

GENERAL PURPOSE STANDING COMMITTEE No. 5

Thursday 16 September 2004

Examination of proposed expenditure for the portfolio area

MINERAL RESOURCES

The Committee met at 5.30 p.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. A. Catanzariti
The Hon. D. J. Gay
The Hon. K. F. Griffin

Ms S. P. Hale
The Hon. D. T. Harwin
The Hon. P. T. Primrose

PRESENT

The Hon. K. A. Hickey, *Minister for Mineral Resources*

Department of Mineral Resources

Mr Alan Gleeson, *Executive Director, Corporate Services*

Mr Alan Coutts, *Deputy Director General, Mineral Resources*

Mr Tony Galligan, *Director, Minerals Development*

Mr Barry Buffier, *Director General, Department of Primary Industries*

Mr Harry Bowman, *Chief Executive Officer, Coal Compensation Board*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: Before the questioning of witnesses commences, I would like to advise members that the Opposition Whip has written to inform me that the Honourable Duncan Gay has been nominated as substitute member in the place of the Honourable Richard Colless. I advise that the Government Whip has written to inform me that the Honourable Peter Primrose has been nominated as a substitute member in the place of the Honourable Henry Tsang.

Members are advised that there is no provision for written questions on notice for budget estimates this year. Any written questions relating to the portfolio responsibilities of the Committee after the hearing need to be lodged in the House in accordance with usual procedures for questions on notice.

While the budget estimates resolution does not prescribe proceedings for the following matters, the Committee has previously determined that, unless the Committee resolves otherwise, the Committee will continue questioning departmental witnesses in the event of the absence of the Minister due to a division in the Legislative Assembly.

Witnesses are to be requested to provide answers to oral questions taken on notice during the hearing within 35 calendar days.

The sequence of questioning is to be left in the hands of the Chair.

Before the questioning of witnesses commences, I remind Committee members that the Committee has previously authorised the broadcasting of all its public proceedings. Should it be considered that the broadcasting of these proceedings be discontinued, a member will be required to move a motion accordingly.

Welcome everybody to the public hearing of the General Purpose Standing Committee No. 5. First, I would like to thank the Minister and the Departmental Officers for attending today.

Mr HICKEY: We thank you for the invitation.

CHAIR: At this meeting the Committee will examine the proposed expenditure for the portfolio area of Mineral Resources.

Before questions commence, some procedural matters need to be dealt with. I point out that, in accordance with the Legislative Council's guidelines for the broadcast of proceedings (available from Attendants and Clerks), only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos.

In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Members and their staff are advised that any messages should be delivered through the Attendant on duty or the Committee Clerks.

I declare the proposed expenditure open for examination.

As the Lower House is sitting, could you advise whether you will need to attend divisions this evening?

Mr HICKEY: No, I will not.

CHAIR: I declare the proposed expenditure open for examination.

Minister, do you wish to make a brief opening statement?

MR HICKEY: No

The Hon. DUNCAN GAY: Minister, for the education of the Committee, would you in your own words explain how your portfolio of Mineral Resources and your position as the Minister fits into the newly restructured DPI?

Mr HICKEY: What it does is it brings together Forestry, Fisheries, Agriculture and Mineral Resources and we work together and I think it gives us a much better scope to lobby, to work together to bring our resources together to ensure that the environmental portfolio can be stronger, the geosciences can work much better, the research centres can feed off each other.

The overall benefit of combining the four departments is to utilise each other's resources and to ensure that that resource benefit comes back to frontline services. I consider what has occurred to be a positive step for Mineral Resources because it gives it a much stronger voice and it allows us to utilise the other departments' facilities and their expertise.

The Hon. DUNCAN GAY: Minister, can you describe how your portfolio of Mineral Resources and your position fits into the restructured DPI?

Mr HICKEY: I thought I just did.

The Hon. DUNCAN GAY: No, you didn't.

The Hon. PETER PRIMROSE: I think he has got the right to reply as he wishes.

CHAIR: Perhaps you could make the question specific.

The Hon. DUNCAN GAY: How does your position fit within the restructure?

Mr HICKEY: I look after Mineral Resources.

The Hon. DUNCAN GAY: You are the Minister.

Mr HICKEY: I think it says that there, Duncan, it says the Honourable Kerry Hickey, MP, Minister for Mineral Resources.

The Hon. DUNCAN GAY: Minister, your portfolio as it is now is part of the Department of Primary Industries, are you in fact assistant minister to Ian Macdonald?

Mr HICKEY: I am the assistant to Ian Macdonald in the Lower House. I have carriage of his legislation in the House and I table documents in the House on behalf of Minister Macdonald. We work together. I look after my portfolio, which is Mineral Resources, which is sustainability and to try to ensure that the sectors inside the department and front line services are delivered to the best of our ability for the benefit of the operators and to ensure that safety is there for workers and we do all the things that we have done in the past and try to do them better each day.

The Hon. DUNCAN GAY: Minister, last night we had the Department of Primary Industry Budget Estimates and tonight we are having Mineral Resources. Mineral Resources is part of the newly restructured Department of Primary Industries that supposedly was put in place to rationalise and make savings and make efficiencies. How would you justify the new Minister for Mineral Resources yet there is not a Minister for Fisheries and there is not a Minister for Agriculture? How do you justify your role?

Mr HICKEY: I think it shows you what benefit comes back to the State through the Department of Mineral Resources. The return to State, both economically and also sustainably, shows to me that Mineral Resources is a major economic driver across New South Wales, it employs quite a number of people, 30,000 plus, it also returns to the Treasury quite a considerable amount of money in royalties. I think by having its own Minister shows the importance of Mineral Resources to New South Wales.

The Hon. DUNCAN GAY: Do you have your own director general?

Mr HICKEY: I have my director general, who is Barry Buffier, and Alan Coutts is my deputy director general.

The Hon. DUNCAN GAY: Can you explain to the Committee why the Mineral Resources' website, which we accessed on 9 September, still indicates under the flowchart that Alan is the director general?

Mr HICKEY: They are in the process of changing the website to reflect the changes to DPI and that will be altered. I must say the deputy director general has done a splendid job in that past and I think that his co-workers would be having a go slow in recognition of that good job that Alan has done in the past.

The Hon. DUNCAN GAY: Give me some idea of the procedure. I have got in front of me a press release from Barry Buffier announcing the DPI top management team, would he have put that past you before he put it out?

Mr HICKEY: Yes, he would have run it by me.

The Hon. DUNCAN GAY: Mr Buffier, how many releases that you do do you put before the Minister for Minerals?

Mr BUFFIER: Anything that impacts on Minerals or the operation of the Department of Primary Industries and where it might have some impinging interaction I would run it past Minister Hickey and discuss with Minister Hickey and get his approval, if necessary.

The Hon. DUNCAN GAY: So Mr Coutts, who is actually answerable to?

Mr HICKEY: Who is 'he'?

Mr BUFFIER: Mr Coutts is answerable to me.

Mr HICKEY: I am sorry, I thought you were posing the question to Mr Coutts.

The Hon. DUNCAN GAY: So he is answerable to you, he is not actually answerable to the Minister?

Mr BUFFIER: In terms of direct line responsibility he is answerable to me, but as with all departmental operations people liaise and respond to ministers as appropriate. I am not a bottle neck that operates within the Department that everyone has to go through if they want to do anything with any minister. People have delegated responsibilities to deal with certain things as appropriate; Alan exercises some of those delegations as do other members of my department.

Mr HICKEY: May I just add that Alan does have contact with me on a regular basis. Alan and I have communication, as I do with Barry. We all communicate. If we run through the system I should request everything that comes through the Department but that would take up a lot of Barry's time, so I contact Alan on a regular basis if I have issues that I need to have an immediate response to or something that is a departmental issue that can be resolved fairly easily, and I think that is a discretion I have. On other issues, probably the big picture issues, I talk to Barry and Alan. So I still have a lot of contact with Alan and I still have a lot of contact with Barry.

I think that the overall running of the Department is a very co-operative approach between Alan and Barry; I think they are doing a tremendous job.

The Hon. DUNCAN GAY: So in this brave new world, this situation that we have now got in DPI where you have a minister and a director general who liaise, we have now got the improved version where you have a minister and a deputy director general who liaise and occasionally they talk to a director general who is also answerable to another minister who is, if I take your words, the senior minister, because you said you were his assistant.

The Hon. PETER PRIMROSE: I am seeking guidance, because I am trying to follow this. I am hearing an adjournment speech, but not a question.

The Hon. DUNCAN GAY: It was very much a question.

The Hon. PETER PRIMROSE: Questionable maybe.

The Hon. DUNCAN GAY: Can you explain how this system is better?

Mr HICKEY: Very quickly, Duncan, it is exactly the same system that is run by the Commonwealth Government, which I think last check was set up under the National Party and the Liberal Coalition, exactly the same model, which reflects the same way.

The Hon. DUNCAN GAY: Can you in your own right direct the Department of Primary Industry to do your work?

Mr HICKEY: I am responsible for Mineral Resources and that is separate to the Department of Primary Industries, and that is my responsibility. I do not intend to start directing the Department of Primary Industries in other areas than where my responsibilities are. I would have as much chance of doing that as what I have of changing the health system, the education system or any other portfolio in this Parliament. Ministers tend to stick with their own areas.

The Hon. DUNCAN GAY: Is that because you are a naturally gentle nice guy?

Mr HICKEY: Well I would like to think I am a naturally gentle nice guy.

The Hon. DUNCAN GAY: Could you if you wanted to?

Mr HICKEY: I am responsible for Mineral Resources, that is my portfolio. I am not going to go outside that portfolio. I have as much chance of changing anything in Forestry, Agriculture or any other ministry, as I just stated, Health, Education, anywhere, to do that; you cannot do that, that is not the bounce and you know the way the system works, it the same as the system in the Commonwealth Government and the way that they work it and that is under a coalition government and you need to look at that; it represents the same standards.

