?

**The Hon. DUNCAN GAY:** How does this align with your statement in the *Sydney Morning Herald* on 4 May 2006 that you have responsibility to get new information out to the public as soon as possible?

**The Hon. IAN MACDONALD:** I have no idea what you are talking about. When we received the advice of the expert panel I held a press conference virtually that same day or the next morning, and implemented the policy.

**The Hon. DUNCAN GAY:** How much money has been spent on advertising to inform the general public where and what they can fish, and do you believe that this advertising has been effective?

**The Hon. IAN MACDONALD:** Off the top of my head, and I will have it checked, I think we have spent around \$129,000 so far.

**The Hon. DUNCAN GAY:** Going back to the previous question, it was my understanding that there was a delay of two months from the time you received this information before you made it public.

**The Hon. IAN MACDONALD:** What? From the expert panel?

**The Hon. DUNCAN GAY:** Yes.

**The Hon. IAN MACDONALD:** You are joking.

**The Hon. DUNCAN GAY:** No, I am not.

**The Hon. IAN MACDONALD:** It is total nonsense.

**The Hon. DUNCAN GAY:** I am not the joke here.

**The Hon. IAN MACDONALD:** It is total nonsense.

**The Hon. DUNCAN GAY:** That is your answer. Given the small amount that you spent in advertising this serious health risk and this problem and where people can fish compared to the total amount that your Government has spent advertising themselves, can you understand why charter boat operators, and bait and tackle shop owners have complained of significant decreases in business since the closure of Sydney Harbour to commercial fishing?

**The Hon. IAN MACDONALD:** I have not, personally, seen evidence of that. There may have been some submissions made to the department or to my office, but I have not received any information that there is a downturn in fishing, that is recreational fishing activity, in the harbour.

**The Hon. DUNCAN GAY:** I could say, "Why do you keep yourself in denial about this matter?" Surely you are aware that approximately one half of the Sydney Harbour bait and tackle shops have either closed or will close in the next few months? In fact, there are six close to the harbour. Another one-third, that is two bait and tackle shops, is considering closing due to sales being down by approximately 40 per cent. When will your Government provide compensation or assistance to these businesses that are badly affected by the dioxin problem in Sydney Harbour through no fault of their own?

**The Hon. IAN MACDONALD:** I dispute that there is the sort of downturn related to the decision on dioxins in the harbour that you are alluding to. I have not seen that evidence. If people can present credible evidence to me in relation to that I am prepared to have a look at it. But I have not seen that evidence. I have had a look at the harbour in recent times and there is a plethora of recreational fishing activity going on around the harbour, with many people saying they are getting record catches given the fact that we do not extract several hundred tonnes of commercial fish out of there each year now.

**The Hon. DUNCAN GAY:** Do I take it from your answer that if I were able to bring the people with the documentary evidence that you would look at providing assistance to them?

**The Hon. IAN MACDONALD:** I would have a look at it. I make it clear, recreational fishing is not banned.

**The Hon. DUNCAN GAY:** The point is you have not advertised properly that it is not banned. Most people believe that it is banned. You spend more money on advertising yourselves than you do on looking after the people that you should look after.

**The Hon. IAN MACDONALD:** No, our advertising is devoted towards ensuring that people understand what is going on with government in this State. It is a community service, and an admirable one at that.

**The Hon. DUNCAN GAY:** When will the Government provide compensation or assistance to charter fishing boat owners in recognition that they have been locked out and, hence, cannot conduct business in part of their licensed area?

**The Hon. IAN MACDONALD:** Again, I do not have any great evidence that if there were a downturn there would be any relationship to the decision on dioxins in the harbour. Recreational fishing is not banned in the harbour. In fact, I have met various very senior level recreational fishers in recent time, who believe that things are going well for recreational fishing in the harbour. A lot of them are into catch and release, for instance. The fact that you cannot eat the fish unless you abide by certain guidelines and advising we have given does not affect them. There are more fish and there is less competition for those fish from commercial fishers. I wonder how you could come to these conclusions, given the overall improvement in amenity for recreational fishing in the harbour.

**The Hon. DUNCAN GAY:** You are not considering any help to the charter operators?

**The Hon. IAN MACDONALD:** No, I am not considering any compensation.

**The Hon. DUNCAN GAY:** My word was not "compensation". It was "help".



**The Hon. IAN MACDONALD:** Wait a second. You have used the word "compensation".

**The Hon. DUNCAN GAY:** I used the word "help".

**The Hon. IAN MACDONALD:** If you want to deal with help, I am pleased to advise that I have approved—and I thought I had mentioned this to you—a proposal to allow any charter boat operator affected by the Sydney Harbour dioxin issue to be issued with a fully transferable licence. This will enable them to exit the industry if they wish to do so, or move their operations to another estuary in New South Wales waters. To enact this, it will mean a change to the regulations, which I have asked the Department of Primary Industries to progress as a priority. I think that relates specifically to someone who has been in close contact with your good self.

**The Hon. DUNCAN GAY:** Thank you, Minister. I turn to the Department of Primary Industries.

**The Hon. IAN MACDONALD:** Does that conclude the part for George Davey and Craig Sahlin? What I am getting at is whether anyone wants to ask any more questions on food? Ask them so that they can shoot through.

**The Hon. DUNCAN GAY:** No. If I have any more questions on food, I will put them on notice.

**The Hon. IAN MACDONALD:** That is very nice.

**The Hon. DUNCAN GAY:** I am always nice. I am just not appreciated.

**CHAIR:** On behalf of the Committee I thank Mr Davey and Mr Sahlin for attending tonight.

**(The witnesses withdrew)**

**The Hon. DUNCAN GAY:** Minister, are you aware that items purchased by members of Parliament, for example from our ASA, become assets of the Parliament when they are valued at over \$100? When does an item become an asset of the Department of Primary Industries [DPI]? Does it vary within the old fisheries, agriculture and mineral resources departments? For example, would a \$700 camera or a \$500 mobile phone be considered an asset of the department, or is it something that ultimately went to the person who purchased it?

**The Hon. IAN MACDONALD:** I will have to take that on notice. I have no idea of these specific amounts or what is the appropriate policy.

**The Hon. DUNCAN GAY:** Would your director general have that information?

**The Hon. IAN MACDONALD:** The director general is on leave.

**Mr COUTS:** Generally speaking, assets would be an asset of the department, but I think, given what the Minister has said, we would like to take the specifics of the question on notice as to what the limits are and so forth.

**The Hon. DUNCAN GAY:** So you are the acting DG?

**Mr COUTS:** I am representing the DG.

**The Hon. DUNCAN GAY:** That was not explained to us.

**The Hon. IAN MACDONALD:** I said that at the beginning.

**The Hon. DUNCAN GAY:** Okay. In your department, do you know at what level that kicks in?

**Mr COUTS:** I do not know. That is why I say that I would like to take the specifics of the question on notice. Generally speaking, if someone wishes to have a mobile phone or a camera, the department would purchase that and they would have access to it. The department has policies on utilisation of assets and resources.

**The Hon. DUNCAN GAY:** Minister, how many charter flights did your ministerial office take during the 2005-06 financial year, and at what cost?

**The Hon. IAN MACDONALD:** I have not got an idea of the cost.

**The Hon. DUNCAN GAY:** Will you take that on notice?

**The Hon. IAN MACDONALD:** We will give it to you. I have nothing to hide.

**The Hon. DUNCAN GAY:** Minister, could you also provide that information for the DPI?

**The Hon. IAN MACDONALD:** Yes. I will take it on notice.

**The Hon. DUNCAN GAY:** Thank you. Can you detail how many DPI staff have been given credit cards? What is the total credit limit on all the cards combined?

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

**The Hon. DUNCAN GAY:** Thank you. What fraudulent activity, if any, has the DPI had in the last 12 months in regard to credit cards given to departmental staff? If so, will you provide the Committee with details?

**The Hon. IAN MACDONALD:** I am advised that there are none, but I will seek further advice. If required and if necessary, I will give it on notice to you.

**The Hon. DUNCAN GAY:** Minister, some \$54 million was expected to be cut from the Department of Primary Industries budget this financial year, going back to the mini-budget and the progressions. Are you on track with these savings?

**The Hon. IAN MACDONALD:** You have to remember that there are a number of aspects to this particular question. For instance, the department has radically increased its sources of revenue outside of consolidated revenue [CR], which is a very commendable trend for the department. For instance, the mine safety levy, as you might be aware, has raised a considerable sum. I am confident that, as I have done in all my areas since becoming a Minister, we will meet our budget targets. But you cannot just say that there is a \$54 million cut because there has been a lot of extra revenue from outside of CR.

**The Hon. DUNCAN GAY:** Minister, of the 450 sheep producers owed \$2.4 million under the failed ovine Johnne's disease [OJD] industry assistance scheme, how many have been repaid? How many are still waiting to be replaced?

**The Hon. IAN MACDONALD:** I am very grateful for this question. The scheme, as you know, is a transaction-based contribution scheme whereby the collection agents are required to deduct contributions from sheep vendors' proceeds of sale. The contribution that is deducted is 20¢ per sheep and 10¢ per lamb, which is payable 30 days after the end of the quarter in which the livestock transaction occurs.

**The Hon. DUNCAN GAY:** Minister, I am aware of this information.

**The Hon. IAN MACDONALD:** I am just going to go on. In relation to that, we have conducted a major awareness program. A Treasury loan of \$725,000 was made available to facilitate a partial payment to all producers prior to the commencement of receipts from collection agencies—very commendable on the Government's part. This loan will be paid over the course of the scheme from part of the receipts from collection agents. The total contribution from collection agents for the period 1 October 2005 to 30 June 2006 was \$1,599,000, representing the majority of collections on

transactions completed up to 30 June 2006. The balance of these later collections will be received by the New South Wales Rural Assistance Authority in the '06-'07 financial year. At the commencement of the current scheme on 1 October 2005, eligible infected producers were owed a total of \$2,414,419.20 under the previous OJD scheme. An interim payment of 30 per cent was made to each of the 352 producers on 21 December. I have mentioned the total before. The interim payment was financed, as I said, and the balance owing to the 352 eligible producers was then \$1,690,093.

From contributions received during the first two quarters of the current scheme, the quarters ending 31 December '05 and 31 March '06, payments totalling \$822,699.80 were made to eligible producers. The residual balance outstanding to the 164 unpaid eligible producers is \$867,393.64, so we have gone a long way, in other words. If you add those two figures up, we have paid about \$1.6 million. We have about 800 to go.

**The Hon. DUNCAN GAY:** So the answer is that there are about 800 still to be paid?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** There are 164 that have been paid. You gave us the figure.

**The Hon. IAN MACDONALD:** There are 164 unpaid eligible ones.

**The Hon. DUNCAN GAY:** How much has been repaid to owed producers?

**The Hon. IAN MACDONALD:** I am adding this up.

**The Hon. DUNCAN GAY:** You gave me that.

**The Hon. IAN MACDONALD:** It is \$822,700 in round figures, and \$724,325, so that is just under \$1.6 million out of \$2.4 million.

