

## **GENERAL PURPOSE STANDING COMMITTEE No. 2**

**Thursday 21 June 2000**

**Examination of proposed expenditure for the portfolio areas**

### **MINERAL RESOURCES, AND FISHERIES**

**The Committee met at 6.30 p.m.**

#### **MEMBERS**

The Hon. Dr B. P. V. Pezzutti (Chair)

The Hon. Dr A. Chesterfield-Evans  
The Hon. R. D. Dyer  
The Hon. Amanda Fazio  
The Hon. Jennifer Gardiner

The Hon. D. J. Gay  
The Hon. R. S. L. Jones  
The Hon. H. S. Tsang

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#### **PRESENT**

**The Hon. E. M. OBEID**, *Minister for Mineral Resources, and Minister for Fisheries*

#### **Department of Mineral Resources**

**Mr COUTTS**, *Director-General*

**Ms Margaret Campbell**, *Director, Strategic Planning and Policy*

**Mr GALLIGAN**, *Director Resource Planning and Development*

#### **Coal Compensation Board**

**Mr Harry Bowman**, *Chief Executive Officer*

#### **NSW Fisheries**

**Mr DUNN**, *Director*

**Mr Paul O'Connor**, *Deputy Director*

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**CHAIR:** I declare the proposed expenditure open for examination and I pass to the honourable Duncan Gay.

**The Hon. DUNCAN GAY:** Minister, I draw your attention to Budget Paper No. 3, Volume 2, page 13-9. Investment income is expected to decrease from \$270,000 in 2000-01 to \$80,000 in 2001-02. Can you account for this difference?

**The Hon. EDDIE OBEID:** We will take that on notice, Mr Chairman.

**The Hon. DUNCAN GAY:** What?

**The Hon. EDDIE OBEID:** We will take that on notice; did you hear?

**The Hon. DUNCAN GAY:** It is not a tricky question.

**The Hon. EDDIE OBEID:** I assure you it is not a tricky question. It is there in the budget.

**The Hon. DUNCAN GAY:** All right. I don't hold much hope for the rest. Budget Paper No. 3, Volume 2, page 13-10. The budget shows the department operating at a significant negative cash flow from activities over the past two financial years and also for the coming financial year. Can you explain why this is so?

**Mr COUTTS:** I will attempt to give a general answer to that question. The main variations in our budget from the current financial year to the year 2001-02 is as a consequence of an increase in the allocation for Exploration New South Wales and funding from the Environmental Trust. Both those amounts have had a variation on the department's cash flow. The actual details, I would have to provide the honourable member subsequently to this if he wishes more detail but, generally speaking, for Exploration New South Wales, our allocation in the 2001-02 financial year has gone up to \$5 million from, I think, \$3.5 million for the current financial year.

**The Hon. DUNCAN GAY:** Budget Paper No. 3, Volume 2, page 13-11. Total current assets of the department are projected to decrease significantly in 2001-02. Why is that?

**Mr COUTTS:** Again, the reason for that variation is as a consequence of an allocation expected to be received this year of \$2.03 million from the Environmental Trust for the rehabilitation of derelict mines. That has had an impact again on our current statement of financial position as reflected in the current assets before you.

**The Hon. DUNCAN GAY:** Thank you. I would like to turn now to the Coal Compensation Board. Budget Paper No. 3, Volume 2, page 13-5. Expenses for the board will decrease by \$600,000 in 2001-02. What is the cause of this decrease?

**Mr BOWMAN:** The decrease is primarily because the board is downsizing from about 50 staff to about 30 staff in the coming financial year. As a consequence the current expenses are decreasing.

**The Hon. DUNCAN GAY:** What was the total compensation paid by the board in 1999-2000 and what are the estimated compensation payments for 2000-01?

**The Hon. RONALD DYER:** That is set out in the fourth paragraph of that page.

**The Hon. DUNCAN GAY:** I cannot remember asking you the question, Mr Dyer.

**The Hon. RONALD DYER:** No, you might not have, but I presume you can read.

**The Hon. HENRYTSANG:** He is helping you out.

**Mr BOWMAN:** \$37.6 million in the 1999-2000 year. What was the second part of the question?

**The Hon. DUNCAN GAY:** What are the estimated compensation payments for 2000-01?

**Mr BOWMAN:** \$25 million.

**The Hon. HENRYTSANG:** \$25.3 million. That is in paragraph 4.

**The Hon. DUNCAN GAY:** How many claims and applications for payment are yet to be assessed?

**Mr BOWMAN:** Approximately 30 claims. If you want a more detailed answer I can take it on notice.

**The Hon. DUNCAN GAY:** Thank you. When do you expect the work of the board to be complete?

**Mr BOWMAN:** The board is currently programmed to complete its work in June 2004.

**The Hon. DUNCAN GAY:** But I understand the board's focus is changing to a greater emphasis on managing the appeals process against the board's determinations rather than processing claims. Can you explain this shift in focus?

**The Hon. EDDIE OBEID:** That is presuming that you know what the policy is. I think that is not a budget question. You cannot infer what is going to be the policy of the board in the next year. You are here to ask questions on the budget.

**The Hon. DUNCAN GAY:** I am asking questions on the budget there.

**The Hon. EDDIE OBEID:** It is not about the budget. You are just asking where the direction of that board is going to be.

**The Hon. DUNCAN GAY:** You are choosing to answer it in that form.

**The Hon. EDDIE OBEID:** It is right that it is going to be this or that.

**The Hon. DUNCAN GAY:** You are choosing to answer it in a form of not answering it.

**The Hon. EDDIE OBEID:** No, it is not a question of that. The Chairman should determine whether the question is in line.

**The Hon. DUNCAN GAY:** Well, that statement was in the budget papers. I took that statement out of the budget papers. Minister, if you had actually read your own budgets papers--

**The Hon. EDDIE OBEID:** That is not the issue.

**The Hon. DUNCAN GAY:** - you would have seen that that statement was in there.

**The Hon. EDDIE OBEID:** That is not the issue. It cannot be quantified by asking the question. That is suggested as part of the job they are supposed to be doing. You are asking him to split it between what his obligation is on the compensation, and what is his obligation on the case before the courts.

**The Hon. DUNCAN GAY:** Minister, the statement was in the budget papers.

**The Hon. EDDIE OBEID:** It is a statement.

**The Hon. DUNCAN GAY:** Page 13-5. For your information I will read it.

"Expenditure Trends and Recent Developments. The Board's expenses will decrease by \$0.06 million to \$3.7 million in 2001-02. This decrease is attributable to the shift in responsibilities of the Board away from assessing equitable compensation".

**The Hon. EDDIE OBEID:** What is your question?

**The Hon. DUNCAN GAY:** The question I asked was out of the budget papers. This is the budget estimates and we are here to ask questions. If you do not want to participate in the process you would be better to go back and stand outside the Parliament, but I am asking legitimate questions.

**The Hon. EDDIE OBEID:** I suggest that you speak in the manner you want to speak but ask questions in line with what is required by this estimates committee. I am not suggesting you do not ask questions, but do not ask answer questions on the basis of a policy that has not been implemented yet.

**The Hon. DUNCAN GAY:** Minister--

**The Hon. EDDIE OBEID:** You cannot foretell what will be involved in a court case and what effort will have to be put in that.

**The Hon. DUNCAN GAY:** Minister, seeing you have indicated your willingness to answer questions--

**The Hon. EDDIE OBEID:** I am just suggesting to you--

**The Hon. DUNCAN GAY:** --my question is now to you--

**The Hon. EDDIE OBEID:** That is the question.

**The Hon. DUNCAN GAY:** --on resource management. I draw your attention to Budget Paper No. 3, Volume 2, page 13-18. The number of physical inspections of underground coalmines and open cut coalmines is forecast to fall in the coming year. How does this decrease fit with the department's commitment to mine safety?

**The Hon. EDDIE OBEID:** It is very simple. We have had an extensive program on mine safety issues. We have travelled the countryside making sure miners are aware of all the safety guidelines and regulations. The output indicators represent the number of both minor and major physical assessments conducted. The greater emphasis is placed on underground mines due to the higher risks. The indicators also show the level of anticipated activity of the inspectorate; The steady reduction in total assessments reflects the positive change to risk management and industry health and safety performance.

The reduction particularly reflects a change to more comprehensive safety assessments. There is a need for site visits to be more structured and formalised with an emphasis on major hazards while assessing the broader safety environment in which day-to-day operational decisions are made. The small mines campaign commenced in year 2000 and relies on the provision of quality guidance to small mine operators and ready access to assistance from the department.

