

GENERAL PURPOSE STANDING COMMITTEE No. 5

Friday 19 October 2007

Examination of proposed expenditure for the portfolio areas

ENERGY, PRIMARY INDUSTRIES, MINERAL RESOURCES, STATE DEVELOPMENT

The Committee met at 9.00 a.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. R. L. Brown
The Hon. A. Catanzariti
The Hon. R. H. Colless
The Hon. Duncan Gay

The Hon. Trevor Khan
The Hon. Penny Sharpe
The Hon. Michael Veitch

PRESENT

The Hon. I. M. Macdonald, *Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development*

Department of Primary Industries
Mr B. Buffier, *Director General*

New South Wales Food Authority
Mr G. Davey, *Director General*

Department of Water and Energy
Mr M. Duffy, *Director General*

Department of State and Regional Planning
Mr M. Cullen, *Acting Director General*

CORRECTED

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: I welcome Minister Macdonald and accompanying officials to this hearing. At this hearing the Committee will examine the proposed expenditure for the portfolios of Energy, Primary Industries, Mineral Resources and State Development. Before we commence, I will make some comments about procedural matters.

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

Any messages from attendees in the public gallery should be delivered through the chamber and support staff or the committee clerks. Minister, you and the officers accompanying you are reminded that you are free to pass notes and refer directly to your advisers while at the table. I remind everyone to please turn off their mobile phones.

Minister, we understand that the director general has to leave the hearing at a certain point. Therefore, we will deal with Primary Industries and Mining first for 2½ hours. We will then have 50 minutes on Energy and 40 minutes on State Development. We will have a 10-minute break after the Primary Industries and Mining examination. Does that pose any difficulties?

The Hon. IAN MACDONALD: That is fine.

CHAIR: I advise that the Committee has resolved to request that answers to questions on notice be provided within 35 calendar days of the date on which they are sent to your office, appreciating of the size of the portfolios we are dealing with. Do you have any difficulty with that?

The Hon. IAN MACDONALD: No, that is fine.

CHAIR: All witness from departments, statutory bodies and corporations will be sworn prior to giving evidence. Minister, you do not need to be sworn because you have already been sworn to your office as a member of Parliament.

BARRY BUFFIER, Director General, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolios of Energy, Primary Industries, Mineral Resources and State Development open for examination.

The Hon. IAN MACDONALD: Is there any order within that or will it range all over the place?

CHAIR: No, we did not discuss that. We will deal with Primary Industries, including Fisheries, and then Mineral Resources after that. It could go everywhere. Is that a problem?

The Hon. IAN MACDONALD: No.

CHAIR: Minister, do you wish make a brief opening statement?

The Hon. IAN MACDONALD: No, fire away.

CHAIR: Thank you very much. I appreciate that; it is very cooperative.

The Hon. RICK COLLESS: Minister, can you outline the department's position on the replacement of departmental advisers such as district agronomists, livestock officers and the like?

The Hon. IAN MACDONALD: The policy?

The Hon. RICK COLLESS: Yes. Do you know?

The Hon. IAN MACDONALD: We advertise them.

The Hon. RICK COLLESS: Are they all being replaced as they retire or resign?

The Hon. IAN MACDONALD: I think our relative figures are up in each category. I do not think there are any major reductions. Of course, from time to time we need to adjust the balance of the situation across the State. That is examined and it is not immutable that someone based in one area is necessarily replaced, but generally they are. However, if there is another area of need, someone could be appointed to that area. The policy has some flexibility, but overall I understand that the numbers are pretty well what they were in the previous year.

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

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

The Hon. RICK COLLESS: Are departmental technical officers who assist the district agronomists, in particular with trials, research and that sort of work, replaced?

The Hon. IAN MACDONALD: If you were to look at the overall figures for the department I do not think you would find a great deal of change. However, there may be adjustments.

The Hon. RICK COLLESS: Are they being replaced as vacancies occur?

The Hon. IAN MACDONALD: I think that in the main they are.

The Hon. RICK COLLESS: Have you received a letter from the Coonabarabran District Council of the New South Wales Farmers Association about the position of the technical officer at Coonabarabran?

The Hon. IAN MACDONALD: I could have, but I do not specifically recall.

The Hon. RICK COLLESS: It is obviously not a very high priority for you if you cannot recall.

The Hon. IAN MACDONALD: Last year I sent out 12,000 letters all over the State.

The Hon. RICK COLLESS: This happened in only the past couple of weeks.

The Hon. IAN MACDONALD: A lot has been going on in the past couple of weeks. We have equine influenza across the State and that has required considerable resources on my part and in the department in running a campaign to counter its impact. There are probably some letters that I cannot recall. If you were to check the departmental record you would find that the staff levels are roughly equivalent to what they were the previous year. We have more than 3,600 staff. There may be areas where there has been some switching around.

The Hon. RICK COLLESS: Are you aware that the district agronomist at Coonabarabran is responsible for the Coonabarabran and now the Coonamble agronomy district because the district agronomist at Coonamble has not been replaced? That agronomy region involves 1.7 million hectares and 1,400 farmers. Are you aware that it is the role of that technical officer to site, sow, maintain, harvest and collect data from 31 crop varieties and agronomy research trials, 21 long-term pasture and fertiliser trials, six oil seed and pulse trials and five dual-purpose grain and grazing trials? That is a total of 62 trial sites.

The Hon. IAN MACDONALD: I am assuming that you have figures that are roughly accurate.

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

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

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

The Hon. IAN MACDONALD: I think I did it last year in response to similar questions. I will give you a breakdown fairly soon. We might be able to give you a breakdown even later in this meeting. The bulk of it falls into two or three categories. The transport subsidies are well over \$100 million—

The Hon. DUNCAN GAY: When you deliver that breakdown can you delineate what is new money spent and what are fixed costs for the department?

The Hon. IAN MACDONALD: Our policy has always been that no fixed costs are counted into the funding. That is direct funding out.

The Hon. DUNCAN GAY: You know that that has not always been the case; it is only since we have started asking for it.

The Hon. IAN MACDONALD: I do not think that is the case.

The Hon. RICK COLLESS: No doubt when you provide us with those figures you will also include how much has been spent, particularly in the past 12 months because that is what we are interested in.

The Hon. IAN MACDONALD: Yes.

The Hon. RICK COLLESS: The budget papers show that there is reduced expenditure. Why would that be the case, considering that the drought is increasing?

The Hon. IAN MACDONALD: No, it has not increased. In fact, this time last year the drought was more extensive than it is now, as you might recall.

The Hon. RICK COLLESS: But it is not any easier than it was this time last year.

The Hon. IAN MACDONALD: Hold on a second! For a period over summer and right through to June-July our figures came down dramatically, as you would recall. We had a reasonable autumn for the first time in a few years and we had a very good early winter. That situation would have been reflected in the figures clearly because the demand would have decreased over that period or draw down for services, given that the seasonal conditions were much better. You know that; I know that. This latest intensity of the drought started from about July right through to now where there has been very little rainfall across the State, but in a period of three or four months the draw down was a lot less than it was in the past.

The Hon. RICK COLLESS: Would you agree that since the rain in June, particularly in the cropping industry—the crops have virtually been annihilated; there will be very little crop around this year—

The Hon. IAN MACDONALD: Yes, I agree.

The Hon. RICK COLLESS: Should there be a focus on that now?

The Hon. IAN MACDONALD: There is further supplementation which we do virtually on a quarterly basis throughout the drought. That has been applied in this circumstance. I announced the recent further allocations a bit over a month ago, at the beginning of September. We have made some further decisions in relation to it, which I will be announcing fairly shortly. The figures will modulate according to the drought pattern across the State. If the drought intensifies there is more funding, and the Cabinet approves the funding. There has been no knock-back from Cabinet in relation to drought funding; it just keeps rolling on. In November, on the basis of the drought figures, we will be reviewing the situation with the support workers and other parts of our program. Indeed, there are several parts of the program that are about to be reviewed. I think it is a perfectly normal and legitimate way to be handling the types of funding that are covered under State funding.

The Hon. RICK COLLESS: What possibility is there in the allocation for transport subsidy for fodder? For example, in some cases dairy farmers have spent their allocated \$20,000 and they are now forced to close their operations, when some of their neighbours have not utilised their operation due to feeding stock on failed crops. Is there enough flexibility in the system to account for that sort of variation among particular farmers?

The Hon. IAN MACDONALD: I am particularly interested in this. I believe there are probably 100 or so dairy farmers in this situation. I am happy to have a meeting with New South Wales Farmers Association and have a discussion on that to see what options are available to us. I understand that dairy farmers have a more difficult situation, given the intensive nature of some of their enterprises.

The Hon. RICK COLLESS: Can the livestock to slaughter subsidy be utilised to take cattle, in particular breeding herds, to agistment and that sort of thing rather than to slaughter?

The Hon. IAN MACDONALD: We have transport for agistment already, so they can utilise that. I do not think we can play with the program to convert a slaughter program into a live program where the cattle go to agistment, but we have provision within the program for agistment and bring them back.

The Hon. RICK COLLESS: Is there any difference in the conditions and the rates and so on between livestock to slaughter and agistment?

The Hon. IAN MACDONALD: Not to my knowledge.

The Hon. RICK COLLESS: Will the drought support workers definitely have their contract renewed past December?

The Hon. IAN MACDONALD: I do not think this particular estimates hearing should be prejudging what Cabinet will determine. However, I think I have a pretty good track record over the past five or so years—

The Hon. DUNCAN GAY: Come on!

The Hon. IAN MACDONALD: You just behave.

CHAIR: That is my job. Can you answer the question?

The Hon. IAN MACDONALD: I will answer the question. You want this to be totally boring?

The Hon. DUNCAN GAY: I have a good memory.

The Hon. IAN MACDONALD: The Deputy Leader of the Opposition is here; we can have a bit of fun. In relation to the proposition, I think we have a good track record. I think we have a 100 per cent track record in renewing the contracts of the drought support workers entirely throughout the life of this program. As I said, it will be dealt with when another tranche—in fact, it will go up fairly soon—

The Hon. RICK COLLESS: I think people in regional areas are concerned that if it starts raining this afternoon the drought support workers will not be replaced. I hope you understand that even if it does start raining today the impact of the drought will go on probably for the next 18 months to two years.

The Hon. IAN MACDONALD: Your point is well made. Not only do the drought support workers provide broad counselling services that will be required through the furtherance of the drought, if it does continue; they will also be required to assist in the recovery phase following a drought. So there is no question; we are cognisant of that and we will take that into account in terms of the decision. The drought support workers have provided a fantastic service in the bush. The amount of contact they have had with the farming communities and with people in stress, in helping them through the drought, has been magnificent. I have attended a few of their farm gatherings, which have been sensational. Their work in bringing people together, giving them advise as to where to go for help, and helping with the sense of community out there has been nothing short of magnificent. The Government acknowledges their role within the drought framework, within the program. I think our record has been that while ever the drought continues they will be funded.

On that point about rain, New South Wales water reserves and moisture levels are so low that it will take a lot of rain. As I said in answer to one of your earlier questions, that period of rain in April, May and June gave us a temporary relief. It looked pretty good for a while. The nature of this drought is that it has been rolling and while there have been some patches with adequate rainfall, there have been long patches where there was not. That will all be taken into account.

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

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

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

The Hon. IAN MACDONALD: Appreciated.

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

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

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

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

The Hon. DUNCAN GAY: Has it had an effect on the operation of Fisheries?

The Hon. IAN MACDONALD: I have not had many reports of difficulties there. We do not take massive amounts, but it is good practice, particularly in the biosecurity areas, people get experience.

The Hon. DUNCAN GAY: We will come to the practice in a moment.

The Hon. IAN MACDONALD: And Forestry, we have had forestry people there, and every division. Heaps of other agencies have been helping out and, as well as that, other States have been helping out.

The Hon. DUNCAN GAY: As I said earlier, there is genuine praise for the courtesy and the way the staff have operated.

The Hon. IAN MACDONALD: I will let the staff know at the awards tonight of your kind comments.

The Hon. DUNCAN GAY: Thank you. Of course, with every kind comment there is a sting in the tail. This is not for the staff; this is for you.

The Hon. IAN MACDONALD: Yes, I was waiting for it.

The Hon. DUNCAN GAY: Would the response have been more timely and more appropriate had not, during your watch, a large number of staff been removed from the Department of Primary Industries—and yours as well, director general? In your Government's time the closure of Rydalmere?

The Hon. IAN MACDONALD: In my time? Rydalmere closed 10 years ago.

The Hon. DUNCAN GAY: No, in the term of your government, I said. I remember you had something to say about it. You were as effective in that as you are as a Minister. Had the closure of Rydalmere, Armidale and Wagga Wagga veterinary laboratories not happened, I believe it has been properly argued that the response could have been more effective and more timely.

The Hon. IAN MACDONALD: Let us be very careful. I will show the errors of your ways. We have had laboratory facilities at Elizabeth Macarthur Agricultural Institute that have treated up to 600 cases a day. We have just recently enhanced it to virtually double it with robotic DNA separation equipment going in. That means our testing regime is probably as good if not better than the Commonwealth. We have the best testing regime in Australia. We were able to identify quite rapidly the first cases at Centennial Park. They rang me at 2.00 a.m. We made all the decisions we had to at that hour, at the commencement of this outbreak.

We have more than 3,600 staff. That is very adequate resources to tackle this. There is a limit to how many people you can put into dealing with this sort of the matter without it being chaotic. It has been well managed and we are operating with other agencies. There has been no lack of capacity. The number of tests Peter Kirkland is doing out at Elizabeth Macarthur Agricultural Institute at Camden is phenomenal. His work is world class. Then, in terms of traceability—

The Hon. DUNCAN GAY: So, loss of money, loss of staff and loss of facilities had no effect on the timeliness of your response? Is that what you are trying to give us?

The Hon. IAN MACDONALD: Let me take you back a bit. In 1999, when Newcastle Disease broke out in New South Wales, particularly on the Central Coast, the capacity at the Elizabeth Macarthur Agricultural Institute for testing was at 150 a day. So, in eight years the department has energised and grown its ability to handle up to 600 tests. I cannot see the capacity issues you are trying to get at. We have done over 12,000 tests. That is a phenomenal amount of testing. We have been able to trace most of the outbreak and pattern it and put it into appropriate software so we can get a very close and tight handle on the disease—where it has gone and how it has gone. So, these sorts of little peccadilloes that you are firing away at are shameful, really. The amount of resources that have been put into the program have been phenomenal and exceed Queensland and we would be better placed than Victoria if it ever had a outbreak.

The Hon. DUNCAN GAY: Given your glowing report of the resources you have been able to put at this and despite your shameful performance yesterday under parliamentary privilege, where you claimed Federal Minister Peter McGauran was solely responsible for the outbreak—

The Hon. IAN MACDONALD: The Federal Government.

The Hon. DUNCAN GAY: No, you said Peter McGauran, despite the fact that the inquiry has not commenced. Could it also be argued that under your watch you have been responsible for this travelling across New South Wales when probably it should not have?

The Hon. IAN MACDONALD: What, I personally carried the disease across New South Wales? What a joke.

The Hon. RICK COLLESS: Don't trivialise it. That is not what he meant.

The Hon. IAN MACDONALD: It is a joke.

CHAIR: The Opposition's time has expired. Mr Brown?

The Hon. ROBERT BROWN: The Government has spent a considerable amount of money in the Murray River repairing fish habitat by re-snagging, I think is the term. Was the money spent doing that the responsibility of the fisheries area?

The Hon. IAN MACDONALD: The de-snagging?

The Hon. ROBERT BROWN: No, the re-snagging?

The Hon. IAN MACDONALD: Yes, indeed.

The Hon. ROBERT BROWN: Were those funds that were used on re-snagging taken from any of the trusts, the freshwater trust, for example?

The Hon. IAN MACDONALD: I do not have right in front of me the precise details of whether the Freshwater Recreational Trust assisted with that. But you have to remember that de-snagging has been identified as a key threatening process for a number of species. So, getting appropriate structures in place was vital in restoring native habitat.

The Hon. ROBERT BROWN: Well, the Government is to be congratulated there.

The Hon. IAN MACDONALD: But, as to funding, the Living Murray has funded most of it.