**The Hon. DUNCAN GAY:** And you collected \$1.6 million? How much have you collected?

**The Hon. IAN MACDONALD:** Well, that money.

**The Hon. DUNCAN GAY:** Has all the money you have collected gone to the farmers?

**The Hon. IAN MACDONALD:** That is my understanding. Yes, \$1.6 million.

**The Hon. DUNCAN GAY:** So you have collected \$1.6 million and you have paid out \$1.6 million?

**The Hon. IAN MACDONALD:** Just on that, yes.

**The Hon. DUNCAN GAY:** Has the Government recouped any of its initial advance of \$725,000?

**The Hon. IAN MACDONALD:** The Treasury loan referred to above is repayable by 10 quarterly repayments of \$72,000. The current balance outstanding is \$500,000. So, Treasury got back \$217,000 and the OJD Industry Advisory Committee has had some minor costs of \$25,742. Roughly, just under \$1.6 million has been paid to producers.

**The Hon. DUNCAN GAY:** How many more years will the producers owed money be forced to wait under the current situation?

**The Hon. IAN MACDONALD:** You would have to agree that the scheme has been outstandingly successful and a large proportion of that debt has been paid, in under two years of the scheme's operation.

**The Hon. DUNCAN GAY:** Minister, is there a plan to use monies raised under the new levy to pay the producers the \$2.4 million in interest?

**The Hon. IAN MACDONALD:** I have not dealt with that question. I am sure that if Mr Garry West and the OJD committee wanted to consider that issue they could put a submission to me, which I would consider. In a schedule, or the plan, we put forward originally we are now ahead of it in terms of repayments to farmers, to the producers.

**The Hon. DUNCAN GAY:** In 2005 you stated that the transaction-based contribution scheme was expected to wind up once it had achieved certain industry objectives. Given that you just indicated it is ahead of schedule, when do you envisage that?

**The Hon. IAN MACDONALD:** I would not put a date on it. It is very dependent on the state of production; how many sheep and lamb are put through the yards. I could not give a date. We are going to pay it all off. If you want to add some interest costs, we might have to consider that.

**The Hon. DUNCAN GAY:** Minister, you mentioned the number of stock through the yards. Are you aware of any agent who has not collected the OJD levy or has failed to pass it on?

**The Hon. IAN MACDONALD:** Not at this point, no. That does not mean that there has not been, but I will check that. We have done an audit of nine collection agents and no compliance issues have arisen. We are doing an audit of the abattoir operators in the next quarter.

**The Hon. DUNCAN GAY:** Are the processors collecting the OJD levy?

**The Hon. IAN MACDONALD:** We are doing an audit in the near future.

**The Hon. DUNCAN GAY:** Minister, without an audit you would know whether they are collecting it or not?

**The Hon. IAN MACDONALD:** I understand there were some issues, but they have been resolved.

**The Hon. DUNCAN GAY:** So the abattoirs are collecting the levy, currently.

**The Hon. IAN MACDONALD:** I know what you are referring to, but I believe that outstanding issues have been resolved in that area.

**The Hon. DUNCAN GAY:** After all the 450 sheep producers owed almost \$2.5 million under your failed OJD industry assistance scheme are repaid—

**The Hon. IAN MACDONALD:** It is not my failed scheme.

**The Hon. DUNCAN GAY:** Your Government's scheme, will the OJD transaction levy cease to be collected?

**The Hon. IAN MACDONALD:** At the end of it?

**The Hon. DUNCAN GAY:** Yes.

**The Hon. IAN MACDONALD:** That was the intention. As I stated in Parliament, that you read out—

**The Hon. DUNCAN GAY:** I know that was the intention, but my question is—

**The Hon. IAN MACDONALD:** I have no plans to continue it.

**The Hon. DUNCAN GAY:** Thank you. Minister, how much—

**The Hon. IAN MACDONALD:** But you obviously are thinking that maybe it should go on a little longer to collect the money to pay interest. Is that what you are suggesting?

**The Hon. DUNCAN GAY:** The question was: After the producers have been paid \$2.5 million?

**The Hon. IAN MACDONALD:** Yes, but you have suggested that perhaps there is an interest component that the Government ought to consider.

**The Hon. DUNCAN GAY:** Minister, I have not suggested anything. I have asked you a series of questions.

**The Hon. IAN MACDONALD:** You asked me about the interest, so I am assuming—

**The Hon. DUNCAN GAY:** If you would like to ask questions, I am more than happy to swap seats with you.

**The Hon. IAN MACDONALD:** You are not advocating that we pay the interest.

**The Hon. DUNCAN GAY:** No.

**Ms LEE RHIANNON:** Minister, regarding the relationship between the Collex export terminal and proposed coalmines, which currently proposed coalmines in New South Wales require the approval of the proposed Collex export terminal if they are to be viable?

**The Hon. IAN MACDONALD:** I do not have the details to hand. I will take that on notice.

**Ms LEE RHIANNON:** Will the Anvil Hill proposal go ahead without the approval of the coal export terminal?

**The Hon. IAN MACDONALD:** I do not think there is a relationship, but I will take that question on notice.

**Ms LEE RHIANNON:** Does the exploration licence agreement signed between the New South Wales Government and BHP Billiton for the Caroonia coalfield include a requirement for BHP Billiton to study the potential for a coal-fired power station in the Gunnedah region?

**The Hon. IAN MACDONALD:** I understand that within the conditions there is that point that has been put forward. When the conditions were determined, there was a view that they sure would and could provide a range of advice on a number of issues, but there was no agreement in relation to that issue.

**Ms LEE RHIANNON:** It is one of the conditions. I do not understand, you said it is not part of the agreement?

**The Hon. IAN MACDONALD:** My understanding is that the expression of interest information document for the Caroonia exploration licence, specified coal utilisation and utilisation studies as an evaluation criteria to be addressed. This was to ensure that appropriate studies are carried out by the successful company so that potential uses and markets for the coal resource are fully evaluated during the exploration period. This could include export markets and/or various domestic markets. The major domestic market for coal is for power generation. It has been normal departmental practice in order to address probity issues to frame the special conditions which form part of the grant of exploration licences after the competitive expression of interest or tender process to specifically reflect the commitments to various studies and other undertakings made by the successful company.

This is to ensure that commitments made by the successful company are carried out during the exploration licence period and also provides a level of transparency to the expression of interest process. The subject special conditions reflect a specific proposal made in BHP Billiton's successful bid. They put that in, there was no requirement by the Government for such a study in the Caroonia expression of interest information document. The inclusion of this proposed investigation and other proposal commitments made by BHP Billiton in its successful bid in the exploration licence conditions is considered quite appropriate.

**Ms LEE RHIANNON:** BHP Billiton nominated the coal-fired power station?

**The Hon. IAN MACDONALD:** That is my understanding, yes.

**Ms LEE RHIANNON:** How much money has the Government accepted from BHP Billiton in exchange for exploration rights to the Caroona coalfield?

**The Hon. IAN MACDONALD:** In the order of \$100 million, but I will get the precise figure for you.

**Ms LEE RHIANNON:** How much money will the Government expect to receive from BHP Billiton if approval is granted to mine at Caroona?

**The Hon. IAN MACDONALD:** The next stage is about \$50 million. I will give you the full figures. The minimum stated requirements in the expression of interest were: exploration licence grant stage, a total of \$8.765 million comprising, first, an assessment fee of \$100,000 to cover the Department of Primary Industries expression of interest administration advertising evaluation costs; second, a one-off non-refundable payment of \$3 million for the awarding of the exploration licence; third, a payment of \$2 million as contribution towards the department's coal development fund for continued coal exploration, and, fourth, a payment of \$3,365,000 for the refund of public expenditure previously incurred by the Department Primary Industries for exploration and evaluation of the area. Further, at the mining lease stage, subject to approvals, a minimum payment of \$15million to be paid by three instalments, each of \$5 million.

The first instalment is payable upon the grant of a mining lease, and the second and third instalments are payable on the first and second anniversary of the grant of the mining lease respectively. BHP, as part of its successful bid, proposed an additional financial contribution of \$91.235 million, payable on grant of the exploration licence. The company had also proposed, subject to the future granting of a mining lease, additional payments of up to \$115 million in accordance with, and at the same time set out in, its expression of interest.

**Ms LEE RHIANNON:** We are now starting to talk about a large amount of money. How can the New South Wales Government seriously claim that assessment of mining proposals at Caroona will be impartial when you have received such large amounts of money and, as you said yourself, some of them are unsolicited?

**The Hon. IAN MACDONALD:** Yes, totally unsolicited. We have an environmental impact statement [EIS] process. They will have to meet that EIS process. There are no arrangements with BHP whatsoever other than for it go through the normal process. You have to remember that, at the moment, there is considerable interest in mines, given the global resources boom. Clearly, BHP has made its own commercial decision about how much it valued getting the leasehold for this area.

**Ms LEE RHIANNON:** As you know, normal process in New South Wales means that once an exploration licence has been granted, if a company wants to go ahead with full exploration it gets that lease. No company has ever been knocked back.

**The Hon. IAN MACDONALD:** Knocked back for what?

**Ms LEE RHIANNON:** Once it has been granted an exploration lease.

**The Hon. IAN MACDONALD:** That is not true.

**Ms LEE RHIANNON:** Could you give me examples of companies that have been knocked back?

**The Hon. IAN MACDONALD:** There have been several knock backs in recent years.

**Ms LEE RHIANNON:** After the exploration stage has been carried out?

**The Hon. IAN MACDONALD:** That is my understanding, yes.

**Ms LEE RHIANNON:** Could you give me the examples?

**The Hon. IAN MACDONALD:** I can give you some examples, yes. I will take that question on notice and give you some examples.

**Ms LEE RHIANNON:** I move on to mining issues in the Hunter region. Last year the regional manager of the Department of Environment and Conservation [DEC] admitted that fines for breaching pollution laws and conditions of consent were too small to act as a deterrent to mining companies. Have you considered increasing the dollar amounts that mining companies are fined? I am referring to a report on 25 September in which the regional manager referred to the fines.

**The Hon. IAN MACDONALD:** Was he referring to Environment Protection Authority fines?

**Ms LEE RHIANNON:** Yes.

**The Hon. IAN MACDONALD:** You had better ask that question of the Minister for Environment and Conservation.

**Ms LEE RHIANNON:** You do not see yourself as having any comment on that issue, even though the pollution is coming from the mining industry?

**The Hon. IAN MACDONALD:** No. Many industries are subject to the EPA and its fine structures. It is not my role to talk about Department of Environment and Conservation fines and whether they are adequate enough.

**Ms LEE RHIANNON:** My next question is on your turf. What is the largest fine that you know of for a mining company that has breached its conditions?

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

**Ms LEE RHIANNON:** I want to see just what range we are in. In October 2000 the Sydney Catchment Authority introduced a regional environmental plan with fines of up to \$1 million for businesses polluting the catchment. How do fines within the mining sector compare with that? Is this the upper limit that you were talking about, or is it much smaller or much larger? I am trying to get some idea.

**The Hon. IAN MACDONALD:** We have substantial bonds for rehabilitation, significant amounts of money that will be applied in the case of default on rehabilitation. The member might be aware that currently we are in the drafting phase of new mining legislation that has environmental ramifications and quite a significant fine structure within it.

**Ms LEE RHIANNON:** What does "significant mean?

**The Hon. IAN MACDONALD:** I think the concept is to have those fines mirror DEC figures.

**Ms LEE RHIANNON:** You just mentioned that if some companies default on their rehabilitation they forfeit their bond. Could you indicate how many companies have defaulted on their bonds?

**The Hon. IAN MACDONALD:** I will take that question on notice. Defaulted on their bonds?

**Ms LEE RHIANNON:** What I mean by that is that they have not bothered to rehabilitate because it is just not worth their while. Some of these bonds are of the order of \$10 million. I do not know whether they go up to \$20 million, but that is peanuts for these companies so many just default.