The Hon. DUNCAN GAY: Minister, if you were to put out a press release do you have to get that approved by the DG or the Minister for the Department of Primary Industries?

Mr HICKEY: Could you repeat that question, please.

The Hon. DUNCAN GAY: If you have to put out a media release, can you put out a media release without having it approved by the director general or by the Minister for Primary Industries?

Mr HICKEY: Well, I put out press releases on a daily basis. It is run by myself and my press secretary; that is the way it operates. It is the same as any other portfolio and I am sure that they do the same thing at the Commonwealth level.

The Hon. PETER PRIMROSE: It is worth bearing in mind that these people have not put out press releases from Ministers for a long time.

CHAIR: I am mindful that you have about eight minutes left in this session, so please make good use of it as best you can.

The Hon. DUNCAN GAY: How many people were employed by Mineral Resources prior to the restructure?

Mr HICKEY: I will direct that question to the Deputy Director, Alan Coutts.

Mr COUTTS: Mineral Resources employed around 400 staff as of 30 June 2004. That is a roundabout number.

The Hon. DUNCAN GAY: How many jobs do you believe will be lost out of the old Department of Mineral Resources?

Mr HICKEY: At this stage we are going through the process of voluntary redundancies. You had that question answered last night by the Minister for Primary Industries and I would refer you to that answer.

The Hon. DUNCAN GAY: I did not have that question answered.

Mr HICKEY: Yes, you did, I read the transcript.

The Hon. DUNCAN GAY: Minister, I knew I would be here to ask you tonight and I saved the question to ask you.

Mr HICKEY: If I may, the Minister for Primary Industries said last night very clearly and precisely that we are going through a voluntary redundancy process. It has not finished yet. We are going through that process. Until that process is finalised we do not know very clearly - we haven't a clue - how many people are going to be accepting the redundancies and until that process is gone through, the whole procedure, we cannot answer that question.

The Hon. DUNCAN GAY: Is there a target for savings within your department?

Mr HICKEY: The department overall?

The Hon. DUNCAN GAY: No, your department. You are the Minister for Mineral Resources, you told me.

Mr HICKEY: The short answer: No.

The Hon. DUNCAN GAY: Could I also ask have you had anything to do with the development of the cuts that will need to be made for the savings and for the development of the staffing structure?

Mr HICKEY: We put the workforce management plan to the unions together, both Minister Macdonald and myself.

The Hon. DUNCAN GAY: I accept that you were part of the group that put it to the union, but my question was have you had anything to do with the development of the plan? Did you get to have a say in how many staff you kept or you lost; what sort of money you were able to keep in your department, or did they just tell you what would happen?

Mr HICKEY: I think they are two separate issues.

The Hon. DUNCAN GAY: I would be happy for you to give two separate answers.

Mr HICKEY: In my workforce management plan, as you state, I did have a say. The budget is looked at by a budget committee and that budget committee puts forward proposals and ministers help to implement those proposals.

The Hon. DUNCAN GAY: Are you aware how many voluntary redundancies have already been offered and accepted by staff in your department?

Mr HICKEY: I am aware how many have been offered. As far as how many have been accepted, I would go back to what was said previously: It is going through its process. Until that

process has finished, I think we are not going to be quite accurate in regard to who accepts and who does not, and I would not want to mislead you, Duncan.

The Hon. DUNCAN GAY: You indicated that you are aware how many had been offered. Could you enlighten the Committee on that?

Mr HICKEY: No. Voluntary redundancy has been offered across the workplace.

The Hon. DON HARWIN: When will the time for offering these voluntary redundancies and deliberation on whether they will be accepted or not close?

Mr HICKEY: Early October.

The Hon. DON HARWIN: What do you anticipate the cost will be of the voluntary redundancies?

Mr HICKEY: As I said, until we go through the process, I cannot estimate a cost.

The Hon. DON HARWIN: You have been set a target for savings by the Treasurer in terms of the Department of Primary Industries restructure. Are you telling me that you have absolutely no idea of what the expected cost of the voluntary redundancies is to the Mineral Resources portfolio?

Mr HICKEY: Firstly, let me say there is not a cost as far as voluntary redundancies to the Mineral Resources portfolio, it is being met by Treasury.

The Hon. DUNCAN GAY: Could you show us where that is in the budget documents?

Mr HICKEY: I will take that on notice.

The Hon. DON HARWIN: In terms of the Coal Compensation Board, if I can turn to that briefly, according to the budget papers there was a Supreme Court decision in 2003 that could see the Coal Compensation Board face potential additional liabilities of \$40-50 million. The Court of Appeal has now heard the appeal. The budget papers say that the outcome of that decision will not be known certainly until early in the 2004-05 financial year. Would you be able to update us on this and explain what is happening with this matter?

Mr HICKEY: I could give you my answer, but I think to get into the detail that you want I will pass on to Harry Bowman, the Chief Executive Officer of the Coal Compensation Board.

Mr BOWMAN: The impact of the Nardell test case on the meaning of "just and equitable" in the Coal Compensation Scheme has recently been, I guess, concluded and the extra costs related to that case are about \$40 million. There are other costs related to it relating to the fact that super-royalty is no longer being collected in New South Wales on coal production and the new ad valorem system has come into place and, as a consequence of that, in order to settle the issue, we will in future be paying compensation based on that new system. That will increase the compensation by about an extra \$75 million.

The Hon. DON HARWIN: Sorry, could you repeat that?

Mr BOWMAN: The figure that the new ad valorem coal system will increase the cost of compensation by is approximately \$75 million.

CHAIR: Minister, I have concerns that the mining industry can be an environmentally damaging industry in New South Wales, yet New South Wales laws regulating mining exempt the industry from the same rules applying to other development. Has there been an EIS prepared for mining exploration, given that there has been major damage caused by exploration in such areas as the Pilliga during coal seam methane gas exploration?

Mr HICKEY: I will pass this on to the Deputy Director General of Mineral Resources who will give you a very detailed response.

Mr COUTTS: On the issue of exploration, the impact of exploration determines the level of requirement for an EIS or other activity and, generally speaking, exploration tends to be of a minimalist impact nature on the surface of the land. In the case where there would be disturbing activities the department may require a review of environmental factors.

CHAIR: A review of environmental factors is not an EIS.

Mr COUTTS: I understand.

CHAIR: Can you give examples of mineral exploration under your purview where you have actually undertaken an EIS?

Mr COUTTS: I cannot on this occasion, but I am more than happy to provide that to the Committee at a later date.

CHAIR: In the area of the Pilliga, given the coal seam methane gas exploration, would you consider that to be minimalist impact on the environment, and did that have an EIS?

Mr COUTTS: It did not have an EIS.

CHAIR: What is your opinion as to the impact on the environment from that exploration?

Mr COUTTS: There was a review of environment factors done.

CHAIR: You say there was a review of environmental factors; I am asking you whether there was impact on the environment or not.

Mr COUTTS: I understand the question and I am attempting to answer your question. There was a review of environmental factors done by Eastern Star Gas. The damage to which you are referring, which was examined by the Department and the EPA, was not determined by either authority to be of such significance that it would warrant an EIS. The activity that was undertaken by that company in the exploration stages was not considered by us to be significantly disturbing to warrant an EIS.

CHAIR: Who adjudicates on that assessment?

Mr COUTTS: Ultimately it is the Minister's decision. He is provided with advice by environmental officers of the department who are professionally trained environmental officers. They do a determination in accordance with the necessary legislative requirements and, based on that determination and based on whether in their professional opinion there is likely to be significant damage to the environment, they will then make the appropriate recommendation to the Minister. In the case to which you are referring, the Pilliga, those assessments were made and in the professional opinion of the officers of the department an EIS was not determined to be required.

CHAIR: Under those circumstances, in a fairly controversial situation like this, do you seek advice or get support from the Department of Conservation to assess these matters?

Mr HICKEY: The department internally consults with both DEC and DIPNR and we welcome all the officers' input to the issue at hand, whatever the issue is.

CHAIR: Was there DEC input on that particular issue? Did they agree with the internal reports of your department, that there was no significant environmental damage?

Mr HICKEY: I will take it on notice because I think a lot of this happened prior to me coming in.

CHAIR: Longwall coal mining is causing damage - and some say major damage - to the rivers, creeks and wetlands of our southern metropolitan water catchments. In 2001 the previous Minister for Mining, Mr Eddy Obeid, promised to conduct an environmental review of the Mining Act. I understand that prior to March 2003 Labor, in its New South Wales industry policy, promised:

Enshrining the Government's commitment to ecologically sustainable development in mining legislation and further strengthening the environmental provisions of the Mining Act.

That was pre-election. Could you inform the Committee as to what action you have taken?

Mr HICKEY: I have instructed my department, since we have been in the DPI group, that we put the environmental review across the whole department to let everybody have input to that so that we can have the best outcome from a whole of government perspective and utilising everyone. Insofar as environmental concerns and impact on the southern rivers, we have put in mine subsidence management plans. We put those plans in place in March this year. That goes a long way to addressing a lot of the concerns because there is community consultation going on at the very beginning rather than waiting until we have a contest with mine development, and we have the problem with jobs versus the environment and that clash there, so what we have done is say to companies, look, get your subsidence management plans in up front, put them ahead of schedule so that you can have mine subsidence plans seven years in front of your development, and during the course of doing that you have to consult stakeholders, you have to consult communities. On the issue of the Nepean River at the moment, which is in the press regularly, the reason it is there is because of the subsidence management plans and ensuring that the community is fully aware--

CHAIR: The issue is there, but it has not been resolved.

