

CORRECTED

## GENERAL PURPOSE STANDING COMMITTEE No. 5

Friday 26 October 2007

Examination of proposed expenditure for the portfolio areas

### LANDS, RURAL AFFAIRS, REGIONAL DEVELOPMENT

The Committee met at 9.00 a.m.

#### MEMBERS

Mr I. Cohen (Chair)

The Hon. R. L. Brown  
The Hon. G. J. Donnelly  
The Hon. T. J. Khan

The Hon. M. J. Pavey  
The Hon. H. Tsang  
The Hon. M. S. Veitch

---

#### PRESENT

**The Hon. A. B. Kelly**, *Minister for Lands, Minister for Rural Affairs, and Minister for Regional Development*

**Department of Lands**

**Mr W. Watkins**, *Director General, Registrar General, Surveyor General*

**Mr R. Costello**, *Director, Finance and Corporate Support*

**Department of State and Regional Development**

**Mr M. Cullen**, *Acting Director General*

---

Transcript prepared by DeNovo Enterprises

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**

## CORRECTED

**CHAIR:** I welcome you to this public hearing of General Purpose Standing Committee No. 5. I declare this hearing open to the public. Minister, I welcome you and your accompanying officials here today. At this hearing the committee will examine the proposed expenditure of the portfolios of Lands, Rural Affairs and Regional Development.

Before we commence, I would like to make some comments about procedural matters. In accordance with the Legislative Council's guidelines for the broadcasting of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcasting of proceedings are available on the table by the door. Any messages from attendees in the public gallery should be delivered through the chamber 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 advisors while at the table. I remind everyone to turn off their mobile phone.

The Committee has agreed that we are going to work on 20 minute allotments for various members and to ask questions of various portfolios. That was the agreement we made. The return date for questions taken on notice in the Committee will be 21 days and taken subsequent to the Committee will be 35 days. Does that pose any difficulties for you, Minister?

**The Hon. TONY KELLY:** No. How long do you have to ask subsequent questions?

**CHAIR:** Two days. All witnesses from departments, agencies, statutory bodies and corporations will be sworn in. The Minister need not be sworn, as he has already sworn an oath in his office as a member of parliament.

**ROBERT COSTELLO,** Director, Finance and Corporate Support, Department of Lands,

**MICHAEL CULLEN,** Acting Director General, Department of State and Regional Development, and

**WARWICK WATKINS,** Director General, Registrar General, Surveyor General, Department of Lands, sworn and examined:

**CHAIR:** Before we commence questions, Minister, do you wish to make a short opening statement?

**The Hon. TONY KELLY:** I do not really. I think most of the things I want to say will come out in questioning anyway and I do not want to waste your questioning time and double up. I do not intend to make an opening statement. I do not know whether you will be concentrating on any parts first. We are not terribly worried about you doing an hour first on Lands or on Regional Development. We will just let it flow. It is my understanding that Government questions will not be asked, but perhaps that can be left open until towards the end. We will reserve that right.

**CHAIR:** We are keen to make the most efficient use of our time. If everyone is feeling satiated on the questions and answers, we might have a sense of completion by 1 o'clock or before. I move first to the Opposition and Ms Pavey.

**The Hon. MELINDA PAVEY:** Minister, are you aware of what the Victorian Government is spending on regional development? I know that this is the New South Wales budget estimates, but I think it is an interesting topic.

**The Hon. TONY KELLY:** The short answer is no, I do not, because this is the New South Wales estimates. However, I am not sure whether the Acting Director General can provide that information. Before he answers, I must say that Queensland and Victoria obviously have a lot more money to spend than we do because they get a bigger share of the GST.

**The Hon. MELINDA PAVEY:** I think that argument might be true of Queensland but not of Victoria, Minister.

**The Hon. TONY KELLY:** They do. Queensland get the majority of it and they use our money to compete against us.

**MR CULLEN:** There is significant money for Victoria. The one thing I would say is to be careful when comparing like with like. We are very much a New South Wales business development agency, whereas Victoria has some other responsibilities in terms of community development. In comparing those two things, it just needs a bit of caution. However, we are certainly aware that they do have a significant budget.

**The Hon. MELINDA PAVEY:** It is around \$150 million compared to New South Wales with \$38 million, according to the budget papers. That means Victoria is spending, on a per capita basis, around \$29.45 per head to encourage regional development; we are spending \$5.60.

**The Hon. TONY KELLY:** The other thing I should say is that we do some things slightly differently. We get special Treasury allocations for specific projects. I do not want to say what they are, but we have a number where there could be special allocations directed from Treasury not for the budget at all but for a specific project when we are competing with interstate. It could be anywhere between \$2 million, \$3 million or \$5 million but they are over and above what is in the budget.

**The Hon. MELINDA PAVEY:** How are those grants from Treasury recorded?

**The Hon. TONY KELLY:** They get recorded at the end of the year in our expenditure, but they are not in the proposed budget.

**The Hon. MELINDA PAVEY:** How much was that last year?

**MR CULLEN:** They also get added into the annual report. When the annual report comes out each year, it specifies the range of grants et cetera. In terms of results, we actually compare favourably with Queensland and Victoria while coming off a lower budget base, which I think is a prudent thing to weigh in as well.

**The Hon. MELINDA PAVEY:** In what way are we more successful than Victoria?

**MR CULLEN:** If you look at our results, approximately 4,000 jobs were created from our regional programs. That compares very favourably with Victoria, which is around the same level of figure, considering the different amounts of expenditure we both put in.

**The Hon. MELINDA PAVEY:** Are you speaking about tracking jobs that have been created through assistance to industries?

**MR CULLEN:** That is correct.

**The Hon. MELINDA PAVEY:** Whereas Victoria has a very strong focus on promoting provincial and regional Victoria as a place to be. It spends enormous amounts of money on encouraging Melbourne, the capital city people, out of the capital city into the regions. Minister, do you have a view on that program being successful? You might not be able to track the number of jobs specifically going to industry that you have given a grant to, but a family moving from Melbourne into a country town—as you know, as a country based member—has enormous impacts. Why is Victoria doing it so much better than New South Wales?

**The Hon. TONY KELLY:** I would debate that they are doing it so much better. I think our own results are pretty good too. As the Acting Director General has said, that actually comes under different programs, such as our Main Street/Small Towns program and our Towns and Villages Program. For example, just recently we gave Country Week \$100,000 in support. Country Week has been exceedingly successful.

**The Hon. MELINDA PAVEY:** We have got that, thank you.

**The Hon. TONY KELLY:** Country Week Expo this time, for the first time, had a jobs board where over 400 jobs were advertised. Out of that, people moved to places like Forbes—I just cannot remember the names of the other towns at present.

**The Hon. MICHAEL VEITCH:** Grenfell.

**The Hon. TONY KELLY:** Grenfell was one where people moved to set up a cafe. A couple of families went to Forbes and two or three other towns specifically out of that. That was all about encouraging people to move out to live and set up businesses in the country. In addition, we have many programs, as I have said, like the Main Street/Small Towns program and our Towns and Villages Program. Through that, things like the Deni Utemuster are sponsored, where an enormous number of people move out from Sydney, and Victoria as well.

I take the point that you have made that you do not actually get to see how that impacts directly on jobs, because you cannot say that it moved from Sydney to Wagga and took 30 people with it or set 30 people up. But things like the Deni Utemuster contribute to a lot of employment right around the region, whether it be motels, cafes or local hotels and so on.

**The Hon. HENRY TSANG:** Jobs expos also contribute to regional development. That is where country councils work with the Department of Immigration and Multicultural and Indigenous Affairs on jobs expos here in the city. They attract a lot of people who want to work in country towns.

**The Hon. MELINDA PAVEY:** Thank you for that. I note that in Making it happen, a multimillion dollar campaign that promotes people moving to regional Victoria—and we do acknowledge the \$100,000 in a similar New South Wales program in terms of supporting Country Week—the Victorian Government states:

The campaign aligns with the Government target of increasing the annual rate of population growth in Provincial Victoria to 1.25% in 2006.

That was part of the package of information. Are you aware of what the latest ABS statistics show?

**The Hon. TONY KELLY:** I was just going to say something about that. I am not sure whether I have those statistics. I went looking for them just before I came down. From memory, we had an increase of either 1.3 or 1.7 per cent. So New South Wales had a bigger population expansion in its rural and regional areas than Victoria.

**The Hon. MELINDA PAVEY:** New South Wales regional areas include coastal areas.

**The Hon. TONY KELLY:** They do in Victoria too, because it is nearly all coast there; it is actually larger than the metropolitan area. I am speaking of the rural and regional areas of New South Wales. I am not saying all towns, such as the Brewarrinas and so on that clearly have been affected by drought. But when you take into account all the rural and regional towns across New South Wales, I think the figure is about 1.7 per cent. I do not have it with me. If that is incorrect, I will correct it. But I know it was larger than the Sydney figure. I think the figures were something like 1.7 per cent in rural and regional New South Wales and 1.3 per cent in the Sydney metropolitan area, as far as populations go. If Victoria's target is 1.25 per cent, then we are already exceeding that.

**The Hon. MELINDA PAVEY:** Are you aware of the figure for net interstate migration from New South Wales? How many people has New South Wales lost, according to the latest ABS data?

**The Hon. TONY KELLY:** I do not have those figures with me.

**The Hon. MELINDA PAVEY:** In fact, in net loss terms, 136,000 people are moving from New South Wales to, basically, Victoria and Queensland.

**The Hon. TONY KELLY:** But, if our population has increased by 1.7 per cent, we must be getting more positive somewhere else; otherwise we are good breeders.

**The Hon. MELINDA PAVEY:** There is still a net loss of people from New South Wales, and part of that is to do with the congestion in Sydney.

**The Hon. TONY KELLY:** But how can that be? I do not have those statistics in front of me but, if we have had a 1.7 per cent increase in population, that is not a net loss.

**The Hon. MELINDA PAVEY:** This is between 2000 and 2006. During that time we have had a net loss of 136,000 people, according to the latest ABS data. You only have to get around the city to realise that many people have just had enough of the congestion, the noise and the expense of living in Sydney and they are going to places like Victoria and Queensland.

**The Hon. ROBERT BROWN:** Byron Bay.

**The Hon. MELINDA PAVEY:** Some drop off in Byron Bay, yes, and along the north coast of New South Wales. Why are we not learning about promoting the lifestyle and benefits of country New South Wales from what Victoria and, to a large extent, Queensland are doing? I realise that there is a \$100,000 sponsorship of Country Week and you have your Towns and Villages initiative. But, in persuading the Sydney market that lifestyle and jobs in country New South Wales is a positive way to live, why is not more money going into this?

**The Hon. TONY KELLY:** As I said, we are very effective in getting people to move to the country. Obviously we had an increase in population in the last eight-year period of 1.7 per cent. I want to endorse the things you have said about the reasons for the shift to the country. The statistics are that it costs something like \$80,000 to put infrastructure into a suburban block of land in Sydney with water, sewerage, kerbing and guttering et cetera; it is half of that in country New South Wales. But a more enticing figure comes from insurance companies in looking at a person's retirement and trying to work out how long they might live. They will give a whole host of statistics. Various things are taken into account. If you are a smoker, they will deduct five years from your life span. They will say, "If you live in rural and regional Australia, add three years." I think anybody would be happy to have three years added to their life span just by shifting to rural and regional New South Wales. I do not think anyone here needs to be convinced of that, except Henry.