The response from the small mines and quarry sector has been excellent, with 446 operators attending the 16 workshops held to date. The Institute of Quarrying, in conjunction with the Department of Mineral Resources, developed the safety management plan workbook, which is used both at the workshops and mine sites to encourage small mines to meet industry standards.

For all safety outputs the projections and estimates have been influenced by the initiatives introduced as a result of the Mine Safety Review. These include the appointment of mine safety officers, changes to mining legislation, and the introduction of the COMET computerised database system. During the financial year 1999-2000 COMET provided computerised records of mine safety and environment activities. Fifteen mine safety officers were introduced into the safety operation unit. Through a new Mines Inspection Act General Rule a verification assessment approach was introduced.

The small mines campaign commenced and the new 1999 Coal Mines Regulation replaced the 1984 regulations. The commencement of COMET in April 1999 has led to improvements in reporting procedures.

**The Hon. DUNCAN GAY:** Point of order, Mr Chair.

**CHAIR:** Yes.

**The Hon. EDDIE OBEID:** You want the reasons why mine safety inspection have been reduced? It is simple. That a lot of time and effort--

**The Hon. DUNCAN GAY:** Mr Chairman, I have been given answers to a question that I did not ask. My question was quite specific and I believe the Minister is just deliberately wasting your time.

**CHAIR:** Perhaps you might repeat your question specifically to the Minister so it can be targeted.

**The Hon. DUNCAN GAY:** Minister, the question was: As the number of physical inspections of underground coalmines and open cut coalmines is forecast to fall in the coming year, how does this fit with the department's commitment for mine safety?

**The Hon. EDDIE OBEID:** It fits very well because miners are much more aware of their obligations. This is due to the educational procedures that we have adopted in educating miners on their obligations and making sure we have seminars right throughout all mine areas, and making sure that the small mining organisations in particular do attend these seminars. They have been excellent and, of course, there is also the implementation of all the mine safety issues that were raised in the Gretley Inquiry, and other inquiries, which we have accepted to a "T". So it is more education. It is more effort making miners aware of their obligations and it is working well. Therefore, miners, and mining companies, are much more aware of their obligations and are successfully carrying them out.

**The Hon. DUNCAN GAY:** Minister, Budget Paper No. 3, Volume page 2, page 13-18. Similarly, the number of unannounced inspections as a percentage of the total inspections is forecast to fall. Why?

**The Hon. EDDIE OBEID:** The Inspectorate conducts unannounced inspections to ensure the hazards are not disguised and sites are not specially prepared for departmental inspection. That is what has been going on. The Mine Safety Review stated there should be a requirement for sufficient unannounced mine site visits to create a perception of a significant likelihood of an unannounced visit at any time.

In 1997 and 1998 a concerted effort was made to increase unannounced visits. While the number of unannounced visits has increased to date the percentage will fall in the future. This is because of an increased effort in full inspections and audits as part of the introduction of a risk identification management system and the move to adopt mine safety management plans. This continues to be reflected in the level of planned visits in the year 2001-02. An audit style assessment will, in the short-term, require documentation and specific personnel to be readily available; hence the need to announce the visit.

**The Hon. DUNCAN GAY:** Minister, you have indicated that physical inspections are going to fall. Unannounced inspections, one of the best forms of keeping people on their toes in the mining industry, as a percentage, are going to fall but staff numbers in resource management are increasing by ten while all these inspections are falling. Why is that?

**The Hon. EDDIE OBEID:** Because, basically, the department has adopted the view that education is the best form of protection. We are doing that. We are making sure that the larger organisations have their safety plans. They are audited. We are making sure that we assist the smaller organisations, which probably would not have the capability to have special staff to organise their safety plans. We case manage them. We have them attend seminars. I believe there is no miner in the State that wants to have an injury or would not try to avoid a nasty accident or injury. Therefore, the mining community is very responsible and this is what it is all about. It is a matter of education and making sure that any reduction represents the comprehensive nature of the assessments that we do in of all the audits that are done.

**The Hon. DUNCAN GAY:** Minister, resource policy and executive support, Budget Paper No. 3, Volume 2, page 13-20. What contracted services does the department provide to the Minister of Energy and Utilities?

**The Hon. EDDIE OBEID:** I think Alan will answer that.

**Mr COUTTS:** The Department of Mineral Resources provides a range of corporate service type activities under a contract arrangement with the Ministry of Energy and Utilities. This is part of the general move to provide more efficiency and cost-effectiveness in corporate service delivery. The Ministry of Energy and Utilities is a fairly small policy-oriented agency and is located in the same building as the Department of Mineral Resources, and it has proved effective for the Department of Mineral Resources to provide those services. They include finance, human resources, personnel management, and facilities management type services.

**The Hon. DUNCAN GAY:** What revenue do you receive from the Ministry of Energy and Utilities for this work?

**Mr COUTTS:** The figure is something in the order of \$800,000 in the current financial year.

**The Hon. DUNCAN GAY:** And how many staff are involved in the work within the Ministry?

**Mr COUTTS:** Off the top of my head I am not able to answer that question but I can say that because of the economies of scale, we can provide that level of service to the Ministry of Energy and Utilities at a significant reduction in staff numbers than they would be able to provide to themselves.

**The Hon. DUNCAN GAY:** Thank you. Minister, Budget Paper No. 3, Volume 2, page 13-1. Total spending for the department is expected to increase to \$54.4 million in 2001-02. Could you outline the specific new spending initiatives that will account for this increase?

**Mr COUTTS:** The general breakdown of the department's budget is reflected in three main core areas. These are outlined on page 13-4 of the budget. \$17.5 million of that allocation is to provide a comprehensive information framework on the State's geology and mineral and energy resources. This enables the department to ensure that there is an informed decision-making process for land use, infrastructure planning and the sustainable development of the State's resources. That is part of our overall strategy to help ensure that the State has a robust exploration sector to explore and develop the State's mineral resources in a responsible manner. \$9.5 million of that amount is to advance sustainable mineral development in the State, and \$23.1 million is to provide a regulatory framework that encourages the industry to adopt best practice in environmental management and in the management of health and safety on mine sites.

**The Hon. DUNCAN GAY:** Director General, or Minister, the bottom of page 13-1 states:

"The Department's expenses will increase to \$54.4 million in 2001-02 compared to \$44.3 million in 1996-97. This is due to increases in administrative costs, maintenance and depreciation".

I draw your attention back to the first part, the administration costs. How much of this extra money is taken into administration costs or red tape?

**The Hon. EDDIE OBEID:** Alan will answer that.

**Mr COUTTS:** If I could answer that question. I would suggest that none of the figure is taken up in red tape. The actual increase, when it says "increases in administrative costs", relates to the increase in award increases that have been provided to public servants in the next financial year. There is an amount provided for in the budget to cater for that increase in award costs.

**The Hon. DUNCAN GAY:** Thank you. Back to you Minister. In your answers that you gave me earlier on education, do I take it from your statements that you actually believe that the education campaign is a better way of going than having inspectors on the ground and having unannounced inspections?

**The Hon. EDDIE OBEID:** On the contrary. I never said we should not have inspectors. Inspectors are a must and we have very good inspections, but education and compliance is the way to help mining companies establish a good safety regime along with their employees. The better the plan is, the more ordered that plan is, the better the outcome will be. But inspectors will always need to be there.

**The Hon. DUNCAN GAY:** So one visit and they are okay.

**The Hon. EDDIE OBEID:** We are not saying one visit. Mines will be visited as frequently as necessary. There are companies that have good safety records, good plans in place, adopt the right safety procedures. Their staff are very well aware they would be visited probably less than those sites more at risk. So, education is important, but at the same time you need to have compliance, and inspectors will make visits when necessary.

**The Hon. RICHARD JONES:** Minister, I am referring to page 13-17. Why are 15 per cent of mines still operating with mining operation plans that are unacceptable? Which are those mines? What is being done to bring those mines up to an acceptable standard? How many prosecutions have been launched for noncompliance with operating standards? How many mines are operating with security deposits below 80 per cent of estimated rehabilitation costs and what action is being taken to reduce this number?

**The Hon. EDDIE OBEID:** It is a very lengthy question.

**CHAIR:** Perhaps if you take them seriatim. If you just repeat the first question.

**The Hon. RICHARD JONES:** They are on the same page, you see.

**Mr COUTTS:** I will attempt to answer that question as best I can. The department has been moving steadily towards requiring mines to operate in accordance with mining operation plans which are acceptable to the Department of Mineral Resources. If you look at the table on the page referred to by the honourable member, you will see that over the past three or four years we have been moving to increase the percentage of mines that have acceptable plans.