**The Hon. IAN MACDONALD:** I have been looking at this issue in some detail and I have been visiting mine sites. Reputable companies in this area are doing progressive rehabilitation of their sites. I have had a good look at some of that. As they are removing the overburden they are reforesting those areas to a considerable degree. Recently I looked at one area where around 100 hectares had been seeded.

**Ms LEE RHIANNON:** Reafforestation or re-pasturing?

**The Hon. IAN MACDONALD:** Reafforestation.

**Ms LEE RHIANNON:** Which ones are you referring to?

**The Hon. IAN MACDONALD:** In that particular instance it was being turned back.

**Ms LEE RHIANNON:** Which mine was that?

**The Hon. IAN MACDONALD:** It was Mount Owen, which is near the Ravensworth State Forest. It is extending the size of that forest.

**Ms LEE RHIANNON:** Do you agree that it will not be possible for many large open cut mines in the upper Hunter to do rehabilitation work because of the depth of some of the areas and the lack of top soil? The companies are just not interested. Have you noted that companies are not bothering to engage in rehabilitation?

**The Hon. IAN MACDONALD:** No, quite the contrary. In fact, I have visited about half a dozen or so mine sites as I have a specific interest in that area.

**Ms LEE RHIANNON:** Does that mean you are only visiting mines where rehabilitation is occurring, or are you visiting mines where companies are choosing not to carry out rehabilitation work?

**The Hon. IAN MACDONALD:** I am not selecting mines on the basis of their rehabilitation, but I have a major interest in the rehabilitation of mine sites. The way mines were treated 20 years ago is completely different to the work that is going on now with rehabilitation. A considerable effort is being made to progressively rehabilitate these sites. For instance, on the forest side we are working heavily with mining companies to develop the right sorts of tree species that will grow in the area and that will be sustainable. One of the requirements is that mines carry out rehabilitation work as they go. That is built into the conditions that we have been imposing.

**Ms LEE RHIANNON:** I am aware of that. I am asking the question because I flew over the upper Hunter region. I find that hard to believe as I saw the stretch of open cut mines and the areas that were left after the mines moved on. There has been no progress in that area.

**The Hon. IAN MACDONALD:** To assist I could enable the member to go to a couple of these mine sites.

**Ms LEE RHIANNON:** I would be interested in doing so.

**The Hon. IAN MACDONALD:** I saw one area that has been seeded in the last month. Over 100 hectares has been rehabilitated. From a pit hole that was quite deep the overburden was being pulled back and poured back in. They were just progressively following the open cut area.

**Ms LEE RHIANNON:** I am sure the Minister is aware that there is a credibility problem. Recently BHP Billiton made a statement on *Stateline* that the cows were grazing on the rehabilitated paddocks. Cows have never grazed on these rehabilitated areas. The South African grasses that are being grown are not suitable for pastures, so some of these companies have a credibility problem. I would be interested to know. Just to clarify the issue, how many companies have lodged bonds for rehabilitation and how many have forfeited them?

**The Hon. IAN MACDONALD:** All of them have lodged bonds.



**Ms LEE RHIANNON:** How many have forfeited the bonds when rehabilitation is just not occurring?

**The Hon. IAN MACDONALD:** My advice is that no operating company has forfeited its bonds. Legally, it cannot.

**Ms LEE RHIANNON:** You just said in answer to the question that many of them have started progressive rehabilitation. Have all those mines started progressive rehabilitation?

**The Hon. IAN MACDONALD:** The ones that I have seen.

**Ms LEE RHIANNON:** Do you have figures on that?

**The Hon. IAN MACDONALD:** Yes, I will get you some figures on that.

**CHAIR:** To continue with the mineral resources side, are you aware that Leard State Forest is the largest remnant of native vegetation left on the Liverpool Plains and that it alone represents 5 per cent of all remaining woody vegetation in this heavily cleared region?

**The Hon. IAN MACDONALD:** I think I have some details on that. Consistent with the development consent for this particular mine, which is Boggabri in Leard Forest, I am advised that to date approximately 200 hectares of the Leard State Forest have been cleared. This mine pre-clearing allows for two years of mine development. Harvestable timber from the pre-clearing is salvaged by Forests NSW and the mine operation plan documents pre-clearing control procedures for flora and fauna, the harvesting of timber and topsoil management.

**CHAIR:** Are you aware that Leard forest is a known habitat for almost 400 plants and animals, at least 10 threatened species, up to four endangered ecological communities and seven poorly reserved vegetation communities? Has this been taken into account at all?

**The Hon. IAN MACDONALD:** All of that would have been considered—and it was—under part 3A of the Environment Planning and Assessment Act 1979.

**CHAIR:** So how do you explain why a forest of such outstanding conservation significance is earmarked for almost complete destruction by two open-cut coalmines, one of which commenced just recently? Does that not make a mockery—

**The Hon. IAN MACDONALD:** Sorry, at Leard?

**CHAIR:** Yes.

**The Hon. IAN MACDONALD:** It has been granted consent for its activities.

**CHAIR:** What year was the environmental impact statement conducted for the open-cut coalmine known as the Idemitsu Boggabri Coal Project, which is situated in Leard State Forest and which has just commenced operations?

**The Hon. IAN MACDONALD:** It was 1989 and a mining lease was granted in November 1990.

**CHAIR:** The DA was in 1990.

**The Hon. IAN MACDONALD:** 1989.

**CHAIR:** What area of native vegetation is proposed to be cleared for open-cut coalmining by the mine and what area of native vegetation has already been cleared?

**The Hon. IAN MACDONALD:** Two hundred hectares.

**CHAIR:** Is it not true that both the Threatened Species Conservation Act 1995 and the Environment Protection and Biodiversity Conservation Act 1999 have commenced since the EIS was conducted and there is now much improved knowledge distribution and conservation status of species in the region since the Western regional assessment? Why was a new EIS not required prior to commencement of the Boggabri Coal Project?

**The Hon. IAN MACDONALD:** This is clearly a planning issue so you might direct that question to the Minister for Planning.

**CHAIR:** It is resulting in a mine.

**The Hon. IAN MACDONALD:** Yes, but I do not have a role in DAs.

**CHAIR:** I mentioned that the forest is a habitat for 400 plant and animals, 10 threatened species, four endangered ecological communities and seven poorly reserved vegetation communities. Do you not have any role? Are you just there to facilitate a mine?

**The Hon. IAN MACDONALD:** No. I have no role in development applications before the Department of Planning. Minister Sartor and his predecessors have that role. I do not have a DA role. I might provide some advice in various areas where we are not the consent authority.

**CHAIR:** So you are saying that Minister Sartor in his planning role—

**The Hon. IAN MACDONALD:** No, we are talking 15 years ago.

**CHAIR:** The Minister for Planning assessed the quality of this forest and allowed this project to go ahead.

**The Hon. AMANDA FAZIO:** I do not think we were in government then.

**The Hon. IAN MACDONALD:** It happened during the time in office of our esteemed colleagues.

**CHAIR:** You were in government in 1999, when you put through the legislation that should have protected the forest.

**The Hon. IAN MACDONALD:** Under the mining operation plan and those documents that provide for pre-clearing control procedures for flora and fauna, the harvesting of timber and other such things, these matters will be clearly assessed by the Department of Planning.

**CHAIR:** I remember when the environment protection and biodiversity conservation legislation passed through the House in 1999. You were there and you enthusiastically supported it from the back bench.

**The Hon. IAN MACDONALD:** Yes. But hold on a second, Ian, I do not have carriage of these bills. You are asking me about things that I do not have carriage of. You might as well start asking me Health questions. I do not have carriage.

**The Hon. RICK COLLESS:** Ask him a few questions about health and dioxins.

**The Hon. IAN MACDONALD:** I will talk about dioxins all night.

**CHAIR:** I will take you to an area of which I am sure you have carriage.

**The Hon. IAN MACDONALD:** I am not going crook. I just cannot answer the questions. I am not here to answer questions about the province of Mr Sartor.

**CHAIR:** Therefore, your position is that you have no responsibility in terms of environmental degradation.

**The Hon. IAN MACDONALD:** I am sure you could raise that issue with the Minister for the Environment and he could go to great lengths to give you a lot of information about it, tell you how they would apply it and what submissions they would make in relation to it.

**CHAIR:** Thank you, Minister. It has been almost a full term of government since the New South Wales Government most recently committed to regulate logging on private land. Why have you failed to deliver on that promise? We have had some discussions—if you might call it that—in Parliament about a private native forest [PNF] code of practice. I withdraw my accusation of lying and just say that there was a selective deletion of truth—perhaps that is a more appropriate way to put it.

**The Hon. DUNCAN GAY:** Do not back off.

**CHAIR:** I am being totally facetious. Minister, you made some statements saying that you did not go through with the private native forest code of practice because certain members of the environment movement did not agree. You made a quote at the end of question time that I read only today. I have since contacted one of the people you quoted, Andrew Cox, who said that he understood the Minister promised to introduce the code. It was promised at the last election and he said that he would accept a compromise code. He complained about some basic, obvious things, such as firewood collection, being completely left out of the code. Cate Faehrmann, Director of the Nature Conservation Council, is fundamentally in support of a code but simply had some criticisms of it and wanted it to be strengthened. Susie Russell of NEFA said that the code had worth but had to be tightened. At no stage did she suggest its deferral or withdrawal. In her opinion, "The code is well overdue." Jeff Angel of the Total Environment Centre supports fixing it. He said:

We predict a rush to liquidate the best timber, therefore need a code as soon as possible.

Minister, there is unanimous support for a code and, as always, there is criticism of your Government from the conservation movement for failing to cover many of the details that it feels are important. It is misinformation to say that the environment movement is against a code. I know people who are desperately disappointed. I reiterate, Jeff Angel said:

We predict a rush to liquidate the best timber, therefore need a code as soon as possible.

In light of this position, will you reconsider your recent statement about putting off the PNF code of practice until after the next election?

**The Hon. IAN MACDONALD:** The Government has determined that the code is going to NRAC and I have already had discussions with the Chair of NRAC about procedures in relation to that. If we cannot get consensus on a code it will go to the Natural Resources Commission for determination. I want to clarify one point. I have some submissions from environmental groups.

**CHAIR:** Minister, I know the submissions; I have read them. Can I make this point? There is plenty of criticism of your interpretation of the code. When have you ever not moved because you think the environment is not completely happy?

We have had many issues—genetic engineering is a classic one—where you have gone your own way and all of a sudden you have become sensitive to some of the details that have been put forward by the environment movement. What role does Peter Black, who is adamant that the Government is not going to do any more environmental actions in the Western regions, play in the decision to delay the PNF code of practice? You are responding to Peter Black, Country Labor and certain aspects of the timber industry in your constituency. Do not try to tell me you are responding to the conservation movement; that is an appalling misuse of the circumstances.

**The Hon. IAN MACDONALD:** I can only go on what people say.

**CHAIR:** I am telling you what they say today. It is quite clear that all the peak bodies of the conservation movement want and are desperate for a code, even if it is substandard, otherwise there will be unmitigated open slather logging in very high-conservation value forests throughout New South Wales if regulations are not in place. Do not give me the quotes that you might selectively take from the conservation movement.

**The Hon. IAN MACDONALD:** Selectively?

**CHAIR:** Of course there will be criticism. You deserve criticism.

**The Hon. IAN MACDONALD:** Friends of the Earth, Nature Conservation Council—

**CHAIR:** You have come out because of Peter Black and your country constituency and now you have dropped the whole bundle of promises that were made for a code?