There are other things we are doing to promote our regional areas. You are aware that in the last decade we have had the drought, which has made it exceedingly difficult for places like Bourke. From memory, ABS statistics show that over that period Bourke lost about 721 of its population of about 3,000. It has been very, very difficult for them. However, at the same time a lot of those areas along the north coast are facing the opposite problem in that they have great growth pressures.

We have quite a number of programs that try to assist them in making a difference in their economic development. Our Department's programs are helping to address those economic challenges by attracting jobs and investment. Since April 2003, which is almost the same period that you were quoting from, the Department of State and Regional Development has, through its business investment programs, secured projects worth \$4 billion of investment and over 16,600 jobs in regional New South Wales. Major projects secured by the Department include the Australian Bale Press Company, which relocated its manufacturing bale press facility to Tuggerah, which represents 41 new jobs; Bega Cheese's expansion of cheese cutting and packaging operations in Bega, which represents 71 new jobs; NRS Group, with the establishment of a high-definition television and film studio in Cowra, which represents 77 new jobs and \$8 million worth of investment. Practically any time I do a bit of a tour in the country I go to some new business that has been relocated. There is another one on the Central Coast where I think there are something like 83 new jobs in two different businesses. In that period we have had 167 offers of assistance from small and medium businesses and we have given payroll tax assistance to larger firms to help them retain nearly 2,300 jobs. The Department is doing quite a lot.

In promoting regional businesses, we also have the food and wine tours. We bring Sydney providores out to specific areas and let them see exactly the sort of produce that is produced in New South Wales. We promote things like the Hawkesbury Harvest, which celebrated its fifth anniversary recently. Some of what you hear from going around and talking to some of those people is quite surprising. I have to be really careful because some of the information they have given me is confidential. An apple and small potato producer at the Hawkesbury Harvest brought down enough

product to sell at the Hawkesbury Harvest from 8 o'clock to 12 o'clock on a Saturday morning and then move on to, I think, Piermont the next morning to sell the rest of his product there. At 9.30 that morning he had sold out completely. So he had to go back to Orange and get another lot to come back the next morning. He did quite well. A fellow from Young, I think, or Cowra was selling fish there and he had exactly the same problem. He had sold out by 9.30 and had to go back to Young and do exactly the same. Other businesses at the Hawkesbury Harvest sold jars with hibiscus flowers in them; apparently, women put them into champagne to drink. He exports to 17 countries.

**The Hon. TREVOR KHAN:** I think that was on *Sylvania Waters*.

**The Hon. TONY KELLY:** Another company was there selling quail. I asked, "How many do you produce a week?" He said, "Fifty-five thousand." I then asked, "How many people are employed?" He said, "There are 130 people employed on 29 farms producing these quail." There is huge employment in those sorts of things through just a small amount of promotion and assistance from the Department in actually creating a lot of jobs, which was the point you were saying earlier.

**The Hon. MELINDA PAVEY:** Just on companies expanding and growing and the impact that they can have on local communities, what association have you had with a company called AgriEnergy?

**The Hon. TONY KELLY:** I have met with them at least once but I think it is a number of times. AgriEnergy have a lot of proposals, but their initial proposal in Australia was at Swan Hill to be followed by Coleambally, Condobolin and Oaklands. My understanding is that they have already done a fair bit of work and are some way along the way in construction at Swan Hill. They also have huge overseas investments. It is my understanding that AgriEnergy have put on hold establishing their biofuel plants in Australia. They have said that they are going to proceed with their investments overseas. With the plant that they have in Victoria, for example, at Swan Hill—as was said by the chairman in the newspaper that I have read—the problem is there is no national mandate for ethanol in Australia and therefore fuel companies are not interested in taking his product from Swan Hill. So he has stopped that development, even though he has commenced construction. He will go to America where most of the states over there do already have a mandate. Of course, it is different in New South Wales; we do have a mandate and there are a lot of companies that are moving forward in setting up biofuel plants, including in some of the same towns. Coleambally have one they are proposing to go ahead with. That is the only one that I am aware of.

**The Hon. MELINDA PAVEY:** What contact would the Department of State and Regional Development have had with AgriEnergy?

**The Hon. TONY KELLY:** My understanding is that the regional people have met them down there as well. But, as I have said, they have met with me in Sydney. We have done the single most important thing. You can give them subsidies and do all sorts of things, but the one thing that these companies needed was to be able to have their product bankable so that they could go to the banks and borrow money, knowing they could sell their product. Having a mandate, which we have done in New South Wales, guarantees there is a market for that product.

Perhaps this is an opportunity for me to tell you some of the other things we have done in that regard. Fuel companies were very hesitant to start with, but they have now come on board. For example, BP were a bit slow to start with but they have already taken a 40 million litre contract with Manildra for product, which is probably the biggest single contract in Australia. In addition, the fuel companies have to come back to us each quarter and tell us exactly where they are up to. So we have some pretty stringent controls on them as to how they make up the product. Whilst we mandate that the fuel companies must have it available and sell it, we do not mandate that the public actually have to buy it. So that is the other thing we have done. We have also mandated that public servants have to use it. You might have noticed that the Premier issued another edict to public servants only in the last week or so that they have to use that in New South Wales. So we are creating a market for them in New South Wales. It is just a shame that it has not been done federally.

**CHAIR:** Mr Brown, it is your turn.

**The Hon. ROBERT BROWN:** Minister, first a question about regional development in

relation to the wind energy farms. Yesterday I took representatives from RES and Epuron to see the Minister for Energy to talk about the upcoming legislation regarding the State purchasing energy off the National Energy Network [NEM]. The reason for the representation was that, in Victoria and Queensland, their legislation has isolated the States in terms of protecting the wind energy generators in those States. On the other hand, according to the Minister for Energy, the New South Wales Government has an overall policy of supplying energy to the market at the cheapest rate to promote state development. These people presented figures to your colleague yesterday that will make him go back to whomever else in the Government is involved in this overall Government policy and perhaps rethink it.

In your role as Minister for Regional Development, how do you go about getting an argument for regional development into a state-wide agenda or policy like that? The number that these gentlemen presented yesterday was an average of about \$500 million per year over the 20 years of this particular program, all of which would be spent in regional New South Wales. That is a big chunk of money—\$10 billion over 20 years. If there was a reasonable argument put in favour of the balances to the State economy through regional development versus a couple of cents here and there for the price of electricity, would you and your department get involved and support that sort of argument as part of the overall debate?

**The Hon. TONY KELLY:** We certainly would. We get an opportunity to make comment on Cabinet minutes that affect us. If we were able to get figures that showed the benefit to regional development outweighed the cost of slightly higher electricity, we certainly would.

**The Hon. ROBERT BROWN:** They are making the written submission to Minister Macdonald.

**The Hon. TONY KELLY:** I would love to get a copy of that submission so the Department can analyse it and we can have some direct contact with Minister Macdonald.

**The Hon. ROBERT BROWN:** The next question is in regard to regional development and, I guess, rural affairs too. My colleague the Hon. Melinda Pavey was talking about the benefits of trying to get people out of the cities and investing in the rural area. It does create problems. What sort of work does your department do to ensure that, while city folk can be attracted to the bush for the rural lifestyle and investment, they do not adversely impact upon farming activities already there? We have seen a number of instances such as where a dairy farm was stopped because of the smell. In relation to those who are moving on to smaller blocks outside larger towns and who then want to move on other people such as pig and poultry farmers, are there any programs that educate "tree movers", or whatever they call them, about what a rural lifestyle entails?

**The Hon. TONY KELLY:** That is a problem in a lot of ways.

**The Hon. MELINDA PAVEY:** There has been a bill before the House that shows what should deserve to be supported.

**The Hon. TONY KELLY:** A lot of people move to the country because of the beautiful lifestyle and idyllic rural setting. Out on a country road they might then go through some farmer's paddock, which could be part of a dairy, and their lovely shiny car or four-wheel drive gets smelly sloppy green stuff on its doors. The person then complains about the cows being able to wander along the roads. That is part of country life. Frank Sartor has just had a Committee headed by a former National Party Minister, Garry West, do a report into development in country towns, which concentrated around the areas of Orange and Cowra in the centre west. The Committee has come up with a report that is mainly about the size of subdivisions and rural land. The report is open to the public for comment until the end of the year, when Frank Sartor will move on it.

There is a recommendation in that report that seems to have fairly good Government support because the Minister has mentioned it in a couple of his press conferences. The recommendation is that when the council issues the 149 certificate to anybody who buys land or property in rural and regional New South Wales the council makes it quite plain they are moving into a rural area and that the activities of the rural areas have precedence. People have to read that before they buy the block of land.



**The Hon. ROBERT BROWN:** Hopefully things like firearm ranges are put on the 149s too. It is certainly something that requires attention. We all want regional development, because regional development does not just solve regional problems, it solves Sydney's problems too. Thank you, Chair, I have no further questions on that portfolio.

**CHAIR:** Minister, in an estimates hearing earlier in the week with the environment groups and the Hon. Phil Koperberg I raised the issue of voluntary conservation agreements and the media report that land rate exemptions on voluntary conservation had been removed. In an answer that I thought was concerning voluntary conservation, Mr Fleming from the department said they had been working on raising the issue with the relevant area in the Department of Lands—the translation being that it is not part of the National Parks and Wildlife Act.

**The Hon. TONY KELLY:** It is a valuation issue.

**CHAIR:** Might I add that voluntary conservation agreements [VCAs] have been a very useful tool to encourage conservation-minded land owners to enter into an agreement with the Government and that cutting that support without any warning has certainly upset a lot of people on private land who are keen on conservation. It will also prevent many other people from taking part in conservation where one of the biggest issues is: "We don't want the Government completely controlling every step along the way." You have removed that greater support. Are you going to re-instate it? What is the current state of affairs? If you are not going to re-instate it, then on what grounds?

**The Hon. TONY KELLY:** I will get the Director General to make some comment on that.

**Mr WATKINS:** The issue here is one where we, as the department, in our advice to the Minister would always say that the conservation agreement structure is an integral part of the management of the conservation framework for the staff but that it cannot and should not stand out as the only one. We emphasise the word "voluntary". The key aspects are the components of the link between conservation agreements and the evaluation system. Firstly, there is a direct link with Local Government which applies the rates and sets the framework. It is true that the State Government sets the rate pegging, but it is the Local Government that actually sets the rate.

**CHAIR:** Was Local Government informed of the removal of the rate exemption? My understanding is that there was no information going to Local Government.

**Mr WATKINS:** There has been quite a consultative process going on for some time where this matter can and will be revisited. I wanted to emphasise that the issue here is one of trying to strike the appropriate balance and to ensure that incentives are in place so that conservation agreements form an integral part of the structure going forward and there is no impediment in place for that. Again, there are other ways and means for land owners protecting their areas other than conservation agreements. It is a matter of striking the balance. The point you make is a very valid one. The matter is open, and it can be revisited.

**CHAIR:** There are a couple of things I do not quite understand. You are saying there is a comprehensive consultation process. What does that involve? Have you notified local councils of this matter? I have feedback from local council representatives and individuals who have been affected by the change to the VCA agreement that the first they heard of it was the reports on the media. The first I heard of it was a report on the media.

**Mr WATKINS:** With due respect, I did not say that there was a wide consultation process.

**CHAIR:** You said "quite a consultation process".

**Mr WATKINS:** I said "quite a consultation process".

**CHAIR:** It sounds a bit like a horse race there.

**Mr WATKINS:** No, it is not a horse race. That will happen in a few days time. This matter

## CORRECTED

is still open for discussion. It is a matter that involves in particular the statutory position of the Valuer General. The Valuer General is not here, and I do not wish to usurp the role of that position. It is particularly a matter for the Valuer General in the way he applies the valuation structure in conjunction with Local Government. Your point is well made. It is taken. The matter is open for ongoing discussion.