The figure in the current financial year is 80 per cent and we are moving towards increasing that to 85 per cent. Clearly, it would be desirable to have 100 per cent, but it takes a fair amount of time and rigour for the department to get all mines operating on mining operation plans that are acceptable. The department has done it in a way that has identified those areas of highest risk and has ensured that the larger mining operations and those mines that are, in our view, more high risk in terms of their ability to impact upon the environment and other areas have those mining operation plans completed.

As the honourable member will appreciate, there are a large number of small mines in New South Wales. The number is in the thousands. It is physically very difficult for the department to ensure that at the current time they all have mining operation plans. So that is hopefully an answer that will satisfy the honourable member's question.

On the issue of security deposits, the department has been undertaking a review of security deposits to ensure that they are relevant to the rehabilitation requirement of the companies concerned, and we have been moving to ensure that all mines have an adequate security deposit. In fact, there are no mines in recent years that have been granted development consent and received mining leases that do not have adequate security. We do have some legacies of the past where mines are operating with security deposits that are less than we would like to see or is desirable to cover the rehabilitation costs.

The issue for the Government and the department in those cases is that if we force those companies out of business by imposing sanctions upon them that they cannot bear, then it is the Government and the taxpayer that is faced with the liability of rehabilitating that mine site. We have seen that, I think, from our experiences in the past where we are left with the legacy of some of those older mines.

So what the department attempts to do is to enter into special arrangements with those companies to ensure that we either have a phased increase in security and/or an accelerated rehabilitation commitment from the company that ensures that that rehabilitation liability is taken care of.

**The Hon. RICHARD JONES:** On that question of the state of mines which have sometimes closed and left the areas in a derelict state, I see you are using \$2.8 million from the Environmental Trust to restore and rehabilitate the Conrad Mine near Inverell, the CSA excised areas at Cobar, the Yerranderie silver mines in the Blue Mountains and the Woods Reef asbestos mine near Barraba.

Can you tell me, Minister, or one of your departmental heads, how and why were the funds for this work obtained from the Environmental Trust? What efforts were made to locate the owners of the former mines, and get them to pay for the clean up, and, in the case of the Yerranderie silver mines in the Blue Mountains, which are in Sydney's water catchment, why are funds from the Sydney Catchment Authority not being used instead of money from the Environmental Trust?

**The Hon. EDDIE OBEID:** I will refer that question to Alan Coutts.

**Mr COUTTS:** It was an initiative of the Government to allocate funds from the Environmental Trust. Applications for funding from that Trust were called for by the Minister for the Environment, who has overall responsibility for that fund, and the Department of Mineral Resources made application for funding under that Trust. The decisions on the particular proposals, for which funding would be sought, were carefully considered by the department in close consultation with the Environmental Protection Authority and the Department of Land and Water Conservation and the National Parks and Wildlife Service. It was as a consequence of those discussions and those

considerations that the department put forward the proposals that it did. I think the fact that we received the level of funding we did demonstrated that it was a very thoughtful application.

We have been up to this point in time carefully working through the strategies as to how we will utilise the funding, particularly for Yerranderie, again in conjunction with those agencies, and I understand that the Sydney Catchment Authority is also putting some funding forward to assist in that process.

**The Hon. RICHARD JONES:** Can you tell me whether you, Minister, will allow the Newnes Plateau sand mine to go ahead even though it is next to a world heritage area and risks causing severe environmental damage?

**Mr COUTTS:** As I understand it, there is no new proposal to develop Newnes as a sand extraction facility. Newnes has been one of a number of sites that have been identified as future resources for construction sand in the future. I think it would be fair to say that the Government recognises that there are a range of environmental and other issues around that, and a number of other sites, and no doubt if that proposal were put forward it would have to go through the Government's normal environmental processes before it was granted approval.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The Government proposed an environmental review of the Mining Act in 2000. Is it correct that this review has not yet occurred? Why is that so? Does the department intend to start the review and how much has it allocated to conduct the review in the next financial year, if it is going ahead?

**Mr COUTTS:** The department is in the process of undertaking an environmental review of its legislation. That review is currently in progress. When the department is in a position to provide a report to the Minister it will do so.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Is that going to be an open process with submissions from the public, or is that entirely a departmental review provided to the Minister?

**Mr COUTTS:** At this stage it is a departmental review and we, in conducting that review, have been consulting with agencies such as the Environmental Protection Authority, National Parks and Wildlife and DLWC. Once we put our recommendations to the Minister it will then be a matter for the Minister as to what consultation process he deems to be necessary.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The Timbarra gold mine did, I understand, overflow its ponds in the recent rains; is that correct?

**Mr COUTTS:** As I understand it, over the nine days ending 3 February 2001 the Timbarra area was subject to extremely heavy rain, with 525 millimetres of rain falling on the site. The storage capacity of the dams on site on 28 January 2001 was 66,000 cubic metres. This is compared with the mining lease requirement of 55,000 cubic metres.

As a result of this extreme weather, water overflowed from the storage dams. The Environmental Protection Authority has stated that the small amount of water released contained no detectable level of cyanide and was unlikely to cause any environmental harm. Officers of my own department and the Environmental Protection Authority were on site during the overflow and have collected water samples from the mine site and downstream. Analysis of these samples has indicated cyanide was undetectable downstream.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Certainly, I do not dispute that. Is it not true that the mine has not been operating since last July and has been mothballed since last September and, thus, there would have been almost no cyanide in those ponds in any case?

**Mr COUTTS:** The mine has been on care and maintenance, and as it is on care and maintenance it is required to continue to operate in accordance with its mining operations plan and lease requirements.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** But it hasn't got much cyanide in its ponds because it hasn't been operating and using cyanide, is that not correct?

**Mr COUTTS:** That is correct.



**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Had it been operating normally when it overflowed, would that not have been a pretty major event?

**Mr COUTTS:** No. In fact, if the mine had been continuing to operate during the rain flow it would have been, because of the way the mine operated, actually utilising the water in those storage dams. The storage dams would not have been as full as they were with the mine on care and maintenance, and we believe that the existing storage facilities would have been sufficient to cater for that rain fall.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you believe then that the water fall was not excessive given the designed capacities of the dam and that the meteorological data on which those dams were designed was perfectly adequate?

**The Hon. HENRYTSANG:** That is exactly the same answer. It is the same answer.

**CHAIR:** It is a very different question.

**Mr COUTTS:** I think what I am saying in my answer to your question is that the conditions imposed upon the mine by the various regulatory authorities, including the Department of Mineral Resources, gave us a level of comfort that that mine could operate without causing any significant impact on the environment.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, but the fact is that it did overflow/ You are saying that had it been in operation, the water goes to, my understanding, the pregnant pond and then the barren pond, I think it is called, when the gold is stripped from the cyanide solution, and then below that there is a safety pond. I am not quite sure of the exact terms, but there is a barren pond and a pregnant pond and a safety pond. You are saying that the amount of water in those ponds would have been less and that the safety factor would have been sufficient.

**Mr COUTTS:** We are engaging in speculation here.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There must be some facts. I am speculating, I am hoping you know.

**Mr COUTTS:** We are speculating. I think I answered your question by saying that the regulatory authorities were of the view that the conditions imposed upon the mine were such that the mine would operate in a condition that would not significantly impact on the environment. There has been nothing that has happened during the course of events, including the rain events, that would cause us to take away from that position.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So the fact that it overflowed was only because it was not active?

**Mr COUTTS:** That is a view.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That is the corollary of what you are saying, is it?

**Mr COUTTS:** That is a view.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You should be able to give better than a view. Is that your opinion? Is that your contention?

**Mr COUTTS:** That is my opinion.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That is what I wanted to get to. That was designed in a 1 in 400 year fall.

**Mr COUTTS:** That is correct. A one in 400 year flood event, I think.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are there other derelict mine sites in New South Wales that are at risk? If so, how many and do they have plans so that they will not, during some flood event or other event, cause trouble?

**Mr COUTTS:** I am not sure if I understand your question by "if they are at risk". At risk of what?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Sometimes there are toxic materials in dams and things which are dependent on rainfall to escape or to go somewhere else. There are products that are in situ and may move. They obviously have to have a risk analysis. What I am saying is how many mines are there in this situation and have they all had risk analyses?

**Mr COUTTS:** If you are asking me how many derelict mines there are in New South Wales I do not have that information available to me. The Government has established a derelict mines committee, for want of a better word, on which the Department of Mineral Resources, the Department of Land and Water Conservation and the Environmental Protection Authority oversee the utilisation of funding to assist in the repair of derelict mines. That committee makes an assessment of derelict mines, and the derelict mines that are considered to be of higher risk are allocated funding to mitigate against any damage to the environment.