**The Hon. IAN MACDONALD:** I have not dropped any bundle. You say—

**CHAIR:** I am saying this is what the people—

**The Hon. AMANDA FAZIO:** Point of order:

**The Hon. IAN MACDONALD:** There is not one submission here—

**CHAIR:** Will you stop your puerile activity? Why do you not say something reasonable? He is a big boy. He does not need you to defend him. He can defend himself. If you have got a statement make it, but do not go in with a puerile defence of your government.

**The Hon. IAN MACDONALD:** Will you let me talk?

**CHAIR:** Yes, thank you Minister.

**The Hon. IAN MACDONALD:** You are going to let me talk?

**The Hon. AMANDA FAZIO:** That is appalling Chair.

**CHAIR:** Yes.

**The Hon. IAN MACDONALD:** You are going to let me read out some of the material?

**CHAIR:** It is not appalling as your activities in Committees.

**The Hon. AMANDA FAZIO:** Idiot.

**The Hon. IAN MACDONALD:** The reaction the Government took after the code was released for public comment was based on the fact that neither side had even a slight skerrick of support for this code.

**CHAIR:** In other circumstances you say you must be doing something right if you have got criticism on both sides. That is what you have said in the past.

**The Hon. IAN MACDONALD:** No. You have glossed over what some of these people have said.

**CHAIR:** Not at all.

**The Hon. IAN MACDONALD:** They have absolutely caned the code in submission after submission. I have not seen one submission that supports the code or calls upon the Government to put it into effect. For instance, Susie Russel, a friend of your said:

The provisions in the code as it currently stands is so minimal we don't think they are sustainable. If the industry is saying these provisions are going to wipe them out then what they are really saying is the industry is at the end of the road and it only has a relatively short future.

She then said:

If the wording isn't tightened up it's not worth the paper it's written on.

Again she said:

So the impact of the code to the environment potentially is a disaster.

Andrew Cox from whom you read a statement today said on 31 August in the *Bega District News*:

Conservation groups from Tweed to Bega to Murrumbidgee have written in response to the draft code which fails to protect old growth and rain forests, does not require threatened species surveys prior to logging and has not attempted to regulate the loss of millions of tonnes of hollow bearing trees from forests every year for commercial firewood.

Susie Russell also states, "I am extremely disappointed the code fails ..." and she lists a whole range of things. Claire Dunn, Campaign Co-ordinator of the Wilderness Society, Newcastle, is greatly concerned about the code and then lists an attack after attack on it. The Environment Network states:

We do not believe that the draft code of conduct for private native forestry will maintain or improve biodiversity and urge you to ensure that the loopholes and gaps in the code are amended.

It then lists a whole lot—

**CHAIR:** Thank you Minister, I have got the general idea. I know that you are an intelligent, analytical Minister of the Crown. Do any of those comments indicate to you that they wish to throw away any regulation and maintain open slather and unregulated activities in private native forests? Are any of those comments directing you in your mind toward no regulation and open slather without any controls in private native forests?

**The Hon. IAN MACDONALD:** I disagree with you, there is—

**CHAIR:** It is not a case of disagreeing—

**The Hon. IAN MACDONALD:** Private native forestry is subject to considerable Acts of Parliament and various controls.

**CHAIR:** But under these Acts of Parliament, you have the ability under the Threatened Species Act to act and have some degree of control but you choose not to. None of the comments, critical as they may well be, and I might say reasonably be, are directing or asking you not to have a code of practise in private native forests. Do you agree with that?

**The Hon. IAN MACDONALD:** No.

**CHAIR:** Do you have any comments that say not to have a code?

**The Hon. IAN MACDONALD:** There is no doubt that these submissions are raising from the environmental perspective incredibly serious flaws in the code, and the Government has decided to have a longer look at it and not proceed on the basis of concluding a code this month.

**CHAIR:** Are you not aware of the level of panic logging that will occur in the interim?

**The Hon. IAN MACDONALD:** I am not aware of panic logging in the interim. I think the code had transition periods anyway.

**CHAIR:** I will come back to that.

**The Hon. RICK COLLESS:** Minister, because we are talking about forestry issues, and in light of your failed draft code of practise for private native forestry which you have now withdrawn, I refer to your statements in your media release that "the code will now be referred back to the Natural Resources Advisory Council" and "if no agreement is able to be reached by stakeholders the Government will refer the issue to the Natural Resources Commission". Are you now referring this matter to the NRAC in an effort to avoid scrutiny of Parliament? Will you assure the Committee that once Parliament rises another unworkable, bureaucratic document, similar to the one you have withdrawn, will not be brought in?

**The Hon. IAN MACDONALD:** I do not think it is necessarily unworkable and certainly I am not proposing that the code be considered without the scrutiny of the Parliament. For instance, the code would require some regulatory change, as you know, and under the terms of debate and operation of a Parliament, honourable members have a choice within, I think, 45 days—

**The Hon. DUNCAN GAY:** Not if it comes in after Parliament rises.

**The Hon. IAN MACDONALD:** No, it takes into account sitting days. The Parliament has the power to overturn the decision. I cannot see how it will avoid scrutiny. In fact, on NRAC are a number of people who would carry the spear for your thoughts in relation to this issue, including maybe Ms Louise Burch who has a passionate interest in these issues.

**The Hon. RICK COLLESS:** She understands the issues very well.

**The Hon. IAN MACDONALD:** I did not say that. Do not verbal me.

**The Hon. RICK COLLESS:** As your Government previously appointed a working panel, comprised of industry representatives and others to evaluate that original draft code of practise for native forestry, will you now refer any amended code from the NRAC to that working panel before it goes to the Natural Resources Commission?

**The Hon. IAN MACDONALD:** I am sure NRAC will receive, and is open to receive, every—

**The Hon. RICK COLLESS:** Will you put any amended code to that working panel that was put in place, which I understand only had a brief discussion about the code that has been withdrawn?

**The Hon. IAN MACDONALD:** They and industry will be consulted.

**The Hon. RICK COLLESS:** Do you and your Government support the current Commonwealth Management Investment Scheme in the softwood industry?

**The Hon. IAN MACDONALD:** This is a Commonwealth issue. In relation to managed investment schemes the department has put in a submission supporting it for the forestry industry, yes.

**The Hon. RICK COLLESS:** You do support it?

**The Hon. IAN MACDONALD:** For the forestry industry.

**The Hon. RICK COLLESS:** For the softwood industry?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** I refer to an earlier question I asked you to take on notice. I may have inadvertently given you some incorrect information. The question related to the Food Authority's advice on dioxin contamination of seafood in Sydney Harbour. You answered that the Authority does advise you. My question was: Why did you ignore the Authority's recommendation given in January that the maximum safe consumption level of fish caught from Sydney Harbour should be changed from one meal a month to one meal every two months. I indicated that it had taken you a couple of months to make that recommendation. What I indicated was incorrect. The fact is, Minister, that you have not made that recommendation, and that it only came to light in a call for papers that that recommendation had been made to you and that you have not to this day passed it on to the public.

**The Hon. IAN MACDONALD:** To take it from a certain level, that is, 150 grams—

**The Hon. DUNCAN GAY:** From one meal a month to one meal every two months.

**The Hon. IAN MACDONALD:** We are not aware of that. I will stand by what I said: that we adopted the recommendation of the Expert Panel in January this year upon its receipt.

**The Hon. DUNCAN GAY:** Minister, if you have not released it, how does that align with your statement to the *Sydney Morning Herald* on 4 May that you have a responsibility to get new information out to the public as soon as possible?

**The Hon. IAN MACDONALD:** I do not know what you are talking about, I am sorry. As soon as I got the advice from the Expert Panel in January we held a press conference and announced the closures and the dietary advice in relation to recreational fishing at that point.

**The Hon. DUNCAN GAY:** But your dietary advice is one meal a month, and the recommendation is one meal of fish caught in Sydney Harbour every two months, which recommendation you have not released. It only became released through the call for papers.

**The Hon. IAN MACDONALD:** No. We believe you have got it wrong.

**The Hon. EDDIE OBEID:** I would not rely on the *Sydney Morning Herald*.

**The Hon. IAN MACDONALD:** The *Sydney Morning Herald* is not disputing me on that.

**The Hon. DUNCAN GAY:** Has a detailed cost analysis been carried out on the transfer of the Orange Agricultural Institute to Charles Sturt University?

**The Hon. IAN MACDONALD:** The transfer of?

**The Hon. DUNCAN GAY:** The Orange Agricultural Institute to Charles Sturt University.

**The Hon. IAN MACDONALD:** The transfer of what?

**The Hon. DUNCAN GAY:** The land.

**The Hon. IAN MACDONALD:** We are not transferring the land at the Orange Agricultural Institute to the university. What are you talking about?

**The Hon. DUNCAN GAY:** So none of that land is going to the university?

**The Hon. IAN MACDONALD:** No. That is not the proposal. In conjunction with Charles Sturt University, and following the withdrawal of Sydney University from the campus, we have made an arrangement with Charles Sturt University to build a common facility, if you like, or a joint facility, which would incorporate the most modern of research and technical equipment and laboratories. The proposal is that the Orange Agricultural Institute would transfer to the university, and the land upon which the Orange Agricultural Institute is current located will be sold off to fund the building of modern, new facilities at the Orange campus of Charles Sturt University. There is no transfer of Orange Agricultural Institute land to Charles Sturt University.

**The Hon. DUNCAN GAY:** How much of the land will be sold off?

**The Hon. IAN MACDONALD:** This is all in the early stages, but I would anticipate that we would try to sell off the lot—it is possible.

**The Hon. DUNCAN GAY:** Is there a detailed analysis of this available to the Committee?

**The Hon. IAN MACDONALD:** This is being done at the moment. I announced this in, I think, May or so.

**The Hon. DUNCAN GAY:** What is the total worth of the land that you anticipate being sold off?

**The Hon. IAN MACDONALD:** I do not have a figure, but it is a considerable parcel of land.

**The Hon. DUNCAN GAY:** Would you take that on notice?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** Will the total revenue from the sale of the land be injected into the university project?

**The Hon. IAN MACDONALD:** Not into the university. Under the deed of arrangement between Charles Sturt University and the Department of Primary Industries, both Charles Sturt University and ourselves have some freehold site on the overall campus site, and it is on those lands that the joint facility is envisaged to be. It would cost a bit to build modern laboratories there sufficient to house the 140 or 150 staff that are based at Orange.

**The Hon. DUNCAN GAY:** Will any of the money find its way to New South Wales Treasury for other projects outside those of the Department of Primary Industries?

**The Hon. IAN MACDONALD:** I do not think I will make a public comment about that.

**The Hon. DUNCAN GAY:** The question stands. Is that yes or no?

**The Hon. IAN MACDONALD:** No determination has been made at that level as yet, but it is envisaged that the proceeds would be used to develop the new site. But we are in the preparatory stage at this point of doing all of the studies to work out all of the cost factors involved. At that point, we might be able to think about: Is there any surplus? But, at the moment, I do not envisage any surplus, given the costs involved in building a rather extensive new set of modern laboratories and other buildings on the site at Charles Sturt University.

**The Hon. DUNCAN GAY:** Will you give a guarantee that you will not allow any of this money to go elsewhere?

**The Hon. IAN MACDONALD:** I am not in charge of the budgetary process. But my view is it should be spent for agricultural purposes.