Mr HICKEY: Let me answer the question, please, which is what I am trying to do. I am trying to give you an overview so that you have a clear understanding of it. The mine subsidence management plans allow the community to be consulted, the stakeholders to be consulted. The people who will raise the issue of the impact on the Nepean River will do so before there is any development there. There has not been any impact on the Nepean River at the moment.

CHAIR: No impact at all?

Mr HICKEY: Well, they are not there.

CHAIR: You have introduced subsidence management plans, but does that not just leave it up to the mining industry to determine how they will consult the public and how they will protect the environment? Do you have any independent body involved in this or is it just the mining industry actually determining this?

Mr HICKEY: Before we go any further, I said there was not an impact on the Nepean and I will clarify that, that is, the Appin proposal of BHP.

CHAIR: That is a proposal but there are impacts?

Mr HICKEY: Yes, well I am just saying on the proposal that is in the media at the moment there is no impact at the moment.

CHAIR: I have asked the question in terms of the industry determining safety and environmental issues.

Mr HICKEY: I will pass that on to the deputy director general to answer that.

Mr COUTTS: Thank you, Minister. The subsidence management planning process was brought up in recognition of some of the difficult issues that you are now describing, particularly with the southern coal fields and it was an attempt to bring more forward planning into the whole approval

process and to ensure that where mining proposals were likely to impact on either the community or the environment, that there was opportunities to pick up those impacts early, to ensure that there was proper community consultation and to impose appropriate conditions on that mining to mitigate against any impacts that might come up in that process.

CHAIR: Is the department managing these consultations or do you have an independent body of some sort?

Mr COUTTS: That depends, it depends on the process. Under the subsidence management planning process there is an inter-agency committee, the Department of Primary Industries chairs that committee, it has Sydney Catchment Authority, DEC, DIPNR and all the other key agencies on that committee. Generally speaking, we require the company to do community consultation. If we do not believe that that community consultation is being done properly or it needs to be improved, the committee then can make recommendations or can actually make it a condition of the subsidence management plan of how that community consultation will be conducted.

The whole principle of the subsidence management planning process is to allow the department and the Minister to then condition that mining so that any impacts of that mining are minimised.

Mr HICKEY: May I add, where I come from communities should not expect any impact on their local environment or amenities and that is something we have been trying to address. There have been mistakes made, I cannot deny that, we are trying to learn from those mistakes and move forward. This is all about trying to address the problem. I think with having the internal government agencies, DEC and DIPNR looking at this issue along with the deemed sub-committee and all the stakeholders there, I think we are a lot further ahead now in addressing a lot of the issues than what we were before. Admittedly, we probably can do better. If you have got any suggestions then please help us, I am happy for you to do that.

CHAIR: Minister, I think you are in an ideal position on this matter. I am wondering if you would just simply give an undertaking, a public undertaking to this Committee, that the Nepean River will be protected from mine subsidence so that it does not suffer the fate inflicted upon Georges River and the Cataract River by BHP Billiton. Will you give that undertaking to the Committee?

Mr HICKEY: Ian, I have to look at mining proposals put forward and I have a duty to do that.

CHAIR: Minister, we have the subsidence management plans, we have your management plans making it very clear, and you are saying to me, on oath are you, and I appreciate it, that mistakes have been made in the past. All I am simply saying is that you have a major river catchment, the Nepean, and we are all well aware of the problems involved with longwall mining in the past, so we are asking that you give this committee an undertaking that we do not have the same sort of subsidence that has occurred in the past.

Mr HICKEY: May I say the Mineral Resources sector is requiring BHP to do an EIS on the proposal. We have got to look at the pros and cons of any mining proposal put forward. We are at the very forefront, the very point of the spear on this issue in addressing it. There has been a proposal put forward, we need to look at all the issues, that is what the community said, but to have a broad statement like you have just made saying longwall mining is causing all the problems, it may be right in some aspects but when they have different geological formations, completely different geological formations, we are not comparing apples and oranges. We need to look at all the issues. We do not want to open up the Government to legal issues by making policy on the run.

CHAIR: Minister, quite simply you have agreed with the Committee that there have been mistakes. We are recognising that there have been subsidence problems, there are major problems in terms of loss of water flow. I am simply asking you with the technology and the system that you have available now will you guarantee to the Committee that any mining that is undertaken will not lead to that sort of devastating subsidence?

Mr HICKEY: Ian, the Nepean River is different to the Cataract Gorge, completely different, it is sand-based, not rock-based. We have already mined in places under the Nepean River without any impact, that has already occurred without any impact. The Government has the most stringent environmental controls for the mining industry of anywhere across Australia, we further strengthen that with the approvals process. I cannot give you a guarantee.

CHAIR: You have a situation where you are undertaking mining in extremely environmentally sensitive and socially valuable areas. Now I am just simply saying, as you will agree with me, there have been some terrible problems in the past. Agreed?

Mr HICKEY: There have.

CHAIR: Therefore with what we are putting in place now, and the promises that were made pre-election, that you can say whatever mining is undertaken in this area, particularly under the Nepean, it will not lead to subsidence that means loss of water flow in that river?

MR HICKEY: Ian, I need to do everything in accordance with legislation. I am not opening this up to a legal minefield by making policy on the run. I will do it as the legislation stipulates.

CHAIR: On the contrary to policy on the run, I am just making a simple request that you have gone to great lengths to convince us on the Committee that you are well and truly on to the issue. I am asking if there is going to be further mining in these areas that there is a guarantee. I have to say that even members of your party are very concerned about potential subsidence and negative environmental impact on the Nepean, that is something that is shared by many people, this is not just a fuzzy Greenie thing.

Mr HICKEY: I did not say it was.

CHAIR: So if you are going to convince the committee simply that you have the systems in place then why cannot you give that commitment, because surely it is a reasonable thing to ask if there is going to be mining there should be nil impact on those important rivers?

Mr HICKEY: So what are you asking me?

CHAIR: I am asking you to give an undertaking to the Committee that there will not be any subsidence impacting on the flow of the Nepean River with any future mining operation, given what you have set in train with your subsidence management plans, the promises made pre-2003 election and the good works that you are convinced that your bureaucracy is undertaking at this time. I am just asking for that commitment.

Mr HICKEY: I will take the question on notice.

CHAIR: Would you, if the approval for longwall mining under the Nepean River does go ahead, will you assist aggrieved affected landholders and water users to undertake a common law action against BHP Billiton who are destroying their lawful use and enjoyment of the river if that so happens?

Mr HICKEY: I will take that on notice, but I will say there I think with the processes we have in place, you need to go through those processes.

CHAIR: Minister, I am not disputing that. By all means, that is something to be commended. All I am asking is a ministerial commitment that whatever processes, you have obviously indicated the effectiveness of those processes, I am not in any way disagreeing with that. I am asking are you backing those processes up with a commitment that means that people who are affected and the environment is protected, that is all?

Mr HICKEY: I will take that on notice.

CHAIR: Did the Department of Mineral Resources, Minister, fine BP's Elouera Colliery for destroying significant reaches of the bed of Native Dog Creek and Wongawilli Creek preventing water flow within the metropolitan water catchment area?

Mr HICKEY: I will take that on notice. I am not down to finite detail to that extent.

CHAIR: What steps will you take Minister to ensure BHP Billiton pays fair damages in compensation for its destruction of the Georges River bed and loss of water flows?

Mr HICKEY: I will take that on notice.

CHAIR: Can you specify how many streams in the metropolitan special area catchment and adjoining areas are to be destroyed before the Department of Mineral Resources will take action against BHP Billiton to protect the public interest in maintaining essential drinking water supplies?

Mr HICKEY: I will take that on notice, again.

CHAIR: Would you require BHP Billiton to provide, at no cost to the Government, a new water supply of equivalent water for Sydney and the Illawarra in compensation for the damage being caused to the metropolitan special area catchment by longwall coal mining?

Mr HICKEY: I will take it on notice. Ian, you have raised a lot of issues here in regards to longwall mining and the impact on the southern coal fields. My concern is have you written to my office and raised these issues, as a member would?

CHAIR: I think that in fact I have raised the issue in the House before.

Mr HICKEY: But I am talking about specific issues.

CHAIR: Well I am raising the issues now.

Mr HICKEY: I cannot give you a definite answer. I mean, if you are going to go down to that detail I would have appreciated some notice so that we could have done some research on these issues.

CHAIR: I would have thought Minister that you would have purview over the details of something that has been a controversial issue for quite a time to the attention of the general community.

The Hon. PETER PRIMROSE: But other ministers are also involved Mr Chairman. I do not want to get involved in this debate but if we are having one, I mean for instance the Minister for Water Resource, the Minister for Planning plus Commonwealth Government.

CHAIR: It is not a debate. I am asking the questions.

Mr HICKEY: In saying Ian that there is going to be an impact on those waterways you are putting the cart before the horse in many aspects in those questions.

CHAIR: Minister, will you not agree perhaps with me that it is a precautionary principle?

Mr HICKEY: As I said, we have already mined in places under the Nepean River with no impact.

CHAIR: There are areas where mining is under consideration?

Mr HICKEY: Yes, and we have to consider and look at the pros and cons and make an informed decision.

CHAIR: As regards it being reasonable, do you build on past experiences? I do not think my questions are unreasonable from that perspective.

The Hon. PETER PRIMROSE: Any questions we had we have already taken up with the Minister.

The Hon. DON HARWIN: Back to the Coal Compensation Board, sir, just before we moved to other questions we had the figure of 75 million given to us and I just want to now make sure that we have got it entirely in its proper context. Are you saying that the revised estimate based on the new way royalty is calculated, in terms of the liability, is 75 million?

Mr BOWMAN: Yes, because of the way that royalties are now calculated the increased liability of the Coal Compensation Board is \$75 million.

Mr HICKEY: May I add to that?