The Hon. ROBERT BROWN: Has Fisheries put any money into that at all or is it all Federal?

The Hon. IAN MACDONALD: Staff resources

The Hon. ROBERT BROWN: I had an issue raised with me just this morning concerning an apparent eco-resort development in the Corowa area, where apparently in order to create a pathway

for clients' speedboats the developer has had his contractors de-snagging about six kilometres of the Murray River and in the process appears to have damaged huge amounts of registered riparian riverland and wetlands areas. I have seen the photographs this morning. The local hunting club and the local fishing club have brought this to my attention. I have reported it to the Fisheries Department, but it seems to have a bit of trouble getting anybody on site to look at it while the evidence is fresh. Given that the Government, whether Federal or State government, has put money into rehabilitating this area and given that the alleged actions by this developer, if they are true, are certainly a breach of either the Fisheries Act and regulations or environmental regulations, have you been made aware of this incident, number one, and, number two, is the department in a position to be able to investigate this and if fines, et cetera, are available to be imposed upon this developer, will you assure the Committee that the appropriate action is taken to stop it?

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

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

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

The Hon. ROBERT BROWN: As I understand it, the abalone industry is worth about \$4.5 million at the first point of sale with most commercial fishing taking place on the South Coast in New South Wales from Jervis Bay to the Victorian border, about 130 kilometres only. As you would be aware the total allowable catch has gone from a peak of 1,200 tonnes in 1971 to a level of approximately 110 tonnes in 2007-08, which itself is down 15 tonnes on the previous season. The total allowable catch has been cut, so too has the area in which the number of commercial divers can work. Minister, why has there been such a dramatic lockout along the coast? Further, how many abalone fishing licences were there 10 years ago, how many are there today, and how many do you expect there will be in two years time?

The Hon. IAN MACDONALD: That is a good question, because the abalone industry was a very important industry in New South Wales and still provides a potential. Quite clearly our problem is that in the roaring nineties, like every area of fisheries that I have been dealing with, there seems to have been considerable overfishing. The figure of 1,200 tonnes makes me shiver when I hear it. I have had several meetings with the scientific committee that has been looking into this, that is the total allowable catch committee. I have had meetings with Stevens and others who have been working on the industry and discussed how to better it in the future. There has been significant overfishing on the one hand, and a lot of fudging has been going on, as well as the effect of taking 1,200 tonnes a year out.

Also, as you might recall, the Perkinsus disease was present, particularly in the zone roughly from Port Stephens to south of Wollongong. That meant a closure in that region that effectively stopped a further source of supply. We are doing research in that area, we are working with the abalone divers to be able to take some out of that area as part of a research project. Yes, we are down and it is unfortunate. The research clearly indicates that the industry is under stress. We have to be tight on this area and we have put considerable resources into trying to limit the amount of poaching that has been going on, and that is why we funded the *Swan*, a boat that cost us about \$800,000, to patrol the South Coast. We backed that up with smaller vessels.

We have done quite a number of joint operations with the Commonwealth because often there is an interception between high-end fisheries theft and drugs; that is, joint police operations. Now there are 39 abalone licensees in New South Wales, and 10 years ago there were 37. There are now two extra. We will have to continue to do a lot of work on this area to try to make the fisheries sustainable.

The Hon. ROBERT BROWN: Because the area has reduced so much and there are two more licences?

The Hon. IAN MACDONALD: That is correct. That is the number of shares.

The Hon. ROBERT BROWN: Yes, that is right. The concerns expressed to me—and I guess everyone has a conspiracy theory about the Government—were that the Government's ultimate aim is to declare the Eden bioshelf marine park and that the Government is endeavouring to shrink the industry by limiting the financial liability of the industry and therefore the value of the licences, so that when the Government does declare a marine park off Eden the financial outlay when buying back those licences would be minimal. Will you comment on that?

The Hon. IAN MACDONALD: Look, Bob, I am aware of conspiracy theories: Holt is still alive and living in Outer Mongolia, and that when swimming he fell into a Russian submarine. We hear of conspiracy theories over and over again. People look at this and do the research and make the decisions; it is not the Government who make the decisions in relation to this, it is an expert panel that talks to industry, does the research and comes up with the determination as to what is a sustainable fishing yield.

The Hon. ROBERT BROWN: Is the budgetary expectation that money will be required to reduce the number from 39?

The Hon. IAN MACDONALD: Structural adjustment would be something that would be and can be considered. The industry is in crisis, no question. It is very difficult. We have reduced our charges significantly over the past few years in relation to this industry. The plain fact of the matter is the science, it is not the Government. The Government says nothing about the catch. I get a report from the committee, and I accept the report. That is the way it works. I have grilled them and I grilled them recently over these issues. The problem is that the science is so solid in this area.

The Hon. ROBERT BROWN: So the Government would proactively consider a restructure of the program if the abalone fishers approached you?

The Hon. IAN MACDONALD: We are looking at a number of proposals put forward to us for the future and how we can best go forward. I feel a lot of sympathy for fishers who have bought into the industry in the 1990s, the early turn of this century. They looked at the golden days and thought that this was money from heaven, but it all fell off because the science looked at the fishery and found that, in fact, it was producing at an unsustainable level.

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

The Hon. IAN MACDONALD: I know this issue.

CHAIR: Known as the Wompoo Reserve?

The Hon. IAN MACDONALD: Yes. I know Dailan, whose proposition has been put to me several times. Yes, I have a very strong view in relation to this. We do not have, at this point, a system that is properly worked out in relation to freshwater aquatic reserves. It would require some analysis, and I am in discussions with the Minister Assisting the Minister for Climate Change, Environment and Water on this issue on how it can be looked at.

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

The Hon. IAN MACDONALD: No.

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

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

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

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

CHAIR: What, with your department or National Parks?

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

CHAIR: Like a voluntary conservation agreement with National Parks?

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

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

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

CHAIR: But you can see that there are some covenants or some protection measures that your or you department would support?

The Hon. IAN MACDONALD: Yes, there are measures that he can take that could be supported, but what he wants is something that does not exist in this State, which is not the way to do any public policy. If you were going to have something like an aquatic reserve, which prevents people utilising that stream for, say, recreational fishing purposes, you would have to put that up to a public discussion, in my view.

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

The Hon. IAN MACDONALD: I would have to take that on notice. It is important that we utilise the resource there. As you would recall, the decision taken in early 2006 was a significant one in terms of the amount of significant forest that had been managed by Forests NSW has gone into the public estate. This has reduced greatly the areas available for Brigalow harvesting for cypress pine harvesting for the timber industry. We have 20-year wood supply agreements and it is my determined approach to ensure that those commitments can be honoured.

At the same time we have reinvigorated the industry through a number of important assistance upgrades to industry and we have further announcements coming in that order. I think it is a bit rich to be doing a further grab for more forests that will only have one effect, that is, undermine the ability to supply. Has not that decision been visited once and dealt with without this constant coming back at it, trying to take further supply out of the market of an industry that employs a large number of people in the area—it is a significant employer—as well as provides a product that is internationally in demand.

CHAIR: Therefore, you are saying that the decision to transfer high conservation Crown land to national parks is not a worthy cause?

The Hon. IAN MACDONALD: No, I did not say that. I said it was a decision that was taken.

CHAIR: It was a Cabinet decision.

The Hon. IAN MACDONALD: I am not questioning the Cabinet decision. A lot of land was put across to it. That has happened, and that is it. You are attempting to say that now we should try to block other avenues of timber supply to that industry and I just do not think that is reasonable.

CHAIR: That may be the result from your perspective.

The Hon. IAN MACDONALD: That is what you are saying.

CHAIR: It was a Cabinet decision to transfer high conservation value Crown land to national parks and that process is ongoing. You are saying that it is more important to log those areas before the process is completed when those areas may have been eligible to go to national parks.

The Hon. IAN MACDONALD: As far as I can see the decision is a done deal and we are moving on and keeping a viable cypress industry there. At the same time there is a park estate there nearly as big as Kosciuszko National Park, so I do not know why you are revisiting the issue, having seen such a large amount of land put into the national estate.

CHAIR: I appreciate your lack of understanding there. Are you aware that a large number of rural lands protection boards [RLPBs] have now assessed the conservation values of travelling stock routes and identified high conservation travelling stock routes [TSR]?

The Hon. IAN MACDONALD: I understand that there have been ongoing assessments in that area.

CHAIR: Given the outstanding and well-recognised contribution of TSRs to the survival of native fauna and flora in many heavily cleared landscapes, will you guarantee that Forests NSW will not log any TSRs identified by RLPBs, your own department, throughout New South Wales as being of high conservation value?

The Hon. IAN MACDONALD: I am not aware of any plans in this area.

CHAIR: So you agree that you will guarantee that Forests NSW will not log?

The Hon. IAN MACDONALD: I am not aware of any plans.

CHAIR: But you will agree that Forests NSW will not log any TSRs that are identified by the RLPBs?

The Hon. IAN MACDONALD: I am not aware.

CHAIR: But if that were the case?

The Hon. IAN MACDONALD: I am not aware. Next question?

CHAIR: You are not answering my question.

The Hon. IAN MACDONALD: I am not aware of it.

CHAIR: Being not aware is hardly an answer.

The Hon. IAN MACDONALD: I am not going to make policy on the run.

CHAIR: Now that Forests NSW have effectively admitted that logging is having a significant environmental impact on internationally recognised red gum wetlands through settlement of the National Parks Association (NPA) legal challenge, will you, as Minister, finally agree to the creation of new reserves and the restructuring of the timber industry to bring the region into line with all the other major forestry regions in New South Wales?

The Hon. IAN MACDONALD: The department and the NPA have agreed to a resolution of a potential court action that was a very amicable agreement.

CHAIR: I appreciate that, Minister.

The Hon. ROBERT BROWN: What a sneaky deal that was.

The Hon. IAN MACDONALD: No, it is not a difficult deal. It will be an environmental impact statement that will be prepared for the area but logging will be continued in the area and so the 400 or so jobs associated with the industry will not be affected.

CHAIR: I appreciate future resolution to the problem but would you acknowledge that the failure of your Government to create redgum reserves is a breach of the New South Wales State Plan requirement for the development of a comprehensive, adequate and representative reserve system?

The Hon. IAN MACDONALD: You are obviously not taking into account that we have bought a number of large properties in the region, which have considerable redgum reserves, for instance, Yanga, which has 20,000 hectares of redgum. We have bought Toorungaby, which is not far from the Perricoota forest.

CHAIR: I appreciate that. Does that comply with the State Plan requirements for a CAR reserve system?

The Hon. IAN MACDONALD: I am not going to make a judgment as to what is going on with red gum metes, but the Government is balancing a commitment to both the environment and the industry there. We have a substantial redgum industry, which has just secured significant contracts for sleepers from rail authorities. I am a great believer in the environmental benefits of using wooden sleepers over the high-energy intensive cement industry that some people seem to pursue these days, which is probably one of the highest carbon-producing industries.

CHAIR: Have you looked at the longevity of those products?

The Hon. IAN MACDONALD: Yes, they last a long time and then they get sold for other things. You will see them around for many years.

The Hon. Duncan Gay: Carbon sequestration.

The Hon. IAN MACDONALD: Carbon sequestration, quite correct. Forests NSW is active in that area, by and large, on a very solid environmental basis over many years. We will do an environmental impact statement, as agreed, and we will look at all the issues.
[Time expired.]

CHAIR: Do Government members have any questions?

The Hon. TONY CATANZARITI: We do not have any questions at this stage.

The Hon. DUNCAN GAY: I return, once again, to equine influenza and remind you that you indicated you could not remember being critical of the Federal Minister. I have yesterday's *Hansard* in which you state:

It is true that equine influenza was detected in New South Wales on my watch, but it was caused by a Federal National Party Minister. He was responsible for letting the disease out of the Eastern Creek facility and letting it spread.

I return to the New South Wales Government. Despite what you contend to be very good work—and we accept how hard staff have worked—this disease has continued to spread across New South Wales. Despite your best efforts, despite the department's best efforts, and despite every zone that has been put in place, this disease is spreading daily across New South Wales. There is proper concern about equine influenza and the hardship that it has caused. If this disease had been foot-and-mouth disease it would be even worse. Farmers in the livestock industry in New South Wales are alarmed at your inability to be able to stop this disease from spreading.

The Hon. IAN MACDONALD: Leaving aside the colour that you tried to put into your question, I think the equine influenza outbreak demonstrates some of the difficulties we could have if a more serious disease, in particular, one with a human-related component, were ever to come in via inadequate quarantine laws and practices. I think the problem is twofold. First, some people do not realise the biosecurity measures that have to be taken when dealing with horses. For instance, just to give you an example, how did it get to Warwick farm? Warwick farm was locked down and massive biosecurity measures were taken. I am told that it got there through a person associated with the horse industry who had his own horses, despite the fact that anyone working there was not meant to have other horses. I am avoiding going into anything that could identify this person.

The Hon. DUNCAN GAY: Minister—

The Hon. IAN MACDONALD: If you could wait just a moment I will show you the difficulties that are involved. I have to deal with the colour of your question. The situation is that—

The Hon. DUNCAN GAY: I would like you to deal also with the substance.

The Hon. IAN MACDONALD: This is the substance. This person did not declare that he had other horses within the area of high contagion, which, of course, is the Hawkesbury and Western Sydney area, where horses are on two-acre five-acre and 10-acre blocks, nuzzling up to one another and spreading it like wildfire. These horses came down with it. He went into Warwick farm to do his normal work and, as I understand it, he gave it to the Ingham stable. A similar pattern has occurred in relation to harness horses out at Bankstown. In every instance we have tracked we have found that it has happened in Barmedman through to Dubbo, throughout some of the areas in the Hunter Valley, and north.

There has been a human spread as well as a major spread. In fact, the vast proportion of properties that have the disease are the smaller blocks where they have a couple of horses and where, in effect, you cannot keep them apart. Leaving side the colour of your question, those two things have had the biggest impact on the spread. The first is a lack of human application—wash down and change—when dealing with horses and then going to deal with another group of horses. The second is the fact that most of the properties that have it within the Western Sydney region and up through the Hunter are very small.

The Hon. DUNCAN GAY: Given that this disease has spread across New South Wales, and given the fact that the Callinan inquiry established how it was released, which is different to the way in which it spread across New South Wales, will you put in place an independent inquiry to look at how this disease has been handled and how it has been able to spread across New South Wales? Will you also take into account the concerns that have been expressed by the people of New South Wales?

The Hon. IAN MACDONALD: Once we get a handle on the disease we will be looking at all options. I believe that the disease has now plateaued and the number of properties being affected is dropping.

The Hon. DUNCAN GAY: Will you put in place a proper inquiry?

The Hon. IAN MACDONALD: I will look at the issues when we get out of those—

The Hon. DUNCAN GAY: Is that a no?

The Hon. IAN MACDONALD: I am not saying no and I am not saying yes.

The Hon. DUNCAN GAY: Can you not make a decision on an issue like this?

The Hon. IAN MACDONALD: I will not make a decision on a question that you ask in an estimates committee. Who are you?

The Hon. DUNCAN GAY: I would have thought that this would have been part of your planning and that as the Minister responsible you would have been able to say to me, "Yes, this is what we will do because it is needed."

The Hon. IAN MACDONALD: What a lot of nonsense! I will make a decision in consultation with industry after we have got through the heat of this battle. Our staff are working flat out on this. They will continue to work on it until we break the back of it and then we will look at all the options that have to be taken in response to it. But every instance of infection is being investigated. In due course that will come through as a substantial report.

The Hon. TREVOR KHAN: Minister, am I correct in saying that SafeFood New South Wales falls within your responsibility?

The Hon. IAN MACDONALD: Yes, but I think that matter will be dealt with later. It is a separate agency.

CHAIR: We are dealing with primary industries and fisheries. We will deal with that issue later.

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

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

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

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

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

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

The Hon. DUNCAN GAY: I am sure that is very reassuring for you.

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

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

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

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

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

The Hon. IAN MACDONALD: I am not sure that that is accurate either, and I will certainly look into that. I do not think people across Australia realised that our quarantine services have been run down so greatly over the last few years, and that people could, from what I am told, enter and

leave the premises without proper biosecurity. If we had known that, there would have been a lot of effort put into trying to get that situation rectified.