**The Hon. DUNCAN GAY:** But you will not give me the guarantee that I seek?

**The Hon. IAN MACDONALD:** I do not run the budget.

**The Hon. DUNCAN GAY:** Minister, how was this land originally acquired by the Department of Primary Industries?

**The Hon. IAN MACDONALD:** The site of the Orange Agricultural Institute?

**The Hon. DUNCAN GAY:** Yes.

**The Hon. IAN MACDONALD:** I do not know.

**The Hon. DUNCAN GAY:** Was it purchased, or was it by bequest or donation by a family?

**The Hon. IAN MACDONALD:** I will take the question on notice. I do not have those details.

**The Hon. DUNCAN GAY:** Would Mr Coutts be able to answer the question?

**Mr COUTTS:** I am not sure. I would have to take the question on notice.

**The Hon. DUNCAN GAY:** Would it change your view if that land had been donated by a family for the conduct of the current facility?

**The Hon. IAN MACDONALD:** No, that would not change my mind.

**The Hon. DUNCAN GAY:** When will the Gary West tick fever inquiry report be released?



**The Hon. IAN MACDONALD:** Sometime in the future.

**The Hon. DUNCAN GAY:** How far in the future?

**The Hon. IAN MACDONALD:** I have not got a time line for that.

**The Hon. DUNCAN GAY:** How many properties were quarantined in 2004-05, and how many properties were quarantined in 2005-06?

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

**The Hon. DUNCAN GAY:** How many tick fever deaths have there been in the past year?

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

**The Hon. DUNCAN GAY:** In relation to NLIS sheep, the Australian Meat Industry Council has said that, from 1 July 2007, if sheep are not tagged they will not purchase, and Queensland will have no exemptions from 1 January 2007. Why are you going to allow exemptions?

**The Hon. IAN MACDONALD:** Why aren't I?

**The Hon. DUNCAN GAY:** Why are you?

**The Hon. IAN MACDONALD:** I take the advice of my industry bodies on these issues, which are very vexed and detailed. In fact, I am in discussions with the Federal Minister in relation to this issue, and I have also been in discussions with Mr Roger Fletcher from Dubbo, among others, in relation to the issue. But I will be taking the advice of industry. As you would be aware, as I have said in Parliament many times, when it comes to sheep The Nationals know them inside out, and I take their advice. I have been taking advice of the industry committee in relation to these issues, and I will continue to do so.

**The Hon. DUNCAN GAY:** Will you review your position, given AMIC's strong line of no tag no pay?

**The Hon. IAN MACDONALD:** I will take into consideration the various representations I have received, and I will continue to consider the issues. But let me make it very clear, I have not acted unilaterally in relation to these issues. I have acted on that advice, albeit often very disputatious advice, of industry.

**The Hon. DUNCAN GAY:** Why is the colour-coded tagging system strongly recommended when 90 per cent of tags sold are colour coded?

**The Hon. IAN MACDONALD:** I will take that on notice, and I will consult my sheep industry personnel and give you an answer.

**The Hon. DUNCAN GAY:** Why we do not bite the bullet and make the colour-coded tagging system mandatory?

**The Hon. IAN MACDONALD:** I will listen to industry on this. Do not worry, in the end I have always been prepared to make a decision, but I try to get the stakeholders in some sense of alignment.

**The Hon. DUNCAN GAY:** Given that AMIC has called for a nationally consistent colour-coded year of birth system, will New South Wales comply?

**The Hon. IAN MACDONALD:** They are good questions and, as I said, I will take them on board and I will certainly consult with industry. I point out that there is a national review in 2007 for the current arrangements. That is looming. Any new iteration of the arrangements can be put in place.

**The Hon. DUNCAN GAY:** How much was spent by the Department of Primary Industries [DPI] on drought relief measures for the 2005-06 financial year?

**The Hon. IAN MACDONALD:** I will take that on notice and give you a precise figure.

**The Hon. DUNCAN GAY:** What was the figure for the 2004-05 financial year?

**The Hon. IAN MACDONALD:** Maybe if I give you the figures for the last three or four years, since the drought started, it might help.

**The Hon. DUNCAN GAY:** Thank you. What percentage of New South Wales is currently in drought?

**The Hon. IAN MACDONALD:** It is 93 per cent—92.8, to be accurate.

**The Hon. DUNCAN GAY:** Given the drought does not appear to be breaking, are you or your department looking into the future drought preparedness and/or new initiatives?

**The Hon. IAN MACDONALD:** Yes, and we have been in considerable discussions on drought preparation with the Commonwealth. Amongst the plans we put in place, which we really pushed for, was the national monitoring system that has just been launched. It will help us evaluate the state of the country, in effect, so that we can make more logical and, I believe, more objective decisions about drought declarations in the future.

**The Hon. DUNCAN GAY:** Will you commit to the retention of drought-support workers at least until after the drought breaks?

**The Hon. IAN MACDONALD:** We have been renewing our drought-support workers regularly, and that is a policy the Government probably would adopt. But, again, I will review the situation at the end of spring and make the appropriate decisions. But they are funded.

**The Hon. DUNCAN GAY:** What was the total DPI budget for noxious weeds control for 2005-06?

**The Hon. IAN MACDONALD:** I think that figure is in the budget papers. In the order of \$7.5 million or \$7.7 million, something like, that but I will get you the precise figure.

**The Hon. DUNCAN GAY:** When you are doing that, can you also detail where this funding was spent?

**The Hon. IAN MACDONALD:** Yes. I think I release all of that by way of press releases. I am quite happy to do it for you.

**The Hon. DUNCAN GAY:** Sometimes your press releases do not make it to the library.

**Ms LEE RHIANNON:** They rarely do.

**The Hon. DUNCAN GAY:** They rarely do, my colleague indicates.

**The Hon. IAN MACDONALD:** What do you mean?

**The Hon. DUNCAN GAY:** Would you undertake to give a full list of press releases released by your office in the last two years?

**The Hon. IAN MACDONALD:** No, I will not give an undertaking to do that, but I will give you a list of all of the noxious weeds expenditure for last year that you have requested.

**The Hon. DUNCAN GAY:** Given that these are press releases, why will you not give us a list of those press releases? All my press releases are down there.

**The Hon. IAN MACDONALD:** Go to the library and do a bit of work.

**Ms LEE RHIANNON:** They are not down there.

**The Hon. DUNCAN GAY:** All your press releases are not in the library.

**The Hon. IAN MACDONALD:** Go to the web site, then.

**The Hon. DUNCAN GAY:** No, will you give an undertaking to this Committee that you will provide all your press releases for the last 12 months?

**The Hon. IAN MACDONALD:** All my press releases?

**The Hon. DUNCAN GAY:** All your press releases, yes.

**The Hon. IAN MACDONALD:** I do not know if I have them.

**The Hon. DUNCAN GAY:** Why not?

**The Hon. IAN MACDONALD:** I will have a look. By the way, all the weeds funding is on the web site, so look it up.

**The Hon. DUNCAN GAY:** Can you detail the total worth of noxious weeds control grants to local—

**The Hon. TONY CATANZARITI:** You are running out of questions.

**The Hon. DUNCAN GAY:** We have enough for another day, if you would like us to come back again. Can you detail the total worth of noxious weeds control grants to local control authorities, and when did they receive them?

**The Hon. IAN MACDONALD:** When did the funds go to them?

**The Hon. DUNCAN GAY:** Yes.

**The Hon. IAN MACDONALD:** I will take that on notice and give it to you.

**The Hon. DUNCAN GAY:** Are you aware that there was quite some delay?

**The Hon. IAN MACDONALD:** I was aware that some people felt there was a delay.

**The Hon. DUNCAN GAY:** Do you believe it is good enough that these authorities have to wait—?

**The Hon. IAN MACDONALD:** I have an answer. The process to allocate the noxious weed grants involves local councils, the New South Wales DPI and the Noxious Weeds Advisory Committee. Weed grant allocations were split into two separate payments this year to expedite payment to the local control authority. I approved approximately \$4.4 million for ongoing grant projects, including weed co-ordination, in September last year. Most councils were paid these funds in October 2005, once they had signed and returned expenditure agreements for these grants. I am advised that the majority of the remaining \$3.2 million in weed grant funding was paid in February when the New South Wales DPI received signed agreements and tax invoices from local control authorities. I have asked the DPI to again look at the grant approval and payment system to see if the process can be fairly improved. I think you might have asked me a question on this a little while ago.

**The Hon. DUNCAN GAY:** Do you accept that some of the grant money was not spent because of the delay in the operation of your department in this case?

**The Hon. IAN MACDONALD:** I do not have that information specifically to hand, but if some people want to give me the evidence of that I will look into it.

**The Hon. DUNCAN GAY:** Will you undertake to go back to your department to find out how much of that money was not spent?

**The Hon. IAN MACDONALD:** I am quite happy to do that, yes.

**The Hon. DUNCAN GAY:** How many farmers received drought transport subsidies in 2005-06?

**The Hon. IAN MACDONALD:** A lot, but I will get you the figures. For instance, we had 1,600 and something last month alone.

**The Hon. DUNCAN GAY:** How many farmers received drought transport subsidies in 2004-05?

**The Hon. IAN MACDONALD:** I will give you those figures. In fact, I might have them. Since 2002 the State Government has spent \$215 million. Over the last five years the Government has processed in excess of 78,000 claims for transport subsidies. The value of the subsidies provided is in excess of \$80 million. In addition, the Government has spent in excess of \$1.7 million on the transport of donated fodder, on which a 100 per cent subsidy applies. I will get you the specific figures, a breakdown for each year.

**The Hon. DUNCAN GAY:** Can you detail the number of farmers who applied for drought transport subsidies in November and December 2005?

**The Hon. IAN MACDONALD:** Yes, I will take that on notice.

**The Hon. DUNCAN GAY:** Could you also give me the number of farmers who applied for drought transport subsidies in January, February and March 2006 as a separate request?

**The Hon. IAN MACDONALD:** Yes, I will take that on notice.

**The Hon. DUNCAN GAY:** Given that you removed drought transport subsidies for farmers in all but a few selected pockets of New South Wales in March this year, citing a changing need for such a program and good rain, do you now regret this decision given the area of New South Wales drought declared steadily rose from March when it was 38 per cent to the 93 per cent in August? Can you detail who you consulted before making this decision and on what basis you made your decision?

**The Hon. IAN MACDONALD:** In relation to the decision in, I think, February, March or earlier this year, yes, I am happy to give you the details. But, plainly, you have to remember that there had been a dramatic decline in the number of areas in this State that were under drought declaration by February of this year. In fact, we had a very strong spring and early summer, as you would recall, that ensured that our cropping results across the State were very good indeed. As well as that the State had declined I think in terms of drought declarations to approximately 18 per cent and that had been a dramatic fall over a four or five month period coming off the middle of the year before when the drought broke in July. The advice I received at that point was the likelihood that we were nearing the end of this drought. At that point I made some decisions.

**The Hon. DUNCAN GAY:** Where did you receive that advice from?

**The Hon. IAN MACDONALD:** I received advice from numerous sources. In fact most people earlier in the year were of the view that the drought was receding. Unfortunately, the drought did not depart, and intensified. After those figures became apparent, we then restored the drought transport subsidies to those areas coming back into drought.

**The Hon. DUNCAN GAY:** Minister, as you have indicated, in May you reinstated drought transport subsidies up until August, but this means that there was a two-month period when farmers were left without any assistance for the months of March and April. Will you consider making those two months retrospective and back pay eligible farmers? There are many farmers who still have stock

on agistment and who are still needing fodder for their stock and are still needing water for their operations during this period.