The Hon. DON HARWIN: I am pleased that you are able to add to it because it is actually the only agency under your portfolio that you have complete control over, is it not, Minister? I was surprised in fact that you had to flick it in the first place.

Mr HICKEY: Well, I thought you were going to go into detail on that question.

The Hon. DON HARWIN: Well, I would have thought that the liability of the board, which has blown out as a result of litigation, would have been something that you were across and you did not have to flick.

Mr HICKEY: Well, I am not across the litigation. That is something the courts decide, not the Minister.

The Hon. DON HARWIN: I am surprised that you would say you were not across the result of litigation--

Mr HICKEY: I know the result, but I am not across the actual arguments inside the court system.

The Hon. DON HARWIN: --that impinges upon your portfolio and the liabilities that arise as a result of it.

Mr HICKEY: I am across what the impacts are. The bottom line is that ad valorem changes allow benefits to come back to the State in a way that, when times are good, the State will do very well. When times are bad the royalties will be cut back on the Government's side and that has affected the way in which we have put together the formulas on the Coal Compensation Board insofar as the test results from the Nardell case.

The Hon. DON HARWIN: I take it from your remarks that, even though the coal mining industry is quite upset by the changes to the royalties scheme, you do not think really that they have a right to be upset about it?

Mr HICKEY: I think that the benefits flow back to the State. Do you think that there is not an obligation to the State, considering that it owns the reserves and the resources?

The Hon. DON HARWIN: Well, let me ask you in turn: Did you advise the Treasurer to move towards an ad valorem royalty system rather than a fixed amount? Was it your advice?

Mr HICKEY: No, it was not my advice. There was consultation between the Treasury and myself.

The Hon. DON HARWIN: It was not your advice, were your words.

Mr HICKEY: No, we were consulting.

The Hon. DON HARWIN: Are you therefore saying that you advised against it?

Mr HICKEY: No, I said we consulted.

The Hon. DON HARWIN: Well, you consulted, so what did you tell the Treasurer? Did you tell the Treasurer that you actually wanted--

Mr HICKEY: I will take it on notice.

The Hon. DON HARWIN: I cannot believe you need to take that question on notice. I can't believe it.

CHAIR: The Minister has a right, if he wants to take it on notice. The Minister can answer or not answer.

Mr HICKEY: May I just say that Cabinet discussions remain in Cabinet.

CHAIR: Please proceed.

The Hon. DUNCAN GAY: Are you in Cabinet?

Mr HICKEY: Are you in the upper House?

The Hon. DUNCAN GAY: Yes. Are you in Cabinet?

Mr HICKEY: Same answer.

CHAIR: I do not think this is getting us anywhere.

The Hon. DON HARWIN: Prior to the Treasurer's announcement in the mini budget that coal royalties would be charged on an ad valorem basis, had you given any advice to the Treasurer that you thought that the coal industry was not paying sufficiently high royalties; that they should actually pay higher royalties?

Mr HICKEY: The issue of royalties is a discussion that was had inside Cabinet which I will take on notice.

The Hon. DON HARWIN: Are you saying that other than at a Cabinet meeting you had never raised the issue of royalties with the Treasurer, that there had been no correspondence that passed between you and the Treasurer, that there had been no meetings between your departmental officials and Treasury officials about it? I am asking you: Did you, Minister, and your administration, ever raise the issue of royalties with the Treasurer?

Mr HICKEY: I have said I discussed it with the Treasurer and that is where I am going to leave that answer.

The Hon. DUNCAN GAY: Was it ever outside Cabinet?

Mr HICKEY: I would say that there would have been some discussions outside the Cabinet, yes.

The Hon. DUNCAN GAY: You would be able to add something regarding those?

Mr HICKEY: Well, I think that I have answered, and I move on.

The Hon. DON HARWIN: Prior to the mini budget, did the Treasurer ever consult with you about the changes to the way the royalties would be charged?

Mr HICKEY: Cabinet confidentiality. I am not going to elaborate any further than that. I know - and it has been said a few times tonight - it has been a long time since you have been in government, but that is the way it works.

The Hon. DON HARWIN: Given that these changes will potentially take another \$150 million a year from the coal industry, knowing as you do that the industry has been through a very long period of low prices, do you not think as Minister that you should have basically had a bit of spine in your position and protested on behalf of the industry and done something to actually stop it?

Mr HICKEY: May I just say at this point, Chair, I am starting to get a bit offended and I am not going to attack, I feel sorry for people who really do not understand the system. I must say that coal companies have had a major increase in their coal prices - in some instances 140 percent - in the last eight-month period. In some cases they have gone from \$22.40 a tonne up to \$65 a tonne, and the \$60-plus is US dollars, and that was in early August. People in New South Wales own this coal and it is only fair that they receive an appropriate return for most of those assets or all of those assets. If you are talking of coking coal, it has gone up to \$US80 a tonne. I think that the coal companies are reaping benefits at the moment. It is being driven by global markets and they are getting major returns. I think that is great and I hope it continues because, on an ad valorem basis, that then flows back to the people of New South Wales, and I think that that is great news. If you think that that is bad news, then you say so, but that money goes back to all sorts of services across the State - health, education, police - and I think that that is a major benefit. I am sure that you would love to give that money to the pockets of the multinationals or to the coal operator owners, you would want to do that, but I think we have a fair and equitable system running that allows that money to go back to the people of New South Wales and it is affordable in good times and in bad times that royalty charge drops to suit the mine owner. It has been implemented, it is there and I do not think it is such a bad thing.

The Hon. DUNCAN GAY: What is the situation at Maitland? The building has been approved. How far away is it?

Mr HICKEY: We start to move into Maitland on 8 November, from memory. I think that it will be a major benefit to the regions. I think that most members would realise that moving resources or departments into the regions has a major economic benefit. To move into the Hunter Valley I consider is probably one of the privileges few people have and I think the people moving out of Sydney into the Maitland area will in time love being out there because it is such a lovely area and it is in the heart of the mining industry. The industry there is our thriving powerhouse, I consider, and I think that the benefits derived by putting Mineral Resources into Maitland and allowing the Maitland office to operate in the heart of the powerhouse of the mining industry is a major benefit for Government, for industry and for the regional population, and will allow economic development for years to come.

The Hon. DUNCAN GAY: It is probably because you sold it so well that Mr Costa moved up there.

Mr HICKEY: I think anyone who has been in the Cessnock area would relish any time there. The vineyards are a wonderful place; I think that the people are absolutely beautiful and, quite frankly, it is probably one of the best spots on earth and it is a well-kept secret, I am just letting you know that.

The Hon. DUNCAN GAY: How many jobs will be there?

Mr HICKEY: Well, we will have 200 jobs in the building, which has been stated on the record by the Premier.

The Hon. DUNCAN GAY: So when it opens in November there will be 200 people there on the day?

Mr HICKEY: No, I said we start on 8 November. It will be a process of shifting people into that building.

The Hon. DUNCAN GAY: So when actually do you expect the 200 to be there?

Mr HICKEY: It is a staged process over a period of time. I am not going to commit to a timeline exactly because if I do and something goes wrong in that process then I will be held accountable, but rest assured we will be shifting people from the minerals department into Maitland and we will be ensuring that it is done over a staged period of time.

The Hon. DUNCAN GAY: Minister, not my words, your words, you said there will be 200 people there. Why did you say there would be 200?

Mr HICKEY: There will be at the end of the process.

The Hon. DUNCAN GAY: When is the end of the process?

Mr HICKEY: When we stage it through.

The Hon. DUNCAN GAY: You're kidding us, aren't you? You have no intention of having 200 people there.

Mr HICKEY: Excuse me? I have just answered your question.

The Hon. DUNCAN GAY: No, you have not.

Mr HICKEY: I said there will be 200 people inside that building.

The Hon. DUNCAN GAY: When? 2027? 2026?

Mr HICKEY: No.

The Hon. DUNCAN GAY: 2024?

Mr HICKEY: I will pass that on to the Director General, who will answer in full to your satisfaction.

Mr BUFFIER: The response is that we plan to have 200 people there. There will be some people not moving to Maitland. We will be asking people to apply and we will be filling positions in Maitland on a progressive basis, so we will be looking at employing local people. I cannot give you a precise answer on the date on which we will have 200 people sitting in the building.

Mr HICKEY: But we will have 200 people in the building and we may have more than 200 one day. In 2020 we may have more than 200.

The Hon. DUNCAN GAY: At the opening maybe.

Mr HICKEY: Sorry?

The Hon. DUNCAN GAY: At the opening maybe, that is about the only time.

Mr HICKEY: You are very negative, Duncan.

The Hon. DUNCAN GAY: What feedback have you received from miners regarding access to Maitland, not the Hunter miners who obviously would have good access to Maitland, but miners from Broken Hill, Cobar and Orange who will, on a daily basis, need to send people to attend the department and would need to fly them down? How are they going to be able to do what they currently do, fly these people down and back in the day, given that they have to come to Sydney and then either catch a bus or a train or a car because, whilst it is a great place, there is no airline to Maitland.

Mr HICKEY: Yes, there is.

The Hon. DUNCAN GAY: Is there?

Mr HICKEY: There would be charter planes, but notwithstanding that I will answer your question.

The Hon. DUNCAN GAY: So there is not an airline?

Mr HICKEY: There is an airport at Rutherford and you, being a regional member, would understand the importance of that airfield. My answer to the question is: We will still have regional offices in the outreaches, Broken Hill, Armidale and Orange, we will still have all our regional offices. The department will still have a presence in Sydney. It will have a small number of senior staff in Sydney, so if people fly to Sydney they will still have access to the department's senior bureaucrats. We are upgrading communications across the department, I think we have \$5 million to upgrade IT to ensure communications are there, so I think that as far as access to information, video conferencing, the whole thing, it will be a benefit to what we have today.