Now, at the present time there are more derelict mines than can be repaired by the funds available, but this Government has increased the allocation of the former Government from \$150,000 to \$1.6 million to assist in mitigating against the problems of derelict mines. In addition to that, as I said earlier, we have \$2.6 million or \$2.8 million, I think, from the Environmental Trust to target particular mines.

So there is a concerted effort not only to assess the derelict mines that are at highest risk but also to ensure that they are rehabilitated so that we do not get damage from the sorts of events that you are referring to in your question.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Is there a list of those mines available publicly?

**Mr COUTTS:** I believe there is a database of derelict mines.

**CHAIR:** On the net or available to the public?

**Mr COUTTS:** I am sure we could provide that to the honourable member.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Thank you very much.

**Mr COUTTS:** At an appropriate time.

**The Hon. DUNCAN GAY:** The Minister has given 14 answers on rehabilitation, I think. How many native title claims are outstanding in New South Wales over areas that are also subject to mining leases of any type?

**Mr GALLIGAN:** In regard to mining lease applications, there are currently six. In terms of mineral claim applications, there are six finalised and a current number of 14. That is in respect of mineral claims as opposed to mining leases.

**The Hon. DUNCAN GAY:** This is native title.

**Mr GALLIGAN:** This is native title. In respect of exploration licences and applications, nine have been finalised and there are currently 17 in progress.

**The Hon. RICHARD JONES:** Minister, I understand there are lands in far western New South Wales which the New South Wales National Parks and Wildlife Service would like to acquire for additional parks which are being held up by mining leases which may or may not generate income in royalties for the Government. Can you tell me which areas are being held up and when will the matter be resolved?

**The Hon. EDDIE OBEID:** Generally if there are areas that the National Parks Service wants to reserve, we would have to assess from the department site what loss of benefit there is to the State, and what sort of quantities are available. I do not have a list, but maybe Alan can add to that.

**Mr COUTTS:** I am happy to attempt to add to that response from the Minister. I am not aware that there are any actually being held up by the Department of Mineral Resources raising particular objections. We have an

arrangement with the National Parks and Wildlife Service whereby areas that they wish to acquire for the purposes of national parks are referenced to the department. If the department has identified mineral resource values with respect to that land, we then engage in an assessment by both parties of the mineral resource and conservation values, and then a decision is made, generally speaking, between the respective agencies but, if necessary, by the respective Ministers or the Government on the balance of those conservation and resource values. We, through this process, generally have been able to strike a balance between the need for the national parks to acquire those areas it wishes to acquire, and the need for us to ensure that community resources are protected for future use.

**The Hon. DUNCAN GAY:** Minister, at what stage are Power Coal's plans to commence long wall mining in the Mandalong Valley? Have the issues of subsidence along water courses been examined by the department? If so, what measures have been taken to address those concerns?

**Mr GALLIGAN:** At this point in time, Power Coal is ready to move into the Mandalong area. There are two main reasons why they have not moved into the area at this point in time. One relates to one of the conditions of development consent which during the development consent process was meant to be interpreted in one way but in the writing was interpreted another way, so there is a legal argument over that condition. It is expected that DUAP will rectify that issue in the next month.

The second issue is more industrially related and relates to developing a new enterprise agreement with the current Cooranbong work force to move into the new area on more modern work conditions, and that is expected to be finalised in the near future as well.

In respect of the flood studies, that was covered very comprehensively during the development consent process, and I am not aware that there is a whole lot more to be done there.

**The Hon. DUNCAN GAY:** Thank you for that answer because I have sent a letter to the Minister on this matter and he has deemed not to answer me.

**The Hon. RICHARD JONES:** A follow up to my previous question on the question of lands out west. Are any of these areas in the Bulloo overflow area, and can you identify which lands are in fact under discussion now?

**Mr COUTTS:** Yes, we have had some discussions with the national parks around the Bulloo overflow. Whilst there are some mineral resource issues in that general area, we are confident that we can accommodate the request that the National Parks and Wildlife Services have put to us on that area.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Can you tell me the state of any development applications for the Lake Cathie mine? What is happening there?

**Mr GALLIGAN:** That is the one up near Port Macquarie?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes.

**Mr GALLIGAN:** There has been no process. The question was asked last year. Jervois Nickel have basically put that area on hold because the area at Young looks like being a shorter term development than perhaps that area up there.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** They still have the lease, is that right?

**Mr GALLIGAN:** They have an exploration licence in that area.

(Short adjournment)

**CHAIR:** I declare the examination for Fisheries open and I would ask the Hon. Jenny Gardiner to begin.

**The Hon. JENNIFER GARDINER:** To the Minister. In the budget papers relating to retained taxes and fees I note there is a very paltry projected increase of 12 only land based fish farms projected. Is that indicative of the negative messages you have been emitting about the small--

**The Hon. EDDIE OBEID:** Can we have the budget paper reference on that one?

**The Hon. JENNIFER GARDINER:** Page 13-27. Is that indicative of the negative messages you have emitted about small aquaculturalists being just a cottage industry?

**The Hon. EDDIE OBEID:** No, it is not. It is simply that there are some small operators who would consider themselves not up to paying the \$350 because they have got an approval and they have not utilised it so they just have not renewed it.

**The Hon. JENNIFER GARDINER:** How many haven't renewed them?

**The Hon. EDDIE OBEID:** The number of land based fish farms has decreased this year from 340 to 298. This is largely due to the introduction of the aquaculture permit fee which has meant some non-producing farms, 52 in total, have opted to let their permits lapse. This means the cost of administration of aquaculture is to significantly decrease as the smaller, lower-producing farms are removed and the larger, higher-producing farms remain.

**The Hon. JENNIFER GARDINER:** Is that a deliberate policy to push them out of business?

**The Hon. EDDIE OBEID:** It is not a deliberate policy. I think what you heard me say numerous times in Parliament, and I will repeat it for you again now, is that there is nothing novel or new about recovery of costs. Whilst commercial fishers pay a fee, whilst recreational fishers now pay a fee, aquaculturalists too have to contribute to the overheads that come from Consolidated Revenue. This \$350 annual permit is not a large amount of money for those who are serious about aquaculture and the future of aquaculture because there are very, very important services that the department provides and there is enormous expense that is outlaid from Government, through Consolidated Revenue, to help prop up aquaculture as a private sector business, so this is nothing novel, nothing new.

It has been mentioned in the House numerous times and if there are those small aquaculture holders of permits that have not utilised them, they are probably better off throwing the towel in and not paying the \$350.

**The Hon. JENNIFER GARDINER:** Have you backed off from proposing full cost recovery?

**The Hon. EDDIE OBEID:** There was never any intention of full cost recovery. We are only recovering 14 per cent of what the real cost is and that is stable for five years.

**The Hon. JENNIFER GARDINER:** After five years?

**The Hon. EDDIE OBEID:** Except for CPI increases. After five years, let us wait and see.

**The Hon. JENNIFER GARDINER:** So the five year rule still stands?

**The Hon. EDDIE OBEID:** We will talk with the industry then and see how the industry has developed and, like all things, we do consult with the community. We do consult with the industry and we will continue to do that but first things first. Let us see how we can develop the industry. Mind you, the Government has put in \$3 million as an initiative to help aquaculture. We have done more than any other State in this country to develop aquaculture as an industry for the regions.

Not only have we put in the \$3 million initiative but we have had strategies for approvals. We have got case managed personnel to case manage investors. We have gone and defined areas where approval is already there and we make it easy. The research is in place. We have scientists who can reproduce over 110 native species. So if you really want to build a very important regional industry the Government is doing its bit; but the private sector, at the same time, must make that small contribution, otherwise you will have the government subsidising the private sector industries ad infinitum and that is not the way governments operate.

**The Hon. JENNIFER GARDINER:** Minister, on 10 April this year you said in the Parliament essentially that the Government and the trusts are spending \$12 million a year on better recreational fishing. It is spending over \$6 million a year on aquaculture and it is spending a similar amount on the commercial sector; do you stand by those figures?

**The Hon. EDDIE OBEID:** Yes.

**The Hon. JENNIFER GARDINER:** Will you therefore undertake-I will ask you to do this on notice-to provide a detailed breakdown as to how those figures are derived?

**The Hon. EDDIE OBEID:** It is simply that \$6 million comes from Consolidated Revenue on both accounts. I have said that many times. Commercial fishers contribute by way of licence. I think it is about \$1.5 million. At the moment we contribute from Consolidated Revenue. I think the figure is around \$6 million. That is what is spent on the commercial sector.