The Hon. RICK COLLESS: Does that apply to any property on which there are horses present?

The Hon. IAN MACDONALD: I was talking about Eastern Creek. I am talking about it getting out of Eastern Creek. The AUSVETPLAN—which is the plan that deals with how to deal with and respond to an outbreak of equine influenza—was really a work in great progress that had not been totally completed on the cusp of this disease breaking out. In other words, if there was a lack of preparation that you are trying to infer, it was a lack of preparation that went right across the industry and right across the nation.

The Hon. DUNCAN GAY: So you are not just blaming the Feds this time?

The Hon. IAN MACDONALD: I am not trying to blame the Feds. I am just pointing out the reality of Eastern Creek. I think Eastern Creek is a moral for being seen as a problem. I am looking forward to early next year commenting upon the Callinan inquiry, and I am sure you will be looking forward to it too.

The Hon. DUNCAN GAY: And the New South Wales inquiry?

The Hon. IAN MACDONALD: We have done magnificently.

The Hon. RICK COLLESS: May I go down to the farm level, rather than the Eastern Creek level. What are protocols for your staff that are required to visit farms on a regular basis and may not have anything to do with horses, such as district agronomists and so on? What are the protocols for them when they go on and off farms on which horses are located?

The Hon. IAN MACDONALD: This varies, according to the nature of the zones and the activities in each zone, which are different. For instance, in the green zone—

The Hon. RICK COLLESS: Let us say the purple zone, where there is danger.

The Hon. IAN MACDONALD: The purple zone, if there are horses on that property, would require some fundamental biosecurity measures, such as washing and, if you are dealing with the horses, changing clothing and things of that nature.

The Hon. RICK COLLESS: But it may not be necessarily dealing with sick horses. What if a district agronomist at Scone has a look at the property from a crop management perspective but there are horses on that property? What is he required to do as he leaves the property?

The Hon. IAN MACDONALD: That would be very much situationally determined, if they have not come into contact with horses as such.

The Hon. RICK COLLESS: But we all know that he does not have to come into contact with the horse to transfer it.

The Hon. DUNCAN GAY: This might be another subject for the inquiry.

The Hon. IAN MACDONALD: I think it would be very much dependent on what association he has had with horses on the property.

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

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

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

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

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

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

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

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

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

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

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

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

The Hon. RICK COLLESS: Are all staff, say in the purple zone, who are required to visit farms—again, I am not referring to those involved in the horse industry because obviously they would be—fully briefed and advised on what their responsibilities are?

The Hon. IAN MACDONALD: Well, let us put it this way. There is a massive amount of information, there is lots of training, and there is lots of work done with our staff in terms of how to deal with this equine influenza situation.

The Hon. RICK COLLESS: You sound a little unsure.

The Hon. IAN MACDONALD: In every instance you cannot be totally sure that everyone follows everything that is required. But we would certainly hope they do.

The Hon. TREVOR KHAN: May I move to chooks, particularly egg production. I think I am correct in saying that in about 2000 the Agricultural Resource Management Council of Australia and New Zealand proposed larger cage sizes for egg-producing birds. Is that correct?

The Hon. IAN MACDONALD: That is correct. It was 2001.

The Hon. TREVOR KHAN: It is now some six years after those proposals and there is still no legislation in place in New South Wales, is that correct?

The Hon. IAN MACDONALD: There is legislation that would require some regulation change. I have announced several times over the last five years that we will be abiding by the national framework. We have until 1 January for that framework to be in place—and it will be in place. It will follow precisely the broad national framework. We have had significant consultation with industry throughout this year. In fact, I have signed off on the proposed regulation.

The Hon. TREVOR KHAN: When do we anticipate, therefore—?

The Hon. IAN MACDONALD: Very soon.

The Hon. DUNCAN GAY: Before January?

The Hon. IAN MACDONALD: Yes. Within the next short period of time.

The Hon. TREVOR KHAN: That is, days, or weeks?

The Hon. IAN MACDONALD: Yes.

The Hon. TREVOR KHAN: Which is it—days or weeks?

The Hon. IAN MACDONALD: It depends on the run of events. But it will be very shortly.

The Hon. TREVOR KHAN: You would understand that there are some producers in the industry who are awaiting the decisions, simply because they need to convince their banks to lend them a lot of money?

The Hon. IAN MACDONALD: Let me make it very clear. The decision has been made. New South Wales will comply with the national framework established in 2001. And no-one has been under any illusion—I have met every group—that that is occurring.

The Hon. TREVOR KHAN: And they can expect that the regulations will be in place in a matter of weeks, is that the case?

The Hon. IAN MACDONALD: It comes into force on 1 January 2008. So we will have to take the normal steps to alter the current regulation to comply. But everyone knows that.

The Hon. DUNCAN GAY: Minister, May I return to drought. I know I have said this before. Have you considered giving an undertaking to carry your fodder, water and transport help through to the end of the drought and 18 months after it? Have you considered giving this undertaking so you will be able to go to the people in regional New South Wales and say, "I understand you need surety in where you are going. I now pledge that the help, whether it be financial counselling or whatever, will be in place until the end of the drought and 18 months after it", rather than the stop-start situation we have at the moment where quite often people fall through the guidelines and miss out in that stop-start situation, particularly people with fodder and things like that.

The Hon. IAN MACDONALD: In relation to the drought part of it, we will continue the funding. Once the drought is "over" we would then have to consider what arrangements we would have in place for that period post the drought. That has not been considered at this moment; we are still busily grappling with this drought.

The Hon. DUNCAN GAY: That is a commitment until the end of the drought for all those things? There will be no reannouncements—putting it off until August, then September, and so on?

The Hon. IAN MACDONALD: No, no—

The Hon. DUNCAN GAY: That would be too much to hope for, I suspect.

The Hon. IAN MACDONALD: We will make the decisions, as I said, every three months on a quarterly basis. Our commitment is that we will continue funding throughout the drought. I do not think anyone is terribly unhappy with our programs; they are heavily utilised.

The Hon. ROBERT BROWN: Minister, in answer to the Chairman's question regarding this sneaky deal with the National Parks Association on red gum forests?

The Hon. IAN MACDONALD: Sneaky deal?

The Hon. ROBERT BROWN: Yes. In fact the National Parks Association press release gives tribute to the Hon. Ian Cohen for his negotiating skills in helping to resolve the dispute.

CHAIR: That is high diplomacy, not sneaky at all.

The Hon. ROBERT BROWN: The National Parks Association press release—and, of course, nobody would ever believe the Green non-government organisations ever stretch the truth at all—details some of the things you have agreed to. I notice in your answer you said you have put things in place to make sure that the resource supply is not damaged because of the stoppage of the logging in the 11 coupes that are under consideration. I notice one of the things you have agreed to is that you are going to reduce the maximum diameter of trees fell from 1.5 metres to 1.2 metres. Given that probably a lot of these trees are going to go into that sleeper contract, you would be aware that stem diameter is critical to the efficiency of what you get out of a log. Of course if you drop 20 per cent off the available diameter of logs that can be cut, have you considered that there could be considerable wastage both in the number of trees cut to meet contract and the actual wastage from log to log?

The Hon. IAN MACDONALD: We would not have agreed to that if we believed it would have had a negative impact on our supply. In fact there are very few trees in that category.

The Hon. ROBERT BROWN: One more question. My colleague here raised the question of chooks. You mentioned that you had extensive consultation. Indeed, you have also received representations from me on behalf of the small producers who are deeply concerned about the actual wording of the regulation, whereby the wording in the regulation was not flexible enough to allow them to modify their cages. The only other option for them is to go to the multi-tier cage system. The photographs that were presented, both to myself and to a crossbench briefing, indicated that the multilevel, multi-tier systems were nowhere as good an animal welfare outcome as allowing those small producers to modify their cages. Have you taken their concerns into consideration in the regulations, Minister?

The Hon. IAN MACDONALD: We have been consulting with those particular producers. In fact, I have met some of them over the last year or so. We have been, in terms of the overall package that we have put together that will be in the regulation, taken some of those concerns into account but our basic framework has been to honour the national framework. I think you will find that some of those concerns have been incorporated when we publish the regulation, which will do very shortly.

The Hon. ROBERT BROWN: In relation to grey nurse sharks. As you would be aware the Administrative Appeals Tribunal yesterday dismissed the appeal by the Nature Conservation Council of New South Wales in relation to ocean trap and line fishing involving grey nurse sharks and simply confirmed the original decision by the Federal Minister for the Environment. I am pleased to say that the State Government joined the Federal Government to fight the Nature Conservation appeal. Despite the lack of veracity in the data reported by the Nature Conservation Council of New South Wales, are you aware that the cost associated with defending the interests of recreational fishing has taken a heavy toll on the very limited resources of RecFish Australia? I know that you had a request from the Australian National Sportfishing Association and other New South Wales bodies to see whether some money could be made available from the Salt Water Trust to support this fight. I understand you received legal advice that it could not be done?

The Hon. IAN MACDONALD: That is correct.

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

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

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

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

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

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

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

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

The Hon. ROBERT BROWN: I seek to see whether the imposition of the "no take" areas has had any impact on the sale of fishing licences?

The Hon. IAN MACDONALD: Whilst there are some what you call "no take" or sanction zones, on the other hand there have been some great enhancements in fishing, particularly in Sydney Harbour. They say there is more fish than they has ever seen. Just further to that, the information I have been hit with is that the numbers are pretty stable. There is no significant trend.

CHAIR: Minister, just one question on the equine virus or equine flu. The vaccine, which was made readily available—

The Hon. IAN MACDONALD: I know all the answers to this.

CHAIR: I am glad. Has it been properly investigated—

The Hon. DUNCAN GAY: You must have just learnt.

The Hon. IAN MACDONALD: You go and deal with Eric.

CHAIR: Has the impact of the vaccine been properly assessed so that you would be able to guarantee that there will be no future quarantine breakdown with horses coming into Australia, as has happened this time round, or some mutation of the disease, in the equine industry in New South Wales? Are we stuck with a revolving door of possible outbreaks now or can you assure the Committee that the problem is resolved, given that there will be greater care in terms of import of any horses that might be suffering in the future?

The Hon. IAN MACDONALD: The answer to this is that there are several uncertainties so coming to a final landing on it is going to be very difficult. For instance, there have been some instances overseas where campaigns of eradication have worked. For example, South Africa I think in 1986 and 2003, India I think in the 1990s and Hong Kong at one point. As I have already indicated it came back in South Africa. The problem with it is that you would have to be sure—

CHAIR: Did the comeback occur from some sort of incursion from outside?

The Hon. IAN MACDONALD: Yes.

CHAIR: Or did it come back from the population?

The Hon. IAN MACDONALD: They eradicated it and it came back later from, I believe, the shuttle stallions. It came in through their quarantine services, which obviously is a question that we really need to tackle to make sure that in future the quarantine is handled properly. Remember, the, I think, 51 horses that were at Eastern Creek—39 from New South Wales and some, I think, were going elsewhere—those horses had already been vaccinated. So it came in fire vaccinated horses. Getting to the major part of your question, it will be difficult to be totally assured that it will not come back. But we have to do our best to see after we deal with this outbreak where we are at. The actual

cost to industry at all levels of having it declared as endemic and just relying on the vaccination of high-performance horses and then any others vaccinated at a considerable cost is in the tens of millions of dollars. I have seen figures for one sector of the equine industry alone in the order of \$70 million.

Going back to the original part of your question, the canarypox virus was agreed to by the whole array of national authorities that deal with the registration of veterinary substances for use and finally determined because it was a genetically modified organism by the OGTR [Office of the Gene Technology Regulator] after they did a risk assessment. In terms of the usage of this vaccine, it has a large number of protocols around it. In terms of the administration of it, you have to follow very tight guidelines for administration and disposal of the actual bottle that the material is contained in. It was chosen because of the fact it had a considerable element of H3 in it, which is part of the virus, and also has the advantage that you can make a distinction between a vaccinated horse and a horse that has picked up the antibody through transmission of the disease.

The Hon. ROBERT BROWN: It is not a marker?

The Hon. IAN MACDONALD: It is not a marker. It is something more to do with the antibodies and some other element. Some veterinarian will explain it to you, Rob. It means that you can take a blood sample and tell whether it was naturally acquired, that is, the antibodies, or whether it was acquired through the vaccine. That is its big advantage over the other ones like the Fort Dodge vaccine that neither had H3 in it, nor did it have, as I understand it, this ability to distinguish. That is why we went down that path and that is why it took a while to get it in. We had to go through very stringent processes for it to be utilised and imported.

CHAIR: So you cannot guarantee that it would not arise out of the population in New South Wales at some future point?

The Hon. IAN MACDONALD: I am told that the chances are if we can contain it and eradicate it that that should not occur, as it did not occur in South Africa for 17 years and has not reoccurred in India so far. That indicates that the real problem in the future is the quality of the quarantine services. You need to have global trade in a high-performance industry and also in equestrian horses and others at that level. So you are going to get a certain amount of global trade into the future. It is about how to keep it out.

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

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

CHAIR: Forest New South Wales.

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

CHAIR: To such a degree?

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

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

The Hon. IAN MACDONALD: I think that the usage of atrazine and simazine are important issues. They are two chemicals that have come under considerable discussion internationally. For instance, atrazine and simazine are widely used on conventional canola crops right across New South Wales. We have about 300,000 hectares of canola in New South Wales, in a good

year, I might add. Those chemicals are used extensively in those crops. So it is being used in industries other than forestry. Forestry is not the only one.

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

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

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

The Hon. IAN MACDONALD: Investigation?

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

The Hon. IAN MACDONALD: Yes.

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

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

CHAIR: Including forestry?

The Hon. IAN MACDONALD: Including forestry.

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

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

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

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

CHAIR: Thank you, Minister. There is nothing like a bit of information. The proportion of appearance grade and structural timbers in the sawlog production mix in the Riverina was 58 per cent in 2005. Is that a percentage of all sawlogs or just high-quality sawlogs in the quota? What is the break-up between appearance grade and structural timbers?

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

CHAIR: How much does the red gum timber industry in New South Wales return to government annually?

The Hon. IAN MACDONALD: I will get you that figure.

CHAIR: What are the annual operating costs of the Deniliquin Forest New South Wales office, including staff, vehicles and equipment expenditure?

The Hon. IAN MACDONALD: I think we can look at that issue. But you have got to remember also—and I am sure you will want the detail—the economic value of the industry to the region and the flow-through impact that it has in terms of government finances such as payroll tax, et cetera, which all contribute to the value of the industry to the region.

The Hon. Robert Brown: Grazing leases and things like that?

The Hon. IAN MACDONALD: It should be comprehensive.

CHAIR: I will happily take the comprehensive information that you are very generously offering there.

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

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

The Hon. DUNCAN GAY: No, but it has been some time since you got that excellent report.

The Hon. IAN MACDONALD: The Nationals talk about boards and things. It is only what they can get a mate on.

The Hon. DUNCAN GAY: Speaking of The Nationals, how much did the report cost that you commissioned by Ian Armstrong?

The Hon. IAN MACDONALD: He is very, very modest, your former leader. I do not have a figure for it.

The Hon. Rick Colless: You didn't pay him that much; you are too miserable.

The Hon. IAN MACDONALD: That is a good one. You can rest assured he will be paid what he is worth.

The Hon. DUNCAN GAY: My question was not about the cost of my former illustrious leader's salary, it was about the cost of the report.

The Hon. IAN MACDONALD: I will get it for you.

The Hon. DUNCAN GAY: Why were 400 horses allowed to leave a camp draft weekend at Narrabri on 24 and 25 August 2007 after equine influenza had been identified at Maitland and a number of the horses were from Maitland?

The Hon. IAN MACDONALD: My understanding of the incident was that assessments were made at the time by the officers responsible. I am advised that no link at that point was established with Maitland with, I think you are referring to the Carol's Riding Ranch, which seems to have been the point to which most of the spread across New South Wales occurred, including into Centennial. At the point when those horses were at the camp draft there was no indication there was a link with the Maitland area. Later on it was discovered that some of the horses were indirectly linked to Maitland. This was well and truly after the event.