**The Hon. IAN MACDONALD:** I will consider the question on notice.

**The Hon. DUNCAN GAY:** And when will you give us an answer? On notice?

**The Hon. IAN MACDONALD:** Yes, I will give you an answer on notice.

**The Hon. DUNCAN GAY:** How many farmers used the drought's transport subsidy scheme for the months of May through to August?

**The Hon. IAN MACDONALD:** I know that the figure in August was around 1,600, but in earlier months it was much less than that.

**The Hon. DUNCAN GAY:** Minister, you have extended the drought transport subsidies until the end of November this year. Will you commit to extending the subsidies until the drought ends?

**The Hon. IAN MACDONALD:** I think you have asked this question many times, including in the House. The view of the Government is that we will evaluate it towards the end of spring. I would think you would find that the Government would continue its drought support subsidies if the drought continues. But we will make that decision when we look at the factors through spring.

**The Hon. DUNCAN GAY:** Minister, is the reason that you are not going to allow farmers to know that this money is there until the end of the drought and remove this stop-start mentality is that you are a media junkie and you just like making good-news announcements?

**CHAIR:** It is election time, Duncan.

**The Hon. IAN MACDONALD:** Duncan, that is an unfair shot. All I can say, Duncan, is it could provide you with one or two media opportunities as well.

**The Hon. DUNCAN GAY:** Minister, I would be willing to forgo those opportunities if you give us a commitment tonight to extend the subsidy until the end of the drought.

**The Hon. IAN MACDONALD:** Well, we will evaluate it at the end of November—towards the end of November.

**The Hon. DUNCAN GAY:** Will you give me an answer on notice?

**The Hon. IAN MACDONALD:** That is the answer. We will evaluate it, as I say, towards the end of November.

**The Hon. DUNCAN GAY:** So you will wait for another three months to make the announcement rather than really help them and give them some relief?

**The Hon. IAN MACDONALD:** No, no, towards the end of November. But the Premier has always sort of looked very strongly in support of assisting farmers through the drought.

**The Hon. RICK COLLESS:** Minister, are you aware of a firewood operator in the Pilliga who has both a primary business consisting of collecting, processing and haulage and also a retail business in the form of door-to-door selling and who has not received a response from the Forestry Adjustment Unit about the compensation package following the brigalow lock-up?

**The Hon. IAN MACDONALD:** I am aware of some applications that are under consideration that have not been finalised. You would have to give me the specific details.

**The Hon. RICK COLLESS:** I suggest you have a look at the firewood industry in particular because it is my understanding that there are no firewood businesses that have received any compensation as a result of the brigalow lock-up.

**The Hon. IAN MACDONALD:** If you give me the details, I will look up whatever you are referring to and give you an answer.

**The Hon. RICK COLLESS:** I am referring to all the firewood operators who were involved in the Pilliga. When will the Forestry Adjustment Unit meet the Government's obligations to assess and compensate businesses that have been forced into oblivion in some cases by the Government's brigalow decision?

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

**The Hon. RICK COLLESS:** Do you know of one of your consultants named Linda Stevens who contracts her services to NSW Forests in the name of Deipera Pty Ltd?

**The Hon. IAN MACDONALD:** No. I am not aware of that.

**The Hon. RICK COLLESS:** Minister, are you aware that she is on a contract which is made up of a \$ 30,000 retainer plus \$1,450 per day for 180 days per year, making it a package worth up to \$291,000?

**The Hon. IAN MACDONALD:** I have not heard of that.

**The Hon. RICK COLLESS:** Have you not?

**The Hon. IAN MACDONALD:** No.

**The Hon. RICK COLLESS:** Perhaps you should find out.

**The Hon. IAN MACDONALD:** I will take a look at that.

**Ms LEE RHIANNON:** Minister, last month I witnessed clouds of dust at the Mount Arthur coalmine site that were up to eight times higher than the mine trucks. I also saw dust blowing across the town of Muswellbrook. I understand that according to the conditions of consent, dust should not be above the top of the truck. What is the appropriate fine for this breach of conditions of consent that I witnessed?

**The Hon. IAN MACDONALD:** My understanding is that the Department of Environment and Conservation [DEC] is responsible for this particular incident that you are talking about. They are the regulator.

**Ms LEE RHIANNON:** Have you not be notified by the Environment Protection Authority [EPA] or the Department of Planning that the mine does not have adequately sealed roads, or that the unsealed roads are not being adequately hosed down?

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

**Ms LEE RHIANNON:** Do you mean by that that you have not been contacted?

**The Hon. IAN MACDONALD:** I am not aware of it, but I will check for you and see if we have been contacted.

**Ms LEE RHIANNON:** Are you aware if any fine and has ever been issued against BHP Billiton for the dust storms that are generated by the Mount Arthur mine?

**The Hon. IAN MACDONALD:** I am not aware of any. It is DEC again. We are not the regulator.

**Ms LEE RHIANNON:** I appreciate that, but I thought that you would be notified if there was a problem in how they were administering the conditions of consent. Are you normally notified when a company is not complying?

**The Hon. IAN MACDONALD:** I am not aware of it, but I will give you a written answer.

**Ms LEE RHIANNON:** So you are not aware of what the usual practice is?

**The Hon. IAN MACDONALD:** I have not had come across my desk information in relation to dust storms by BHP Billiton or at their mine site at Mount Arthur.

**Ms LEE RHIANNON:** I am asking you in a general sense now. When there is a breach of conditions and DEC investigates and/or a company is fined, are you informed of that?

**The Hon. IAN MACDONALD:** My advice is that we would be made aware of major issues, but we are not the regulator.

**Ms LEE RHIANNON:** For the last financial year could you provide the Committee with details of what you have been informed of by the DEC in relation to the major breaches?

**The Hon. IAN MACDONALD:** Yes. For the BHP site?

**Ms LEE RHIANNON:** No, generally. What are the major breaches for the last financial year?

**The Hon. IAN MACDONALD:** That the EPA has informed us of?

**Ms LEE RHIANNON:** Informed you, or the department.

**The Hon. IAN MACDONALD:** Yes, any that we have been formally advised of, I will let you know.

**Ms LEE RHIANNON:** I want to move on to the Gloucester Basin now. How will you make sure that no mine water from the Duralie mine is discharged into the Mammy Johnson River in the Gloucester Basin? How is river discharging monitored at present?

**The Hon. IAN MACDONALD:** The Department of Environment and Conservation license that operation. You should refer your question to the appropriate Minister.

**Ms LEE RHIANNON:** Mr Coutts, I understand you recently provided written advice to Rivers SOS that mining buffer zones around rivers should be based, as stated in your letter, "on scientific assessment of the geological and surface features of each potential mine area". Will you arrange for that investigation to take place for the Mammy Johnson River? I refer to your comment about the scientific assessment of the geological and surface features of each potential mine area.

**Mr COUTTS:** The quote to which you have referred was in response to correspondence that the Minister and the department had received about longwall mining in close proximity to rivers. We indicated that in the case of those particular applications for longwall mining we would make a determination on a case-by-case basis about what the impact might be. In regard to the Duralie coalmine and any impacts on the Mammy Johnson River, that will be covered by the consent conditions for that mine. It is not a matter for my department to consider.

**Ms LEE RHIANNON:** You do not see the need for the buffer zone at that river, or your comments do not apply in that case?

**Mr COUTTS:** We are talking about two separate issues. On the question of buffer zones, we would say you cannot consider a buffer zone on a generic basis, but you have to consider the impact of mining on rivers on a case-by-case basis. That issue would be considered either as part of the development consent process or, in the case of post-development consent, under the subsequent management planning process.

**Ms LEE RHIANNON:** I accept if you say that about longwall coalmining, you obviously—

**Mr COUTTS:** My comments to Rivers SOS, if I recollect, were specifically related to longwall mining by BHP in the southern coalfields.

**Ms LEE RHIANNON:** You were saying it was a reference only to the Nepean River?

**Mr COUTTS:** No, I am saying that the comments you are referring to are in response to correspondence I wrote in regard to specific representations. You are trying to generalise them more broadly. I am not prepared to say that I am generalising them.

**Ms LEE RHIANNON:** That is my question. Are you saying your comments referred only to the Nepean River or to longwall coalmining?

**Mr COUTTS:** I am saying that we do not accept the notion that you should have a buffer zone around rivers for underground mining. We say there is no scientific evidence for that and we base our considerations on scientific evidence.

**Ms LEE RHIANNON:** I am sorry, I have to interrupt you there. You have said there is no scientific evidence, but here you have said that buffer zones should be based on a scientific assessment so that is leaving the possibility open and that is what I wanted to explore with you. What did you mean by a scientific assessment? Now you seem to have shifted.

**Mr COUTTS:** No, I am not shifting. I am saying that if in the consideration of a specific mining approval there is an indication that there will be a negative impact on the river system, that may then preclude mining within a certain radius of that mine. For example, you do not allow mining near foreshores of lakes because it has impacts on the lake systems. That is based on quite clear evidence of substance impacts on foreshores. The same would apply in the past in specific cases where it has been said that mining would have an impact on the river. You hold the mining short of that system. It applies to most sorts of infrastructure and we do not allow mining in the vicinity of cliff lines if it will be shown that it will have a negative impact on the cliff, because you will have rock falls.

Again, it is on a case-by-case basis. We are saying that you cannot generalise. What has been generalised there is the notion that you should have a 1.5 kilometre buffer zone around rivers. We are saying that there is no scientific basis for that and, therefore, you should not have a buffer zone of 1.5 kilometres around rivers. If you have a buffer zone of 1.5 kilometres around rivers you would stop mining in New South Wales, and probably Queensland.

**The Hon. IAN MACDONALD:** That may be the objective.

**Ms LEE RHIANNON:** Wait till you hear what some of the Liberals are coming up with.

**The Hon. IAN MACDONALD:** You better tell Duncan about that.

**Ms LEE RHIANNON:** Yes, I know, it would be interesting. Minister, did you think there is an anomaly in the New South Wales mining legislation that sees all the proceeds of ruby mining going to the mining company and none to the State? When it comes to rubies and precious stones there is an anomaly compared with what you get from other mining?

**The Hon. IAN MACDONALD:** I will have a good look at that situation and give you a written reply.

**Ms LEE RHIANNON:** Minister, you would already be aware of that. Are you not willing to comment? You seem to be avoiding the question. We have tolerated you taking all the questions on notice up to now, but clearly this is one you could comment on.

**The Hon. IAN MACDONALD:** No, I believe in making very considered remarks, Ms Rhiannon.



**Ms LEE RHIANNON:** That is code for avoiding the question.

**The Hon. IAN MACDONALD:** No, there is no code for avoiding anything. I am happy to answer the question but I want to give it to you in a written form. I am being more helpful.

**Ms LEE RHIANNON:** Minister, in an ABC radio interview on 6 July with respect to exploration of rubies in Barrington tops, you said "This is a way of assisting us in getting the data so that we know what resources New South Wales actually has". Are you not misleading the public, because all the proceeds of that mine will go to the Packer family owned Cluff Resources company? You said, "so that we know what resources New South Wales actually has"?

**The Hon. IAN MACDONALD:** I think it is quite clear that exploration does serve the purpose of giving us an assay of the resources across the land. It is a good thing. As for where the proceeds go in the end, that is up for discussion at another level.