**CHAIR:** You say "ongoing discussion" but what I am concerned about is that not only does it cut out VCAs in the future, or even current ones, but also it retrospectively blocks people out of an exemption that they entered into in good faith with the Government and signed off with the Minister. I was at signing offs on the south coast where the land owners signed off with the Minister under those parameters and where part of that was rate reduction and rate exemption. There is concern about loss of value about signing over a VCA, which is a binding agreement with the Minister. For those people it is a retrospective decision you have made to cut them out, as well as cutting potential ones out. I can see the negatives of it. Is it fair that people find themselves suddenly having to pay rates when for five years or more under the agreement they were not paying rates at all?

**Mr WATKINS:** As I said, your point is well taken. That matter will be under considerable debate.

**CHAIR:** How well taken? Will you re-instate rate exemptions on voluntary conservation agreements, particularly those ones that have already been signed over?

**Mr WATKINS:** No. We will take that on notice and we will come back and give you a path that we are moving forward on.

**CHAIR:** Minister, can you appreciate the disappointment of people who have entered those agreements in good faith and the potential loss of value of their land by virtue of those agreements—they are a strongly binding contract with the Crown—and that they feel somewhat aggrieved? It is not a good PR relationship. As Mr Watkins says, it is an essential part of the mosaic of protection of land across the State.

**The Hon. TONY KELLY:** We understand the issue involved there. We will undertake to come back to you with an explanation on what we are going to do going forward and the reasons why the decision was made.

**CHAIR:** Particularly with those people who have already undertaken a signed agreement. Minister, how many perpetual leases have you converted to freehold land, and can you also indicate how much revenue was raised from their sales?

**The Hon. TONY KELLY:** This is a very important question.

**CHAIR:** That is why I asked it.

**The Hon. TONY KELLY:** I do not think many people understand what a perpetual lease is, so perhaps if I could explain that first. The entire State of New South Wales was once Crown land, and gradually the Government sold off some land for people to live in and for businesses to conduct business on so we could get jobs. There is still 53 per cent of the State which is Crown land. There are some 10,700 perpetual leases on our books. Some people have the impression that they are a normal annual lease that can be terminated at any time, but they are, as their name implies, perpetual. They are not a 40-year lease, a one-year lease, a 50-year lease or a 99-year lease, they are perpetual. That means they are forever and ever. It is for infinity.

In most cases the people who have perpetual leases paid identical to freehold for them. A lot of them may be farms. When they go to buy a farm they might have paid a million dollars because the bloke before them paid a million dollars. These perpetual leases might have been around for 150 years and they are practically as good as freehold. The only difference is that there are some maintenance agreements on them. They had to pay the department an administration fee of \$140, and it cost the department more than that to collect and maintain it.

In his budget speech in July 2004, the then Treasurer said we would move to get rid of that

situation where we were sending out these bills but it was costing us as much, or more, to be able to collect them. A lot of these leases actually have the ability to purchase the lease at a set figure. A lot of them are a nominal figure. The rents only went up by CPI for a start. Twenty years ago they were \$70 and they have reached only \$140. We passed legislation. We went to a large public accounting firm to obtain an assessment as to what the State Government's or the community's equity in those perpetual leases was. They came back with a suggestion that it was somewhere between two and four per cent; in other words, it was practically freehold land.

The Parliament at the time through the legislation that passed made the decision to offer the leases to the people involved for three per cent. They split the difference to give them the right to purchase them at three per cent. If they did not then after a certain period they would go to commercial rents. Of those 10,700 a very small number—some 2,000 or 3,000—had a moratorium on them because they had conservation values. It was the Coalition that put the moratorium on them years ago because they had environmental values.

What has happened since the Coalition was in power—I make no comment about this, except that I am talking about the factual timing—native vegetation and threatened species laws have been passed by the Parliament that protect all land, regardless of what sort of tenure it is held in. Regardless of whether it is Crown land or private land, all land in New South Wales is protected by these laws. To some degree that moratorium becomes no longer necessary because it has been surpassed by these other laws. We have undertaken that we will consult with the Department of Environment and Climate Change [DEC] and we will look at each and every single block. We will also look at the 3,000 that were formerly under a moratorium. If they are adequately covered by the Native Vegetation Act we will still be prepared to sell them.

In some cases, a property might be a 1,000-acre farm that might have a two-acre bit in the corner that has environmental factors on it. You do not say, "We will not sell you the whole 1,000 acres because of the two acres in the corner." What we do is put a covenant on those two acres so that it is protected by the Native Vegetation Act. I wanted to give you the background to the process that we are now going through.

Since July 2004 we have received 7,400 applications. So far we have approved 3,900 applications, which represent 455,000 hectares to a value of \$16.5 million. The remaining 3,500 applications are at various stages in the process. We have created a dozen new jobs across the rural region of NSW to ensure that these applications are processed in a robust way. A number of those applications are being discussed with DEC to ascertain whether or not their environmental values should preclude them from sale.

If my memory serves me correctly, the other point is that the Government provided about \$13 million at one stage. If we find that some of these applications have significant environmental values, the Government plans to purchase the land, obviously at the market price, from the farmer. They are ones that we decide have significant environmental values and that should be permanently protected.

**The Hon. Michael VEITCH:** I have no questions at this time.

**CHAIR:** I go back to the Opposition.

**The Hon. MELINDA PAVEY:** I want to round off the questioning on perpetual leases. So there is no hold at the moment on the conversion of perpetual leases?

**The Hon. TONY KELLY:** No.

**The Hon. MELINDA PAVEY:** The hold is on the processing of them at the moment?

**The Hon. TONY KELLY:** I suppose there are two restrictions. First, DEC had to go through and tell us the ones they were not interested in. There was no issue about that. We are proceeding with them.

**The Hon. MELINDA PAVEY:** What about the 3,500 applications that are still to be

processed?

**The Hon. TONY KELLY:** They may be held up for two reasons. First, they may be looked at for conservation values. I am not saying they have conservation values on them, but they are ones that DEC has said they do not have an interest in. In other words, instead of going through the whole lot, we asked DEC to tell us the ones they are not interested in so we can get on with them. They are the 3,900 we have already processed. The other 3,500 may or may not have environmental factors on them. They would be the ones that we want to have a further look at. Second, they may be held up due to the vast number of applications being received and a bit of a delay caused by having the staffing to do them. We are proceeding. Some of the delays may have nothing to do with the environmental factors. It may be time constraints of the staff.

**The Hon. MELINDA PAVEY:** You have employed an extra eight people across New South Wales, I think?

**The Hon. TONY KELLY:** Ten. To some degree we have prioritised the perpetual leases above the road purchase applications so that we get the perpetual leases out of the way first. We have not stopped the road purchase applications but we have given a higher priority to perpetual leases.

**The Hon. MELINDA PAVEY:** You said at the beginning of that statement that 53 per cent of New South Wales was Crown land.

**The Hon. TONY KELLY:** Still is.

**The Hon. MELINDA PAVEY:** Still is, even with the conversion of these perpetual leases to freehold?

**The Hon. TONY KELLY:** People do not realise how much Crown land there is. Practically all of the coastline is Crown land.

**CHAIR:** The Committee is acutely aware of that.

**The Hon. MELINDA PAVEY:** I would have thought the percentage of Crown land would have changed with the conversion of perpetual leases.

**The Hon. TONY KELLY:** No, it is still 53. The western division is a big chunk of it.

**Mr WATKINS:** That is a key point. The western division is by and large Crown land, except for a few minor parcels, and that represents 49 per cent of the State. In the eastern-central division, Crown land still provides a huge mosaic pattern as the land has been alienated over time for various Government purposes as well as for freehold and for the community to drive the capital structure that we have within the society that we live in.

**The Hon. TONY KELLY:** I know you will raise Killalea later on. One of the councils suggested that they should ban all commercial activity on Crown land. However, a lot of the other councils argued about that because they have heaps of commercial activities such as bowling clubs and caravan parks on Crown land. Some 300 of the 900 caravan parks in the State are on Crown land, and for the majority of those we make the councils the reserve trustee. That means they get to keep the bulk of the money, which they can then put into other facilities in the community.

**The Hon. MELINDA PAVEY:** Are you able to detail the perpetual lease transfers that occurred in each year between 2002 and 2007?

**The Hon. TONY KELLY:** I do not have them here, but I can.

**The Hon. TREVOR KHAN:** With regard to perpetual leases, I think the summary is that there are 3,500 applications for conversion still outstanding. Are you able to provide us with details by year as to how long those applications have been outstanding?

**Mr WATKINS:** Yes, that is not a problem.

**The Hon. TREVOR KHAN:** It would seem that with those 3,500 applications you are awaiting advice from DEC as to whether they are interested in the land; is that right?

**Mr WATKINS:** I should clarify. I want to place on record the way in which this program has been undertaken. There has been a very strongly structured program of collaboration from a whole of government approach between DEC and us. There is no doubt that, with anything of this nature, there will be different views in respect of the nature, intensity and type of valuation of a conservation structure. There is no doubt about that. The world is littered with similar debates. We go through it every day. But the structure we have come up with—the matrix and the scientific rigor behind which we have constructed the covenant structure—is on record as being robust. That has taken some time to work through, but it is there. It is open to scrutiny.

There is no delay from a work value case of numbers of people and volumes of work currently going through. There was a period of some 12 to 18 months where, because of the working through the structure, the debates in this House and also the questioning by the conservation movement generally and by the farmers of DEC and us, there was a period of delay in reaching these resolutions. That period of delay is now behind us. We are moving forward in a structured way. We are quite happy to provide the backlog, but that will give a historical picture and show no relevance of where we are today and the position we have reached.

**The Hon. TREVOR KHAN:** You are going to be able to provide this Committee with details as to the delay that occurred with the applications in essence; is that right?

**Mr WATKINS:** We can show you the time they were given and the numbers that have been processed over the period of years that we have been involved.

**The Hon. TONY KELLY:** Year by year. We can also show you how the employment of the additional staff affected the policy. You will see that, where they were employed, there is a bit of an impact.

**The Hon. TREVOR KHAN:** Are there parameters that are now set upon DEC and you with regard to the time allowed for the consideration of applications?

**Mr WATKINS:** There are no set days that are set down. The Minister detailed an example where you might have 1,000 hectares with 5 hectares in the corner that is of conservation value. That is a fairly clear-cut case. However, with most of the vegetation structure in the State there is a mosaic pattern on individual properties. Therefore, it is important that, where there is any context of conservation values on a property, an investigation is undertaken in a detailed manner on each of those properties.

That is why to place a set period of days or weeks on a valuation of an application, without it being in the context of the vegetation structure and the property as a whole, would be inappropriate. There are some very complex ones that take much longer to work through than others. But in trying to create a framework it was a clear decision made between us and DEC that we should prioritise those where it was obvious from a scan using remote sensing and other capabilities that there was not high conservation value. We are moving those more quickly.

**The Hon. TREVOR KHAN:** What management system do you have in place to ensure that an application doesn't go off for consideration by DEC and disappear into the proverbial black hole, essentially never to be seen again?

**MR WATKINS:** We are the responsible agency for this function; the accountability rests with us.

**The Hon. TREVOR KHAN:** That is true.

**MR WATKINS:** I come back and say that, from that point of view, the way in which we interface with DEC in that timely manner is a matter of straight administration. If you want to ask what is stopping an application from getting lost, it is our ability to track it and to work with our sister agencies in making sure that they give it the priority.