The decision made at the time was based honestly on an assessment that they thought was accurate at that point, but later on there were indirect links discovered in which apparently the disease had actually spread to some of those Narrabri horses. In retrospect it probably would have been better if those horses had not been allowed out of the site, but it was a massive group of horses and a massive number of people that would have been then locked up for a long period of time. But my

understanding is the decision was made honestly at the time but later on indirect links with Maitland were established.

The Hon. DUNCAN GAY: Does this not indicate once again that at the end of this we need a full independent inquiry?

The Hon. IAN MACDONALD: When we get to the end we will look at what needs to be done.

The Hon. DUNCAN GAY: I would have thought you could have said yes to this.

The Hon. IAN MACDONALD: I am not going to say yes to a question of yours, Duncan; it would break a lifetime habit. We will look at all issues relevant to where we go forward. Incidentally, not all the horses at Narrabri had got infected and the number of properties in the end out of that were not substantial. The substantial spread into the Hunter, particularly in Scone and Western Sydney, came from other horses.

The Hon. DUNCAN GAY: In yet another loss under your time in the Chair at the Department of Primary Industries, the marine park administration has now gone to National Parks. I would have thought you as the Minister responsible for Fisheries would have had a view and would have fought very hard to keep marine park administration under Fisheries. After all, these marine parks are not terrestrial; National Parks is a terrestrial management organisation and, frankly, that would be the natural home for the marine parks.

The Hon. IAN MACDONALD: I think it is a little bit more confused so I will give you a detailed answer to this. As a result of changes to the allocations of ministerial responsibilities since the election, the Minister for Primary Industries retains a shared role in the administration of the Marine Parks Act 1997. The administration of part 7—that is, Division 1, habitat protection plans, and Division 2, aquatic reserves—of the Fisheries Management Act 1994 is now the responsibility of the Minister Assisting the Minister for Climate Change, Environment and Water and the Minister for Climate Change, Environment and Water.

However, the Department of Primary Industries retains direct involvement in the administration of the Marine Parks Act 1997 through the Minister for Primary Industries' shared responsibility for the Act and the role of the Director General of Primary Industries as a member of the Marine Parks Authority. The Department of Primary Industries currently has no role in the administration of part 7—that is Division 1, habitat protection plans, and Division 2, aquatic reserves—of the Fisheries Management Act 1994.

The Hon. DUNCAN GAY: Dare I say, you have not actually clarified it much for me.

The Hon. IAN MACDONALD: Read this tomorrow and analyse it.

The Hon. DUNCAN GAY: Surely, you accept that the total control of this area would be more appropriately—

The Hon. IAN MACDONALD: We never had total control. It is always a shared role.

The Hon. DUNCAN GAY: You had one of them and they had the other, which was equally silly, if not sillier. You have moved now to a situation where it has gone to one authority, which is a better result, but it is the wrong authority.

The Hon. IAN MACDONALD: That is your view. I have not seen any problems. I am sure if there were problems they would be brought to the Government's attention in due course.

The Hon. DUNCAN GAY: In the mini budget three years ago you proudly announced that you would be cutting large numbers of staff and there would be large reductions in funding.

The Hon. IAN MACDONALD: You are colouring your questions again, Duncan. Can you stop doing that?

The Hon. DUNCAN GAY: You might think facts are colourful, but I continue to think they are straight facts.

The Hon. IAN MACDONALD: I proudly announced.

The Hon. DUNCAN GAY: You were proud. It was a fact at the time and the head of New South Wales Farmers at the time mistakenly said it was a great budget for regional New South Wales, until we pointed out exactly what was in it. How far have you come in attaining what you set out to do? How many staff have been cut? How many people had redundancies? What actual cuts have you been able to substantiate to your department?

The Hon. IAN MACDONALD: I think I will talk about it generally. In the first six months, in general terms, the numbers were—I am not going to give you the specific number but close enough to it—4,000 down to 3,600m and it has remained stable since. In the budget papers you will see the staff displayed there quite openly.

The Hon. DUNCAN GAY: And money?

The Hon. IAN MACDONALD: Again, I think the money is pretty much up with what we would anticipate. What you have got to remember is that in recent years the department has been more proactive in getting sources of funding from other areas. For instance, research grants are very substantial, and when added to consolidated revenue outcomes the monetary situation is not so dramatic. The mining levy is nearly \$20 million and there was \$177 million dollars of external funding last year. It is pretty good.

Mr MATT BROWN: Congratulations.

The Hon. IAN MACDONALD: Thank you.

Mr MATT BROWN: I was addressing that to the director general.

The Hon. IAN MACDONALD: He is a humble servant.

The Hon. DUNCAN GAY: I hardly believe that cutting the staff numbers in his department during a drought and an equine influenza outbreak is worthy of congratulations. However, if he wants to accept them, he can.

The Hon. IAN MACDONALD: Hold on! As I said, we have put on 150 staff from the leisure industries to fight equine influenza.

The Hon. DUNCAN GAY: Minister, as you are aware where you live at Cabonne the drought is biting.

The Hon. IAN MACDONALD: Yes.

The Hon. DUNCAN GAY: And where I live at Crookwell we are entering a rare event in history—a second year without a spring. The situation is becoming desperate for many people out there and they certainly appreciate the money that has been provided. They continue to say it is not enough, and we understand that. There is a very real call for extra help that started with local government and has spread across the regions. For example, they are asking the Federal Government for help with crop planting. They are specifically asking the State Government to examine help with rural lands protection board rates and local government rates, all of which is becoming a huge burden as in some areas we go into our sixth year of drought. There is probably the odd region that has been in drought for seven years.

The Hon. IAN MACDONALD: We have taken a number of steps. I assume that you are talking primarily about the rural lands protection boards .

The Hon. DUNCAN GAY: Yes.

The Hon. IAN MACDONALD: We have taken a number of steps to assist the rural lands protection boards and their operations and, through that, to lighten the burden on ratepayers where possible. For instance, the insect levy was deferred this last year. We are considering the issue at the moment. We have provided substantial funds to the rural lands protection boards and helped with all manner of requests. In fact, the Department of Primary Industries has provided substantial funding to help the rural lands protection boards. The boards have a number of important functions. If they do not receive income, that will have a negative impact on their 200 field staff, the vet program and so on. I do not have the figures, but we have provided substantial funding to help them to get through the drought.

The rates involve a substantial amount of money across the State. I do not have the budget to assume responsibility for rural lands protection boards rates being waived. However, the board system has worked effectively throughout the drought and they have assisted farmers through transport subsidies delivery and so on quite effectively.

The Hon. DUNCAN GAY: I certainly agree with that last statement—the work they have done has been exceptional. However, I go back a step to your comment about the help that the State Government has given the rural lands protection boards. In fact, you depleted their resources with the treatment of locusts and you have loaded them with debt when they have increasing responsibility for helping farmers.

The Hon. IAN MACDONALD: I do not know whether the figure has been passed to them yet, but additional to the income they get from the department each year, this year we are providing an additional \$460,000.

The Hon. DUNCAN GAY: Is that State wide?

The Hon. IAN MACDONALD: Yes.

The Hon. DUNCAN GAY: That is about one-quarter of the insect levy.

The Hon. IAN MACDONALD: That is in addition to \$618,000.

The Hon. DUNCAN GAY: That is about half of the extra burden for the locusts. You depleted their funds.

The Hon. IAN MACDONALD: They do not pay that; that is paid out of the levy, and the levy has been waived because of the drought. No, it has been deferred.

The Hon. DUNCAN GAY: No-one disagrees that they have an important role; in fact, they have an enhanced role during the drought, so extra money is appreciated.

The Hon. IAN MACDONALD: That is nearly \$1.1 million.

The Hon. DUNCAN GAY: More would be appreciated. I refer to the actual cost of the rates, which you quite properly indicated is mostly outside your portfolio. These people are looking for champions, and what better champion could they have than the Minister for Primary Industries? They are looking for a champion to fight Michael Costa in Cabinet to get some help in paying their rural lands protection board and local government rates. Both of these organisations in regional New South Wales are facing a real problem because their constituents do not have any money.

The Hon. IAN MACDONALD: As you are aware, I commissioned Richard Bull to do a study of the rating system, and he has suggested a number of changes that should improve the situation. For instance, he assessed the effectiveness of the current rural lands protection boards rating structure, analysed the equity between ratepayers and how rates are calculated, examined alternative rating structures and investigated standardised minimum rating arrangements across all boards.

I stress that the review was not about the rural lands protection board system itself; it was aimed at ensuring that the rating structure was fair. Richard Bull conducted many meetings with rural

lands protection board state councillors, ratepayers, local councils and representative bodies. He has reported back and the public was invited to comment on his report. Submissions on the matter were to be lodged with the rural lands protection boards state council by 14 September 2007. These submissions, together with Mr Bull's report, will be examined in detail before any decisions are made on whether to implement changes to the rating system. What he has done is pretty good.

The Hon. DUNCAN GAY: If it is like his usual work it would be. Richard Bull has ticker, passion and vision, and he believes in the people of regional New South Wales.

The Hon. IAN MACDONALD: Then he is a very rare species in the The Nationals.

The Hon. DUNCAN GAY: My question stands: Will you be the champion for them in Cabinet?

The Hon. IAN MACDONALD: I am always the champion for the rural lands protection boards in all of my portfolios.

The Hon. DUNCAN GAY: Not on your recent travels.

The Hon. IAN MACDONALD: Go and ask some of them.

The Hon. DUNCAN GAY: We don't have to ask them, they tell us.

The Hon. IAN MACDONALD: I have some supporters anyway.

The Hon. RICK COLLESS: Some, not many.

The Hon. IAN MACDONALD: Good ones.

The Hon. TREVOR KHAN: In answering a question before, when talking about the insect levy, you changed the terminology from waived to deferred.

The Hon. IAN MACDONALD: It is deferred.

The Hon. TREVOR KHAN: Does that mean that the deferred levy is one, once the drought breaks, that will then become due and payable?

The Hon. IAN MACDONALD: Yes, at the end.

The Hon. DUNCAN GAY: So you are giving them nothing again?

The Hon. TREVOR KHAN: When will the decision be made as to when the deferred levy will become due and payable?

The Hon. IAN MACDONALD: At the end of the drought. We will have to look at the issue at the end of the drought.

The Hon. TREVOR KHAN: Seeing this drought has gone on for some time, is it not possible simple to waive the levy so they are not confronted with an additional liability?

The Hon. IAN MACDONALD: You are asking me to repeat what we did with the OJD situation, where we waived \$4 million worth of debt as a drought measure, is that what you are suggesting I do?

The Hon. DUNCAN GAY: It would be a step in the right direction. We had to drag you screaming on that one.

The Hon. IAN MACDONALD: No, you did not. I did not have to be dragged screaming anywhere.

The Hon. ROBERT BROWN: I have another question on recreational fisheries, Minister. As you are aware, recreational anglers borrowed money to pay \$4.2 million to buy up commercial fishing in Botany Bay in 2000 and are paying it back out of the trust. From the Government's own figures, recreational anglers now stand to lose approximately 60 hectares of statutory fishing rights with both the Port Botany expansion and the pipeline for the water manufacturing plant. Will the Minister inform the Committee what sort of coordination has taken place with those other departments or his colleagues overseeing the Port Botany expansion project or pipeline in regard to any compensation for recreational anglers for the loss of those fishing rights? What impact do you believe the expansion will have on recreational fishing in Botany Bay and if it is decided no compensation should be paid back to the trusts, would you consider compensating them with additional recreational fishing haven areas, for example Port Jackson?

The Hon. IAN MACDONALD: In relation to the issue of rights, it is incorrect to say recreational fishing has statutory rights. It does not. The only statutory rights are for commercial fishers. Therefore, we believe we have not taken any statutory rights from recreational fishers. What we have done is to work with the community to ensure the environment and the amenities surrounding Botany Bay are not adversely affected. In relation to the first part of your question we, that is the Department of Primary Industries, have been working with Sydney Ports Corporation and the Department of Planning on those matters relating to fishing in the area.

In relation to the concern about loss of wetlands and fish habitat, I am advised that the area of existing seagrass that will be lost by the port expansion is minimal. Any of the sensitive posidonia seagrass in the area will be transplanted. A program is in place to recreate and seed suitable habitat for any remaining zostera seagrass to replace any loss. There is expected to be a considerable net increase in the zostera as a result of the seagrass rehabilitation program. While there will be a small reduction infringing mangroves, the New South Wales Department of Primary Industries has negotiated an offset that will focus on the expansion of endangered salt marsh and other key fish habitat.

In relation to the concerns for loss of recreational amenity in and around Botany Bay, I am advised that while recreational fishers will lose some bay area of fishing, they will derive other benefits, including foreshore beach being protected and remaining open to the public to enjoy; a new four-lane boat ramp being constructed with a large car and trailer parking area—that is 130 bays—and an amenities block to increase boating access to this recreational fishing haven. Upgrade works will also include new native vegetation plantings and a pedestrian-cycle path. The Government has listened to the community regarding Port Botany and has negotiated outcomes that will ensure the environment and amenities available to recreational fishers are not adversely affected. It is a pretty comprehensive answer to it. I want to see that you and your groups are absolutely comfortable with this and I will arrange an appropriate briefing on all matters relevant to that.

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

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

The Hon. ROBERT BROWN: My colleague also has an interest in commercial fisheries in Port Jackson.

The Hon. IAN MACDONALD: Commercial? No longer commercial.

The Hon. ROBERT BROWN: No longer commercial. What is happening to Myra Berg?

The Hon. DUNCAN GAY: Can we have an update? She was promised—

The Hon. IAN MACDONALD: Oh, the charter boat operator? I thought we made her a reasonable offer. That was my understanding. But, to accommodate it, we have to change the regulations.

The Hon. DUNCAN GAY: I know, but when is that going to happen?

The Hon. IAN MACDONALD: As soon as possible.

The Hon. DUNCAN GAY: Days, weeks?

The Hon. IAN MACDONALD: Just follow it up with me next week. We will do it as quick as we can.

The Hon. ROBERT BROWN: You talked about what the State Government has been doing in trying to ease the problems in regional and rural New South Wales caused by the drought. Have you had any approaches from inland commercial fishers in regard to their loss of business because of water allocation, because of the drought generally?

The Hon. IAN MACDONALD: Yes.

The Hon. ROBERT BROWN: What were the results of that?

The Hon. IAN MACDONALD: We have had discussions with them and I arranged, if I recall correctly, for a forum to be put together. The number was in the order of the 26 who hold endorsements which allow them to capture either carp or yabbies or both. I recognise that the inland commercial fishing industry is under financial pressure from the impact of this prolonged drought and border access issues. This has raised questions as to the long-term viability of the fishery. Existing arrangements required fishers to pay endorsement fees on a pro-rata basis only when they are actively engaged in fishing. To help ease the mental pressure I have requested the New South Wales Department of Primary Industries to prepare the necessary legislative amendments to allow for endorsement fees and some licensing fees to be waived during periods of drought.

I have also arranged a meeting, as I said before, to be held with all inland fishers to discuss possible restructure issues for the fishery. This meeting was conducted at Balranald on 31 July. The meeting had an independent chair, and a member of my staff attended as an observer. The meeting was well attended. There was an open discussion regarding the impacts of the drought and other long-term issues facing the fishery. The majority of fishers at the meeting believed the fishery was not viable in the longer term and would be willing to exit the industry if an appropriately structured process was put in place. I have forwarded a summary of the industry's concerns to Mr Richard Stevens, an independent consultant, who was contracted to provide advice on possible restructure options across the New South Wales fishing sector. I have had a meeting with Mr Stevens just recently.

The Hon. ROBERT BROWN: That is the Mr Stevens you referred to in answer to my question?

The Hon. IAN MACDONALD: I have recently received a report, and the recommendations of that report are under consideration. In the meantime, I urge all those businesses facing financial difficulties to utilise the expertise of the department where possible to assist them through this period.

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

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

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

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

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

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

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

CHAIR: Does the Government have estimates on the value of living sharks to the marine ecosystems in New South Wales?

The Hon. IAN MACDONALD: I think their value is vital as an important part of the ecosystem.

CHAIR: Do you have any estimates of their dollar value?

The Hon. IAN MACDONALD: Yes.

CHAIR: And also the grey nurse shark to the tourism economy of New South Wales?