**Ms LEE RHIANNON:** What level, Minister?

**The Hon. IAN MACDONALD:** Oh, I do not know; another one.

**Ms LEE RHIANNON:** Another avoidance?

**The Hon. IAN MACDONALD:** No, I am not suggesting avoidance or anything.

**Ms LEE RHIANNON:** You will not say what level, Minister.

**The Hon. IAN MACDONALD:** Clearly there is an issue that you might take up with any one of my colleagues.

**Ms LEE RHIANNON:** Minister, in that same interview you used the word "ludicrous" to dismiss the call for an environmental impact statement [EIS] for exploratory ruby mining that will remove 2.3 million tonnes of gravel—

**The Hon. IAN MACDONALD:** On my understanding, we require an EIS on major exploration or mining ventures. I do not think the scope of this is huge.

**Mr COUTTS:** We are governed by the—

**Ms LEE RHIANNON:** Mr Coutts, what is "major"?

**Mr COUTTS:** The consent authority is governed by the provisions of the Environmental Protection and Assessment Act, so we make a determination based on the environmental impact. The Act is quite specific in what the determining authority has to consider in making its decision. In regards to exploration most exploration activity is fairly low key; minimal environmental impact.

**Ms LEE RHIANNON:** Do you regard this as low key? This is the one that the Minister said was "ludicrous" when the locals asked for an EIS; that it will remove 2.3 million tonnes of gravel, which is around 70 football fields, on sensitive river flats and swampy wetlands that are quite famous in the Barrington Tops.

**Mr COUTTS:** You may well be confusing exploration with mining.

**Ms LEE RHIANNON:** No, this is definitely exploration. What I saw was mining, but it is called "exploration" and there has been no EIS. That is why we are having a dispute, and the Minister and I had an argument about it.

**Mr COUTTS:** I would be very surprised. In some cases where exploration goes to what we might call box sampling, there is an EIS carried out and a full consideration of that EIS. That is where you might be getting major disturbance of the environment. Again, any determining authority needs to

make that assessment. Is there a significant impact on the environment? And if the answer is "yes", that goes to some form of further environmental assessment, generally speaking the EIS.

**Ms LEE RHIANNON:** Could you take this question on notice and provide a list of all those exploration projects where an environmental impact statement [EIS] was carried out? Could you supply the Committee with a list of such projects?

**Mr COUTTS:** I can provide you with a list over the last 12 months of what, if any, exploration projects were carried out and the EIS required.

**Ms LEE RHIANNON:** Thank you. Minister, BHP Billiton plans to develop longwall mining in the special area surrounding the upper Cataract River, which channels approximately 7 per cent of Sydney's drinking water down to Broughtons Pass Weir. BHP Billiton's consultants predict that these mines could lead to localised fracturing and buckling of the bedrock in the base of the river. The Sydney Catchment Authority requires that the only development allowed in special areas is that which has a neutral or beneficial effect. Given that I understand you will approve this mining, could you inform the Committee what neutral or beneficial effect you will attribute to the three longwall mines that will cause damage through subsidence in this water catchment area?

**The Hon. IAN MACDONALD:** This issue has not been presented to me by anyone in particular that I can recall. This issue will not be coming to me.

**Ms LEE RHIANNON:** It will not be coming to you?

**The Hon. IAN MACDONALD:** Because it is a subsidence management plan, under the Mining Act it goes to the director-general of the department.

**Ms LEE RHIANNON:** So are you saying that you have no say at all on that matter?

**The Hon. IAN MACDONALD:** It goes to the director-general. He will make that decision. *[Time expired]*.

**CHAIR:** Minister I refer briefly to private native forest codes. If you are genuinely concerned about balance, will you now commit to equal representation for conservation interests—equal to pro-logging interests on the National Resource Audit Council [NRAC] subcommittee that will discuss the private native forest code?

**The Hon. IAN MACDONALD:** In relation to NRAC, I think it would be quite capable of determining—

**CHAIR:** I am asking whether you want a balance of conservation interests.

**The Hon. IAN MACDONALD:** I am happy to discuss this issue with the chair. I believe there should be a balance in any of the committees that consider this important issue.

**CHAIR:** I take that as a yes.

**The Hon. IAN MACDONALD:** I understand that subcommittees are defined and balance is required as part of their operation.

**CHAIR:** Do you support logging of identified wilderness areas, listed endangered ecological communities, old-growth forest and rainforest?

**The Hon. IAN MACDONALD:** I would have to look at the issues in more detail, I think, with some examples. Sometimes people describe certain areas in a way that exaggerates to some extent the merit of that area.

**CHAIR:** That is a degeneration of values. The Minister knows what I am talking about.

**The Hon. IAN MACDONALD:** The member might give me a sort of fatherly look—

**CHAIR:** I can assure the Minister that it is hardly fatherly.

**The Hon. IAN MACDONALD:** Many of those areas are already protected by a plethora of legislation.

**CHAIR:** If that is the case, will you use your powers under the Native Vegetation Act 2003 to provide interim protection for these outstanding conservation features until a code of practice is in place?

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

**CHAIR:** Does the Department of Natural Resources [DNR] issue approvals to log in identified wilderness areas, or within listed endangered ecological communities?

**The Hon. IAN MACDONALD:** I am not quite sure what an identified wilderness area is. I know what a wilderness area is in a national park.

**CHAIR:** An identified wilderness area has been given that classification.

**The Hon. IAN MACDONALD:** By whom?

**CHAIR:** Probably by the conservation movement.

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

**CHAIR:** Did DNR issue an approval to log in identified wilderness areas? I think the Minister will find it is a specific classification. I ask him to look at that question.

**The Hon. IAN MACDONALD:** I will take that question on notice and look at it.

**CHAIR:** Similarly, did DNA issue an approval to log in identified wilderness on Five-day Creek west of Kempsey? Was a species impact statement required before that approval was given?

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

**CHAIR:** Did DNR issue an approval to log in any listed endangered ecological communities, or known threatened species habitat on a block at Corindi, north of Coffs Harbour, on a site that has a history of the proponent seeking to degrade the land by pre-emptive clearing as a precursor to development? Did that approval override a tree preservation order that was put in place by Coffs Harbour City Council, which was protecting the site from pre-emptive clearing? Was a species impact statement required before the approval to log was given by DNR?

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

**CHAIR:** Minister, will you now immediately withdraw these two ill-considered approvals?

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

**CHAIR:** Did DNR conduct any investigation of alleged logging of rainforest, old-growth forest and threatened species habitats on private land at Timmsvale and Billys Creek after they were reported late in 2005 and early in 2006? Exactly what measures did DNR take to investigate these matters? What actions, if any, have been taken by DNR in relation to those two blocks?

**The Hon. IAN MACDONALD:** I understand that the Department of Environment and Conservation did some investigation, but I will take that question on notice.

**CHAIR:** I have a few questions relating to the Game Council. Has the Game Council published its 2004-05 annual report? If so, on what date was it made available to the public?

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

**CHAIR:** Why did the Game Council apparently not publish its annual report by the normal deadline set for statutory authorities New South Wales?

**The Hon. IAN MACDONALD:** I will take that question on notice. I might add that from time to time a number of authorities report late. It does not necessarily mean it is a hanging offence.

**CHAIR:** In the second round landowner consultation period between October 2005 and May 2006 how many responses were received from landowners and other stakeholders on a forest-by-forest basis in the second round of consultations?

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

**CHAIR:** Of the responses received, how many on a forest-by-forest basis supported or rejected the proposed declaration for hunting in that forest?

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

**CHAIR:** Why was second round consultation response data on a forest-by-forest basis not released to the public in 2006, while first round consultation data had been released in August 2005?

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

**CHAIR:** Minister, I am interested to know your opinion. In your speech to the New South Wales Farmers Association annual conference in July you attacked the entire green movement and labelled them as extremists. Was it your intention to ensure that no progress would be made to improve the condition of farm animals and that all current systems, including battery hen cages, intensive pig farms and feedlots, are acceptable as they are? Do you think it is emotional nonsense to be concerned about cruelty to animals?

**The Hon. IAN MACDONALD:** I did not say that. What a gross exaggeration of my speech! I did not label the entire green movement as extremists. I pointed out that a number of organisations are running a number of extreme campaigns against legitimate farming practices in this country, based on good animal welfare practice. For instance, Peta's campaign about mulesing, which I regard as an important animal welfare measure, helps the sheep of this country to survive. The slides to which I referred in my speech were what I would regard as extremist campaigns. I did not label in any shape or form the green movement or green groups as all being extremist.

**CHAIR:** In your speech to the New South Wales Farmers Association did you attack conservationists concerned about tree clearing in New South Wales?

**The Hon. IAN MACDONALD:** I pointed out to the farmers present that there were views about land clearing in New South Wales that tended to colour the debate through exaggeration and by failing to point out that there were a number of balanced views that meant you could have both production and sustainability. The use of extreme motifs by certain people clouded the issues so that farmers were rendered as somehow getting stuck into the iconography of *Waltzing Matilda* and symbols were used to convey the impression that all farmers are pillaging the land.

**CHAIR:** But you did use the phrase "green extremists".

**The Hon. IAN MACDONALD:** Yes, there are green extremists. You have agreed with me about that many a time.

**CHAIR:** I do not need to be verbally, Minister.

**The Hon. IAN MACDONALD:** I get verbally enough.

**CHAIR:** By association, you will be calling me a green extremist as well. I think you have called me that a number of times. I will verbal you now.

**The Hon. AMANDA FAZIO:** You have called him a liar.

**CHAIR:** He is a liar.

**The Hon. DUNCAN GAY:** Everyone knows that.

**CHAIR:** I am glad you brought it up. He is a liar.

**The Hon. IAN MACDONALD:** I am not a liar.

**CHAIR:** You are, Minister.

**The Hon. IAN MACDONALD:** You are a liar.

**CHAIR:** Show me the proof. I will show you where you have lied; you show me where I have lied.

**The Hon. IAN MACDONALD:** I have been reading out all these statements that you ignore.

**CHAIR:** Do you regard conservation groups as the enemy? If not, why did you say as much in your speech to the New South Wales Farmers Association?

**The Hon. IAN MACDONALD:** You are verballing me.

**CHAIR:** Do you regard wishing to conserve fish stocks, conserving native vegetation, concern about cruelty to animals and concern about global warming as being part of the extreme agenda?

**The Hon. IAN MACDONALD:** You are verballing me again, Ian. This is very bad form. I am pointing out that people take extreme views.

**CHAIR:** You must recognise that, as a Minister of the Crown, by labelling people "green extremists" you are having quite an impact with a constituency that wants to see things that way. You have fanned the flames of hate and division rather than taking a reasonable approach.

**The Hon. IAN MACDONALD:** I have taken a reasonable approach.

**The Hon. EDDIE OBEID:** Do you not have extreme views, Ian?

**CHAIR:** My views are very moderate.

**The Hon. EDDIE OBEID:** Are your views in balance with the community?

**CHAIR:** They are in balance with quite a substantial portion of the community. But I am questioning the Minister.

**The Hon. IAN MACDONALD:** I believe you are exaggerating both my speech and what I did.

**CHAIR:** You used that terminology.

**The Hon. IAN MACDONALD:** There are people on both sides of the fence who take extremist views.

**CHAIR:** Your Government accuses Mr Debnam of making extreme statements that vilify various communities. Your statements can vilify a whole community in the same way. Do you agree with that?

**The Hon. IAN MACDONALD:** I have heard you make a million statements that put people in niches and little holes.

**CHAIR:** But I am not a Minister of the Crown.

**The Hon. IAN MACDONALD:** You do it on a daily basis.

**CHAIR:** Agriculture and Food Minister Kim Chance has said that Western Australia's canola growers were receiving premium prices for their crops due to the State's commitment to the GM moratorium. Mr Chance says that Australian canola prices had now exceeded the prices for Canadian GM canola whereas Canadian prices had previously consistently exceeded Australian prices. He said:

In 1998, the difference between Australian and Canadian canola prices was about AUD\$70 a tonne in favour of Canada ... However, by May 2006 Australian prices had exceeded Canadian prices by some AUD\$50 a tonne.