**The Hon. TREVOR KHAN:** What management tools do you have in place to track applications?

**MR WATKINS:** Clearly, we have computer systems with databases—if you want to get down to that level—that track this. We have an interdepartmental structure that works through the difficult aspects. There is no issue here with not having the appropriate administrative or other structures, computer and otherwise, to track these. The issue is dealing with the complexity and volume of some of them. We are in catch-up mode, having got a lot of the difficulties behind us.

**The Hon. TREVOR KHAN:** I will move on. Minister, you speak of 10 additional staff; where are they employed?

**Mr KELLY:** Originally, we set up a unit primarily in Dubbo. From memory, there were about eight in Dubbo and some additional staff that we have scattered around the State; they are scattered here and there. We have done that because in a number of particular Lands offices there is a fair bit of pressure on the staff. The Director General might be able to give a bit more detail in a moment, but I know that in places like Goulburn—that was one and there was another one—staff were under particular pressure. We can give you a list of them anyway.

**The Hon. TREVOR KHAN:** Can I just move to another subject. On an entirely different issue, is it the case that some four to five months ago you met with a delegation from the Barwon Darling Alliance?

**Mr KELLY:** Yes.

**The Hon. TREVOR KHAN:** Was that in June this year?

**Mr KELLY:** I cannot remember.

**The Hon. TREVOR KHAN:** I suggest that it was on 18 June, in your offices in Macquarie Tower. Is that the case?

**Mr KELLY:** Yes.

**The Hon. TREVOR KHAN:** Who else was present at that meeting?

**Mr KELLY:** That I cannot remember. There were about three or four of them; Terry Flannigan from the office.

**The Hon. TREVOR KHAN:** Is it not the case that the Barwon Darling Alliance was essentially looking for support to advance industry in a severely economically depressed region of western New South Wales?

**Mr KELLY:** Yes.

**The Hon. TREVOR KHAN:** Bourke, Brewarrina and those areas. For instance, you knew at the time of that meeting that Bourke had gone through a considerable degree of depopulation over the previous 12 or 18 months or thereabouts.

**Mr KELLY:** The statistic I quoted earlier came after that meeting though.

**The Hon. TREVOR KHAN:** It is also the case that you were aware that towns like Brewarrina were suffering—

**Mr KELLY:** I have actually since met those people too on planes as I have travelled backwards and forwards.

**The Hon. TREVOR KHAN:** severe economic distress and, as I understand it, they were seeking support of \$5 million a year for five years. Is that right?

**Mr KELLY:** Yes, but obviously that is not just for me. That is a whole-of-Government issue and Treasury.

**The Hon. TREVOR KHAN:** I suggest that it was indicated by you that you were supportive of the proposition that they were advancing.

**Mr KELLY:** Supportive of trying to do something for their very compressed area. They have particular difficulties that other places in the State do not have.

**The Hon. TREVOR KHAN:** We all agree with that. It is the case that they asked for a letter of support from you, is it not?

**Mr KELLY:** I cannot remember. It was some months ago.

**The Hon. TREVOR KHAN:** I want to suggest to you that you indicated that you would provide them with a letter of support.

**Mr KELLY:** I will have to check that to see what happened. I know that in a number of forums in other places with other ministers I have supported them.

**The Hon. TREVOR KHAN:** I would suggest to you that since that time there has been follow-up telephone contact with your office inquiring as to the availability of that letter of support—

**Mr KELLY:** I will have to check.

**The Hon. TREVOR KHAN:** with Mr Flannigan, amongst others.

**Mr KELLY:** I will have to check.

**The Hon. TREVOR KHAN:** But that letter has not been forthcoming.

**Mr KELLY:** I will have to check.

**The Hon. TREVOR KHAN:** It is certainly not included in the State Plan at this stage.

**Mr KELLY:** The State Plan was developed prior to that meeting not prior to their proposal. I am aware that they have made presentations to the State Plan as part of those community development forums. The Government's response to the State Plan is still being devised and I think the departments still have a month or two to complete that.

**The Hon. TREVOR KHAN:** Some five months have gone by since the meeting. What news can you give the Barwon Darling Alliance in regard to their \$5 million per year for five years?

**Mr KELLY:** Obviously that is an issue for the Treasurer.

**The Hon. TREVOR KHAN:** That is probably not good news, Minister.

**Mr KELLY:** I cannot allocate the money. If I had \$5 million to spare, I would obviously support them. I did indicate that I would support them. I have talked to them since, as I have said—particularly the leader of that group. As I said, I meet him on planes from time to time. In fact, I might have given him a lift recently. But all I can say is that I do support it. I have supported it in some other internal Government forums in the meantime, but it is yet to be addressed.

**The Hon. TREVOR KHAN:** Do you have a timeframe as to when it will be addressed?

**Mr KELLY:** The Government gets an enormous number of requests. We would get hundreds of millions of dollars of requests every year and obviously they cannot all be addressed. We will just have to see.

**The Hon. TREVOR KHAN:** Is Mr Cullen getting ready to give you a note about this?

**Mr CULLEN:** One of the things about the Barwon Darling Alliance is that they are looking at how social security is provided by the Commonwealth. That is a key plank in what they are doing. We have worked with Bourke and the other communities there in looking at business prospects, but the key part of what they are working on is the social security type money from the Federal Government.

**The Hon. TREVOR KHAN:** In fact, they wanted to achieve a whole mix of items, but one of the items was a degree of financial assistance from the State. There is no question about that.

**Mr CULLEN:** In discussions with the Department, one of the things that they are looking for is support in working with the Commonwealth Government, which we have done, and we have come back to the table with them and put forward specific projects to assist them with that. So they have been looking and we have been looking with them at different ways of working together with the community, particularly from the end of businesses.

**The Hon. TREVOR KHAN:** Let me move on to another subject. In the State Plan, some items were included regarding regional development. Is that right?

**Mr KELLY:** Yes, six.

**The Hon. TREVOR KHAN:** One of those related to access to training.

**Mr KELLY:** Yes.

**The Hon. TREVOR KHAN:** Targets were set down with regard to increases in the number of people participating in vocational training in regional areas. Is that right?

**Mr KELLY:** Yes, we are developing those targets now.

**The Hon. TREVOR KHAN:** That is where I am going. There was a target, in fact, set for 300,000 people in regional areas participating in VET by 2016. Do you agree?

**Mr KELLY:** I do not have the target with me, but that question is actually for the minister for education.

**The Hon. TREVOR KHAN:** Are you able to indicate whether any interim targets have been set for prior to 2016?

**Mr KELLY:** That is part of the feedback now happening through the Government departments. Again, I do not have the timing, but Michael Cullen might be able to help us with that. There is a date by which they have to return to the Government to get some targets and benchmarks to fit in with the State Plan. Whilst it is the minister for education's area, we do have some involvement in it. In particular, we are trying to support a lot of that skills development in rural and regional areas. One of the issues that we have been pushing very hard is for those smaller areas that do not have a TAFE or do not have some facility. I am not sure whether you would be aware, but there is a thing called the Gwydir learning region, which is absolutely fantastic. It is in the Gwydir council area and it covers two towns in particular in its first stage. They do not have a TAFE facility, yet they have been able to train 530 people through the TAFE and education system in their towns. They have 49 people, for example, trained in aged care, but the total is 530. The community and the council worked out what skills they did not have in the area. They have worked with the regional department of education director, who has then been able to import people into these two towns that do not have a campus, Warialda and Ingar, and they have been able to train them. I am sure the figure is 530.

I have passed that information on and have made a recommendation to the minister for education. I have also made sure that in the development of the State Plan lots of other people know about it, including my meeting with the chairman of the regional development board only in the last fortnight. I raised the issue again there with them and suggested that they should all get to see the



## CORRECTED

Gwydir region concept and try to transport it to their areas. It is one of the ways that some of those smaller areas can actually get people trained—people who are not then likely to leave.

**The Hon. MELINDA PAVEY:** Going back to the State Plan, you have said there is a consultation process going on with agencies.

**Mr KELLY:** Yes.

**The Hon. MELINDA PAVEY:** You have mentioned the 700 fall in population in Bourke.

**Mr KELLY:** It was 721, yes.

**The Hon. MELINDA PAVEY:** Have you requested an amendment to the State Plan to ensure that something happens within that Barwon Darling Alliance region to help that region go forward, perhaps accepting the Barwon Darling Alliance proposition, or is there going to be something in the amended State Plan to deal with that issue?

**Mr KELLY:** As Michael Cullen pointed out, we are working with them to try to help them to do things they want to do. But a lot of their issues are actually with the Federal Government—*[Time expired.]*

**CHAIR:** We will move to Mr Brown.

**The Hon. ROBERT BROWN:** Minister, my next question relates to Western Lands. I think the Director General pointed out a few minutes ago that there is still about 49 per cent of the State wrapped up in Western Lands leases. A large amount of that lease country is right where farmers are probably having their biggest problems with woody weeds or invasive native scrub—whatever you want to call it. The common theme I see in a lot of the debate is the call for reforms to the native vegetation act to allow farmers to make their land more viable. The Australian Environment Foundation chairman, Don Burke, who I guess could be considered to be an independent observer, has claimed that the existing legislation discriminates against landholders trying to control woody weeds; he says that it should be overhauled and scrapped.

I note that the Western Lands Leases have conditions placed on them that the landholders have to adhere to in relation to maintaining certain aspects of their property and I understand that the question of the administration of the native vegetation act comes under the Department of Natural Resources. But that is still Crown land, even though to all intents and purposes it may be treated as freehold land in the way it is operated on. Do you have a view as the landlord, if you like, on the success of the PVPs and the way that the native vegetation act is being conducted? In addition, is your Department consulted or part of the process when the tenants on the land or the landholders, or whatever you want to call them, are faced with problems relating to the generation of their PVPs and negotiations with the Department of Natural Resources, or do you not have a role in that at all?

**Mr KELLY:** As you have pointed out, it is actually for the minister for DEC and we have just got Western Lands back. Western Lands for a number of years was separated from the Department of Lands. There were three divisions, but the Western Lands Division was with the old TDMA and, since the election, that has been transferred back to the Department of Lands. So we have only just taken that back on.

Just to perhaps explain to others who may not have been to the Western Division, invasive native scrub is commonly known as woody weeds. It is a native plant species that invades vegetation communities and regenerates densely, following natural or artificial disturbance. Invasive native scrub can cause environmental and production problems, including habitat loss, soil erosion, pasture loss and provision of feral animal habitat—which is the point that Don Burke was making. If anybody has been out there and had a good look at where these woody weeds have invaded an area, they will see that they get rid of all the old grasses and, therefore, create soil erosion. So there is a significant problem there. We are not talking about the sorts of weeds that we talk about down here.

**The Hon. ROBERT BROWN:** You are talking about 12 million hectares roughly, are you not?

**Mr KELLY:** There is an enormous amount. What the Department—and in particular the Minister—is trying to do now is simplify those native vegetation threatened species controlled into one property vegetation planning system and give farmers greater autonomy. They have given \$120 million direct to farmers and other groups to protect and conserve native vegetation, a \$37 million native vegetation assistance package to help farmers who experience financial hardship, and a streamlined system for management of invasive native scrub and woody weeds.

In 2006, following a review, the New South Wales Government made changes to the invasive native scrub orders, including the addition of new invasive scrub species and allowing cropping three times in 15 years. This review demonstrates the Government's commitment to listening to the farmers concerned about finetuning those native vegetation orders. Up to 80 per cent of invasive native scrub can be cleared using a range of methods, including burning. I do not know whether it is still there, but I understand that when Peter Blackmore was still around we used to give grants to the farmers there to burn woody weeds. WEST2000 was the name of the program.