The recreational sector were contributing nothing. Now they will be contributing something between what the fresh water and the salt water fishers pay. If the budget is complied with it will be about \$8.5 million and the balance is coming from Consolidated Revenue so more than \$12 million a year will be spent on creating better recreational fishing and aquaculture. As I have said, we spend over \$6 million a year from Consolidated Revenue to improve aquaculture, to implement that as a regional industry.

What we have said to the industry, which is predominantly oyster farmers who have been there for donkey's years utilising public waterways, is that we have done an audit on that. There are more than 4,300 of them and now that we can define exactly the boundaries of those leases we have said that you must comply by not only utilising those leases but, at the same time, contributing \$350 per year, which, as I have said, is only 14 per cent of the actual cost that comes from Consolidated Revenue.

**The Hon. JENNIFER GARDINER:** Can you provide the Committee with the latest figures as to the uptake on the salt water licence in terms of the number of licences issued by category and the revenue derived from the licence?

**The Hon. EDDIE OBEID:** I think I answered that question in Parliament but I can give you an idea. This financial year there are 177,000 licences. Of course, that includes fresh water and two months of salt water. In the same period last year the figure was 27,700. That was for the fresh water only. We have collected \$4.1 million, that is for both fresh and salt, and the sales during the year have been 52,537 one-year licences; 11,382 three-year licences; 10,926 one-month licences and 14,024 three-day licences. This was as at 6 June 2001.

**The Hon. JENNIFER GARDINER:** What is the breakdown in respect of the \$4.1 million between salt water and fresh water?

**The Hon. EDDIE OBEID:** It is only a single licence, so I do not have those figures to break up, but we have always assessed that the fresh water over a 12 month period would be around \$2.5 million. That is what the figure has been in the last number of years.

**The Hon. JENNIFER GARDINER:** But you have to know what they are because, otherwise, the money will not go into the right trust fund?

**The Hon. EDDIE OBEID:** No. We guaranteed that whatever money comes in the fresh water sector, the expenditure committee, will be guaranteed \$2.5 million. So we are protecting their \$2.5 million to spend on fresh water as they see fit. The balance, of course, goes to the salt water side. and we estimate that to be \$6 million.

**The Hon. JENNIFER GARDINER:** On notice, could I ask you to provide a list of all of the items of expenditure thus far from the salt water trust fund to date?

**The Hon. EDDIE OBEID:** I am happy to take that on notice because there is a lot of detail.

**CHAIR:** That matter is taken on notice.

**The Hon. JENNIFER GARDINER:** Minister, with respect to the controversy about the white spot syndrome virus, has New South Wales Fisheries done an estimate of the damage done to the State seafood industry due to the adverse media coverage of the supposed prawn disease in Sydney Harbour, including the overseas TV coverage arising out of your media release?

**The Hon. EDDIE OBEID:** I am glad you asked me that question because it really gives me the platform to tell you what I think of the process of AQIS and your coalition partner Warren Truss.

**The Hon. JENNIFER GARDINER:** Have you done an assessment of the damage to the seafood industry?

**The Hon. EDDIE OBEID:** You have asked me the question, let me give you the answer.

**The Hon. JENNIFER GARDINER:** I am asking the questions.

**The Hon. EDDIE OBEID:** I am giving you the answer. I am answering it so you just hold on while I answer.

**The Hon. JENNIFER GARDINER:** I want you to answer that question?

**The Hon. EDDIE OBEID:** The issue of white spot disease has been a world-wide disease that has caused billions of dollars-actually \$3.8 billion of losses in prawn farming in six different countries in South-east Asia and Southern America. We were aware of this in 1995. We agreed with the Federal Government that they would ban the use of bait from imported fresh prawns. That was in 1996.

Since then we have been meeting regularly with the Commonwealth to talk about ways and guidelines and rules for not importing diseased prawns because it would affect our industries. The Commonwealth have been playing around with this until December 2000 when it was detected in Darling Harbour. Immediately the Minister raised his arms and said, "Look, we have to get some rules and guidelines going". He had three attempts and failed to come up with the appropriate guidelines so that we could restrict the importation of these fresh prawns, uncooked prawns, green prawns, from any country that has the disease.

What did he come up? The great strategy of having AQIS, our quarantine services. A container comes in from a country which could have consignments from six different farms, or 20 different farms. It could have consignments from three or four different countries. What do they do? They just pick one sample out of that container, test it and if it is clear away you go. In it goes. This is the process that the Hon. Warren Truss advocated as the gatekeeper to prevent diseases in our waterways.

I do not recall the exact date, I think it was some time in April, we agreed with the Commonwealth when we found the Darwin syndrome was there, when the virus was in Darwin, so that we would do testing on all our estuaries to make sure that we have not got it either. So along with all other States, we all started to test our waterways.

Finally, we send our test from Botany Bay and the Harbour, and the CSIRO, the Brisbane office, we sent them there. We had been assured before we sent those prawns to that test, by the Agriculture, Fisheries and Forestry department of Warren Truss that this test was 100 per cent specific. In scientific terms I am told that it cannot be wrong. If you get a positive reading it cannot be other than positive.

We got a positive reading from Brisbane and we were alarmed. This test was not just one sample. They repeated it numerous times.

**The Hon. JENNIFER GARDINER:** Can you produce the documentation that proves that?

**The Hon. EDDIE OBEID:** Just let me finish my answer. I will produce whatever documents are necessary. We identified that as white spot syndrome. Before that, we had declared the disease when we found it was in Darwin. It was a declared disease, which meant that anyone selling or trading in a diseased prawn would be fined \$50,000 as a company or \$11,000 as an individual. So the public were aware that there is such a thing as a white spot disease and anyone trading with any prawns would be fined. We are importing over 420 tonnes into this country of uncooked green prawns, of which about 150 tonnes comes into New South Wales, and there are traders who will find an easy way out of repackaging them and selling them for bait. So everyone was on notice.

When we got this positive test from the Brisbane CSIRO my obligation is not to conceal that sort of evidence but to share it with the public, and I made it quite clear. One test does not mean that all prawns in the Harbour have white spot disease but my first obligation is to the public and not to conceal that sort of evidence, and Botany Bay was negative.

Since then we have had 350 samples collected via estuaries from the Queensland border down to the south in our estuaries where we catch prawns. There are over 1,000 fishermen that catch prawns. So far we cannot get results back from the CSIRO. I do not care --

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You have a positive result, you mean?

**The Hon. EDDIE OBEID:** No. We cannot get any results out of them.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** They will not send them or they are not possible?

**The Hon. EDDIE OBEID:** As a matter of fact, Warren Truss' own department has told him -I might quote the exact words-they are here somewhere but I am happy to provide them to Hansard. This is what the Warren Truss' department has told him, and I am quoting word-for-word here, they are referring to the second set of the CSIRO tests:

The CSIRO wildstock Committee advised the only conclusion that can be drawn from these results that did not confirm their earlier repeat positive test for white spot disease is that the status of those samples remains inconclusive.

That is his own department saying to him that what he said was wrong. You cannot conclude that there is no white spot disease so we are playing around with words. We do not have --

**CHAIR:** The initial question from the honourable Jennifer Gardiner was: What was the impact?

**The Hon. EDDIE OBEID:** The impact, as far as I am concerned, we have a thriving prawn industry in this State and throughout Australia. It is a \$400 million industry between the wildstock and our prawn farms. Prawn aquaculture is growing at a rate of 10 per cent a year. It is a dynamic new industry that Australia is adopting and making its own. We are taking this risk for the sake of the import of 420 tonnes, worth probably between \$4 million and \$8 million from countries known to have the disease. Because we have not got our quarantine services and inspections in order we are taking this risk. As far as I am concerned, our first obligation is to protect our industries and that is--

**The Hon. JENNIFER GARDINER:** But not the seafood industry?

**The Hon. EDDIE OBEID:** That is our wildstock and that is our aquaculture industry throughout Australia.

**The Hon. JENNIFER GARDINER:** What about the seafood industry?

**The Hon. EDDIE OBEID:** If it means a positive test has to be declared to warn the public quite clearly that when they go and buy these uncooked prawns to put on the barbie, and they are on the boat, they are not to throw them over into the water because the disease will be eaten by other crustaceans. Now simply, if you think, and your Federal colleague thinks, that by not concealing from the public, by declaring to the public some breaches of that, I think it is in the best interests of our industry to make them much more aware, to make the public much more aware of their obligations not to transfer this disease; to be very careful of using imported green prawns. At the same time, I do believe it has not had any effect, whatsoever, on our markets because it just occurred that on the day that announcement was made, the season for harvesting fresh prawns from the Harbour had closed and there was no effect. That is not only my quote; it is the industry's quote that that was absolute rubbish.