The Hon. DUNCAN GAY: So St Leonards will remain open?

Mr HICKEY: No, we are moving a small number of senior staff in the department to a small office in Elizabeth Street where mining companies can come for information. There will be good communications, teleconferencing, computerisation, et cetera, to allow good access and we will still have our regional offices, so I think that we are addressing a lot of the issues that you are trying to raise.

The Hon. DUNCAN GAY: Where will mapping be?

Mr HICKEY: Geomapping? It depends, which part of mapping are you talking about?

The Hon. DUNCAN GAY: The whole of the mapping section, the main access that people have?

Mr HICKEY: They will be as they are now, they will be out in the regional officer doing that and they will be able to electronically exchange information as the computerisation will allow that.

The Hon. DUNCAN GAY: Is that already on line?

Mr HICKEY: It is just about to be on line. We will be wanting it up and working before we get there.

The Hon. DUNCAN GAY: It is within the current budget?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Minister, geological survey is that still an operational unit within the new DPI?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Its director is still Ted Tyne?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Will geological survey and staff in geological survey, and Mr Ted Tyne be moving to Maitland, and will be there in November?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Will all of the functions, mineral assessment, land use, coal and petroleum resources, assessment, regional mapping and exploration, I think we have touched on that already, geoscience information, will all of those functions be at Maitland?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Minister, you still have an operational called sustainable development?

Mr HICKEY: No, we have changed the name.

The Hon. DON HARWIN: To?

Mr HICKEY: Minerals development.

The Hon. DON HARWIN: Is Mr Galligan still the director of that area?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Does it still include areas such as mining titles and royalties as distinct from resource development?

Mr HICKEY: Yes.

The Hon. DON HARWIN: And will Mr Galligan and all of the staff working in those areas be moving to Maitland?

Mr HICKEY: No, split function.

The Hon. DON HARWIN: I wonder if then Minister you could detail that, please, provide us with that?

Mr HICKEY: I will pass it on to the deputy director general to go into more detail that if you would like?

The Hon. DON HARWIN: Yes, please.

Mr COUTTS: Mr Galligan's industry development group will be part of that small group to be located in Sydney, specifically to service the needs of some of our clients who wish to come to Sydney, who are passing through Sydney on their way to other places. Mr Galligan will have the enviable task of being in two places because he will also be spending quite a bit of his time in Maitland as well,

Mr HICKEY: Like Mr Coutts as well.

The Hon. DON HARWIN: Mine safety, Minister, I am sure there is an operation you still called mine safety.

The Hon. DUNCAN GAY: They might have changed the name.

Mr HICKEY: I am sorry, I cannot see the funny side of mine safety, I take it as a very serious operation.

The Hon. DON HARWIN: No, Minister, actually I am asking you the questions, if you could just concentrate on the question that I am asking. I am asking is this still an operational unit within your department?

Mr HICKEY: If your colleague is going to butt in and make fun of mine safety, then I am sorry.

The Hon. DON HARWIN: I do not think you should characterise what Mr Gay said in that respect. That is not what Mr Gay said.

CHAIR: Last question, please.

The Hon. DON HARWIN: Is mine safety still an operational unit?

Mr HICKEY: Yes. Who are you directing your question to?

The Hon. DON HARWIN: Under Rob Regan?

Mr HICKEY: Yes.

The Hon. DON HARWIN: It is moving to Maitland?

Mr HICKEY: Yes.

The Hon. DON HARWIN: In totality? Environmental sustainability, is that still the name of an operational unit?

Mr HICKEY: Yes.

The Hon. DON HARWIN: And is the director Margaret Campbell moving completely?

MR HICKEY: Yes.

The Hon. DON HARWIN: And all of her staff moving to Maitland?

Mr HICKEY: Yes.

The Hon. DON HARWIN: Finally, Chair, if I could just ask. Information and corporate services was on the website an operational unit under Brad Mullard, is information on customer services, corporate information, management, financial services and facilities management, human resources, information technology, I imagine that is caught up in the DPI merger; where will they all be?

Mr HICKEY: There has been some amalgamation in some departments and so they have been spread across the whole of DPI.

The Hon. DON HARWIN: You basically told us that three, and only three, of the operational units within your old department are moving to Maitland. Mr Coutts, can you tell me in terms of those three operational units are there 200 people working in those three operational units right now?

Mr COUTTS: I would have to take that question on notice.

Ms SYLVIA HALE: Turning briefly to longwall mining in the Nepean. Minister, will you ensure that local residents and members of community groups such as the Nepean Action Group are represented on both the southern coalfields remediation committee and the subsidence management committee?

Mr HICKEY: I am unsure of the structure of the committee but I will take the question on notice and I will get back to you.

Ms SYLVIA HALE: You would appreciate the level of local scepticism concerned about the issue and in case you are not I will just read you an excerpt from an e-mail.

Mr HICKEY: I am fully aware of the issue. I have met with some residents a fortnight ago outlining their concerns. I am fully aware of the majority of their concerns in the area because I am in

constant contact with the community and I have tried hard to be down at grass roots so that I have an understanding of the issues as they come forward to my office.

Ms SYLVIA HALE: You may be aware of the experience of one resident in 1998 where she said the remediation procedures with regard to Cataract consisted of a media stunt whereby a helicopter dropped a man and a few bags of cement into the gorge, sealed up a few of the hundreds of cracks and went away, never to be seen again. Against that background you can see there is a desire of local residents—

Mr HICKEY: I think we need to look at the issue and we need to get out and see what actually occurred there, as we did at Mahoney's Hole and saw what the millions of dollars that BHP has spent in remediation works at Mahoney's Hole. If you can give me the right location when I am in the area I will try terribly hard to get down into that location and have a look so that I know first hand the issue and I can judge that for myself. As far as stating that someone has jumped out of a helicopter with a bag of cement and fixed up some cracks, I think that may be not the total truth, I think that might be just an analogy rather than what actually happened. I can take that on notice, if you like.

Ms SYLVIA HALE: Thank you. You realise that people are very sceptical of the assurances that BHP gives because they know it will be misleading?

Mr HICKEY: I think people in general are sceptical of the mining industry, and I think that is because of past practices and the residents have been left behind. I think that mining companies realise that. I think we need to move forward and get into today's forum where the companies are providing quite a lot of detail and are doing a lot of great work as far as the environment is concerned.

You only have to look at the remediation work that is being undertaken in the Hunter River and you have a look at the detailed information they are supplying most of the public groups in regards to the environment and the impacts that are derived from the environment, or the information provided to environmental groups and mainly coming from coal, not from just coal mines but mines in general. I think mining has this black cloud over it that has come from the past.

CHAIR: I would not disagree with you on that.

Mr HICKEY: I think today's companies go a long way, most of today's companies go a long way to addressing a lot of the problems and trying to find solutions, and I think that that is what we need to do, we need to get solutions rather than dragging the past out time and time again and beating us to death with things from the past. I would like for everyone to work together for a positive result rather than snipe away about past practices, that we can all work together to address.

Ms SYLVIA HALE: Minister, I know this is your public position that the sins of the past are gone and we should look forward to a rosy future, but are you aware of attempts by the mining industry to actively suppress findings on the impacts of subsidence as recently as 2002?

Mr HICKEY: If you are aware of that could you give me the information please?

Ms SYLVIA HALE: I will provide you with the information.

Mr HICKEY: Because as Minister I would be really keen to look at that information with an attitude to addressing the problem and I think if members were a bit more proactive in giving that information to me rather than coming to the Budget Committee and playing politics with it, we can all work together to benefit everybody.

Ms SYLVIA HALE: Minister, could you tell me why you have granted 20 year lease extensions to mining companies named in the KTP nomination and described as behaving unethically, in particular the Springvale Colliery, prior to the scientific committee making a determination on this nomination?

Mr HICKEY: Why have I granted coal mining lease for 20 year leases?

Ms SYLVIA HALE: Yes.

Mr HICKEY: The reason for that is to give reasonable outcomes to coal miners. When you are talking about Springvale you are talking about the Lithgow area.

Ms SYLVIA HALE: North of Lithgow.

Mr HICKEY: We have got to realise that coal mines have a life too and economic growth for regions has to happen, coal mine are there, a carbon energy source is there, it is going to be used whether you like it or not. We can go into the whole process of shutting down every coal mine but I am sure that we would all like to go home and turn out lights on of a night, turn our hot water on, drive our cars, do all the things that we need to do.

CHAIR: You do not seriously believe that is solely dependent on coal.

Ms SYLVIA HALE: You haven't heard of solar or wind power, electric generation?

Mr HICKEY: We can get up tomorrow and have enough solar power, we could have enough wind power, we can have enough of all sorts of power and we will still need coal, and power stations, I am sorry, that is a fact of life for the next 20 years, I am not saying after that period of time but until we get our technology up to a standard to address the power loads that we need now, we cannot do anything else but utilise what we have got. Now we have got a carbon-based source. What do you want to do? Stop it now and turn the lights off? Do you want us all to be basket weavers, because that is what we will be, I mean that in the sense that we all go back to the centuries prior to electricity, I didn't mean that in any other sense.

Ms SYLVIA HALE: I know you have gone back to the days of Neville Wran but let's put that one to one side.

The Hon. PETER PRIMROSE: They were good years.

The Hon. DUNCAN GAY: That is when we had the blackouts and odds and evens and that is where we are heading.

Ms SYLVIA HALE: Could I turn to some questions about Lightning Ridge, now I understand these have been put on notice and so therefore I hope you will be able to provide some comprehensive and informative answers.

Mr HICKEY: It is being done as we speak.

Ms SYLVIA HALE: What studies have been done on respiratory diseases at Lightning Ridge?

Mr HICKEY: I will take that on notice.

Ms SYLVIA HALE: Is there an increase in the incidence of silicosis?