**The Hon. ROBERT BROWN:** Through the Government as a whole or through your Department?

**Mr KELLY:** This was through the Government as whole. It was actually TDMA with WEST2000 before we had it. It was spraying, blade ploughing and some limited cropping. So there is a fair bit being done. I think 540,000 hectares of invasive native scrub has been improved for management in the last financial year alone. I think your figure of \$12 million is correct. In relation to what input we have from the Department since we have been involved in it, perhaps the Director General has something extra to say.

**MR WATKINS:** I might add a few comments here, if I may. The Western Lands Act sits above the other acts of Crown land. In fact, if you pick up the Crown Lands Act, you will see that it refers to three divisions—the Western Division, the Eastern Division and the Central Division. The Western Division, because of its nature, was placed under another act. But there are very significant provisions in the Western Lands Act to do with the management of that country in the same way as there is in the Crown Lands Act with the Eastern Division and the Central Division. As the responsible agency, we take the stewardship role of the Western Division very seriously. That stewardship role is one of sustainability of the landscape and sustainability of communities. In that regard we are working very closely through the Western Lands Advisory Board with the pastoralists association and other established bodies to make sure that it is a balanced approach, in the way in which we need to manage those lands. In the end we want a sustainable outcome.

There is no doubt that, as you look at the work that the Soil Conservation Service and Western Lands bodies have done in the Western Division over many years, and the diligent work that the pastoralists have done in their monitoring, we are working with those frameworks at the moment and also with DEC to revisit the aspect of the Western Lands Lease management plans, the service in TDMA many years ago. We are looking to find a balance between the compliance structure and the voluntary structure, because there is tremendous incentive in the Western Division for landowners to look after their land. The nature of that country and the vulnerability of that country to the climatic changes are such that you see a change there more quickly than you see change in some other areas.

Since taking the Western Lands Act back over, we have accelerated our efforts to go back and try and look at this balanced approach between working with the incumbent landowners, particularly the new ones that are coming in, because there has been quite a significant change in the Western Division because of the nature of the seasons and the amounts of money that are around in some other parts of Australia and there is quite an influx of properties changing hands. So it is a very proactive program. But there is no doubt that, when we look at turpentine hop bush and some of the other species that have invaded our country, a do-nothing option is not an option. There has to be a collective balance between a regulatory framework, which the Minister has referred to, and a proactive framework of utilising the land in a sustainable way.

**The Hon. ROBERT BROWN:** Through the Minister, if I may, Director General, has that process that you have just described got a name? Is it called a committee or is it just a loose collaborative process between yourselves, DEC and the others?

**MR WATKINS:** No. The area that I have just traversed covers a myriad of things that are happening. There is no one program that we could say. DEC, DPI and ourselves would be the three main agencies involved and also the catchment management authorities. So we are of one in respect to our individual responsibilities but we are trying to work together collaboratively.

**CHAIR:** Minister, returning to the perpetual leases, could you tell the Committee—perhaps on notice—how many of these perpetual leases had no statutory right to convert?

**Mr KELLY:** Certainly the vast majority, as I understand it, did have.

**Mr COSTELLO:** About 3,000, but we can check up and make sure.

**Mr KELLY:** I am advised it was about 3,000. We will double-check. Of the 11,000, it was about 3,000.

**CHAIR:** Of the perpetual leases with a statutory right to convert, were any lands along water courses excluded from conversion, retaining Crown ownership as a notified public purpose? If so, Minister, could you specify the location of such lands?

**Mr KELLY:** I will have to take that on notice.

**CHAIR:** Has there been any denial of public access to water courses, when you have the power to ensure such access is provided when leases are converted?

**Mr KELLY:** We will take that on notice too. A lot of people do not realise that a lot of those rivers, in fact, are actually on private land. I know I own the river at my place.

**The Hon. ROBERT BROWN:** Was your question intended to include road conversions?

**Mr KELLY:** It probably does, actually. That probably is a road conversion, but you were asking about perpetual leases, were you not?

**CHAIR:** Yes, I was. How many perpetual leases with no statutory right to convert were previously reserved from sale?

**Mr KELLY:** From my understanding—and I might be corrected—the only ones that were reserved from sale were the ones that the coalition put back when they were in power. There were about 3,000 of the roughly 11,000 that they put a moratorium on.

**CHAIR:** Did your Department determine the opportunity cost to the public before reservation for sale was uplifted from the perpetual leases?

**Mr KELLY:** You cannot do that yet, because we do not know. You are talking about the 3,000 that we have uplifted the moratorium on. All we have said is that, because things have changed since that moratorium was put on—we have the Native Vegetation Act and so forth—we are prepared to look at those to see whether any are available for sale. We might not sell any of them, so there might be no opportunity cost. We could not have done that in advance until we had actually looked at them all. Obviously they did not, because there would be no way you could ascertain that.

**MR WATKINS:** I think this also relates to utilising the covenant system under the Conveyancing Act. I should again give a little background to this because I think it is very important. There has been great debate in some circles about the use of voluntary conservation agreements and the covenant system. They should not be seen as being in competition; they should be seen to be complementary. But, indeed, the Crown took the responsible attitude that, if it was considering the conversion of perpetual lands and the freeholding of those lands, it behoved the Crown to look at where it was necessary and appropriate to use covenants to protect conservation values and other values. That, therefore, is in fact looking at, I would suggest, one of those aspects that the honourable member was talking about with respect to opportunity costs. In fact, what we have done is protect in perpetuity as it was there before, notwithstanding the perpetual right to convert those conservation

## CORRECTED

values, irrespective of whether they are in ribbon development along streams or, indeed, where they are located in the landscape.

**Mr KELLY:** So, even if they are sold, if that part is protected, there is still no opportunity cost lost.

**MR WATKINS:** Correct.

**Mr KELLY:** So I suppose that, provided we put the correct covenants on them, the answer to your question is, "It would be zero."

**MR WATKINS:** The intergenerational equity responsibility is being addressed very strongly through the covenanting system. In fact, we are talking here about a stewardship principle and the fact that conservation is not tenure specific. Irrespective of the tenure, we would expect stewardship to reside with the individual who was carrying that parcel out, irrespective of whether they are the owner or a land user. That is the principle that we are very strongly striving to see.

**The Hon. TREVOR KHAN:** Are you talking about creating some form of ADAVs that set out the covenants?

**MR WATKINS:** No. Broadly, if you look at the Conveyancing Act—

**The Hon. TREVOR KHAN:** It is a long time since I have.

**MR WATKINS:** Okay. In principle, the Conveyancing Act is a very stringent legal structure that protects interests in land, irrespective of whether they be access interests or irrespective of where you are across the landscape.

**The Hon. TREVOR KHAN:** Take it that I am a lawyer. It has been a long time, but please get to the chase.

**MR WATKINS:** I will get to the chase. The bottom line is that, when those covenants are registered in the Lands Titles Office, those covenants are on the title. So, if there is any searching by lawyers or non-lawyers, those restrictions will clearly be discoverable.

**The Hon. TREVOR KHAN:** Is there a standard set of covenants that you have created to protect these lands?

**MR WATKINS:** Yes. There is a large suite of covenants which are quite detailed in their nature.

**The Hon. TREVOR KHAN:** Can you provide the Committee with a copy of those, if we could describe them as, pro forma covenants?

**MR WATKINS:** Yes, no problem.

**Mr KELLY:** I think we generally put a restriction on the ability to subdivide all these perpetual leases.

**MR WATKINS:** That was a standard one.

**Mr KELLY:** That was a standard one.

**CHAIR:** Minister, how much money has the Crown lease sell-off cost the Department of Lands, including assessment, communication and negotiation with leaseholders and conversions?

**MR WATKINS:** That is not a specific item that we have to hand. We regard it as just an integral part of our day-to-day operation in the management of the Crown Estate. Officers that are working on these activities are all in addition to the specialist officers. There is a suite of activity right across the landscape. Importantly here, the perpetual lease and Crown road conversion programs,

## CORRECTED

whilst there are specialist resources allocated, also should be seen as mainstream activity for the total department. So, apart from doing a cost accounting exercise, whilst we could provide some figures, I would suggest that those figures could not be definitive to the extent because of the complex and integrated nature of the management of the Crown Estate.

**CHAIR:** So that is a no; you cannot give any definitive amounts.

**Mr WATKINS:** I stand by what I have said.

**The Hon. TONY KELLY:** Bearing in mind that the department has always done this. People have always had the ability to convert their perpetual leases and they have always done it. The councils have had the ability to purchase Crown roads and they have been doing it. We have tried to accelerate the process in order to assist the farmers, to stop the red tape and to reduce the cost to the department. In doing so we are cognisant of the fact that we are doing it in time of severe drought. We are trying to do it in such a way so that we can take that into account. We certainly had a huge demand. It is going to take some time to get through them.

**CHAIR:** How many Crown leases have been converted to freehold and how many of these were determined by DEC to be of high conservation value?

**The Hon. TONY KELLY:** The answer to how many have been converted to freehold perpetual leases is that we have approved 3,900. I am not sure whether all the 10,700 have been registered yet. We have 3,500 other applications. What was the balance of the question?

**CHAIR:** How many of these were determined by DEC to be of high conservation value?

**The Hon. TONY KELLY:** None that have not been approved. As I said before, they told us the ones they were not interested in at all. They are the ones they have obviously gone through, unless they have looked at and assessed there is no value—

**CHAIR:** What is the mechanism when they have recognised those ones?

**The Hon. TONY KELLY:** There is a committee that has a detailed look at them to try to assess whether they need to be—

**CHAIR:** Is there a land swap or does DEC gain control of those?

**The Hon. TONY KELLY:** As I said, if it is something significant, DEC has \$13 million to purchase them.

**CHAIR:** So DEC will be purchasing.

**The Hon. TONY KELLY:** If they believe it is really significant, they will purchase them.

**The Hon. MELINDA PAVEY:** How many have they purchased so far with their \$13 million?

**Mr WATKINS:** The issue is there is a suite of tools. The desire of this program is to protect the land with high conservation values, irrespective of what title they end up in.

**CHAIR:** I appreciate the suite of tools, but this is an estimates committee where we are trying to get down to certain specific budgetary facts.

**The Hon. MELINDA PAVEY:** And answers.

**CHAIR:** That is why I am a bit concerned because to say that it is a suite of tools does not assist me.

**Mr WATKINS:** What I was going to follow up and say was that DEC has \$13 million available to them to purchase those leases. There is also an option to work with a land owner if they

have land adjoining a Crown reserve to come up with a plan of management covering that. In those circumstances the conservation values could be protected under a covenant. They could be protected by a plan of management in adjoining Crown reserve and still be retained by the land owner. They could be purchased by DEC.

**CHAIR:** How many have been purchased by DEC?

**Mr WATKINS:** I do not have those figures available.

**CHAIR:** Perhaps you could get those for us. I will now go over to the Opposition.

**The Hon. MELINDA PAVEY:** What is the broadband strategy for New South Wales?

**The Hon. TONY KELLY:** I am absolutely disgusted that the Federal Government would sign their broadband deal on a Sunday night during APEC—I have never heard of a government contract being signed on a Sunday, let alone while APEC is on—to give OPEL \$958 million to compete with a system on very thin band along the coast which is in competition with Telstra. This is a big country. We cannot afford competition in the whole bloody country. Surely to goodness the money could have been better spent to extend what we already have.