Minister, are you aware of the tremendous advantage that you have given to New South Wales canola farmers by introducing the moratorium on GM canola? Does this significant turnaround in prices received by Australian canola growers vindicate your insistence on a GE moratorium for commercial cultivation? Will you commit to upholding the State's right to a GE moratorium in the face of Federal pressure for States to abolish moratoriums?

**The Hon. IAN MACDONALD:** That is a long question, Ian.

**CHAIR:** I wanted you to get the whole picture.

**The Hon. IAN MACDONALD:** I am not aware of the basis of my colleague Kim Chance's figuring. I note that a lot of these issues are disputed, particularly by particular groups of farmers or farmer organisations that have more recently had a change of heart on the road to Damascus about GM and whether or not they want it. We have a moratorium in place and it is in force for another year and a half or so. I will defend that moratorium against any Commonwealth interference or whatever. I am sure that Duncan will join me in opposing interference in New South Wales.

**The Hon. EDDIE OBEID:** There is no guarantee of that. You cannot rely on Duncan.

**The Hon. IAN MACDONALD:** He will not even help us on the GST.

**CHAIR:** Turning to the southern forests—perhaps you will need to take these questions on notice—what was the total revenue obtained from royalties on timber sales from Wandella State Forests in 2005? What are the royalty rates for pulp logs for each region in southern New South Wales? What tonnage of pulp logs and saw logs was produced in this region in 2005 and 2004? What is the price of woodchips produced as sawmill residue supplied to the Eden chip mill?

**The Hon. IAN MACDONALD:** I will take those questions on notice.

**The Hon. DUNCAN GAY:** Minister, why were the 2004-05 surveys of recreational users and commercial fishers in the Jervis Bay, Solitary Islands and Cape Byron marine parks and the Batemans shelf bioregion undertaken during low season visitation periods?

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

**The Hon. DUNCAN GAY:** Given that that happened, does it not mean that any future data, especially from high season visitation periods, will falsely make it appear that not only has the marine park had little effect on the local communities but it may have increased expenditure and the number of visitors?

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

**The Hon. DUNCAN GAY:** Is that the reason why the studies were done in the low season—to give a false picture?

**The Hon. IAN MACDONALD:** I do not believe the department would endeavour to create a false picture of anything. But I will give you an answer on notice.

**The Hon. DUNCAN GAY:** Why were all these regions surveyed in the low season?

**The Hon. IAN MACDONALD:** I will give you an answer on notice.

**The Hon. DUNCAN GAY:** How long do you think it will take for recreational fishers to "make appropriate adjustments" given the fishing opportunities that will be available in unrestricted areas?

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

**The Hon. DUNCAN GAY:** That was a quote from your own document. What kind of impact do you think the time taken to "make appropriate adjustments" will have on the Nelson Bay, Port Stephens and Forster-Tuncurry regions, where recreational fishers spend approximately \$9.7 million and \$9.9 million a year respectively.

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

**The Hon. DUNCAN GAY:** Minister, when do you expect the likely impact on recreational fishing from the marine park to be known?

**The Hon. IAN MACDONALD:** I suspect that the impact will be a lot less than the more exaggerated claims of some people. After all, the sanctuary zones are limited and the vast majority of these parks are multi use. So I do not anticipate a significant impact, and the advice I have received suggests that it will have little impact. In fact, a number of fishing groups have supported the idea of marine parks. You have to remember that of the two parks that are currently under consideration—that is, Port Stephens and Batemans Bay—approximately 80 per cent of those parks will be open for fishing activity.

**The Hon. DUNCAN GAY:** The socioeconomic report identifies potential problems for the commercial fishing industry in continuing to supply a variety of fresh fish to local consumers, restaurants and visitors. Will the Government consider compensating local restaurants?

**The Hon. IAN MACDONALD:** The restaurants will do well.

**The Hon. DUNCAN GAY:** Is that a "No".

**The Hon. IAN MACDONALD:** No, the Government does not envisage compensating restaurants. I assume you mean restaurants in Port Stephens, Bateman's Bay and so forth. I would take a lot of convincing that the marine park will substantially affect their businesses. In fact, an economic study released late last year into the marine park at Coffs Harbour indicates that in Coffs Harbour in recent years there has been a considerable increase in economic activity relative to recreational fishing in the region.

**The Hon. DUNCAN GAY:** Do you acknowledge that undertaking a socioeconomic study before any zoning is known is a waste of money in that the only results given are guesses and estimates because no-one as the actual zoning in place?

**The Hon. IAN MACDONALD:** The socioeconomic work that has been done has been rigorous and I have not seen it undermined greatly. We know roughly by the amounts of money available, the precedent and the order of the cut to commercial fishing that would result from a zoning plan with a certain level of sanctuary zone. Yes, there is some degree of guesstimate in all of the socioeconomic studies I have read. Generally speaking, there is enough known about the potential of sanctuary zones in a marine park in terms of affecting the commercial industry.

**The Hon. DUNCAN GAY:** Does this answer mean that the whole consultation process is a farce and that you have already made up your mind and presented those areas to them in the first place?

**The Hon. IAN MACDONALD:** Certainly not.

**The Hon. DUNCAN GAY:** Both answers cannot add up.

**The Hon. IAN MACDONALD:** No. Socioeconomic studies include some educated guessing and every socioeconomic study I have read has an element of that.

**The Hon. DUNCAN GAY:** If you do not know the boundaries, how can it have any validity?

**The Hon. IAN MACDONALD:** It has total validity because we have a rough idea of the size of the sanctuary zone; that is, in the order of 20 per cent. We can modulate that 20 per cent around and rearrange the lines on the map, but in the end we are talking about 20 per cent. We have an idea of what impact that will have.

**The Hon. DUNCAN GAY:** Why was the submission period for the Port Stephens-Great Lakes Marine Park extended?

**The Hon. IAN MACDONALD:** I am sure you would like more consultation. The difficulty arose because of the complex documents that needed to be prepared. The production of those documents was slower than my announcement. As soon as the documents were ready there was a period of three months before park descriptions could be defined and released. It meant an extra five weeks.

**Ms LEE RHIANNON:** Is it true that the operators of the Invincible open-cut coalmine outside Lithgow plan to dump contaminated waste water into the old mine workings underneath the endangered temperate heathland peat swamp that occurs at Long Swamp, which is the headwater of the Coxs River?

**The Hon. IAN MACDONALD:** If they wished to proceed with action or activity along those lines they would have to seek approval.

**Ms LEE RHIANNON:** Are you saying that they do not have the approval yet?

**The Hon. IAN MACDONALD:** We do not know the details. However, if there were some activity that would have an impact—

**Ms LEE RHIANNON:** I am aware of that. If you cannot give a definite answer, can you take the question on notice?

**The Hon. IAN MACDONALD:** Yes.

**Ms LEE RHIANNON:** We are talking about an extension, because there is an existing colliery. Given that it was approved decades ago and the environmental standards have changed enormously—

**The Hon. IAN MACDONALD:** An extension of the mine would have to go before the Minister for Planning.

**Ms LEE RHIANNON:** But it is not subject to an EIS, is it?

**Mr DUNN:** It depends of the size of the project, but normally mine extensions, by their very nature, are significant projects and they go through the appropriate development consent process through the Department of Infrastructure, Planning and Natural Resources.

**Ms LEE RHIANNON:** The extensions that I have seen have not been subject to an environmental assessment because they have been seen as extensions and the approval has already been given. Are you saying that is wrong?



**Mr DUNN:** I do not know what extension you have seen.

**The Hon. IAN MACDONALD:** We will take the question on notice.

**Ms LEE RHIANNON:** To clarify that, I would like a list of mine extensions where there has been an environmental assessment.

**The Hon. IAN MACDONALD:** That might be difficult.

**Mr DUNN:** Can we go back to the basics of an approval for a project?

**Ms LEE RHIANNON:** I understand that.

**Mr DUNN:** A mine gets a development consent approval and it can operate within that development consent. If it wants to operate outside that development consent—in other words, to extend the mine outside that development consent—it must get a fresh approval. That fresh approval has to go through the Department of Infrastructure, Planning and Natural Resources and is subject to all the necessary requirements of the approval process.

**Ms LEE RHIANNON:** But these days necessary requirements are minimal. That is the precise problem. There is no environmental assessment at that stage. That is where—

**The Hon. IAN MACDONALD:** We will provide a detailed assessment of the situation at Invincible.

**Ms LEE RHIANNON:** Of what is required. If you can quantify it, that would be good. I refer to the Diega Creek project involving Oceanic Coal. Have you or your department been negotiating with Oceanic Coal about the loss of flows to Diega Creek as a result of mine subsidence?

**The Hon. IAN MACDONALD:** Diega Creek is an ephemeral stream that flows above the underground West Wallsend Colliery near Newcastle. Diega Creek was undermined between 1999 and 2005. The company, Xstrata, has acknowledged that mining, along with other factors such as the drought, has resulted in some adverse impacts on Diega Creek. Xstrata has been monitoring possible impacts on the creek. A Diega Creek Rivercare Plan has been developed in consultation with the Department of Infrastructure, Planning and Natural Resources and the local community to determine appropriate remediation strategies for the creek. Government agencies, including the Department of Primary Industries, the Department of Infrastructure, Planning and Natural Resources, Hunter-Central Rivers Catchment Management Authority and Lake Macquarie City Council have met with the company to discuss remediation strategies. Ongoing discussions will held between relevant agencies, Xstrata and the community. Xstrata will be required to report rehabilitation progress to the Department of Primary Industries.

**Ms LEE RHIANNON:** Does that include returning the flows?

**The Hon. IAN MACDONALD:** Rehabilitation implies that one must rectify the problems that may have arisen. I understand that the drought has had some impact; it is not a permanent stream.

**Ms LEE RHIANNON:** The locals say it is.

**CHAIR:** Will the Government release any advice about the risk assessment of opening State forests to hunters? What compensation will State Forests pay to anyone killed or injured by a gun or bow by a hunter in State forests? If State Forests is not liable for compensation will the Government pay compensation?

**The Hon. IAN MACDONALD:** I will take those questions on notice. I have plenty of information, but I do not think we have the time for me to read it.

**CHAIR:** As you may be aware, the 2006 cane harvest has just commenced and with it the pre-harvest fires. Burning cane prior to harvest is recognised as an outdated practice in the New South Wales sugar industry farming code of practice. That code advises farmers to make use of whole cane

or green cane harvesting where possible. Is the department supporting this transition to green cane harvesting, particularly in the Clarence Valley? Are any assistance packages or other incentives available such as linking subsidies to compliance with the code of practice?

**The Hon. IAN MACDONALD:** Yes, I am aware of this issue. I was in the Tweed recently and met with canegrowers to discuss these issues and the evolution to cogeneration that is occurring in the region. Yes, I believe we must limit this practice, and many farmers are now doing so. Off the top of my head I am not aware of any packages that may be available, so I will take that question on notice.

**CHAIR:** Manufacturers in places like India produce high-quality sugarcane paper. Have you investigated any other value adding rather than eventually burning it in a cogeneration plant?

**The Hon. IAN MACDONALD:** I personally have not investigated that, but I will take that up with the department and provide a response.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**