Mr HICKEY: They are already on notice.

Ms SYLVIA HALE: Surely the point of putting them on notice was so that when you came to this Committee you could give answers?

Mr HICKEY: No, that is not the purpose of putting questions on notice. The purpose of putting questions on notice is for the Minister to respond and that response comes through the Minister's office and goes through to the department and we collect the information. I am sure if you know the process of government.

Ms SYLVIA HALE: I do indeed, but this is an opportunity, was an opportunity that I must say the Minister for Health seized upon last night, to come and provide some informative, intelligent, insightful answers into problems of which you have been given some warning, but obviously you have no wish to do so.

Mr HICKEY: Miss Hale, may I say that that is the most insulting thing a member can say.

Ms SYLVIA HALE: You must be one of the most thin-skinned Ministers.

The Hon. TONY CATANZARITI: Point of order, Mr Chairman. I believe that the Minister has a right to answer the question without the interjection.

The Hon. DUNCAN GAY: The Minister has the right to answer it but the Minister does not have the right to put verbal abuse at the member.

The Hon. TONY CATANZARITI: I believe that the person that was asking the question has been injecting right along and not allowing the Minister to answer the question and I think there should be some order.

CHAIR: Mr Catanzariti, really, I think everyone has their belief according to their political persuasion.

If I could just clarify for the Minister and the Committee, Dr Arthur Chesterfield-Evans placed a number of questions on the notice paper in the House, questions on notice, with the specific desire of giving you as minister ample opportunity to be able to give informed answers to those questions, now they are the questions that Ms Hale is asking and I think if you do not have the answers, so be it, but that was a legitimate exercise of generosity, if you like, to allow worthwhile debate on those issues, so they are the questions minister and I think it is reasonable.

Mr HICKEY: I take questions on notice daily. What you are saying here, Mr Chair, what you are saying now, is that every question I have had on notice I should have brought here to your Committee and read them to you? The reason I take questions on notice and the way the system is, I am sure everyone around this table realises the way it works and why it is there, it allows members to ask questions of ministers and get a response, that response goes through a set procedure and that procedure has not altered for the five years I have been in Parliament and I am sure Ms Hale has not been here for five years.

CHAIR: Essentially how you answer this question is your choice, but it has just been clarified that that is where these questions are coming from. They are not coming out of the blue and the intention was a constructive one, so perhaps, Ms Hale, you would like to continue?

Ms SYLVIA HALE: Yes, I will continue asking the Minister the questions and, if he wishes, he can decline to answer them. My last question was: Is there an increased incidence of silicosis at Lightning Ridge?

Mr HICKEY: Do you want an answer on every one or do you want to put all of the questions?

CHAIR: You will have a choice of responding as you wish.

Mr HICKEY: If you put all the questions I will respond once.

Ms SYLVIA HALE: I think I am entitled to an individual response and I am entitled to put the questions as I see fit.

Mr HICKEY: Okay.

Ms SYLVIA HALE: What education of opal miners has been undertaken to lessen the incidence of silicosis?

Mr HICKEY: I will respond to the question the way it was originally given.

Ms SYLVIA HALE: Why is there no tendering for exploration mining permits for opal mining at Lightning Ridge?

Mr HICKEY: I will respond to the question in the process in which it was originally put.

Ms SYLVIA HALE: You may respond to both questions in the manner that Dr Arthur Chesterfield-Evans put them, but I would also request that you respond to the questions that I am putting. Are miners at Lightning Ridge obliged to finish mining in the area before they move on to property that has not been mined previously?

Mr HICKEY: I will respond to the question in the way it was originally put through the procedure it was put.

Ms SYLVIA HALE: Point of order, Mr Chairman. May I seek your advice as to whether it is appropriate for the Minister to refuse to answer my questions and say that he will answer those of another person?

The Hon. DUNCAN GAY: To the point of order, Mr Chairman, when you asked a series of questions earlier the Minister said that he was not in a position to answer them because you had not given him notice of them, he had had no prior notice. In this instance, where it is obvious that he has had prior notice because another member had put them on notice and had them supposedly answered, they should be in the Minister's file. The Minister indicates he has been here five years. I have been here 16 years and prudent Ministers, if they have a question on notice, put it in their file to have it ready.

CHAIR: In the limited time available I would say that the Minister has the opportunity to answer the questions or indicate an inadequacy to answer the questions. That is his choice. I am sorry, I think that if you put the questions the Minister can answer whichever way he chooses, that is part of the process, but it is all on the record and I think it is quite reasonable if there is an inability to answer at this time.

Mr HICKEY: If I may, we are wasting the Committee's time. I will take the questions on notice and I will reply to the person who put the question in both forums.

CHAIR: Thank you, Minister. I might ask a fresh question: The State Government has, I understand, stated that it supported generally transport of coal on the rail system and not on local and State roads. Is it the fact that you have approved the transport of some 25,000 tonnes of coal by road from the Bickham Coal sample site near Blandford in the upper Hunter to Rix's Creek near Singleton? Given that this route passes through the towns of Scone, Muswellbrook and Singleton and several small villages, would you perhaps indicate why you have given that permission?

Mr HICKEY: Yes, I have, the reason being that it is a bulk sample and it is for testing of the utilisation of that coal in Japan, on my understanding, and for a company to dig 25,000 tonnes of coal and be forced to put in rail links it will inhibit that development. It is only a very small amount of coal. Once that development is looked at as a total mine, if it is in time, then there will be conditions placed on that mine to utilise the rail service that is close by.

CHAIR: Would you give an assurance that you will not support Specialty Coal's proposal to transport coal by road from its proposed site near Singleton?

Mr HICKEY: Are you talking about the Great Greta extension?

CHAIR: I just know of Specialty Coal.

Mr HICKEY: Well, I am unsure of the extension. I have said many times that for that mine to go ahead and to put coal trucks across the Singleton electorate, which is my electorate, past primary schools and high schools in that area, I do not think is acceptable and until there is a better proposal I am not supportive of that. I think, as far as that is concerned, it is in DIPNR's hands, not mine.

CHAIR: Would you confirm the amount of water allocation that Macquarie Generation has purchased out of the market in recent years? Is it a fact that Muswellbrook Shire Council has sold part of its water asset to Macquarie Generation and could you perhaps inform the Committee for what purpose and at what price?

Mr HICKEY: I would really have to take that on notice.

CHAIR: What modifications or additions, if any, were requested by the Department of Mineral Resources to the Environment Plan BIGGUS-1 Exploration Well, PEP-11 Permit Area, produced for Bounty Oil and Gas NL?

Mr HICKEY: What we actually did with the Bounty Oil proposal was to ensure that the company looked at community consultation. I think that the claims from the fishermen in the area or fisherpersons, whichever you choose--

CHAIR: Fishers.

Mr HICKEY: Fishers, okay, were claims that the seismic survey reduced fish catches. The company has commissioned an independent study to assess whether the seismic activity did or did not affect the fish catches. A special condition was placed on the approval by Mineral Resources, including requirements for public consultation in preparation of the environmental plan and operation survey. The environmental plan to drill offshore for the gas exploration well was lodged with Mineral Resources on 7 April 2004.

CHAIR: Was this an independent environmental impact assessment, Minister?

Mr HICKEY: It was an environmental plan. The environmental plan to drill was lodged with us on 7 April 2004. This application is currently being reviewed in conjunction with the relevant agencies and councils. The Government required Bounty Oil and Gas to establish a formal community consultation committee to keep stakeholders fully informed and I can advise you that Mrs Margaret McDonald-Hill has been appointed chair of the committee and its first meeting was held on 17 August. At the first meeting of the committee, Bounty Oil announced their intention to refer the drilling programme to the Commonwealth Department for Environmental Heritage under the Environmental Protection and Biodiversity Conservation Act. The company has also indicated that the proposal for exploration is unlikely to be drilled before May 2005 and that is due to rigs availability. I think that goes a long way to answering your question and I think that, as far as the department is concerned, we have put in a process to allow for consultation between groups and to look at the issues that are raised in the initial stages.

The Hon. DUNCAN GAY: Is Mrs McDonald-Hill, who you mentioned, the executive officer of the mine related councils?

Mr HICKEY: To my understanding, yes.

The Hon. DON HARWIN: I am very supportive of the relocation of departments to regional centres - we have the Local Government Department in Nowra - but one of the things that we have found is that sometimes we have difficulty attracting all of the existing staff to move. I am just wondering how many people have refused to move to Maitland?

Mr HICKEY: I cannot answer that until we go through the process. I think I answered that question earlier.

The Hon. DON HARWIN: Well, not specifically, it was a different question actually. Surely, before the DPI restructuring was put in place as part of the mini budget process, you had already begun the task of consulting your staff about who would move and who would not? I am just wanting to know what was the result of you asking the staff that question about their intentions?

Mr HICKEY: Well, I cannot be specific in numbers. I can tell you that, even if staff do not follow the department, if they choose not to accept a voluntary redundancy, those vacancies will be filled to ensure that the key service deliveries that the industry needs and expects will be filled, and they will be filled from the area. As I said, Maitland is in the heart of the mining industry and those people who have the expertise can fill those positions.

The Hon. DON HARWIN: There is no doubt about that and that is obviously why it went to the Hunter, but surely you must have a number in mind of how many have told you that they would not move and you must be surely able to give that to the Committee?

Mr HICKEY: A lot of people have not given their intentions yet. We are going through a voluntary redundancy process. They are assessing whether they wish to continue or whether they want to stay in Sydney. I cannot give you a specific number. We are going through the process.

The Hon. DON HARWIN: This is not a recent decision to move to Maitland, is it? In fact the original decision was first being trumpeted in the media in October 2001. It is three years later. It beggars belief that you cannot give me a figure or that you have done nothing in two years about asking your staff whether they are interested in moving to Maitland or not.