The regional development ministers had a meeting in Cairns two weeks before the contract was signed where all of those ministers asked the Federal Government not to sign the contract. The little map that OPEL put out that shows this thin strip that they will spend \$958 million on has a disclaimer on the bottom saying, "We cannot guarantee we are going to supply those areas." Every regional development minister called on the Federal Government not to sign that contract. However, as you know, the Federal Minister has the power to veto and Mark Vaile, the Federal Minister chairing that meeting, vetoed that motion. Sure enough, two weeks later on a Sunday evening under the cover of APEC, the communications minister, Senator Helen Coonan, signed that contract. It just beggars belief.

**CHAIR:** Now you know how we Greens feel in the New South Wales Parliament.

**The Hon. MELINDA PAVEY:** I am talking about the New South Wales Government's broadband strategy on service delivery through agencies to New South Wales.

**The Hon. TONY KELLY:** That is actually a question to the Minister for Commerce. However, I can get you the details for that because I have actually answered it in the House.

**The Hon. TREVOR KHAN:** Three times, I think.

**The Hon. TONY KELLY:** A number of times, yes. We have a strategy of getting broadband to the hospitals and all Government departments in the country. It is proceeding according to their plan. It is the area of the Minister for Commerce.

**The Hon. MELINDA PAVEY:** I would like to discuss the retirement or resignation of the previous Director General of the Department of State and Regional Development, Loftus Harris. Was it a retirement or resignation because I understand he was one year into a five-year contract?

**Mr CULLEN:** It was a resignation.

**The Hon. MELINDA PAVEY:** In terms of his contract, he would not have received a payout for the five years, would he?

**Mr CULLEN:** The checking of those arrangements would need to be done in another forum, but my understanding is that basically it was a resignation and no payout is involved.

**The Hon. MELINDA PAVEY:** He has gone on to greener pastures.

**Mr CULLEN:** He has taken up a number of other opportunities.

**The Hon. MELINDA PAVEY:** Could you take this on notice and check whether it was a normal resignation and not a contract payout?

**The Hon. TONY KELLY:** My understanding is that he resigned effective 12 October 2007 as Director General of the Department of State and Regional Development.

**The Hon. MELINDA PAVEY:** What time frame is there for the official replacement of Mr Harris?

**The Hon. TONY KELLY:** My memory is that at the time the Premier put out a press release saying they were going to have an international recruitment program. It will be managed by the corporate group in the Department of Premier and Cabinet, as occurs for all of those CEO level appointments.

**The Hon. MELINDA PAVEY:** How many ministers did that person—

**The Hon. TONY KELLY:** Did he respond to? Five, I think.

**The Hon. MELINDA PAVEY:** Is there anybody with a sane mind who would want to take the job and answer to five ministers? Is it an efficient way to encourage economic development in New South Wales to have five masters?

**The Hon. TONY KELLY:** Perhaps the acting DG could answer that.

**The Hon. MELINDA PAVEY:** The Minister is unable to answer the question. You might concur with me that no one with a sane mind would want to respond to five ministers?

**Mr CULLEN:** Sanity or no sanity, I have to say from the department's point of view having five ministers engaged in business development is an important chunk of Cabinet.

**The Hon. MELINDA PAVEY:** Who is the most important minister?

**The Hon. ROBERT BROWN:** Careful.

**The Hon. GREGORY DONNELLY:** They are all important.

**Mr CULLEN:** They are all equally important.

**The Hon. ROBERT BROWN:** There is only one—the Treasurer.

**The Hon. MELINDA PAVEY:** Who has been the Minister showing the greatest leadership and been the most effective in the decision-making process?

**Mr CULLEN:** It is important to give a context for this: different parts of the department service each of those Ministers. They all have their ideas and initiatives, et cetera. Again, there is an equal prominence.

**The Hon. TONY KELLY:** Regional Development probably has the largest staff component with two-thirds of the staff.

**The Hon. MELINDA PAVEY:** In relation to the effectiveness of the department, in October last year the NSW division of economic development practitioners moved a motion at their meeting critical of the department for not being able to lobby other State Government departments to help facilitate regional development. They said the department they have most trouble with is Planning. As I understand it, the Director General of the Department of State and Regional Development is not responsible to Planning as the Minister for Planning is not one of the five. What plans or targets do you have in place to achieve better outcomes in planning with the Department of Planning to alleviate the bottleneck that is happening?

**The Hon. TONY KELLY:** Michael might want to make some comments on that in a

moment. I presume that you are talking about the economic development officers of councils of which there are about 40 in the State?

**The Hon. MELINDA PAVEY:** Yes.

**The Hon. TONY KELLY:** Since becoming Minister I have had regular meetings with them. I am systematically inviting them to Sydney and taking them to lunch in this Parliament House. In fact, I had a group there this week. The reason I am doing that is to give them an opportunity to talk about whatever they want to talk about. This week they talked about planning issues, ethanol and a whole host of issues. I will then take back those particular issues to the Ministers concerned. I am giving them a forum they have never had before.

**Mr CULLEN:** If I could just add to that. The economic development practitioners were not critical of the department. In fact, they were very positive and constructive in terms of their motion, but they were looking for us to work across agencies. The whole thrust of the State Plan, in terms of the two things that the Department of State and Regional Development has responsibility for, are about attracting business development to New South Wales and to rural and regional New South Wales in particular. Part of that engagement process is actually concerned with planning.

**The Hon. MELINDA PAVEY:** How are you engaging in that process of planning? How many meetings do you have? What is the formal structure?

**Mr CULLEN:** There is a whole string of things. The most important thing as part of the P6 strategy—

**The Hon. MELINDA PAVEY:** What is that?

**Mr CULLEN:** It is State planning attracting investment to rural and regional New South Wales. There are two components of that: first, there is a CEOs cluster, which includes Planning, which formalises the process of engagement; and, second, at the regional level through the regional coordination groups run by the Premier's department. We have a formal process—

**The Hon. MELINDA PAVEY:** How many times have they met?

**Mr CULLEN:** These are structures that have recently been set up.

**The Hon. MELINDA PAVEY:** There have not been any meetings yet. There are structures there but you have yet to meet.

**Mr CULLEN:** In terms of structures they will meet on a quarterly basis.

**The Hon. MELINDA PAVEY:** They have not met yet?

**The Hon. TONY KELLY:** It is part of the State Plan.

**The Hon. MELINDA PAVEY:** I am trying to understand just how the State Plan is working.

**Mr CULLEN:** They have met.

**The Hon. MELINDA PAVEY:** Who have met, the economic development officers?

**Mr CULLEN:** Both of those two links I have mentioned have met.

**The Hon. MELINDA PAVEY:** Met once?

**Mr CULLEN:** The important point I was going to make—if I could finish that first—is that we deal with Planning or individual agencies on those individual projects on an ongoing basis. It is not just waiting for a meeting to happen. Those two formal structures, the meeting of the CEOs economic cluster and the regional coordination groups meet on a quarterly basis as well. We have met for quite a



period of time.

**The Hon. MELINDA PAVEY:** Are those meetings in Sydney?

**Mr CULLEN:** The regional ones are not in Sydney, but obviously the CEO meetings are in Sydney.

**The Hon. MELINDA PAVEY:** Minister, have you met with Frank Sartor? Do you meet with him regularly on planning issues?

**The Hon. TONY KELLY:** I do. He is aware of the number—

**The Hon. MELINDA PAVEY:** How regularly? How many times have you met him since the election?

**The Hon. TONY KELLY:** A couple of times a week, and he rings me regularly.

**CHAIR:** He does not consult, does he?

**The Hon. TONY KELLY:** He does. When he rings me quite regularly on various issues he usually does not introduce himself, he just starts talking. I know he is working on a number of the issues that these economic development officers have concerns about. I am actually opening the National Economic Development Conference next week.

**The Hon. MELINDA PAVEY:** Do you have regular formal meetings scheduled with the Premier on regional development issues?

**The Hon. TONY KELLY:** We have when there are issues. We have a formal meeting with the Premier at least once a week.

**The Hon. MELINDA PAVEY:** That is as Cabinet?

**The Hon. TONY KELLY:** That is what it is called, yes.

**The Hon. MELINDA PAVEY:** But that is not a specific meeting to talk about regional development targets and problems. So you don't meet with him specifically on a formal occasion to talk about regional development?

**The Hon. TONY KELLY:** We do when we have issues. We meet with him and the committee of cabinet and other groups that are set up in the Department of Premier and Cabinet on particular issues. We also make submissions when we have a particular issue coming forward. As I said earlier, we have three or four of those on the table now that we are dealing with.

**The Hon. TREVOR KHAN:** Can I return to the perpetual lease issue again. We have spoken about the \$13 million which is allocated for the purchase of high conservation value.

**The Hon. TONY KELLY:** From DEC, yes.

**The Hon. TREVOR KHAN:** How is the amount of \$13 million arrived at?

**Mr WATKINS:** It was part of the budgetary process and was determined in consultation between DEC, Treasury and the other processes involved.

**The Hon. TREVOR KHAN:** With respect, that is a non-answer.

**Mr WATKINS:** The bottom line is that they obviously did a sweep of what they believed was necessary. It is not a non-answer, with all due respect. There was an appropriate bid that was placed—

**The Hon. TONY KELLY:** From DEC.

**Mr WATKINS:** And that is the figure that came out.

**The Hon. TONY KELLY:** This is a while back. When Bob Debus was the Minister they did an assessment of what they believed was the appropriate amount, which was obviously based on those perpetual leases that they thought had a high conservation value. They then applied for and received the \$13 million from Treasury.

**The Hon. TREVOR KHAN:** Of the \$13 million, are you able to tell us how much of that has actually been spent?

**The Hon. TONY KELLY:** I thought you asked us that question before.

**The Hon. TREVOR KHAN:** I do not know whether it related to the amount.

**The Hon. TONY KELLY:** We will give you a number of properties and how much has been spent.

**The Hon. TREVOR KHAN:** Are you able to also identify where those properties are?

**The Hon. TONY KELLY:** I probably could.

**Mr WATKINS:** If they have been purchased, yes.

**The Hon. TREVOR KHAN:** I do take it that process of purchase is under way.

**The Hon. TONY KELLY:** I will have to check and make sure, because the person who sells them might not want it to be made public. But provided that is okay I will provide that information.

**The Hon. TREVOR KHAN:** Can I return to the Barwon Darling Alliance for a moment. You have referred to the fact that you have been working with the Barwon Darling Alliance in specific areas; is that right?

**Mr CULLEN:** We are looking for opportunities with them, yes.

**The Hon. TREVOR KHAN:** When you say "looking for opportunities", does that mean that you have done anything apart from talking to them? I am not seeking to be critical but what specifically have you done to advance the interests of the business and community in the Barwon Darling Alliance area?

**Mr CULLEN:** For example, with the Back O' Bourke Exhibition Centre, which you would be aware of, there has been both Commonwealth and State funding. So there has been assistance provided towards that. There also has been drought assistance—

**The Hon. TREVOR KHAN:** I do not wish to interrupt you, but what do you mean by "assistance"?

**Mr CULLEN:** In terms of a dollar contribution towards the cost of the Back o Bourke museum, as well as some business planning and other work that was needed to help them put their case to the Commonwealth.

**The Hon. TREVOR KHAN:** You can put a dollar figure on the assistance?

**Mr CULLEN:** We can give you a figure in relation to it. However, we would like to confirm with that organisation that they are happy for that figure to be provided. There is certainly a dollar figure we can provide. I am being a little cautious because there is a courtesy to be extended to them.