The Hon. IAN MACDONALD: As you are aware, there are a number of sites where there is diving into those areas, particularly off Magic Point and up around your area of Byron Bay. It would have some economic value and I will see if I can ascertain that.

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

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

CHAIR: How effective have those recovery measures been?

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

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

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

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

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

CHAIR: Can you provide the annual cost of shark netting along the beaches of the New South Wales coast?

The Hon. IAN MACDONALD: It is in the order of \$800,000 a year or so. I supply these figures annually to you.

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

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

CHAIR: Fifty metres of net.

The Hon. IAN MACDONALD: Whilst they did say that it is not viable now, they were hopeful in the future that there maybe breakthroughs in this area that would make it more viable. As I indicated to you at that time, if we do get a viable electronic means of deterring sharks from the beaches, we will grab it.

CHAIR: Would that include electronically protecting small areas such as between the flags swimming area?

The Hon. IAN MACDONALD: If I recall correctly, it looked at the current program, and what we net now.

CHAIR: The whole lot.

The Hon. IAN MACDONALD: Even between the flags it is 100 metres or so, is it not?

CHAIR: Not even that; it is a relatively small area of enclosure. I actually inspected the shark nets off Freshwater Beach. They hang some three to four metres below the surface and they sag on the bottom, actually collecting bottom feeders, which are not dangerous, so in fact those nets were not a deterrent. Do you have concerns and what is the mechanism of inspection of the condition, age and the way those nets are set up, because I personally saw nets that were sagging?

The Hon. IAN MACDONALD: There are some nets that are permanently in place around the Sydney Harbour region that are not part of the shark-meshing program.

CHAIR: These nets off Freshwater Beach were part of it.

The Hon. IAN MACDONALD: Right. The nets are taken down regularly.

CHAIR: Well, they were only taken down because they were sagging down on the ocean floor. I saw that.

The Hon. IAN MACDONALD: What is your point?

CHAIR: The point is checking, investigation and quality assurance of the whole program, otherwise it is capturing the non-target species and is a waste of taxpayers money, surely.

The Hon. IAN MACDONALD: They are checked every two to three days.

CHAIR: They are checked by the fisher who inspects the nets—

The Hon. IAN MACDONALD: The contractor?

CHAIR: The contractor collects whatever is caught in them, but they are not in any way checked by Fisheries officers to make sure that they are doing the job that you believe they are supposed to be doing, which I would question anyway. But the quality of the nets was extremely poor, broken and sagging.

The Hon. IAN MACDONALD: We have observers on the boats who do regular checking of the nets. Yes, there is some bycatch, which is regrettable; there is no doubt about it. We have taken measures in the past to try to limit that bycatch such as the use of pingers, which are acoustic devices to limit whale and dolphins being caught in the net. We stand by the program because the evidence is overwhelming that in some way they interrupt the territory habits of sharks. They deter them in ways not fully understood, I believe, but they are effective and the numbers over the last 70 years since the implementation of this measure—

CHAIR: How many years?

The Hon. IAN MACDONALD: It is 70 years, since 1937. There has only been one death from a shark attack on any of our beaches and that was in 1963.

CHAIR: But 93 per cent of the beaches in New South Wales are not netted and if you take the figures from those days; for example off Malabar offal from the abattoirs at Flemington was emptied into the ocean so you had a completely different situation in terms of shark attraction.

The Hon. IAN MACDONALD: The Government has taken the position that the shark meshing program will remain. But that will not stop us from adopting whatever measures we can to reduce biocatch.

CHAIR: What has been done since last year's Shark Net Summit and what resources have been allocated to particular actions for the coming year?

The Hon. IAN MACDONALD: The summit was a very good chance to catch up with the latest science in relation to it. If my memory serves me correctly, they endorsed the shark meshing program. They pointed out that helicopters were the more effective means of aerial surveillance. In response to it, we donated the funds sufficient for Surf Lifesaving New South Wales to purchase another four jet skis, as well as an additional \$50,000 to enable them to trial aerial patrols using helicopters, to increase safety along the beaches during periods of high usage. These steps were taken in response to some of the information provided at the April 2006 Shark Net Summit. We use a lot of resources, I believe, in making the shark meshing program effective, and it has the overwhelming confidence of beachgoers and the public in Sydney in the areas where it is used.

The Hon. MICHAEL VEITCH: Could you update the Committee on the development of clean coal projects in New South Wales?

The Hon. IAN MACDONALD: This is a very important area. I thought Mr Ian Cohen might have asked the question. The Government over the last year has been very active in adopting a program of New South Wales involvement in the development of clean coal technologies. We started off last year in joining the Cooperative Research Centre for Greenhouse Gas Technologies, known as CO2CRC, which netted us in to the major scientific CRC that was looking at research in this area. Since then we have taken a number of important steps.

As you would be aware, we will be engaged in a program that will look at both carbon capture and sequestration in New South Wales. We will be engaged with one of the utilities in this work. It will be substantial work, and it is about proving the viability of both the technology for capture as well as the sequestration side. We are currently, through Mineral Resources, doing a geological survey to identify sequestration points in our State. We are also planning a pilot project, which will be a major project, the details of which will be put forward soon.

We do this on the basis that clean coal, we believe, is a viable methodology to respond to the carbon difficulties we are having in the atmosphere. We do not do that alone. Just about every major

sensible authority internationally has come to this conclusion. For instance, I have just been reading some statements that Al Gore has made recently on the role of clean coal technologies in being able to address the carbon problems internationally. In fact, he makes it virtually the key strategy in being able to make, over the next 10 to 15 years, significant cuts in carbon emission into the atmosphere.

As well as that, the intergovernmental panel on climate change in its third report makes it very clear that this technology is the way forward in the future, and it is backed by the Stern report, which also makes a similar claim. I think the evidence is overwhelming that the technology is viable, and through a number of measures, both direct government and business investment as well as viable targets for the reduction of carbon, those twin effects will drive change in this area and ensure that we can greatly reduce carbon.

As for the Government, we have recently, at the Ministerial Council on Energy in Melbourne, put forward the proposition that we investigate, and then look towards building, a national grid. A national task force has been established to commence this work. It would be very useful, in terms of capturing and sequestering the carbon, that it be transported by a national grid to appropriate sequestration sites. This work is now under way.

I have had discussions with a number of people in this area that take the view that this is very possible. There are a number of sites that are very prospective, in both New South Wales and central Australia, where, from the information that has been provided to me, we could sequester all of Australia's carbon for the next 30 years.

The technology we are proposing to use in the initial project is a technology that utilises an absorption system for separating the carbon. If that technology proves to be successful, which we believe it will, it will provide us with the ability to bolt on to current generators technology that will separate the carbon for the purposes of then sequestering it. This has some advantage of significant economic degree, because if you can do that you do not have to buy expensive new generators such as the Mitsubishi generators that are now in final commercialisation, which have an efficiency rating of up to 48 per cent, which is well above even the maximum-efficiency generator in Australia, which is at around 36 per cent.

I see a great role for clean coal technologies going forward. I have spoken with Chinese authorities I have met with. We will be engaged with Huaneng, the Chinese partner of FutureGen. They have their own green "gen" project in Jinan Jinan, in China, where they will be capturing on a greenfields sequestration site near that city and sequestering into oil wells off the coast of Jinan Jinan. We have had meetings and discussions with the Electric Power Research Institute, a major international body that is coordinating significant efforts to develop the technology is of clean coal.

By engaging in this international network, as well as working with our colleagues in Queensland and Victoria who have substantial coal deposits and generation that is based on coal—90 per cent of New South Wales energy is based on coal—we will be able to cooperatively tackle this vital issue and ensure that in the future coal will be not only powering our generation stations but also doing that cleanly with the carbon sequestered.

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

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

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

The Hon. IAN MACDONALD: That is the ad valorem affect. The significant increase during the past three years is due to the introduction of the ad valorem royalty regime and high coal prices, which has obviously had a considerable impact. The reduction in the value for 2006-07, where there was a drop from—we are dealing with 2006-07—\$447 to \$411.9 was due to the rising Aussie

dollar. The proportion of royalties received from coal production in the area from Maitland through Scone during 2006-07 was about 63 per cent of the \$411.9 million. Royalties obtained from coal mining companies are paid into the Government's consolidated fund, which provides facilities, infrastructure and services to the benefit of New South Wales' residents.

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

The Hon. IAN MACDONALD: Sure.

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

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

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

The Hon. IAN MACDONALD: In what year though?

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

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

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

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

The Hon. RICK COLLESS: In that same budget paper, the Government provides \$9.4 million for private mineral exploration. A drop in the bucket really, considering the royalties received of about half a billion dollars. Why is the Government only providing basically 10 percent of the total exploration costs expended in New South Wales when the benefit to the Government through royalties from the location and mining of new areas is so great?

The Hon. IAN MACDONALD: I think you will find that in just about every state the vast majority of exploration costs are met by the companies that are out there looking for the product. Our work is basically centred round providing those major surveys that are then presented publicly to give an idea of the potential resources in this State. The magnetic surveys, aerial surveys and that data is then placed for public information which—

The Hon. RICK COLLESS: Do you charge for that data?

The Hon. IAN MACDONALD: Free. So there is a service. Oh, it is a nominal charge just to cover the cost of printing or whatever.

The Hon. DUNCAN GAY: A nominal charge is not a charge.

The Hon. IAN MACDONALD: It is not much. A normal charge to cover to cover the cost of a CD.

The Hon. RICK COLLESS: To cover the cost of a CD?

The Hon. IAN MACDONALD: Yes.

Mr BUFFIER: The material used to present it.

The Hon. RICK COLLESS: In relation to the department's responsibilities for ensuring the rehabilitation of derelict mine sites, it is noted that there are 30 such sites. What costs, if any, are

incurred by the Government for the rehabilitation process and, if bonds are held, what is the amount of bonds and are they sufficient to cover the cost of the rehabilitation?

The Hon. IAN MACDONALD: There are two questions there. There is a lot of money held in bonds. But I will deal with the derelict mine sites—

The Hon. RICK COLLESS: But not on all mine sites, are there? Some derelict mine sites do not hold bonds against them.

The Hon. IAN MACDONALD: Derelict mine sites generally do not have a bond, it is Government money that is fixing it up. I will give you the figures—the figures are massive actually. I will deal with derelict programs. There are 579 known closed abandoned or disused mines. We have allocated \$1.77 million this year to the Derelict Mines Program to mediate some of these sites. This is administered by Primary Industries, Lands, Environment and Climate Change and the New South Wales Minerals Council are involved. In the 2006-07 the Derelict Mines Program was able to complement funding with an additional \$100,000 from the Sydney Catchment Authority for works at Yerranderie. Today's mines are strictly regulated and must lodge a security deposit—I will give you those figures. As of 31 August 2007 there was a total of \$831.5 million held as security against rehabilitation forfeiture on mining leases in New South Wales. Security held for coalmining leases was \$691,300,994 and for non-coalmining leases was \$140,127,655. I think these sorts of figures indicate that some of the problems we have had in the past with failure to rehabilitate will be a thing of the past.

The Hon. RICK COLLESS: In the budget, it also states a figure of \$1.8 million for remedial work to mine sites.

The Hon. IAN MACDONALD: That is it; that is what I just read out.

The Hon. RICK COLLESS: So is that the derelict mine sites?

The Hon. IAN MACDONALD: Derelict mines, yes.

The Hon. RICK COLLESS: What sort of work is done with that money?

The Hon. IAN MACDONALD: I have got quite an answer to this. I will give you no idea of what they actually did in 2006-07. At Oakdale a building was demolished and a temporary shaft sealing at a cost of \$336,000; Lawsons Clay Mine near Barraba, the final rehabilitation at a cost of \$217,000; removal of arsenic contaminated material at Yerranderie at a cost of \$153,000 and we got \$100,000 out of the Sydney Catchment Authority; and there has been partial rehabilitation of the Ardlethan Tin Mine at a cost of \$500,000. In relation to the 2007-08 program: \$200,000 for the final stage of rehabilitation at the Mole River Arsenic Mine near Tenterfield; \$200,000 for Stage 2 of Ardlethan that I have just mentioned; \$200,000 plus external funds for Stage 3 and final works at Oakdale Colliery; \$150,000 for Captains Flat drainage stabilisation works and \$80,000 for the rehabilitation of Grassy Gully Goldfield near Nowra. They are some of the projects and include also site assessment, removing safety hazards, earthworks and revegetation.

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

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

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

The Hon. IAN MACDONALD: Yes.

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

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

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

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

The Hon. RICK COLLESS: Perhaps you can consult with—

Mr BUFFIER: It is a fairly insignificant figure so I am not sure off the top of our heads but I will come back to you.

The Hon. IAN MACDONALD: I will get you the answer. We do contribute. That is the Standing Committee, that's the officials, that then backs up the Ministerial—

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

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

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

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

CHAIR: I will briefly go through a few mining issues.

The Hon. IAN MACDONALD: How long are we going on for?

CHAIR: Ten minutes and then we will take a break.

The Hon. PENNY SHARPE: That is more than the 2½ hours we agreed to.

CHAIR: We started a little late.

The Hon. IAN MACDONALD: Can we have our break now? I do not care what you ask.

CHAIR: If you are happy with that we will take a break now, spend 10 more minutes on this portfolio and then move on to the next portfolio, which will be Energy.

[Short adjournment]

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

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

policy arrangements are adopted as statutory requirements, strengthening the enforcement provisions to be consistent with provisions in other legislation and extending the scope of the Act to include off title impacts. That is what has been considered.

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

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

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

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

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

The Hon. IAN MACDONALD: Yes.

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

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

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

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

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

The Government has knocked back 349 exploration and mining propositions.

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

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

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

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

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

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

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

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

CHAIR: Thank you.

The Hon. IAN MACDONALD: I might add that the mining companies and mines that I have visited follow incredibly strict regimes in dealing with the conditions of their licences. A lot of it involves environmental conditions. Most companies these days have environmental managers whose specific job is to ensure that the environmental issues of their licences and program are adhered to. Any time you want to go and visit a modern mine I suggest you do because the amount of attention to environmental issues is quite phenomenal and the rehabilitation work that is being done is quite extensive. For instance, I had the opportunity not long back to visit the Mount Arthur coalmine, a rather large one, where a substantial rehabilitation is in progress as the mine moves south along an open cut. The infill is being done at the same time and rehabilitation of Ravenswood forest is progressing apace.

The Hon. ROBERT BROWN: It is very impressive. I saw the same mine.

CHAIR: Minister, are you concerned about the impact of noise and dust from the proposed Somersby sandmine on the local community and children at Somersby Public School, which is located 200 metres from the proposed site?

The Hon. IAN MACDONALD: I am always concerned about real issues. I guess any proposal for sandmining at Somersby will have to be addressed. As you are probably aware, the issues of sand and dust are really within the purview of the Department of Planning.

CHAIR: I appreciate that. Given a survey of parents has shown that the majority plan to withdraw their children from the school if the mine goes ahead, would you support the position of a three kilometres buffer zone around all mines in New South Wales to ensure a similar situation, where schoolchildren are affected by dust and noise created by the mining, does not occur?

The Hon. IAN MACDONALD: I think that is an issue that would have to be addressed, but it is not within my ambit. Of course, we have a research station not too far away so we do have an interest in the impacts. Of course we will consider the issues.

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

The Hon. IAN MACDONALD: Which department?

CHAIR: Mineral Resources.

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

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

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

CHAIR: Yes.

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

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

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

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

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

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

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

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

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

CHAIR: The Committee will now deal with the Energy estimates.

(The witness withdrew)

MARK DUFFY, Director General, Department of Water and Energy, affirmed and examined:

Dr JOHN KAYE: Can we talk very briefly about baseload power and greenhouse gas emissions? As I understand it, the State target is to have a standstill so as to go back to the year 2000 level by 2020 and then substantial reductions beyond that. What modelling have you done to assess the impact that a new baseload power station, either coal or combined cycle gas turbine, being built in accordance with the recommendations of the Owen Inquiry, would have on your capacity to meet that target?