Your colleague John Roach down at the Sydney Fish Markets, who is a commission agent, declared this has caused some problem for selling prawns. There is no evidence of that. The industry has told him it is absolute rubbish and what I am saying to you is go and work on your colleague. Get our AQIS inspections in order. Spend a bit more money there to make sure we do not import diseased products because that is what is going to kill our local industries.

**CHAIR:** So the answer to the honourable Jennifer Gardiner is no.

**The Hon. JENNIFER GARDINER:** I am sure the seafood industry will be very interested to read that answer in *Hansard*.

**The Hon. EDDIE OBEID:** You can work as much as you can with the seafood industry.

**The Hon. JENNIFER GARDINER:** They are not worth working with?

**The Hon. EDDIE OBEID:** No, I think the seafood industry is great. I think they are misguided by some of their workings in trying to disguise issues that are very important to the industry because, at the end of the day, if we have a diseased wildstock, it is they who are going to suffer because they will not have anything to bring to the markets.

**The Hon. JENNIFER GARDINER:** The bottom line is that there is still no evidence that there is diseased wildstock?

**The Hon. EDDIE OBEID:** If you would now think the Minister of the day should conceal that sort of evidence, and not share it with the public, not warn the public not to use imported green prawns, and that the Harbour has had a batch that is infected, positively identified by the CSIRO, then you are kidding. You are not doing your job and neither would I if I did not declare it to the public. So what I am saying to you and the seafood industry is: Let us put things in perspective. Our job is do make sure the public are aware of what is happening and to protect the industry. Protect the wildstock and protect our aquaculture industry.

**The Hon. JENNIFER GARDINER:** But not the seafood industry?

**The Hon. EDDIE OBEID:** No, the seafood industry benefits because if there is nothing to catch, if there is no wildstock to catch, I can assure you they will not be turning over the dollars. I do believe that we have to protect our industry at all costs at any time. Whether it is bananas, whether it is any product that we produce, we have to protect it from imported diseases.

**The Hon. JENNIFER GARDINER:** Minister, with respect to the whole range of consultation processes going on at the moment, so-called, and the options for Lake Macquarie, Botany Bay and other regions—there is a range of them: the designation of recreational fishing areas, the indigenous fishing strategy, commercial fishing management strategy and aquatic reserves process—can you tell us how that has affected the staff numbers of the department? Is that one of the reasons why the staff numbers continue to grow?

**The Hon. EDDIE OBEID:** No doubt. I think the legacy of the last 100 years has meant that no decisions have been made that are protective of the environment and are protective of our very important natural resource which literally millions of people like to take out and probably many more millions like to eat. We are playing catch-up. The department is probably the busiest it has ever been and they are very happy with that because they can see there is an agenda out there, not only to do the environmental assessments but to have more equity in sharing the resource, have better management plans and, of course, aquatic reserves. Aquatic reserves are a very important process in the overall management of our resource.

Yes, they are busy, and of course they have had enhancements for aquaculture, which means if they have to employ people to do the case management, to do the work, in order to promote aquaculture as a regional industry, and of course, if there are new projects they get new grants, new initiatives from the budget and they would have to employ people to do that. But I am not sure of the exact numbers. Maybe Steve wants to add on to that?

**Mr DUNN:** The numbers are projected to increase to 420 in the next financial year and they obviously cover a range of initiatives including threatened species, marine parks. The work we are doing under the recreational and professional fishing licence includes the recreational fishing areas, the development of environmental impact statements, and fisheries strategies for commercial fishing.

**The Hon. EDDIE OBEID:** Mr Chairman, can I seek leave to table these two documents as the honourable Jenny Gardiner asked for? They are the testing protocols and the correspondence by Securities Australia, which is the Federal Fisheries and Agriculture Department and also a statement by the New South Wales Fisheries scientist Dr Richard Callinan.

**Leave granted for documents to be tabled.**

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What is the total figure set aside to expand the New South Wales marine park network.

**The Hon. EDDIE OBEID:** I will refer that to Steve.



**Mr DUNN:** We do not have a particular figure specifically allocated for marine parks. Marine parks is part of our overall program. The budget that is specifically allocated for 2001-02 will be enhanced by \$178,000 in current funding and \$395,000 in capital allocations. One of the points to make about the marine park budget, and the way the marine parks are administered, is that it is a shared responsibility between National Parks and New South Wales Fisheries, which is a joint Marine Parks Authority. A lot of the direct costs are absorbed within both organisations.

As well, \$1.5 million has been allocated to construct a joint facility in Huskisson for both New South Wales Fisheries and the Marine Parks Authority. The total direct expenditure in 2001-02 will be almost \$1.9 million in current funding and around \$1.9 million in capital funding.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You lost me. You said the budget is not separated?

**Mr DUNN:** In total.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Then you have given me a separate figure. You can extrapolate it from the time people spend on that function among their other functions; is that where that figure comes from?

**Mr DUNN:** These are specific recurrent funding allocations for salaries and operating costs.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Of the marine park?

**Mr DUNN:** Of the staff involved in the Marine Parks Authority.

**The Hon. EDDIE OBEID:** That is our share.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are you aware the Victorian Government has committed \$14 million to marine protection, as well as protecting 5.4 per cent of the Victorian coast in no-take marine parks?

**The Hon. EDDIE OBEID:** I think your information is a little bit out-of-date. That has all drawn to a standstill. They are trying to do too much, too soon, too quickly.

**The Hon. JENNIFER GARDINER:** The bill has been withdrawn.

**The Hon. EDDIE OBEID:** We have shared responsibility with the Minister for the Environment and we jointly contribute to the budget but predominantly at the moment, until we have the zonings, until we have an assessment of exactly what usage has been accepted and will be nominated by the public, the budget is mainly for staff.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Does that \$395,000 come from the budget or is that sourced from recreational fishing?

**The Hon. EDDIE OBEID:** That comes from Consolidated Revenue. When we undertake a new task it is always the case that the department will ask for more money from Consolidated Revenue to accommodate that new task.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Have there been any valuations conducted by Fisheries, or any other department, looking at a comparative cost benefit between commercial and recreational fishing, and potential economic benefits, by maintaining full marine parks and reserves that are no-take in order to increase the stock, presumably, the broader stock?

**Mr DUNN:** The question was?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Have there been any economic valuations looking at the benefits of fishing commercially and/or leaving no-take areas?

**Mr DUNN:** Not in New South Wales, no.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** How much does it cost New South Wales Fisheries to run four separate concurrent public consultation processes over the restructure of commercial coastal and estuarine fisheries in New South Wales? You are running four processes, is that correct?

**Mr DUNN:** We only have one process. The coast has been divided into eight regions for the purpose of specific local consultation to identify recreational fishing areas.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Can you give us, then, the financial cost for a number of areas: the recreational areas Lake Macquarie, Botany Bay, Region 1 and Region 7?

**The Hon. EDDIE OBEID:** Are you talking about the cost of the consultative process?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes.

**Mr DUNN:** We are actually having ongoing discussions with the recreational or the Saltwater Trust Expenditure Committee and those figures have yet to be finalised.

**The Hon. EDDIE OBEID:** We will take that on notice.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If you have not got those figures I will not ask for the other aspects. Who approves the expenditure of the contribution from each commercial fisher of the Commercial Trust Fund as to what the money is spent on? Who approves that expenditure?

**Mr DUNN:** Each year we provide a draft budget for the commercial fishery program to the Advisory Council on Commercial Fishing, and that details the total expenditure for the whole commercial fisheries program. It also highlights the expected revenue, or the anticipated revenue into the Commercial Fishing Trust. At the moment the revenue in the Commercial Fishing Trust is, I think, less than a third of the total expenditure on commercial fishing.

The abalone and rock lobster fisheries are on a full cost-recovery program in line with the recommendation of the Independent Pricing and Regulatory Tribunal. That allows them some efficiency savings against the total cost, but they are on a full cost-recovery program.

The remainder of the fisheries pay a fairly small part of the total costs. They are consulted about the total cost of the program and asked for their advice, and we will be doing that with them within the next few weeks for the next financial year. They are then given the opportunity to give advice to the Minister on any changes before the Minister finally approves the budget.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So it is the Minister who approves it and they are informed because they have only one third of the input, basically. Is that the bottom line?

**Mr DUNN:** No, they are formally consulted in accordance with the requirements of the legislation and asked to provide any advice they wish on the commercial fishery program. It is worth noting that everything we do with the individual management advisory committees is very heavily consulted on. The commercial sector is involved in all of the setting of research priorities for all of the commercial fishery programs. They are involved in detail in the development of their own strategies. All of the management advisory committees have independent chairs, and the department only has one representative on each of those management advisory committees. So their whole program is very, very carefully advised on by each of those management advisory committees.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** About a third of the native fisheries inland are threatened under the Fisheries Management Act. What funds have been expended in writing a recovery plan for these species? You have answered a few questions on this.