**The Hon. TONY KELLY:** It is a whole of government thing. They have been going for some time. The River Towns project was another that developed out of Barwon Darling Alliance activity. I was involved in it some time ago, not as Minister for Regional Development but as an

MLC, where I think there were three or five towns involved in that specific project.

**The Hon. TREVOR KHAN:** Is it possible for you to provide us with a document that sets out the specific support, including the dollar figure, for the Barwon Darling Alliance over two or three years?

**Mr CULLEN:** It is possible to provide you with a list of who we have helped. We will clarify with those parties whether there is an issue about expressing the dollar figure.

**The Hon. TREVOR KHAN:** It is the expenditure of Government funds; is it not?

**Mr CULLEN:** I understand that.

**The Hon. TONY KELLY:** A lot of the assistance we give to companies we do not publicise. We sometimes say we have assisted this company but we do not say by how much.

**The Hon. TREVOR KHAN:** You will do your best?

**Mr CULLEN:** Certainly.

**The Hon. MELINDA PAVEY:** I would like to return to the perpetual and Crown lease and Crown road areas. Did you say your priority was perpetual leases in terms of applications to the Department of Lands?

**The Hon. TONY KELLY:** Yes, but that is not to say we are not working on the others. We are trying to get the perpetual lease ones moving first, because there was a bit of a time frame on them. There is also a number that have not applied and that we are trying to encourage to apply. If you deduct 3,900 and 3,500 from 10,700 there is a gap. We are trying to encourage them to do something about it.

**The Hon. TREVOR KHAN:** Minister, you told us before that 10 additional staff have been employed and you are going to give us details as to where those people are. Prior to the employment of those 10 people, how many people were actually employed on the job of doing these conversions?

**The Hon. TONY KELLY:** As the Director General pointed out earlier, right across every lands department regional office, including head office, there are people who are allocated various jobs, and part of those jobs, depending on the number of applications, included work on Crown roads. There might not have been a specific whole person. It might have been part of a person's job. I have some statistics on what we have done with the Crown road applications so far. We did a lot of work with the New South Wales farmers about how we treated these applications as well. In other words, we consolidated a lot of the enclosure permits. If a farmer had seven, we did a lot of consolidation work so that he had one application rather than seven.

**The Hon. TREVOR KHAN:** I do not mean to be rude but I asked about numbers that had been employed rather—

**The Hon. TONY KELLY:** The question before that I was asked about the priority of the roads. I am adding to that, if that is all right. There were 32,500 roads that were in common ownership. Since July 2004 the department has received 6,100 applications for closure of roads.

**The Hon. MELINDA PAVEY:** Have any been processed?

**The Hon. TONY KELLY:** Since July 2004 more than 2,000 road closures have been completed.

**The Hon. MELINDA PAVEY:** How many refused?

**The Hon. TONY KELLY:** I do not have that figure.

**Mr COSTELLO:** Less than 20.

**The Hon. TONY KELLY:** The total value of those 2,000 road closures was \$13.million. That is the value of the ones we have received in that period. Some of those applications may have been received prior to 2004 but processed since 2004.

**The Hon. MELINDA PAVEY:** There are about 3,900 outstanding or waiting to be processed—*[Time expired.]*

**The Hon. ROBERT BROWN:** I have three questions in one, but they all relate to items in the budget paper and over-expenditures in those budget items concerning the Lands department. It is quite a detailed question, so I suspect it is one where you may not have the answer in front of you. First, pages 5 to 10 of Budget Paper No 3, Volume 2 in relation to land and property in New South Wales show that a revised budget for grants and contributions exceeded the original budget estimates by \$749,000. That is more than three times the amount that was originally budgeted. Further, the provision for the current financial year is similar to last year's initial provision—which was about a third of the \$749,000—but significantly less than last year's actual expenditure? That is the first part.

**Mr COSTELLO:** I have an answer. In the grants and subsidies for the LPI there was a budget allocation last year of just over \$300,000 and the final expenditure was just over \$1 million. So that is your \$750,000 increase. Basically that resulted from an increase due to each of the States combining at the moment to develop a national electronic conveyancing system (NECS). The LPI's contribution towards the cost of getting that system up was \$700,000. That was reflected in the expenditure.

At the time when the budget was put together some preliminary work was going on to get the NECS initiative established, but nobody knew at that time what the State's contribution was going to be. That is why there is a difference between the budget allocation and the actual expenditure. The 2007-08-budget allocation is \$350,000. However, we still anticipate there will be a further contribution towards the next initiative during this year because, as it is work between all the States and has its own steering committee that determines its work priority, we do not know what that amount will be. The budget allocation for grants and subsidies is \$350,000. We do not know whether the expenditure will be \$600,000 or \$700,000, but that will be shown in the actual expenditure at the end of next year. It may again reflect what is there for the last financial year. For the moment that money comes out of money that is allocated within the operating expense of the LPI.

**The Hon. ROBERT BROWN:** Just a supplementary on that particular question. The development of that six figure, which is bloody great, was that part of that particular budget line item or was that a separate item somewhere?

**Mr WATKINS:** No. That is a completely separate item.

**The Hon. ROBERT BROWN:** My second question relates to pages 15 to 17 of Budget Paper No 3, Volume 3 in relation to Crown land services which shows that the revised budget for minor dams project exceeded the original budget estimate by \$950,000—almost double the amount. Could you comment on why that budget overrun occurred?

**Mr COSTELLO:** There are 14 minor dams in the State. The Dams Safety Committee does an assessment from time to time on those dams and goes back to the Government to say, "Here is the body of work that needs to be done to keep them maintained." Like any program, it starts off low building up to a peak and then goes down. There was actual expenditure of \$950,000 in 2005-06, \$1.9 million in 2006-07, and then it is estimated to go back down to \$850,000 in 2007-08. It is getting past that hump, if you like. At the time the budget papers were put together there was some slight under-expenditure, but that gets rolled into forward years.

**The Hon. TONY KELLY:** This is very novel, Robert, asking questions on the budget.

**The Hon. ROBERT BROWN:** My third question relates to pages 15 to 18 of Budget Paper No 3, Volume 3 where there is a revised budget of grants and subsidies given to the Wild Dog Destruction Board. It exceeded the original budget estimates by \$1.37 million, which was a large difference to the amount that was originally budgeted. Can you comment on that?

**The Hon. TONY KELLY:** We have effectively refunded—I am not sure how many years now—for about four years.

**Mr COSTELLO:** Or maybe five.

**The Hon. TONY KELLY:** We have not charged them, but we have paid. For the last five years no-one has effectively paid more than the structured board's rates. They have actually increased in that period and that is probably where you might be able to say it has weakened. Since they have paid, they have gone up considerably; but we have actually paid them.

**Mr COSTELLO:** The \$200,000 in the budget figure is an annual contribution to Government moneys for the Wild Dog Destruction Board just to assist in general admin costs. With the way the appropriation goes, this money cannot go straight from the Government to the Wild Dog Destruction Board; that is included. So we are the postbox for it to come into the Lands allocation. As the Minister has said, over the last four or five years normally the Wild Dog Destruction Board levies a fee to the farmers in the area and that money is used to manage the activities of wild dog destruction and what have you. Because of the drought and the hardship that farmers have faced, the Government has waived the general payments in each year and the Government then makes a contribution to the Wild Dog Destruction Board—and again we are the postbox for that. Therefore, the allocation for next year again goes back down to the same thing. If the drought continues, the Government is likely to continue its policy of providing relief for them.

**The Hon. ROBERT BROWN:** That is great. Thank you. I can take out the nasty little final line here about an election year or something like that. I have one very quick question: in relation to the road closures and the sale of the roads and the fact that you knocked about 20 of them back, as you say, does the Department take into consideration where a road closure would affect access to another Crown or public land area, a waterway or anything like that?

**The Hon. TONY KELLY:** Yes. Road closures are a fairly long process because they first apply for permission to close the road. Then we have to advertise it to see whether there is public comment from members of the community who may have some view about the road and where it might be accessed.

**The Hon. ROBERT BROWN:** Do you specifically consult with neighbours?

**The Hon. TONY KELLY:** We write to all the neighbours that are affected and ask them for any comment. In addition, we contact the council, in case the council need future road access to some sporting or rec matter or something else. Obviously the Department is reasonable about how it views those. For example, bear in mind that not every neighbour loves his neighbour—there is quite a number of vexatious people out there—so sometimes you might get a vexatious objection. In other words, somebody might already have adequate access to their property and already use that access—I think everybody can think of some examples—but they object any way. The Department will be reasonable about those particular ones. So obviously just because somebody objects does not mean it will be given up.

**The Hon. ROBERT BROWN:** I have concluded my questions.

**Mr WATKINS:** I should add here something that I think is important. There are a number of circumstances where we have closed roads but the access is still there because we have provided an easement. Simply because of the nature of the terrain and country, many of the paper roads are impassable; they are over cliffs or those sorts of things. The whole exercise here is to leave those paper roads in place that are needed now into the future and to close those that are serving no useful purpose.

**The Hon. TONY KELLY:** Certainly. That is a specific example. There are a lot of examples of that where you have a person who has the road over his place and then one or two neighbours pass that and it is their access. They would actually prefer to see the road closed too, provided that they get an easement to be able to travel through that land. They are much happier with that process than the neighbours who want access by the existing public road.

*[Short adjournment]*

**CHAIR:** Just to explain my next question, the Department of Lands quite clearly claims that there are extensive and outstanding natural values of Crown Land Leases, including 200,000 hectares of identifiable wilderness old-growth underreserved ecosystems and thousands of hectares of inland wetlands. These will be protected using covenants imposed under the Conveyancing Act 1989, as I understand it. How much money does the Department intend to spend on administering covenants over former leases? I understand that there has been some announcement and argument to say that the Government cannot afford to administer those areas.

**The Hon. TONY KELLY:** I will let the Director General answer that, but you are aware, of course, that there are probably a million covenants there already with registered titles.

**Mr WATKINS:** Just to put a bit of context into this, the conversion of perpetual leases and Crown roads is a program that was started three or four years ago. It has been going on since the Act existed. The Department of Lands, of course, consists of a series of former agencies—the Central Mapping Authority as well as titles and those other aspects. But, in the context of understanding and mapping the State and utilising technology, particularly remote sensing technology, the Department of Lands is one of the leaders not only in New South Wales but in Australia. That comes from the backdrop of the CMO.

We are always looking at new approaches to do this monitoring. That is why we have recently upgraded the aerial cameras and we now have the ADS40 digital camera. We have a program in place for the systematic mapping of the State. We then will incorporate that in the monitoring program of our overall Crown lease area. Where there are specific areas that are drawn to our attention, we will use that technology to go in and map and record. Where necessary, we will use that as part of the basis of any litigation that may occur. We regard the stewardship responsibilities as being a collective between the person who has the licence or lease to use the Crown land, irrespective of what it is being used for, and ourselves as the overarching agency.

**The Hon. TONY KELLY:** Lands is also prepared to allocate an adequate budget to emerging and essential compliance responsibilities. The Department has developed a compliance policy of operational procedures. Specialist staff have been appointed with responsibilities including monitoring and auditing of bandwidths. Community education and awareness is an essential primary component of the compliance policy. The Department is collaborating with Catchment Management Authorities and the Department of Environment and Climate Change to assist landholders in improving environmental outcomes on their land. Compliance policies of our departments, such as the Department of Environment and Climate Change, with respect to legislation such as the threatened species regulation act and the native vegetation act assist in ensuring the environmental covenants on title are complied with as well as using the Department's own resources such as, as the Director General has mentioned, our aerial photography.