Mr HICKEY: We have surveyed our department on several occasions. People are looking at their options and I have not got the power to interrogate these people to find out whether they will accept it or not. If you want to give me that power or if you want to go and interrogate the people, then feel free to do that.

The Hon. DON HARWIN: No, Minister, I am not interested in interrogation, but thank you for confirming that there have been surveys. I would now like to ask you if you will provide to the Committee a summary - I am not interested in personal details - of the outcome of those surveys?

Mr HICKEY: I will take that on notice. I am not sure what information we have and I will take it on notice.

The Hon. DON HARWIN: 8 November I think was the date you gave earlier to the Committee about when people were moving to Maitland. I just find it incredible that you have to take questions like this on notice. 8 November is six weeks away.

Mr HICKEY: Mr Harwin, I must say that I cannot give you a precise number because we are going through a process, as you well know, the Minister last night gave you an overview of that and until that process has been gone through.

The Hon. DON HARWIN: You said you are going to take on notice whether or not you will provide me with the survey. Surely you can just give me a yes or no. Are you going to provide a summary of the survey, yes or no?

Mr HICKEY: I have got to worry about the Privacy Act, I have to understand what information we have.

The Hon. DON HARWIN: Just the results then. I have not asked for a list of one by one all four hundred of your staff. I have just asked for a summary. Surely there is a summary you can provide the Committee?

Mr HICKEY: I will take it on notice.

The Hon. DUNCAN GAY: Minister, can you inform the Committee how many jobs will be lost from the regional office at Broken Hill due to the restructure?

Mr HICKEY: None. I am not aware of any job losses in the regions, to my department.

The Hon. DUNCAN GAY: So you are telling me that there will be no job losses at Broken Hill as a result of the restructure of the DPI?

Mr HICKEY: There will be some people who will accept VR, but they are not being forced.

The Hon. DUNCAN GAY: Minister, are you telling me that there will not be the same number of people at Broken Hill, there will be less people working at Broken Hill as a result of the restructure?

Mr HICKEY: No, I am not telling you that.

The Hon. DUNCAN GAY: What are you telling me?

Mr HICKEY: I will take it on notice. I will take it on notice.

The Hon. DUNCAN GAY: Minister, can you give me a guarantee that there will be the same number of people at Broken Hill following the restructure that are there now?

Mr HICKEY: I cannot and I will take it on notice, because some people may choose to leave.

The Hon. DUNCAN GAY: Minister, if you were to replace those people there would still be the same number of people?

Mr HICKEY: I will take it on notice.

The Hon. DUNCAN GAY: So Minister, your answer is that you cannot give us a guarantee that the same number of jobs will be at Broken Hill following the restructure?

Mr HICKEY: I cannot give you a guarantee.

The Hon. DUNCAN GAY: Thank you.

Mr HICKEY: I will take it on notice.

The Hon. DUNCAN GAY: Minister, the regional office at Armidale, can you give us a guarantee that the same number of people will be employed there following the restructure?

Mr HICKEY: I will ask the director general to answer this question.

Mr BUFFIER: We are not providing any guarantees whilst we are going through this VR process. Quite clearly there will be fewer people after the VR process is completed across the whole department than there was at the start. There would be little point in having a VR process if it did not result in some net savings for the department. What we are focused on is what are the outcomes that we need to achieve and what efficiencies can we create in order to get the same outcomes and operate more efficiently. So across the whole department there is a series of actions and strategies planned which will lead us to be able to provide the same outcomes or a similar level of outcomes as existed previously.

The workforce management plan spelt out fairly clearly that VR was one of the strategies that we would be employing. By their very nature VRs, when applied, there will be few people at the end of the process than at the start. But our overall and overriding consideration is to maintain a department that operates very efficiently, more efficiently to make any cost savings where we can and to achieve the outcomes that we need to achieve.

The Hon. DUNCAN GAY: Mr Buffier, you are telling me that in Broken Hill, Armidale, Cobar, Lightning Ridge, Orange, Lithgow and Wollongong, where currently the regional offices are, there will be less staff, less payrolls in these regional areas than before the restructure?

Mr BUFFIER: I think you are misrepresenting what I said.

The Hon. DUNCAN GAY: Am I wrong?

Mr BUFFIER: What I said was there would be few people.

The Hon. DUNCAN GAY: Yes, and I said less payrolls.

Mr BUFFIER: Across the whole department. I am not in a position to specify where they will be.

The Hon. DUNCAN GAY: But I was specific on the regional offices at Broken Hill, Armidale, Cobar, Lightning Ridge, Orange, Lithgow and Wollongong?

Mr BUFFIER: And the answer is I don't know at this point.

The Hon. DUNCAN GAY: Do you have a plan that you are working to?

Mr BUFFIER: We have plans to provide the outcomes that we need to provide in order to have the department operating efficiently.

The Hon. DON HARWIN: Minister, I just have one or two more Coal Compensation Board questions. The \$75 million figure, I wonder if you could just give an account to the Committee of how you calculated the \$75 million figure, were assumptions involved in it, how has it been arrived at?

Mr BOWMAN: What we have done is we have actually taken our projection of the various amounts of tonnes of earth, particularly coal tonnes, which are likely to be extracted in the future and we have actually then taken our estimates of what the prices are likely to be and essentially the way we are doing that is to take in Australian dollar terms the trend line from 1981 onwards and projecting that into the future and from that we list the coal types and list the types of mining and taking a percentage that royalty applies to, taking off the deductions to get to FOR, and then calculating what the average royalty will be. What coal compensation is, it is a transfer of Commonwealth income tax to the State and we take off the corporate tax rate and then work out what the compensation rate will be.

The Hon. DON HARWIN: Now Minister, in relation to this \$75 million figure which would obviously seriously blown the department's budget if the department had to pay for it all but obviously that is not going to happen. How is it actually going to be funded?

Mr BOWMAN: It is not coming out of the DPI budget, it comes out of Coal Compensation Board's budget and the money will be funded by Treasury and the question is over what period will it be funded by Treasury. The thing that the members have to keep in mind is that this income represents a lot more income to the State because the royalty is producing a lot more income to the State than the previous royalty did.

The Hon. DON HARWIN: Are there any specific plans yet on a period over which it is going to be funded?

Mr BOWMAN: There are negotiations and considerations taking place at virtually all levels as to what is going to happen and at what rate it is going to be paid out at.

The Hon. DON HARWIN: So there are no other indications that you are able to give at this time?

Mr BOWMAN: At the current rate of processing it would take until 2009. It may be the Government may be prepared to do it in a quicker fashion and that is being currently considered.

The Hon. DUNCAN GAY: Minister, can I just go back to the meeting that you indicated you attended where the restructure was first put to the union. I know Mr Buffier attended that even though he had not been appointed at the time. Prior to the restructure of the Department of Primary Industries, the plan that was put to that meeting was a plan that was worked out to a large degree, what part did you have in the development of that plan?

Mr HICKEY: I think both myself and Minister Macdonald and the board of management at that point were working together to put together that plan and I was consulted and I worked on that board along with everyone else.

The Hon. DUNCAN GAY: You were part of the group that initiated that?

Mr HICKEY: Initiated?

The Hon. DUNCAN GAY: The plan?

Mr HICKEY: The interim board helped plan and then they submitted the plan to the ministers and Alan is one of the board members.

The Hon. DUNCAN GAY: Minister, you were happy with that plan?

Mr HICKEY: I could not see any major issues because it was about getting our frontline services on the ground and ensuring our frontline services stayed and that we overall looked at savings for DPI.

The Hon. DUNCAN GAY: So you were happy in the loss of resources to your department and happy in the loss of staff? You did not fight for your department at all?

Mr HICKEY: It was a plan to accommodate the mini budget, it was set out to save money that was forced down on the State by the Commonwealth, the \$363 million that was cut from us through the Grants Commission by the Commonwealth, not by the State, that had to be met somewhere.

I am happy to be part of a government that is, I think, economically sound and reasonable, to look at ensuring that when we are forced into a situation, we are forced into the situation, it is not a situation that we imposed upon ourselves, it is not something that the Treasurer got up one morning and looked out the window and said 'I might do this'. It was a situation that the Commonwealth actually cut the funding through the Grants Commission to the State and he took that ad valorem and no-one raised the ad valorem about me being happy with it. Another situation where the Grants Commission cut \$87 million from this State because it said that we could implement an ad valorem across New South Wales, the same ad valorem that Queensland imposes.

Queensland imposes a seven per cent ad valorem across the industry. This State proposed three different sectors of ad valorem, five per cent, six per cent and seven per cent and that is based on the geological formation of that resource, and the government wants to make out that this State is just money hungry.

Well the reason we have done it was to save \$367 million that the Federal Government cut from our budget and that is why we had to implement management change, that is why the DPI was formed in the first place, because the coalition government in the Federal arena who were in Government forced our hand to implement this process, no-one else, the coalition government at the Federal level forced the State Government's hand to make changes, that was forced upon it, not something that the Treasurer or anyone else got out of bed and said 'We are going to save money today. We are going to do this', the federal coalition government done it.

The Hon. PETER PRIMROSE: The Liberals and the Nats.

Mr HICKEY: The Liberals and the National Party and the National Party had a part to play in it as well.

The Hon. DUNCAN GAY: Minister, further to the subject which you seem quite enthusiastic about. Minister were you as enthusiastic in defending your department as the Premier seems to have been in defending an extra \$40 million in his arts budget to cover the overspend in that area. Did you fight, ring up and say 'Premier, you got an extra \$40 million, you are not going to make these cuts out of the Department of Primary Industries'? Did you try and fight those cuts?