**The Hon. EDDIE OBEID:** I understand it is about \$500,000. Yes, it is. Did you just want the figure or do you want me to elaborate?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Just give me the figure.

**The Hon. EDDIE OBEID:** \$500,000.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What are the are the expenses incurred by New South Wales Fisheries in constructing fishways on weirs?

**The Hon. EDDIE OBEID:** I believe the funding for the project in 2000-01 consisted of an external grant of \$313,000 with a core fund contribution of \$10,000.

**The Hon. RICHARD JONES:** Minister, can you tell me what you and Fisheries will be doing over the next 12 months in cooperation with scientists to demonstrate to recreational and commercial fishers how sanctuary areas boost fish numbers and are a benefit to them?

**The Hon. EDDIE OBEID:** A pleasure, and I will refer you to Steve Dunn.

**Mr DUNN:** We have a marine protected areas program that is running partly in partnership with the National Parks and Wild Life Service. That program encompasses marine protected areas, the Government's ongoing commitment to declare marine parks in all of the bioregions along the coast. As well, we have an aquatic reserve process which is currently open to consultation which is proposing 22 possible areas for aquatic reserve nomination along the coast.

The Government's model for marine protected areas is a multiple use model, one which has a gradation of protection from complete sanctuary zones through to general use zones as well as habitat protection areas, which provides a comprehensive framework for protecting our marine parks and our marine protected areas.

We are in constant discussion with our marine parks advisory council and the individual marine park advisory committees on the best way to manage each of our areas. The zoning plan for the Solitary Islands marine park, which is due to be released in the very near future, will have a significant increase in the amount of sanctuary zone over and above that protected under the old marine reserve. Later on in the year we will be consulting over the draft zoning plans for Jervis Bay, which is a very precious area to our marine system.

**The Hon. RICHARD JONES:** Part of the question you have not answered is what you will actually be doing to show to the recreational and commercial fishers that these sanctuary zones are in fact a benefit to them because they will produce more fish.

**Mr DUNN:** We have a very strong belief that sanctuary areas are beneficial. I suppose it is well accepted that sanctuary zones have an important part to play in the overall package of measures to conserve our marine resources. The specific processes we follow will be the consultation, and we will go out and sell the zoning plans for each of the marine parks with a great deal of fervor.

**The Hon. RICHARD JONES:** What worries me is that there will be opposition from some recreational, perhaps commercial fishers, who perhaps do not realise that these sanctuary zones are to their benefit. They will say, "We do not want sanctuary zones because we lose", whereas in fact they gain more fish. That is my point.

**Mr DUNN:** We do a fairly good job of balancing the needs of the different sectors and the aspirations of the different sectors, and we do genuinely go out and promote the benefits of sanctuaries when we go out and sell the whole concept of marine parks.

**The Hon. RICHARD JONES:** Can you tell me when the Solitary Park will be finalised? Can you put a date on it?

**Mr DUNN:** I cannot give you a date when it will be finalised. I can tell you the zoning plan will be out fairly soon and we will go through a thorough consultation process before it is finalised.

**The Hon. RICHARD JONES:** I was over in Lord Howe Island recently and the islanders collared me and said, "We are very keen on having our marine park. Can you please find out from the Minister-which is what I am now asking-when our marine park will be ready." They are concerned about fishers coming in and taking their resources. They said, "We need the fish here to boost our tourism. We do not want people coming in, and while the marine park does not exist and there are no no-take zones, we are losing our fish and losing our tourism."

I wonder if you could give the Lord Howe islanders any indication as to when their park will be in place so they can then protect their marine resource.

**Mr O'CONNOR:** Could I just comment on your previous question. In addition to working with the community about zone planning processes and so forth, we also intend to be doing some very deliberate monitoring of how our plans work, to try to find out whether or not they are effective and, if they are not, to be able to modify them over time. In addition to that monitoring process we also intend to do some strategic research to try to understand and to demonstrate the benefits of sanctuary areas, to demonstrate the benefit of habitat protection to various client groups. That is another aspect of the response, perhaps.

In reference to Lord Howe, we have actually been going through a process with the local community at an informal level for some time trying to identify the issues that local people see that need to be addressed in the marine park zoning plan. We will shortly be releasing a paper that summarises those issues and looks at the sorts of options that could be used to manage the park. We will continue over the next few months to go through a zone plan development process with the local advisory committee. We are hopeful that later this year or early next year we will be able to release a zone plan for community comment.

**The Hon. RICHARD JONES:** You will be taking to the tourist operators, presumably, because they are the ones who make the money out of—

**The Hon. EDDIE OBEID:** The community at large.

**The Hon. RICHARD JONES:** What is the department doing constructively to save the grey nurse shark from distinction along our coast? Is it not a fact that the grey nurse shark has been protected since 1984 but it is now even more in danger? Is there evidence that beach meshing is one of the causes of the decline of this endangered shark? Will the department ensure that all habitats of grey nurse sharks in New South Wales are protected and that beach meshing is phased out?

**Mr PAUL O'CONNOR:** The grey nurse shark was originally listed as vulnerable. It has now been recognised as endangered. The department is involved in a number of research programs both internally and with a number of stakeholders, with dive groups up and down the coast, and it is also doing some collaborative research with the Commonwealth agencies as well, trying to understand more about how those species need to be managed. That research has been very fruitful.

We are also in a process of trying to develop a recovery plan for that species and that is being partly developed in conjunction with the Commonwealth, because we need to develop recovery at the Commonwealth level as well as the State level. That is addressing all of the threats that have been identified to be impacting on grey nurse sharks.

So we are working with groups to identify the threats. We are then trying to address those threats and the recovery plan and that is progressing well.

**The Hon. RICHARD JONES:** You are aware that beach meshing does take a lot of other species like dolphins, dugongs, turtles and so on, and that beach meshing is of very little benefit to bathers. So will you be looking at what real benefit, or otherwise, beach meshing continues to provide?

**Mr DUNN:** Can I say that the Government has given a commitment to do a full environmental impact statement for the beach safety meshing program, and that that will highlight all of the issues that you have raised and give us the basis for making any change, if that is necessary. The program is an important program for beach safety in New South Wales.

**The Hon. RICHARD JONES:** Thank you. Can you give me any indication as to how successful you have been in reducing the by-catch, particularly with prawning, which is about a four to one ratio, I understand: four other species to one prawn.

**Mr DUNN:** We have done extensive research,—I think some of the leading research in the world in by-catch reduction in New South Wales. As a result, all of the prawn trawl fishers in New South Wales now by law have to have a by-catch reduction device fitted. The program is carefully monitored and we have a scientist who is constantly working

on improving those devices in consultation with the industry, and with the full support of industry who recognise that this is a serious issue in their fisheries.

Again, each of the prawn trawl fisheries is undergoing a full fisheries strategy development and an environmental impact statement is being prepared under the EPA Act. The estuary prawn trawl fisheries have already commenced that process last month.

**The Hon. RICHARD JONES:** What is the by-catch ratio now, do you know?

**Mr DUNN:** No, I cannot give you exact details. There is extensive research on what it used to be.

**The Hon. RICHARD JONES:** It was about four to one then. Or it is four to one now.

**Mr DUNN:** It varies significantly. The by-catch reduction devices that were developed showed a significant reduction in by-catch, and I think also that it is a very broad statement to say that by-catch is always four to one. In some cases it is very much more, but in other cases there are clearly times when prawn trawling is a very, very clean fishing method and when a vast majority of the catch is just prawns.

Our goal is to work with the industry to identify the times and the places when by-catch is high and to reduce it down to an acceptable level. That goes not just for prawn trawling in the rivers and in the open ocean, but earlier this year when we had the floods up on the north coast, the industry came to us and asked us to close large areas around the mouths of the rivers in ocean waters where there were large numbers of fin fish aggregating, often juveniles that had been washed out of the river, to protect them from the by-catch issue, even though they forgo the prawns that had actually come out with the fish as well.

I think the industry has been very responsibility and I think the department has worked very carefully with them to help resolve this issue.

**The Hon. JENNIFER GARDINER:** Following on from the questions about the reallocation of the resource and the restructure to the recreational fishers and so on, has New South Wales Fisheries approached Treasury with a view to making any financial arrangements by way of a grant or enhancement or a loan, et cetera, with respect to making arrangements for the commercial buy outs?