The Hon. IAN MACDONALD: In relation to the recommendations of the Owen Inquiry, that is a while off as yet. There are discussion processes underway. In terms of how these issues are handled in relation to the building of any new baseload capacity, I would think that you would find that the impact of a number of things will weigh upon how it is introduced, what technology is involved and how it is implemented. For instance, the National Emissions Trading Scheme will definitely have an impact on what occurs, and I believe in regard to the actual power plant itself, the indications are that you would have to have it at best practice in terms of emissions, and I would think that people would be pretty keen, if it is a coal-fired power station, to have it carbon-capture ready, which involves a certain way of going about sourcing what type of equipment you purchase for the plant.

But in terms of actual finalisation of all of these issues, that is a little way into the future and a lot of discussion is being held around these sorts of points.

Dr JOHN KAYE: Just on your comment about carbon-capture ready, are you aware of the MIT study, the interdisciplinary study from Massachusetts Institute of Technology, for the future of coal?

The Hon. IAN MACDONALD: I am aware of a number of studies in relation to coal, not necessarily that particular one.

Dr JOHN KAYE: Are you aware of a statement made in that study—and I should point out this is a study by probably the world's leading experts on coal—which states:

Opportunities to build "capture ready" features in the new coal plants—

There they mean, using the American expression, new coal-fired power stations—

regardless of technology, are limited. Pre-investment and capture ready features for IGCC or pulverised coal combustion plants designed to operate initially without CCS are unlikely to be economically attractive.

The Hon. IAN MACDONALD: I know that the issues of being economically attractive come into play, but what you have got to remember is that we will have a National Emissions Trading Scheme that is going to drive a lot of change in this area. We are also investing considerable amounts of money in clean coal technologies, at both State and Federal and corporation levels, and we have a number of other schemes such as greenhouse gas abatement schemes, forestry, et cetera, that can help mitigate some of those issues that MIT has raised.

The problem with the United States, of course, is they do not have a price set for carbon or are contemplating one. So, when MIT does its economic analysis, particularly the dry economic analysis over power stations, they are operating in the ambit where there is no price for carbon emission. You have a price for carbon emission—if it is a realistic one, not a disastrous one that sends your economy into a spin—you are going to be able to drive some of these technologies, and these technologies will become economically viable.

So, yes, I know what MIT has been saying; I have read this around the place, but they are working in a vacuum; they are not working within the context that there will be a price for carbon. Both Federal governments have set targets. Let us put it this way: in the case of the Howard Government, it has said it will be introducing one in 2012 and it will be setting the price sometime after the election. The Labor Party has indicated it will have a National Emissions Trading Scheme—the date it starts is not declared at this point—and it will set the price, after Garnault finishes his study, by about July next year.

So, that has a big impact on those MIT figures. If you go and look at the Epuron analysis they are doing of the same sorts of issues, they are calculating carbon emissions trading prices within their calculations, and that changes the economic viability of coal and other forms substantially.

Dr JOHN KAYE: With respect, Minister, you may have misunderstood what they are saying here. It is a specific technology comment about the difficulty of building plants that are carbon-capture ready. They are not talking about whether at a future time carbon plants would work. But let us leave that for the time being, although I would recommend you have a look at the report because it does say a number of things—

The Hon. IAN MACDONALD: I have read quotes from it.

Dr JOHN KAYE: Could we go back to the original proposition? If New South Wales were to approve, say, to 700 megawatts of coal capacity, at current best practice—which is about 800 kilograms of carbon dioxide per megawatt hour—operating at about a 90 per cent capacity factor, that would be 8.8 million tonnes of carbon dioxide a year, which would be about a 15.3 per cent increase on current emissions from the electricity industry.

What I do not understand is if you go ahead and do that, how can you then talk about meeting a target by 2020, which is back to 1990 levels, if we are allowing a 15.3 per cent increase in carbon dioxide emissions within one particular sector of the economy.

The Hon. IAN MACDONALD: Your figures of course are based on technology that is off-the-shelf at the moment. I am not sure if they are even the ones of best practice. But your figures might alter if you, say, order an IGCC plant from Mitsubishi, which operates at a far higher efficiency than any other plant that is currently in existence in Australia. Our highest plant is 36 per cent efficiency. The normal running IGCC plants you can get 42 per cent, but the newer ones are getting up to 48 per cent. If Siemens, Alstom, General Electric and some of the other companies commercialise nickel alloy turbines they are going to get the efficiency well up. That alone will decrease your figures dramatically because of the efficiency of the burn.

Dr JOHN KAYE: No, I calculated that; this is why I used an 800 kilogram per megawatt hour figure rather than the current New South Wales technology, which is 980 kilograms per megawatt hour.

The Hon. IAN MACDONALD: Even with that we will get it down dramatically, and capture technology will improve it even more.

Dr JOHN KAYE: What are you anticipating to be the greenhouse emissions factor with the next plant in New South Wales?

The Hon. IAN MACDONALD: That is something that will have to be worked out over the next year or so as industry puts forward its concepts for any further base load.

Dr JOHN KAYE: What is the modelling?

The Hon. IAN MACDONALD: I do not have the modelling figures.

Dr JOHN KAYE: Can you provide information about what level the current modelling is using for achievement, not in terms of efficiency but kilograms of carbon dioxide a megawatt hour?

The Hon. IAN MACDONALD: I am happy to release what is there in relation to modelling in the future.

The Hon. ROBERT BROWN: My colleague the Hon. Rick Colless and I, among others, recently visited the Upper Hunter Valley. During that tour we were privileged to inspect Macquarie Generation's solar project at Liddell Power Station. Stage two of that project, which is to be commissioned shortly, is planned to produce the equivalent of 4,400 megawatt hours of electrical energy. Macquarie Generation does not intend to use the steam from the solar generators in the main plant; that steam will be used in the feedwater system to reduce the requirement for mains steam. It is looking at significant efficiency gains.

Stage two of that demonstration plant covers about 18,000 square metres and the construction cost is about \$5.5 million. Of course, that excludes the fact that with a standalone generation plant the downstream facilities are already supplied. Macquarie Generation is a government-owned corporation and one could say that the money it is spending is government money. Are there any plans to expand that development into other power stations or to expand the Liddell solar power station to its full capacity?

The Hon. IAN MACDONALD: The Liddell power station solar project has been undertaken in stages. The first stage of the project was a one-megawatt system to establish and optimise direct solar steam generation using the compact linear Fresnel solar concentrator developed at the University of Sydney. The university researchers established a company—Solar Heat and Power Pty Ltd—to develop the technology towards commercialisation. We are working towards the commercialisation of a range of technologies to deal with our energy issues. New South Wales Government funding provided to Solar Heat and Power for the first stage of the project was \$163,300.

Macquarie Generation, a State-owned corporation, provided a further \$500,000 to the project. The project tested the performance of the system under a range of conditions and provided operational experience—a necessary step towards the development of larger-scale solar thermal power plant. The success of the project has led to the second stage, which is adding a further four megawatts to the solar system to supply steam into the coal-fired power station. Macquarie Generation is providing more than \$5 million for this stage. Depending on further success and cost effectiveness, further stages may be considered.

The Government also supported the research at Sydney University towards the development of the Liddell solar power system technology. Funding of \$626,000 was provided for a project to develop high-performance solar absorber surfaces suitable for operating at high temperature at the focus of concentrating collectors, such as the compact linear Fresnel reflector at Liddell. A number of absorber surfaces were developed that were evaluated for performance and lifetime at high temperatures. A surface was developed which is suitable for temperatures up to 300 degrees Celsius. This temperature is suitable for solar preheating power station feedwater.

The Government provided a further \$268,700 for a project at the University of Sydney to develop a direct boiling absorber system for a solar thermal power plant using the compact linear

Fresnel reflector technology and to obtain an understanding of the heat transfer processes involved. Improved knowledge of the heat transfer processes provided for optimisation of the various components for cost, corrosion resistance and structural integrity. The design is being used in the Liddell solar power plant. In total, the Government has provided funding of \$1.058 million towards the development of the Liddell solar power system technology in addition to the funding provided by Macquarie Generation.

Solar Heat and Power, as a result of the Liddell project, has secured funding of \$42 million in the United States for the development of a utility-scale solar thermal power system in California. In addition to the support for the Liddell solar technology, the Government has been providing funding of \$714,000 for other solar thermal technology projects.

The Hon. ROBERT BROWN: Does the State Government have any right to a share of the intellectual property?

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

The Hon. ROBERT BROWN: We have all seen reports in the press recently regarding desalination plant, the requirement for wind farms and so on. It was recently reported that the desalination plant would be supplied with power from 75 turbines from as many as six wind farms. They will not necessarily be built across New South Wales because I understand that the Government's policy is to buy the best green electricity from whatever source is available. In August this year, an announcement was made that more than 130 manufacturing jobs were to be lost in south west Victoria at Vestas Wind Systems, which planned to close its Portland blade factory. The company closed a similar \$15-million factory in Tasmania last year, laying off 65 staff. The New South Wales-based grid energy companies that are talking to the Government about building wind plants in New South Wales have indicated to me that they are prepared to install manufacturing capacity in New South Wales for blades. Given that no-one else will be supplying blades in Australia—they would have to be imported—is any consideration being given to the commercial aspects of buying the cheapest greenhouse power for the desalination plant and the downstream economic advantage to New South Wales were these plants to be built in New South Wales?

The Hon. IAN MACDONALD: The Government's commitment to the utilisation of green energy for the desalination plant is firm. Yes, we are looking at establishing a number of wind power plants to provide that energy. In 2001, the Government published the New South Wales *Wind Energy Handbook* and the *Wind Atlas*. That is a comprehensive kit of accurate and impartial information on all aspects of energy development for New South Wales. It has material for all participants in commercial wind energy development, including decision-makers, developers, investors, landholders and the local and wider communities. Although the southern parts of Australia have more favourable wind conditions, New South Wales has the benefit of stronger grid connections, which may assist in attracting additional investment in wind power in New South Wales. An increase in renewable energy development also means an increase in jobs. For example, in New South Wales there are 10 approved but unbuilt wind farms ranging in size from eight megawatts to 132 megawatts.

The New South Wales renewable energy target will encourage investment in the construction of these wind farms. If these approved wind farms were all built, this would secure investment of more than \$800 million in New South Wales and provide approximately 400 construction jobs and about 50 ongoing maintenance jobs. Obviously, the New South Wales Government cannot comment on the commercial decision made by Vestas Wind Systems to close its wind turbine blade manufacturing facility in Victoria other than to say that if Vestas does not build the blades for a rapidly growing wind energy industry, I am sure someone else will.

For years now the Federal Government has ignored calls from the renewable energy industry to increase the Commonwealth mandatory renewable energy target. I think it is about 2 per cent. It is inaction by the Federal Government that has caused Vestas to decide to move its manufacturing of wind turbine blades offshore as there is not a big enough market for them in this country. The New South Wales Government wants clarity from the Federal Government on this issue and for it to increase its renewable energy target, and it has taken the matter into its own hands by announcing a New South Wales-based renewable energy target. Once approved by Parliament, the New South Wales-based renewable energy target will provide a massive boost to the wind and other renewable

energy industries in Australia, as will the continued strong growth in the New South Wales Government's voluntary green power program. The New South Wales Government initiatives will mean that more and more wind farms get built.

The outlook for wind energy in New South Wales has been getting better. We had the recent announcement by Epuron, proposing a 400 to 500 turbine wind farm near Broken Hill in the far west of the State. If planning approval is granted for this development Epuron estimates it will create between 50 and 100 permanent maintenance jobs for the wind farm's operations. The estimated 75 wind turbines required to power the Sydney desalination plant is not that significant in the global scheme of things. The wind energy industry in Australia will grow in response to this Government's sound renewable energy policy. That means there will be an increase in demand for wind turbine blades and all the components that go into making wind turbines.

The Hon. PENNY SHARPE: My question is looking for an expansion on the New South Wales position in relation to supporting wind farm projects generally.

The Hon. IAN MACDONALD: I need to deal with this question because it has been raised publicly, so I thank you for asking the question. Let me state clearly, as I did in various interviews, that I support the development of wind farms. That support extends to both in New South Wales and right across the national electricity market, otherwise known as the NEM. But, I do not think the Government should be deciding which development should go ahead and which should go back to the drawing board. The decision to invest in a new wind farm development should be made by the industry. So, I am not making a judgment as to whether the Epuron proposal at Silverton near Broken Hill is good or not. That is a decision for Epuron. But, if we want to see more wind farm developments we will need a sustainable and robust renewables industry across the national electricity market, an industry that is commercially viable and can stand on its own two feet. If we are to have a viable wind industry across the national electricity market we need the best project to succeed. We should not be picking winners. If the project is commercially viable, it is likely that the investment will go ahead.

New South Wales recognises that we do not have the same consistent wind resources that some other States have. That is why we have allowed our renewable energy target to be met from anywhere across the national electricity market. If we were to restrict it to New South Wales only, while we would potentially be able to meet the target, it would cost New South Wales electricity consumers significantly more. The Department of Water and Energy advises me that South Australia and Tasmania, followed by Victoria, have numerous viable sites where wind speeds are high. That is not to say that New South Wales does not have any viable wind sites; it is that New South Wales does not have a large number of commercially attractive sites.

The market itself has spoken on this issue. This has been amply demonstrated by the number of wind farm developments and proposals in those areas to take advantage of the consistently good wind speeds. New South Wales represents about a third of electricity demand and a third of the electricity supply, however when it comes to wind we have a total of only 17 megawatts, a total installed capacity of approximately 620 megawatts. That is around 2.7 per cent of the wind turbines in the national electricity market located in New South Wales.

Crookwell wind farm, built by the New South Wales government-owned Pacific Power was the first grid-connected wind farm in Australia when installed in 1998. This demonstrates the New South Wales Government's long history of support for this industry. Most wind farms are located on coastal strips. That is because the wind velocity on the coast tends to be higher than in inland areas, except for some wind hotspots in inland areas. Wind hotspots generally occur on rounded hills where there is smooth terrain causing acceleration of the wind and making a turbine more viable at such locations. Wind speeds vary considerably across relatively small distances. For instance, what might be an excellent turbine site at point A, at point B only a couple of kilometres away the wind speeds are not viable.

It is not useful to try to calculate an average wind speed for the State. Instead, consideration needs to be given to individual sites. I am advised that wind speed of around seven metres per second is generally required for a project to be viable. However, that number can vary. For instance, in some areas of Europe only six or 6.5 metres per second is the general requirement to get a project off the

ground. There are some sites in New South Wales with wind speeds consistently over seven metres per second. However, there are a number of sites in South Australia and Tasmania with wind speeds of over eight metres per second. Sustainability shows on its website significant areas of wind speeds up to 7.5 to eight metres per second. That might not seem like a significant difference from sites in New South Wales—just one metre per second—however that one metre per second difference means that a site with a wind of eight metres per second will provide 50 per cent more wind generation than a site with a speed of seven metres a second.

As I have already mentioned, in 2001 the New South Wales Government published the *New South Wales Wind Energy Handbook and Wind Atlas*, a comprehensive kit of accurate and impartial information on all aspects of wind energy development for New South Wales. It has material for participants in commercial wind energy development, including decision makers and those involved. The Atlas showed the wind speeds in varying locations across New South Wales based on a number of years of monitoring. This provided a general guide to wind speeds. New South Wales in particular has large areas where wind speeds are not particularly high such as the Tibooburra, Wilcannia, Menindee and Cobar regions. The Atlas showed relatively low wind speeds for the site at Broken Hill near Epuron's proposed development. However, I understand that Epuron has since done its own monitoring of wind speeds at a nearby location, which has turned out to be more promising. I welcome this.

On 22nd June 2007 the New South Wales Government introduced into Parliament and made available for public comment the renewable energy bill. The scheme establishes a target of 15 per cent of electricity consumed in New South Wales by 2020 coming from renewable energy sources such as wind farms. Thirty-nine submissions from individuals, retailers, industry and community groups were received during the public consultation process. Most submissions were supportive of a renewable energy target. As a result of the submissions a number of amendments to the bill are proposed which will clarify the implementation of the scheme. The New South Wales renewable energy target scheme is due to commence on 1 January 2008. The New South Wales Government welcomes the proposal, as I said, that Epuron as put forward however I reinforce that any decision to proceed with the wind farm is a completely commercial matter for Epuron. The New South Wales renewable energy target scheme will benefit a number of renewable proposals, and those that are the most competitive in the time frame will benefit.