Mr HICKEY: I can say I fought a lot more enthusiastic a fight than you are portraying at the moment. I went in and argued front line for my department, safety the number one issue, it was ring fenced from day one. Front line service delivery to the mining industry was ring fenced, that is what I was doing. I was fighting to ensure that my department delivered at the end of the day the benefits and the best service available to the industry.

I will say it one more time, these issues were brought about by a Federal coalition government and forced upon the State. I just want to reaffirm it, that the money that we saved was forced.

The Hon. DUNCAN GAY: Minister, do you agree with me that these cuts should not have happened?

Mr HICKEY: I agree with you that the Federal coalition government is a greedy government that does not return the benefits to the State, it just keeps squeezing time and time again. Yes, I agree with you if that is your belief.

The Hon. DUNCAN GAY: Minister, why were you not listed as a minister following the restructure? Why wasn't there a minister for Mineral Resources? How did that change from the initial listing?

Mr HICKEY: I think that Kerry Hickey is the Minister for Mineral Resources since April 2003 and the sign there will tell you that.

The Hon. DUNCAN GAY: But Minister, you weren't. There was not a Minister for Mineral Resources when the restructure was first announced?

Mr HICKEY: Do you think I should have taken an ad in the paper or something?

CHAIR: I would like to seek clarification on whether the BIGGUS-1 Exploration Well, PEP-11 Permit Area, is drilling for coal bed methane gas?

Mr HICKEY: Can you tell me the area?

CHAIR: I cannot give you the exact geographic location.

Mr GALLIGAN: We have something like 30-plus petroleum exploration licences, so the particular one--

CHAIR: Is this for petroleum exploration?

Mr GALLIGAN: PEL stands for petroleum exploration licence.

CHAIR: PEP-11 Permit Area. I understand that to be offshore.

Mr GALLIGAN: So we are talking about a Bounty Oil petroleum offshore exploration licence in New South Wales?

CHAIR: It is Newcastle. Can you inform the Committee as to whether that is drilling for coal bed methane gas?

Mr GALLIGAN: No, the target there would be natural gas rather than coal seam methane.

CHAIR: Has a report been completed on the gas drilling in the Pilliga State Forest where the holding dam for contaminated water burst and the highly saline water killed surrounding vegetation and contaminated soil? Is that report available to the public?

Mr HICKEY: I would have to probably take that on notice, as to whether it is available to the public, but that is something that occurred a few years back and it is my understanding that remedial works have been undertaken there which has helped alleviate a lot of the spills that occurred.

CHAIR: Has the report been made available to the public?

Mr HICKEY: I would have to go back and have a look and I will take it on notice.

CHAIR: What assessment has the Department of Mineral Resources conducted to minimise the environmental impacts of sand extraction with particular regard to groundwater?

Mr HICKEY: In any specific area?

CHAIR: As a general concept.

Mr GALLIGAN: In terms of sand extraction, it depends on what the sand is being used for. If it is purely a construction material, then it is not a mineral under the Act and it comes in under quarries, of which our department has responsibility for safety and not for any of the other issues.

Mr HICKEY: And DIPNR would be the consent authority.

CHAIR: So if we are looking at sand extraction from Somersby Plateau, for example, is that a quarry or under your department?

Mr GALLIGAN: Once again, if it is straight sand for construction purposes, that is not a mineral under the Act. If it is something like sandstone, then it can be a mineral under the Act, so specific ones we have to look at.

CHAIR: Do you know the Somersby Plateau example?

Mr GALLIGAN: Not personally.

Mr COUTTS: I think the Somersby Plateau area you are referring to was the subject of a recent report by the Department of Infrastructure and Natural Resources on various options for future sand supply particularly. That report I believe was released in the Newcastle area in the last month or so and I guess, as the future sand supplies of Sydney, which hinge around Kurnell, are coming to an end, some of the options for alternate supplies have been identified.

CHAIR: Can you give the quantity of sand expected from that site?

Mr COUTTS: No, sorry, I can't because I do not have that information.

Mr HICKEY: It is under DIPNR.

CHAIR: Similarly, is the prospect of offshore sand extraction being considered between Norah Head and Stockton and is that under your purview or is it DIPNR?

Mr HICKEY: No, there is no prospect for offshore sand extraction and that is something we have made perfectly clear, the Premier has made clear, and it is something that we will stand by.

CHAIR: Is the department still holding on to land required by what is now DEC and was the National Parks and Wildlife Service?

Mr HICKEY: We do not hold on to land.

CHAIR: You have no land that is wanted for conservation purposes under your department?

Mr HICKEY: We do not own any land. I am unsure where the question is coming from.

CHAIR: I was of the understanding that certain lands zoned for mineral exploration were under your control?

Mr HICKEY: Zoned land? I would say there would be in some places, I am unsure, but I would say there would be areas where we have a view that there are mineral resources and I am sure that there would be other departments that would want that land. Having said that, if you can be more specific, I can give you a more specific answer.

CHAIR: Do you have any assessment of lands under your purview zoned mineral exploration, et cetera, that are required or are wanted to be transferred across to the conservation agency?

Mr HICKEY: I will pass that on to Alan Coutts who might be able to give you a more specific answer.

Mr COUTTS: As you can imagine, there are fairly large tracts of New South Wales that are highly prospective and people are interested in them for exploration purposes. Exploration brings a lot of investment dollars into the State. The former Department of Mineral Resources and now DPI and Mineral Resources has an ongoing relationship with National Parks and other agencies about potential land uses, particularly where there might be potential conflicts between conservation and mineral resource criteria. You would be aware that the RACAC process dealt with many of those issues. Our two departments are engaged in an ongoing referencing arrangement and in those cases where our department, after a thorough geological assessment, has the view that a particular area of land is prospective we generally strike an amicable arrangement with National Parks where that land is allowed to be assessed. If it is subsequently assessed as not being prospective we will forego that land and then, if it has conservation values, those conservation values can be accommodated. There was a recent example of mineral sands in the Murray Basin where National Parks and Mineral Resources came to an agreement to allow the company to do some more detailed exploration work to determine whether there was a viable resource there. The company has recently come back to us and indicated that the prospectivity was not good and we have advised National Parks that we have no more interest in that area as a consequence. Therefore, if there are any conservation values, those conservation values can be accommodated.

CHAIR: Grant Thorne, representing Coal & Allied in Muswellbrook on Wednesday 15 September 2004, stated, as I understand it, that the Mt Pleasant project would be put on hold indefinitely. Is that the case?

Mr HICKEY: I am unsure. I have had no notification. Grant Thorne has not spoken to me personally. I will take it on notice and get that information back to you.

CHAIR: Perhaps you could get back to the Committee on what assurance you give land owners to ensure that Coal & Allied honours the consent conditions in relation to land acquisition in an expedient and timely manner?

Mr HICKEY: I will use my best endeavours to ensure that the relevant information is passed on to the Committee.

CHAIR: Coal & Allied also stated that they put Mt Pleasant on hold because of the problems associated with infrastructure, namely the rail system to Newcastle, and the problems associated with the port. Could you perhaps indicate your position on the fact that recent mine extensions at Mt Owen claimed that further expansion would not affect the rail system's reliability?

Mr HICKEY: It is my understanding that there is a system in place and a rostering of the movements along the coal chain to better utilise that chain. The ARTC has taken ownership of that coal chain and are investing money in planning and addressing the problems of that coal chain - that is the Commonwealth - and that will continue, so as far as rail infrastructure, that will be addressed in time. It will take time to have the process put in place and address the shortfalls of that system. Insofar as the port, Rio Tinto - we are talking of Coal and Allied - Estrada and all the coal companies have put in place a system that addresses the demurrage issue. I have had many meetings with mining companies in this House and we have worked together with mining companies to look at the issues of

the system they have put in place. Grant Thorne is the person who actually had a fair amount of say in regards to the process and I think for him to be critical of that process considering the input that he had is highly unusual.

CHAIR: You have described the overall process, but are you taking an active part in the protection of the rail travelling public of the Hunter Valley so that they can travel safely by train without the use of buses on these routes? Is that something that your department has paid attention to?

Mr HICKEY: My department is the Department of Mineral Resources and we went into this last year at great length. As the Committee would know, the rail system is the responsibility of the Minister for Transport.

CHAIR: But coal trains are impacting directly on the public?

Mr HICKEY: The coal chain use of that railway line - my ministerial portfolio ends virtually at the mine gate and then it becomes the responsibility of the Minister for Transport. Having said that, I have worked with coal companies and ARTC and everybody else to look at the issue and get everyone together at the table to address the problem. State Rail and ARTC are working together to make sure that all the issues are on the table, they are being addressed, and as far as the safety of passengers and passenger rail, it gets number one priority, not coal. I make that perfectly clear. Passenger safety is paramount. Coal is second to passengers. Passengers and passenger safety in the utilisation of that track get priority.

CHAIR: Have you advised Bickham Coal in writing that there is currently being conducted a special investigation into open cut coal mining in the upper reaches of the Hunter Valley?

Mr HICKEY: Could you repeat the question?

CHAIR: Have you advised Bickham Coal that there is a special investigation into open cut coal mining being conducted in the upper reaches of the Hunter Valley?

Mr HICKEY: Isn't that being conducted by a number of agencies?

CHAIR: I am just asking if you--

Mr HICKEY: No, I have left that to DIPNR to inform the people in the area, and DIPNR have been working with Bickham Coal, they are the consent authority as well. I have left it to DIPNR to do that. I don't see how I, as Minister for Mineral Resources, should be writing to every individual company in regards to something that DIPNR is doing. It was also in the original press statement when they got their approvals.

CHAIR: Thank you, Minister. That concludes the hearing for this evening. I would like to advise witnesses that the Committee has resolved to seek the return of answers to questions taken on notice within 35 calendar days and could the Committee determine your and your departmental officers' availability if further hearings are required?

Mr HICKEY: Yes.

The Committee proceeded to deliberate.