**The Hon. EDDIE OBEID:** Yes, no doubt. We have got approval through Cabinet and from Treasury that when a figure is determined for a buy-out of a particular designated recreational fishing area, it will probably take six months because that is the date line we have given commercial fishers to accept a buy-out or take a compulsory buy-out. Once that figure is assessed, the money will be borrowed from Consolidated Revenue on terms and conditions, and that will fund the purchase of those commercial entitlements to get them out of those recreational fishing areas.

Of course I do not know the figure because we do not know what the decisions will be and how much will be involved in the commercial buy-outs. But as they come along, funds will be drawn from Consolidated Revenue and it will be on the basis that it will be repaid back from the proceeds of the recreational fishing licence on commercially acceptable terms and conditions that the expenditure committee will approve.

**The Hon. JENNIFER GARDINER:** So do you anticipate any of those funds coming out of the trust funds in the first place, or will all of it in the first place come from Consolidated Revenue?

**The Hon. EDDIE OBEID:** The intention is to give value for the recreational fishing licence. When you ask people to spend \$25 a year we intend to give them value. Once the public consultation process is completed on a region by region basis, assessments will be made as what money will be needed and that will all come from Consolidated Revenue. It will be a borrowing from Treasury.

So you will not be able to achieve any results if you are going to wait for the income from the recreational fishing licence to pay commercial fishers for their entitlement, because it will be in the many millions of dollars. I am not sure what the figure will be, but we could be talking about \$20-\$25 million.

So all of that money will be coming as a borrowing from Treasury, and the interest and repayments will come from the recreational fishing fund. They will allocate their, whatever it is, \$8 million, \$8.5 million, and pay it back.

**The Hon. RICHARD JONES:** Minister, you would know that the aquatic reserves or at least the reserves for rocky shores do not protect the 400 species of intertidal fish that live, breed and die within those reserves. Now, clearly those reserves will be deficient unless those intertidal fish are also protected. Can you tell me what you are actually doing about protecting the fish as well as the invertebrates?

**Mr O'CONNOR:** One of the reasons we have taken the approach we have to protecting rocky shores as aquatic reserves is because of a recognition some years ago that rocky foreshores or intertidal areas generally were not represented well within the reserve system. This is a recognition in the coastal policy. So we have deliberately over the last few years done surveys of two-thirds of the coast, basically the stretch from Port Stephens down to Tathra, looking at those rocky foreshores and trying to identify which of those communities were richest in biodiversity, which of those communities had all the structural elements to lend themselves to preserve or protect biodiversity in those areas.

So we have done a series of surveys and come up with some recommendations and we will put those out to the community for comment. Our intent is to recognise that each of the animals and the plants that live on those intertidal communities interact with one another, and that is why we want to protect whole communities.

**The Hon. RICHARD JONES:** But you are not, are you? You are leaving out half the community.

**Mr O'CONNOR:** The focus has really been on the rocky foreshores rather than on the fish.

**The Hon. RICHARD JONES:** There are 400 species of fish which live and depend on those rocky foreshores.

**Mr O'CONNOR:** I appreciate that and the focus to date has really been on the rocky foreshores. What we have attempted to do on this occasion is to recognise that there is interaction between those two groups. We are proposing to extend those rocky foreshore areas out to 100 metres in order to give some increased protection of those areas. We are still proposing to allow line fishing, because we do not believe that line fishing is going to impact on the rocky foreshore communities that we are trying to protect.

Ultimately we plan to discuss the management of these areas with the community in general and see how the community wants to manage them and what measures it wants to put in place.

**The Hon. RICHARD JONES:** So they are not really reserves, are they, in the true sense of the term if half the species there are going to be exploited?

**Mr O'CONNOR:** What we are trying to do is protect the intertidal organisms. We are protecting the crabs, we are protecting the shellfish, we are protecting the cunjevoi. We are protecting all of those organisms.

**The Hon. RICHARD JONES:** Not the abalone, not the lobsters.

**Mr O'CONNOR:** I guess what we have tried to do is to put in place a mechanism that provides a protection for the sorts of organisms for which we do not have otherwise intensive management programs in place already. We already have intensive management measure in place for lobsters and abalone. For those shellfish, for those cunjevoi, for those organisms that live in the rocky foreshore community apart from those key animals we have specific management programs for, and this is an approach to protect them.

**The Hon. JENNIFER GARDINER:** Minister, with respect to the restricted registered fish receivers, can you tell us how much money has been collected in the last budget under that provision? Given that there is an anomaly in the legislation, why are you collecting \$750 per annum from each commercial fisher, and will you consider returning the money to them, given that they did not really have to pay it?

**The Hon. EDDIE OBEID:** I will refer that to Steve.

**Mr DUNN:** I will confirm this on notice but I think the gross revenue from the registered fish receivers was around \$230,000. I am not aware of an anomaly in the legislation that has resulted in \$750 being collected from every commercial fisher. In fact, I know we are not collecting \$750 from every commercial fisher.

**The Hon. JENNIFER GARDINER:** So how much are you collecting from commercial fishers under that regulation?

**Mr DUNN:** The only people who pay for the fish receivers registration are people who want to either be a fish receiver or sell their fish directly.

**The Hon. JENNIFER GARDINER:** If you have been collecting \$750 from any commercial fishers under that provision, will you consider --

**The Hon. EDDIE OBEID:** Did they get a fish receives certificate? If they did, they should pay it. It is only for fish receivers that want to market their fish.

**The Hon. JENNIFER GARDINER:** I think if you check the legislation, your officers have said that there is an anomaly in the legislation and that that money should not be collected from those commercial fishers.

**Mr DUNN:** I am not aware of any anomaly that has been brought to my attention.

**The Hon. JENNIFER GARDINER:** I have some correspondence on that matter. Maybe you could follow up.

**Mr DUNN:** From the department?

**The Hon. JENNIFER GARDINER:** Yes. Your department has told commercial fishers that there is an anomaly in the legislation.

**The Hon. EDDIE OBEID:** We are happy to hear from you, and Steve will look at it.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What expenses are incurred by the New South Wales Fisheries in seeking external, independent ecological assessments of the environmental impacts of the stock that introduces fish species such as trout on native fish species and other aquatic animals?

**Mr DUNN:** We have not done any specific studies on that issue during this financial year.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you have any previous ones?

**Mr DUNN:** I am not aware of any, and I certainly do not have the details to hand.

**CHAIR:** Does anyone have one last burning question?

**The Hon. RICHARD JONES:** Are you still fishing orange roughie to extinction?

**The Hon. EDDIE OBEID:** It is a Commonwealth fishery, it is not a State fishery, and I'm not responsible for it. I do agree that we know what we are doing more than the Commonwealth.

**Mr DUNN:** I can add a little bit to that. The majority of the orange roughie distribution in Australian waters is under Commonwealth jurisdiction rather than State jurisdiction. We have a small stock of orange roughly north of Barrenjoey Headland which comes under our jurisdiction. That was found by our fishery research vessel 20 years ago, and we have never allowed that stock of fish to be harvested in New South Wales.

**The Hon. RICHARD JONES:** That is kind of a reserve to check out how the population has gone.

**Mr DUNN:** No, it's not. We have never let it be harvested in New South Wales.

**The Hon. RICHARD JONES:** Will you ever? Say no.

**Mr DUNN:** We have no intention to issue any licences to harvest those fish.

**The Hon. EDDIE OBEID:** I can safely say "no" for this term of Government. Until the Coalition get in and they will decide to give it to their mates.

**The Hon. JENNIFER GARDINER:** That is a very rough statement. With respect to the inland commercial fishery, with the department having driven the wind out of the inland commercial fishing industry, what do you now say about the viability of that industry given the very plentiful supply of the resources that are now available in inland waterways; eg. the Menindee Lake systems? Did you get it wrong?

**The Hon. EDDIE OBEID:** No, not at all. I think the best thing we have ever done is gradually buy out commercial fishers that were in a sunset fishery. They knew from 1983 that over a period of time they had to get out of there. If the fish are plentiful that is great because it has proven our point that getting the commercial fishers out of there and giving the chance to those very important native species to grow and become plentiful is tremendous for the regions. I think that it will be tremendous for the future, the sustainability of that resource.

**CHAIR:** Thank you very much, Minister. That completes our time. I thank you very much, you and your staff, for coming before us this evening. Would you be happy to receive any questions on notice?

**The Hon. EDDIE OBEID:** Yes.

**CHAIR:** The Committee will determine during its deliberative stage the timing for return of those questions, which will be three weeks or more for sure. The Committee may ask for a return visit, but that will be discussed at the end of this meeting and will be communicated to you by the staff. Thank you very much indeed.

**The Committee proceeded to deliberate.**