I have taken a bit of time to clarify this because the issue has received some amplification in the media and in Parliament. The Government's position is firmly based on that modelling and data that has been collected on wind speeds in New South Wales. We want to have the development of wind farms to power our energy sources in New South Wales. We have a national grid. We have far more sites that consistently have wind speeds that meet that commercially viable target. As I said, the gap between seven metres per second and eight metres per second is 50 per cent. We believe we have to take that into account, but the aim of the scheme is to see wind farms. Some of them may not be in New South Wales, but that is up to those companies who wish to take up the option of building such wind power plants.

The Hon. RICK COLLESS: Minister, what is your position and your view of the Premier's decision to privatise the energy industry?

The Hon. IAN MACDONALD: The Government is considering this issue. The Government has not made any decision to privatise anything. The matter is under discussion at the moment and will be dealt with later. No decision for sale of anything has been made. What has been put forward are recommendations from Professor Anthony Owen, and those proposals are being considered.

The Hon. RICK COLLESS: What is your position on it, Minister? In the past you have been absolutely opposed to the privatisation of energy. I refer you back to some of your statements in 1997 when you referred to the proposal at that stage as a "kamikaze mission", a "political suicide note" that will "destroy Labor heartland" and "create enormous dislocation and lead to long-term division." Do you still hold those views?

The Hon. IAN MACDONALD: I am a Cabinet Minister at the moment and I am subject to discussion.

The Hon. RICK COLLESS: That is substantially different to being a secretary of the socialist Left, as you were in those days?

The Hon. IAN MACDONALD: Let me just remind the honourable member that there have been many changes since 1997 that have evolved within the system of power supply and generation in New South Wales.

CHAIR: Political power?

The Hon. IAN MACDONALD: No, I am talking about physical energy that is delivered to people's homes and businesses. The formation of an NEM, an Australian energy regulator, and a national framework that was only in its infancy in 1997 when those comments, which seem pretty accurate, were attributed to me.

The Hon. RICK COLLESS: I have literally thousands of quotes from you.

The Hon. IAN MACDONALD: It is the first time that The Nationals have done any decent research.

The Hon. RICK COLLESS: They are from various media outlets and also *Hansard* of some years ago where you consistently said that you were absolutely opposed to the privatisation of the electricity industry. What is it that has changed your view on that?

The Hon. IAN MACDONALD: I have not stated a view on that. This matter Cabinet discussion and that is where I will keep my comments.

The Hon. RICK COLLESS: What is the definition of leasing under the proposed long-term leasing of government-owned energy assets?

The Hon. IAN MACDONALD: That is again part of the discussion that will be conducted in relation to the recommendations made by Professor Owen.

The Hon. RICK COLLESS: What is actually going to be involved in that long-term lease?

The Hon. IAN MACDONALD: That is for Cabinet to consider, indeed there is a long-term lease or if indeed there is a lease. These matters have not been determined and I am not going to prejudge my colleagues in Cabinet.

The Hon. RICK COLLESS: What briefings have you had since the election on the Government's plans to privatise the energy industry?

The Hon. IAN MACDONALD: I have not had any briefings as such on the "Government's plans to privatise energy". I have had a lot of discussion with many organisations, both for and against, on the issue of what is the future of energy supply in New South Wales. They are wide ranging. I have met with people who have totally opposite views. I have had many, many meetings.

The Hon. RICK COLLESS: Did you have any meetings with Professor Owen prior to the release of the Owen inquiry?

The Hon. IAN MACDONALD: I met Professor Anthony Owen, yes, during the course of his review.

The Hon. RICK COLLESS: Did you discuss with him the issues of privatisation and leasing options?

The Hon. IAN MACDONALD: I do not recall that I specifically discussed either of those topics. We had a more general discussion, but, I mean, this was some time back now.

The Hon. RICK COLLESS: What is the projected income from that privatisation process?

The Hon. IAN MACDONALD: I think that is subject to Cabinet discussion. I do not have a figure in my mind. No decision has been made.

The Hon. RICK COLLESS: Do you have any intentions again to sell off the Snowy Hydro?

The Hon. IAN MACDONALD: That has not been raised with me. The Snowy Hydro, mind you, is a different type of authority—

The Hon. RICK COLLESS: Yes, we understand that.

The Hon. IAN MACDONALD: —being one that is essentially a tripartite authority and requires considerable agreement between the three shareholders in terms of its future: Victoria, the Commonwealth and ourselves.

The Hon. RICK COLLESS: You mentioned a while ago emissions trading schemes and that the Americans had not set a price for carbon. What do you believe will be a realistic price for carbon once the scheme is started?

The Hon. IAN MACDONALD: You are trying to get me into the headlines today, aren't you? In relation to setting this, I am keen to see what Professor Garnault comes up with. He is effectively doing the Stern report for Australia. I have heard a number of figures mentioned in terms of dollars per tonne but I think that there needs to be a lot more work. I have not set, in my own mind, what the figure is.

The Hon. RICK COLLESS: On the ballpark figures that you have heard, what sort of range are they?

The Hon. IAN MACDONALD: That is another way of trying to get me—

The Hon. RICK COLLESS: Well, you have said you have heard—

The Hon. IAN MACDONALD: Well I have heard a number of figures, lots of figures. I do not think that I should be burbling out figures that I have heard.

The Hon. RICK COLLESS: I won't hold you to them.

The Hon. IAN MACDONALD: I know you won't do anything but this is a critical issue because we have to balance a system that will get us to our targets, that is, make cuts to carbon emissions over the future decades, as well as not send our economy into some freefall with a recessionary trend created by an overambitious target, but the target has to be enough to create change, as I have been saying virtually all the way through. This will be the mechanism that will drive the change that is necessary. In terms of that figure, I would rather wait and see what Professor Garnault comes up with and, of course, we will have discussions with the Commonwealth and with industry in setting a realistic figure.

Most companies that I have spoken to, whether it be in the mining field or energy field, recognise that there is a target coming and most believe that that target should be a balanced and realistic one, one that achieves economic goals as well as keeps our economy afloat.

The Hon. RICK COLLESS: In relation to carbon sequestration, there has been a lot of talk about geosequestration, including coal and so on, as we have heard this morning. What about biosequestration of carbon and the potential for that, particularly in relation to agricultural soils? Has anyone in your department done any research work in biological sequestration of carbon?

The Hon. IAN MACDONALD: Yes, I understand that people have been working on processes to create a soil conditioner, which effectively stores carbon in the soil.

The Hon. RICK COLLESS: Is this char?

The Hon. IAN MACDONALD: Yes, I think that is the name of it, but other work is being done at Newcastle University where they are looking at the utilisation of carbon for the rapid development of algae, which can have beneficial impacts in terms of oil production of biofuel. Because carbon is recognised as a great driver of growth, if you can capture the carbon into tubes through water, with the usage of heat through the sun, you can stimulate dramatically the growth of algae. They are looked at this at Newcastle and also at Auckland University in New Zealand. There are a number of other types of sequestration that could eventually provide benefits to agriculture.

The Hon. RICK COLLESS: What about agricultural soils?

The Hon. IAN MACDONALD: Yes, there is work being done.

The Hon. RICK COLLESS: What work is being done in relation to agricultural soils? That is substantially different to what you have mentioned in terms of char and algae?

The Hon. IAN MACDONALD: I will outline what we are doing in the Department of Primary Industries. We are increasing soil carbonation sequestration by better management of pastures.

The Hon. RICK COLLESS: What is the potential for carbon storage there?

The Hon. IAN MACDONALD: The project aims to quantify the magnitude of soil sequestration pastures under a range of management practices in central and southern New South Wales and to estimate the soil carbon sequestration potential. This work being done by the Department of Primary Industries will give us an idea of the role that pastures can play in sequestration, but I do not have a quantity. I can give some background to it, if you like. There are others.

The Hon. RICK COLLESS: In terms of the potential for geothermal power, what work is the department doing in relation to exploring and researching the potential for geothermal generation?

The Hon. IAN MACDONALD: Hot rocks is, of course, one of the areas that Anthony Owen looked at when he was doing his review. There is work being done there; I do not know whether it is specifically by the department. But there have been a number of proposals that I have been trying to assist. One is in the Hunter Valley, where there are some old mine sites which are on fire internally, where there is a belief that you could create considerable amounts of steam to drive generators. That is one area that is under discussion. I understand that the CSIRO and others, plus a number of companies, are looking at this area of geothermal production.

The Hon. RICK COLLESS: So the department is not going to be involved in that research?

The Hon. IAN MACDONALD: I do not believe so, not at this stage.

The Hon. DUNCAN GAY: Can you help the Committee where an undertaking to privatise part of the electricity industry was in the election material you took to the people of New South Wales in March?

The Hon. IAN MACDONALD: The actual document that had some commitment?

The Hon. DUNCAN GAY: Yes.

The Hon. IAN MACDONALD: I do not have that material available.

The Hon. DUNCAN GAY: Is that because they was no such document?

The Hon. IAN MACDONALD: I am not sure whether there was one or not.

The Hon. DUNCAN GAY: You are not sure of much, are you?

The Hon. IAN MACDONALD: I was not energy Minister during the election campaign; I was other things.

The Hon. TREVOR KHAN: Are you able to indicate how many people are employed in the generating and distribution electricity industry in New South Wales?

The Hon. IAN MACDONALD: A lot. I do not have the actual figure.

The Hon. TREVOR KHAN: I understand there were some 13,500 in 1996.

The Hon. IAN MACDONALD: I can give you the figures now: EnergyAustralia, 4300; Integral Energy, 2500; Country Energy, 3300; TransGrid, 950; Macquarie Generation, 600; and Delta Electricity, 700. I do not have the Eraring Energy figure.

The Hon. TREVOR KHAN: Do I take it that as part of the process, including as part of the Owen report process, some modelling would have been done on the adjustment in workforce numbers that would flow from privatisation? Are you able to assist the Committee with what those figures would be?

The Hon. IAN MACDONALD: I do not have those figures in front of me, but if we have some figures we will try to supply them to you.

The Hon. TREVOR KHAN: Back in 1997 Steve Turner of the Public Service Association—

The Hon. IAN MACDONALD: A good friend of mine.

The Hon. TREVOR KHAN: —in a dissenting report indicated that there was clear evidence that privatisation would cost 4,000 jobs. Noting your close friendship, are you able to indicate whether his estimate of 4,000 jobs remains accurate now?

The Hon. IAN MACDONALD: I do not think the proposals that Anthony Owen has put forward are anywhere comparable to what he has put forward. Compared with 1997 in the Hogg report and the discussion that evolved out of that, I think it was a total—

The Hon. RICK COLLESS: Which you opposed.

The Hon. IAN MACDONALD: We know that. That is not rocket science. The proposal put forward by Owen is of substantially less order than the proposal put forward then. The previous one was for everything to be sold.

The Hon. DUNCAN GAY: When my colleague said you were opposed to it, you said, "We all know that. Yes, we do." Have you just changed your stance because you are a Minister?

The Hon. IAN MACDONALD: I think that is a dreadful question. I am a representative of the Government, and I will be dealing with the issues as a representative of the Government. I do not impose my personal views on this Committee.

The Hon. DUNCAN GAY: So you are still opposed to it, are you, Minister?

The Hon. IAN MACDONALD: Come on. You are not some sort of Perry Mason now, are you?

The Hon. DUNCAN GAY: Premier Iemma, in a letter to the union, said, "Privatisation of the State Government-owned energy companies is not on our agenda." Do you feel comfortable being a Minister who is breaking such a clear-cut promise by your Government?

The Hon. IAN MACDONALD: The Government has made no decision at this point.

The Hon. DUNCAN GAY: You are saying there will not be privatisation, without going to the people?

The Hon. IAN MACDONALD: No, I am not saying anything of the sort.

The Hon. DUNCAN GAY: You are not saying anything! How about saying something?

The Hon. IAN MACDONALD: I am saying a decision has not been made at this point—that is fact.

The Hon. DUNCAN GAY: Will you resign if Cabinet makes that decision?

The Hon. IAN MACDONALD: Come on!

The Hon. DUNCAN GAY: It is a fair question, Minister. You have been loud and proud against this, wearing your leftie credentials—

The Hon. IAN MACDONALD: I am not resigning on any particular policy issue—privatisation of the electricity industry or anything else.

The Hon. DUNCAN GAY: So you are waxing and waning; it is only a matter of keeping a white car ahead of your credibility?

The Hon. IAN MACDONALD: I am not waxing and waning.

The Hon. DUNCAN GAY: You are. You will not give us an answer on that. Yes or no, Minister? Will you resign if Cabinet goes ahead with privatisation of the electricity industry?

The Hon. IAN MACDONALD: I am not resigning over this issue or any other—

The Hon. DUNCAN GAY: That is a no!

The Hon. TREVOR KHAN: I understand the recommendations that have been put forward by the Owen report include the divestiture by the State of the retail arms of EnergyAustralia, Integral Energy and Country Energy. As Minister is it your intention that those three retail arms be divested?

The Hon. IAN MACDONALD: The Government will be considering these issues in due course and making a decision.

The Hon. RICK COLLESS: What will your recommendation be?

The Hon. IAN MACDONALD: I am not required to make my recommendation public at an estimates committee hearing.

The Hon. RICK COLLESS: We need to know what is your view about all this. I think you probably do have a responsibility to make it known.

The Hon. IAN MACDONALD: Mr Chair, I do not have to put my view forward, here or anywhere else.

The Hon. TREVOR KHAN: Do you see anything intrinsically different in the nature of the retail arms, that is, between EnergyAustralia, Integral Energy and Country Energy?

The Hon. IAN MACDONALD: Country Energy basically has a country constituency, Integral Energy has a bit of both, and EnergyAustralia is basically located in the centre of Sydney. What do you mean?

The Hon. TREVOR KHAN: Are you prepared to recommend, for instance, that Country Energy not be divested in by the State Government?

The Hon. IAN MACDONALD: I am not doing policy here.

The Hon. DUNCAN GAY: When do you do policy?

The Hon. IAN MACDONALD: Outside here.

CHAIR: I welcome further questioning, but the Minister has clearly stated that what goes on in Cabinet stays in Cabinet. I suggest we get to the issue of estimates.

The Hon. IAN MACDONALD: The three gentlemen here have not had much experience of Cabinet, so they do not understand the predicament I am in. And if I know anything, they will not have a chance in future!

The Hon. DUNCAN GAY: Unlike you, we have never lost in Cabinet. You are yet to win.

The Hon. IAN MACDONALD: Come on. I have won plenty, Duncan. You know that.

CHAIR: We will have one more question from Dr John Kaye—

The Hon. PENNY SHARPE: Point of order: We resolved before the hearing that it would be 40 minutes on Energy and 40 minutes on State and Regional Development.

CHAIR: It was 50 minutes on Energy. I received agreement, and I am covering the forms as best I can. I am simply giving Dr John Kaye one question in the four minutes he is allowed, and I would expect it would be less than that four minutes.

Dr JOHN KAYE: Minister, obviously the debate about the wind resource in New South Wales is very important to the legislation coming up and to how we resolve the industry policy question on how we foster a wind energy industry in New South Wales. On that basis, and also given your answer to an earlier question in which you indicated that your wind map had not identified the high-quality wind site that Epuron has now identified, it would be useful for the debate, would it not, if you were to release the advice you have received on wind and on the statement that New South Wales is not a high wind State, or at least is a less beneficial wind State compared with Victoria, South Australia and Tasmania. It would be useful if you were to do so in advance of the debate on the legislation.

In respect of the economic cost and benefits to New South Wales of allowing Mandatory Renewable Energy Target projects to go interstate, clearly there are costs but also there are benefits. It would be sensible for the department to analyse that; it would be sensible to have that analysis in the public domain as well.

The Hon. IAN MACDONALD: I do not think you necessarily just have to believe me. For instance, a major article in the *Australian* of 10 October reads:

Mr Durran, the executive director of German renewable energy company Epuron's Australian subsidiary, yesterday rejected assertions from NSW Energy Minister Ian Macdonald that NSW "isn't a high-wind state".

Yet according to be Bureau of Meteorology, Mr McDonald is right—

How is that?

Big and steady wins around Australia occur in exposed southern coastal areas, while those that Broken Hill would not feel a windsock most of the year.

But in a discussion ... yesterday, Mr Durran revealed that there were two other motivations for Epuron to choose the far west of NSW for the proposed \$2 billion project.

One is the NSW Government legislation before parliament to create a big artificial market for renewable energy.

He then goes on to say something about the cheap land around Broken Hill. But I just want to come down here in relation to the point I made:

Senior Bureau of Meteorology Officer Graham De Hoedt yesterday said the strongest and most consistent winds were in coastal areas, particularly in South Australia, the Territory and Tasmania, which are exposed to strong prevailing southwest winds.

Parts of coastal Queensland enjoyed trade winds, Mr De Hoedt said—

Dr JOHN KAYE: With respect I can read *The Australian* and have read *The Australian*. What I want to know is—

The Hon. IAN MACDONALD: I am going to finish this.

CHAIR: Dr Kaye, the Minister does have the right to answer the way he sees fit.

The Hon. IAN MACDONALD: Thank you, Mr Chair. I am going to be short.

But in places deep inland such as Broken Hill "you tend to get less windy conditions in general". Historical data for January showed winds there came in above 10 kilometres per hour only 20 percent of the time, and above 20 kilometres per hour 10 percent of the time.

In contrast, the wind blew at Ceduna in South Australia faster than 20 kilometres per hour...

In the same time frame, but for about half the time that month. I am not making this up. This is the evidence!

Dr JOHN KAYE: So you are saying that you are basing your statement on a report in *The Australian*?

The Hon. IAN MACDONALD: No.

Dr JOHN KAYE: Excuse me, Minister. You are basing the Mandatory Renewable Energy Target legislation, which allows projects to be out of this State, on a report that you have read in *The Australian*?

The Hon. IAN MACDONALD: No. That is stupid. You're stupid.

Dr JOHN KAYE: Thank you very much.

The Hon. IAN MACDONALD: That is crazy. I was quoting the Bureau and I have been quoting the wind atlas—

Dr JOHN KAYE: Minister, will you release the report?

CHAIR: Time is up. The Minister can reply if he wants to—no.

(The witness withdrew)

CHAIR: We now move on to State Development portfolio and the Food Authority.

MICHAEL CULLEN, Acting Director General of the Department of State and Regional Planning, and

GEORGE DAVEY, Director General of New South Wales Food Authority, affirmed and examined.

The Hon. TREVOR KHAN: Minister, I will direct the questions to you but no doubt it maybe appropriate for you to seek assistance. I asked the question at the wrong time before with regard to you essentially having responsibility for the Food Authority—

The Hon. IAN MACDONALD: You said Safe Food Authority.

The Hon. TREVOR KHAN: And that is correct?

The Hon. IAN MACDONALD: Well, it is the Food Authority now.

The Hon. TREVOR KHAN: In regard to that, there are a number of previous legislative responsibilities taken over by that authority that previously rested with the New South Wales Dairy Corporation?

The Hon. IAN MACDONALD: We amalgamated the thing together, yes, and also some stuff from the Health Department. It was the bringing together of agencies that were responsible for food safety from paddock to plate. That was the aim of the agency.

The Hon. TREVOR KHAN: I take it amongst those functions there were a number of controlled entities that were also brought under the control or auspices of the authority, is that correct?

The Hon. IAN MACDONALD: Like?

The Hon. TREVOR KHAN: Milk Marketing New South Wales Pty Ltd?

Mr DAVEY: Yes.

The Hon. TREVOR KHAN: That is right. Milk Marketing (New South Wales) Pty Ltd is a corporation subject to the normal Corporations Act requirements?

The Hon. IAN MACDONALD: I will hand you over to George who will know this backwards.

The Hon. TREVOR KHAN: That is right is?

Mr DAVEY: Yes.

The Hon. TREVOR KHAN: In that respect, for instance, the directors have the same responsibilities in their duties as directors of Milk Marketing (New South Wales) Pty Ltd as any other director?

Mr DAVEY: Correct.

The Hon. TREVOR KHAN: Subject to the same fiduciary obligations that apply as directors of the company?

Mr DAVEY: Correct.

The Hon. TREVOR KHAN: You would agree with me that those obligations are to act, in a sense, honestly and fairly in respect of their dealings with the company

The Hon. TREVOR KHAN: Is that right? That is not to advance their own interests in any way in the dealings with the company?

Mr DAVEY: Yes.

The Hon. TREVOR KHAN: And not to advance any other interests apart from the interests of the company itself, is that right?

Mr DAVEY: Correct.

The Hon. TREVOR KHAN: Milk Marketing (New South Wales) Pty Ltd is a company that no longer is active or in fact trading in any shape or form? That is the case, is it not?

Mr DAVEY: No, it is still active.

The Hon. TREVOR KHAN: It ceased its operations back in about 2000, isn't that the case?

Mr DAVEY: No.

The Hon. TREVOR KHAN: Well, if one were to look to the accounts for the year ended 2006, page 68 —do I take it from your last answer it is incorrect to say its principal activity was the promotion of milk and dairy products in New South Wales on behalf of Safe Food, the company ceased all marketing activities at 30 June 2000 and continues as a subsidiary of the New South Wales Food Authority?

Mr DAVEY: That is correct.

The Hon. TREVOR KHAN: All remaining funds continue to be used for the benefit of the New South Wales dairy industry.

Mr DAVEY: That is correct.

The Hon. TREVOR KHAN: The amount of the funds are how much—that are held by the company?

Mr DAVEY: I think it is around \$700,000, something of that order.

The Hon. TREVOR KHAN: Have you had a look at the accounts for the year ended 30 June 2006?

Mr DAVEY: I have, yes.

The Hon. TREVOR KHAN: I take it there are draft accounts that are just about to be published for the year ended 30 June 2007?

Mr DAVEY: Correct.

The Hon. TREVOR KHAN: As at 30 June 2006 there was something in the order of \$1 million apparently held in the name of—

Mr DAVEY: That is probably right.

The Hon. TREVOR KHAN: That is an amount that has been approximately the same, I think increasing from about \$950 to \$1 million over the period of 2000 to 2006?

Mr DAVEY: Correct.

The Hon. TREVOR KHAN: The source of those funds is interest that is earned on the monies invested, is that right?

Mr DAVEY: That is right.

The Hon. TREVOR KHAN: Where are the funds invested?

Mr DAVEY: I would have to get back to you precisely on that but they are invested in term deposits.

The Hon. TREVOR KHAN: And they are held in the name of the company?

Mr DAVEY: That is right.

The Hon. TREVOR KHAN: And the interest? Is that applied to the accounts in the name of the company?

Mr DAVEY: That is right.

The Hon. TREVOR KHAN: It is not diverted into any other account at any stage?

Mr DAVEY: No.

The Hon. TREVOR KHAN: What activities is the company currently undertaking?

Mr DAVEY: The company provides market intelligence to the industry. It provides information on issues that could impact on the viability of the dairy industry. It supports activities conducted with the benefit of the industry. For example, it provides sponsorship for the Dairy Industry Association of Australia New South Wales divisional conference each year. It provides support to representation at the International Dairy Federation, which also provides information to the members of the New South Wales Dairy Industry conference.

The Hon. TREVOR KHAN: Are there published accounts for the company for the years 2000 to 2006?

Mr DAVEY: Yes, there would be.

The Hon. TREVOR KHAN: Are you aware that the Minister has received a relatively recent request for copies of those accounts?

Mr DAVEY: No, I am not aware of that.

The Hon. TREVOR KHAN: I think Mr Andrew Fraser may have sent a request on or about 11 October in regard to those accounts.

Mr DAVEY: No, I am not aware of that.

The Hon. TREVOR KHAN: What are the major expenditures that are incurred by the company?

Mr DAVEY: As I indicated, sponsorship of the Dairy Industry Association of Australia annual conference, subscription to a number of publications that are made available to members of the New South Wales Dairy Industry and representation at meetings of the International Dairy Federation.

The Hon. TREVOR KHAN: In relation to representation at the International Dairy Federation, who authorises those expenditures?

Mr DAVEY: The board of the company.

The Hon. TREVOR KHAN: Who attends the meetings of the federation?

Mr DAVEY: I do.

The Hon. TREVOR KHAN: How are accounts rendered to the company in relation to those attendances?

Mr DAVEY: Obviously travel expenses that are associated with attending those meetings. If there are registration fees for particular conferences, that is met by the company.

The Hon. TREVOR KHAN: The company has existed for six or seven years since it ceased its marketing activities, is that the case?

Mr DAVEY: That is correct.

The Hon. TREVOR KHAN: Something in the order of \$1 million sits in an account?

Mr DAVEY: Correct.

The Hon. TREVOR KHAN: Which generates income, I would suggest to you, of between \$30,000 and \$50,000 a year at least, is that right?

Mr DAVEY: It could be. I would have to look at the figures.

The Hon. TREVOR KHAN: For the year ended 30 June 2006 it was something in the order of \$51,000.

Mr DAVEY: That could be right.

The Hon. TREVOR KHAN: The total amount of money has increased by a modest, it would seem, \$50,000 over that six or seven year period, is that right?

Mr DAVEY: It could be, yes.

The Hon. TREVOR KHAN: If we allowed for compounding interest over that period, I would suggest to you if it were not for these various expenditures for attendances at conferences and the like, something in the order of \$1.5 million would be standing in the name of the company.

Mr DAVEY: I do not know. I cannot answer that question.

The Hon. IAN MACDONALD: Are you suggesting that the international links with the International Dairy Federation and linkages that are looking at issues in the dairy industry globally and their impact on Australia are not a legitimate activity? Is that with you are trying to suggest?

The Hon. TREVOR KHAN: Minister, I am not here to answer your questions.

The Hon. IAN MACDONALD: I could rephrase that as an answer.

The Hon. TREVOR KHAN: What is intended with this company from this point on? Is it intended that the funds will simply be pulled out for attendances at conferences by public servants each year from now on?

Mr DAVEY: That is not the only purpose for which the funds are expended, as I indicated earlier. They are there to support other industry activities, such as, sponsorship of industry conferences. It has also been used to support the attendance at the International Dairy Federation by people other than myself, so it is not only my expenses. For example, recently the company rendered support to a member of the New South Wales Farmers Association to attend an International Dairy Federation meeting in Ireland. So the money is there for those sorts of purposes.

The Hon. TREVOR KHAN: Did you attend a conference in Ireland?

Mr DAVEY: I did.

The Hon. TREVOR KHAN: How long were you away for?

Mr DAVEY: About a week.

The Hon. TREVOR KHAN: Or was it three weeks?

Mr DAVEY: No, it was not three.

The Hon. TREVOR KHAN: Are you able to provide a more detailed breakdown of the company's expenditures for the year ended 30 June 2000 to the year ended 30 June 2007 that appear in the published reports?

Mr DAVEY: They do appear in the published reports.

The Hon. TREVOR KHAN: I asked for more details. Are you able for each of those years to show how much was expended, for instance, on the various attendances at conferences and other activities undertaken by the company?

Mr DAVEY: Yes, I can do that.

The Hon. TREVOR KHAN: That would include on whom the money has been spent?

Mr DAVEY: Yes.

CHAIR: Minister, the New South Wales Food Authority website states that even where the food is fresh or not in a packet, a retailer must be able to provide to you on request any information about whether the food contains a genetically modified [GM] ingredient or is irradiated. How is this monitored and enforced?

The Hon. IAN MACDONALD: I will come back to you on that and give you an answer.

CHAIR: Minister, would you mandate labelling genetically modified foods and foods containing genetically modified ingredients, including meat from genetically modified-fed animals, to give consumers a real choice in deciding whether or not they wish to consume genetically modified products?

The Hon. IAN MACDONALD: We are part of FSANZ [Food Standards Australia New Zealand], which is the national organisation. Our particular labelling codes and rules are derived from that national scenario. We do not run off and do our own thing in this area. If you really want to look at that issue, it is an issue that has to be taken up on a national basis.

CHAIR: Do you say in your capacity as Minister at State level you are not able to guarantee labelling under these circumstances?

The Hon. IAN MACDONALD: The whole recent effort in this area is to get national uniformity. We tend to fit within that approach. I think that is the right approach because it would be clearly uneconomic to have each State having different labelling laws apply to similar products. This part of the ongoing labelling discussion has been going on ever since I have been on the FRMC board.

CHAIR: In relation to products produced in New South Wales using genetically modified feeds and so on, you cannot give a guarantee without national agreement—even though you may be moving forward in that direction, for example, with feed stocks that are genetically modified?

The Hon. IAN MACDONALD: We apply national rules.

CHAIR: Therefore, you could not give a guarantee that the people of New South Wales as consumers will be properly notified of the consumption of GM products?

The Hon. IAN MACDONALD: I think you will find that a lot of companies on their product do indicate around those issues to some degree, but it is my understanding it is not part of the national code.

CHAIR: The other day I asked you questions about concerns with the Japanese delegation in Australia. You were at pains to state that the oil that was being used from the export of canola does not contain DNA and as a result was not an issue. With the export of Australian canola or any canola, part of the process involves the production of oil in, for example, Japan. The process of producing the oil generates substantial feedstock, which would make it worthwhile for Japanese importers to feed it to their cattle. In many cases, the cattle are of a very high order in terms of specific consumption. Does it create an issue for you that they may refuse to feed their cattle that GM product?

The Hon. IAN MACDONALD: Not particularly. The ABARE [Australian Bureau of Agricultural and Resource Economics] report, I think it is, that was released not too long back indicated that there was no significant difference on world markets between GM sourced and non-GM sourced products and no realisable trade impact. Japan seems to be content to buy hundreds of millions of dollars worth of Canadian GM canola each year. I do not see where the market issue is. But, of course, it is available to Japanese retailers, if you like, and conglomerates of retailers to seek whatever they want in terms of sourcing their product and apply it within their own country. So, if they want to source non-genetically modified products that is their right and they can do it.

CHAIR: Is that a factor in your deliberations?

The Hon. IAN MACDONALD: In my deliberations I have not seen this great market problem that you and other members of the Greens have raised. I have seen a lot of information to indicate that the GM markets for canola and other products are robust.

Dr JOHN KAYE: I put this question to you in your capacity as one of the two Ministers representing New South Wales on the ministerial council on food and the controlling body of PSANZ and it has to do with the absence of compulsory labelling of trans-fats on food products in New South Wales, and, in particular, the rather bizarre situation where we label the total quantity of fats and we label the total quantity of saturated fats and therefore the only thing you can do is calculate the sum of trans-fats and unsaturated fats—good fats and very, very bad fats.

Given that Denmark has moved to outlawing trans-fats entirely and given that the United States is moving towards compulsory labelling and in some States and in some jurisdictions outlawing it entirely, why has Australia been so slow in responding to what is now recognised as a major health risk associated with trans-fats?

The Hon. IAN MACDONALD: This is an important issue and has been the subject of considerable discussion at PSANZ. A roundtable of Australian quick-serve restaurants met on 26 September and at that roundtable reported on initiatives to reduce the level of trans-fatty acids without increasing saturated fats. Included was the Baking Industry Association, the Coffee Club, Domino's Pizza, Eagle Boys Pizza, Hungry Jack's, KFC, Jesters Pies, McDonald's, Pizza Hut, La Porchetta, Oporto, Red Rooster and Subway, working to further reduce the levels of trans-fatty acids and also over the next three years working on using healthy oils and fats.

The presence of trans-fatty acids in food is a national issue and is being discussed nationally. Trans-fatty acids are naturally present in some foods. Only three of the 250 food samples tested exceeded international limits. Current Australian consumption of trans-fatty fats is 0.6 per cent of daily intake. The World Health Organization recommendation is 1 per cent. FSANZ recommended to the ministerial council in May 2007 that at present regulatory intervention is not required. That is the national body.

Dr JOHN KAYE: Faulty statistics there, Minister.

The Hon. IAN MACDONALD: On my motion, however, at that meeting, the ministerial council also agreed to consider regulatory action if sufficient progress is not made.

Dr JOHN KAYE: And how do you measure progress?

The Hon. IAN MACDONALD: Either reducing that daily intake or making sure it does not go higher.

(The witnesses withdrew)

The Committee proceeded to deliberate.