**CHAIR:** On that compliance, how many routine compliance checks would there be? Perhaps you can take this on notice: can you give the number of checks they would do? Do you have some regime for routine compliance checks to be conducted by the Department of Lands on covenants of former Crown leases?

**Mr WATKINS:** We will have to take that question on notice.

**The Hon. TONY KELLY:** Yes. It is going to be a futures thing because, as I said, we are only just doing these covenants.

**Mr WATKINS:** We have a range of land management officers that regularly visit the parcels of lands now. So they are undertaking the very practice to which you have just alluded. If your question is targeted specifically at the perpetual leases on converted land, as the Minister has said, that is something for the future. What we have undertaken to do is to allocate the resources required.

**CHAIR:** Is that just free flowing as required, or is it a strategy where you actually say, "We are going to aim to check regularly or follow through with compliance," which will be given a particular amount in the next year or so?

**Mr WATKINS:** It is a strategy. We have roughly 62 land management offices that are targeted for this broad aspect.

**CHAIR:** Are these new positions?

**Mr WATKINS:** No. The new positions we referred to are the ones that we referred to earlier in the responses. As those officers cease to be used for the mainstream conversion process—and they are quite specialist officers with ecological knowledge—they then are released for the compliance and monitoring processes. That means that the people who have been involved in the evaluation and interrogation of the data, the systems and the knowledge are the ones then that are using that in a compliance sense.

**The Hon. ROBERT BROWN:** That makes sense.

**CHAIR:** There was a recent judgement following the CRA on forests in the north-east bioregion and New South Wales committed to filling gaps in the reserve estate by transferring parts of that vacant land—around 70,000 hectares of high-conservation value vacant Crown land—which has been identified as required for national parks estate. I understand that some 50,000 hectares of that has been transferred. Since the resurrection of the Department of Lands, the process appears to have been slowed or even halted. Could you comment on that at all?

**Mr WATKINS:** The case to which you refer was the Land and Environment Court case tied up with the defence of an Aboriginal land claim, which the Minister refused. The applications were refused on the basis that the lands were needed for conservation purposes. So, in that position, Crown Lands through the Minister was taking the position to support the position adopted by DEC that these lands needed to be added to the conservation estate.

In leading up to that, a significant parcel of this land was also in the hinterland of Evans Head. There was a previous subdivision proposal of a parcel of those Crown Lands. A closer reading of the decision by the Land and Environment Court will refer to a reference to both mineral resources with respect to sand lining in the area and also the Department of Lands. The Department was happy to rest on the position that, if those lands were not needed for residential purposes, they would be, indeed, going to the national park and that is what has happened.

**CHAIR:** So in this particular case then the conservation values would override the department of mining, which is a bit of a turnaround.

**Mr WATKINS:** No. In this particular case, the Minister for Crown Lands, who has the responsibility for determining the allocation of the vacant or reserve Crown land that was claimed by the Aboriginals, has the requirement to consider all objections from the various parties. It is an exhaustive exercise to go through. It involves consulting with local government and the various Government agencies. In this particular case, in the early stages, mineral resources were indicating that there may have been a need. Subsequently through the process that was not a requirement and, therefore, the whole defence by the Minister was based around conservation values. He refused the claim on the basis that it needed to be added to the Crown Estate.

Some of the public reporting on this particular case was most unfortunate because it was trying to support a position where the Department of Lands and the Government was trying to stop land being added to the conservation area, whereas in fact that was the very position that the Government adopted and it was defending it on that basis.

**CHAIR:** I understand that there two Cabinet decisions on that matter, one in 1998 and the other in 2002.

**Mr WATKINS:** No. With due respect, there is confusion here about a couple of issues. The specific decision by the Land and Environment Court was a position around Aboriginal land claims.

The broader decision by the regional forests agreements, whether they be in the south or the north, refer to the general principle of vacant at that time or reserve Crown land and those which as part of that agreement should be considered for transfer. In that particular case in the north-east one, there was a whole structure put in place of consultation between the Department of Lands and the then Department of Environment and Conservation to go through and look at and see how best some of these areas of lands were to be protected. In many cases, because of their location and scientific and environmental value, they should be added to the National Park Estate. In other areas, the decision has been that, because of their multipurpose nature or the nature of the way in which they are situated with other parcels of land, they are best being contained within the Crown Estate and many notwithstanding the similar conservation values but under a different structure. Both of those structures should be seen to be complementary and supportive and not in a competitive situation.

**CHAIR:** Is there a time limit for the completion of this transfer?

**Mr WATKINS:** If we are talking about that specific transfer, no, there is no time limit, just as there is no time limit on the discussions we have with respect to transfer of any parcels of Crown land. It is a continual process. We have a referral system between ourselves and the Department of Environment and Conservation, which routinely looks at requests that come from the Department of Environment and Climate Change as to the parcels of land which they wish to add to the National Park Estate. We need to evaluate that and look at the needs of the community as a whole. That is a systematic program rather than a one-off program that stops and starts.

**CHAIR:** I will defer to the Opposition now.

**The Hon. MELINDA PAVEY:** We have 6,100 applications for Crown road lands presented to Government. We still have 3,900 outstanding, given your figures just before the break. How long do you expect it to take for those 3,900 to be settled, on current time frames?

**The Hon. TONY KELLY:** A lot of these, as I have mentioned before, take a long time because we have to advertise and give the neighbours and councils time. Then it comes back to the Department; they approve or reject the application. Then you have to go through negotiations to purchase. When we started this process, we expected that the minimum time it would take would be at least 18 months, though it could take considerably longer.

**The Hon. MELINDA PAVEY:** What is the average time taken currently to process the applications?

**The Hon. TONY KELLY:** I can find that out for you. In addition, a number of the people who are involved in purchasing want us to go a bit slow because of the drought situation. They do not want to have to come up with the money just yet. The purchase price is frozen at the time they apply or put in the application.

**Mr WATKINS:** You would strike an average in this, but it would fail because every case is different. There are some very complex cases where a road might be traversing half a dozen properties.

**The Hon. MELINDA PAVEY:** But a lot of the problem with the processing comes from the demands placed on your staff. You have employed 10 extra staff and you have told us today that perpetual leases have the priority. I imagine that the staff that process perpetual leases and Crown road leases are the same people. How do they divvy up their time within the Lands Department's offices across the state?

**The Hon. TONY KELLY:** Whilst I said there is a priority, we have still done 2,000 of the roads already.

**The Hon. MELINDA PAVEY:** There are 4,000 outstanding. You have done 2,000 over three years. Are we going to have another six years before we process these others?

**The Hon. TONY KELLY:** We did say that the Government had agreed not to charge any more rent on those who apply.



**The Hon. MELINDA PAVEY:** Only if they apply before July.

**The Hon. TONY KELLY:** Yes.

**The Hon. MELINDA PAVEY:** Anyone coming in after July will be charged \$350. How much is the rent?

**The Hon. TONY KELLY:** It is \$350 for three years. The agreement with the New South Wales farmers was for a three-year period, no longer.

**The Hon. MELINDA PAVEY:** But that is if you apply before July. What if you apply after July, Mr Costello?

**Mr COSTELLO:** I think the situation is that those who applied before July paid for three years. If their application has not been processed by the time the next rent is due, they will not be charged for that time. The newer ones get charged for a three-year block. While the fee is \$350 a year, the Minister is effectively waiving two years worth of rent payments.

**Mr WATKINS:** The basis here is that we do not wish to penalise anybody because of the volume that came in. There will always be a resource issue with a program as vast as this one. It is a matter of our trying to treat every case on its merits. There are some urgent cases that come in of hardship, whether they be perpetual leases or road closures, and you deal with those. But it will take some time to go through and get to the end of it.

**The Hon. TONY KELLY:** I get a lot of letters from members of all parties asking about specific cases. I often note that the Department, if there is a reason, tries to prioritise that and move them along a bit quicker.

**The Hon. MELINDA PAVEY:** Are you going to put more staff on in addition to the 10 that you have put on?

**The Hon. TONY KELLY:** We have just put the 10 on to try to move it along. Prior to the last State election, I spent my time running around the State reminding the general public that, if the Opposition got in, they would cut 20,000 staff. A lot of those would have been in the Lands Department and we would be in a much worse situation.

**The Hon. MELINDA PAVEY:** That is all academic, is it not?

**The Hon. TONY KELLY:** You are right.

**The Hon. ROBERT BROWN:** It certainly is.

**The Hon. MELINDA PAVEY:** We would have made sure that the Lands Department was well resourced.

**The Hon. TREVOR KHAN:** Are the 10 staff permanent employees or are they temps?

**The Hon. TONY KELLY:** We put them on a three-year contract. Obviously, whilst they are paying their way, which they obviously are, we will have an argument to keep them on. They will build up expertise in that time. Certainly, if we get to a point where they are no longer needed, I think the first priority would be to try to bring them back into the Department where somebody else has retired or whatever because they will develop quite a deal of expertise. Certainly we have put them on a three-year contract to start with, but I can see the need there for—I am only guessing—six years to a decade.

**The Hon. MELINDA PAVEY:** Do you have a total for the number of staff involved in processing applications?

**Mr WATKINS:** No, because it varies from time to time.

**The Hon. TREVOR KHAN:** Has an indigenous land use agreement been entered into with the Arakwal Corporation?

**Mr WATKINS:** Yes, there have been three agreements.

**The Hon. TREVOR KHAN:** What is the date of the most recent agreement?

**Mr WATKINS:** The most recent agreement would be the one that is still before the Federal Court to lodge. I know that the Hon. Ian Cohen, I and others were at the launch at Byron Bay. I cannot recall the date.

**CHAIR:** It was about six months ago.

**Mr WATKINS:** Yes, that is the one I am referring to. I do not have the date.

**The Hon. TREVOR KHAN:** You indicate that it is still before the Federal Court for registration. Is that the case?

**Mr WATKINS:** Yes. That is because, prior to the last day of registration, there was an appeal against it.

**The Hon. TONY KELLY:** That was 20 December.

**The Hon. TREVOR KHAN:** The date of the agreement is 20 December.

**The Hon. TONY KELLY:** That is when the Premier signed it. I think the Premier went up there and attended to it at Cape Byron.

**The Hon. TREVOR KHAN:** Does the indigenous land use agreement provide for the transfer of certain lands to the Arakwal Corporation?

**Mr WATKINS:** Yes, it does.

**The Hon. TREVOR KHAN:** Do those lands, the subject of the agreement, include what is currently the Broken Head caravan site?

**Mr WATKINS:** Yes, they do.

**The Hon. TREVOR KHAN:** Would you agree that is a site worth in the vicinity of \$30 million?

**Mr WATKINS:** I do not have a valuation, but it is considerable.

**The Hon. TREVOR KHAN:** Is it within the ballpark of \$30 million?

**Mr WATKINS:** It is a valuable site.

**The Hon. TREVOR KHAN:** Does it include two blocks at Wategos Beach?

**Mr WATKINS:** Yes, it does.

**The Hon. TREVOR KHAN:** Do they total some 4,000 square metres?

**Mr WATKINS:** I do not have the figures.

**The Hon. TONY KELLY:** They are residential blocks up the hill.

**Mr WATKINS:** Correct.

**The Hon. TREVOR KHAN:** Are they valued in the vicinity of \$15 million?

**Mr WATKINS:** That would be on the high side. The values are changing, but we would think it is somewhere between \$10 million and \$15 million.

**The Hon. TREVOR KHAN:** And a strip of land next to the Byron Bay high school?

**CHAIR:** Ironbark Avenue near Byron Bay high school, I think you are referring to.

**The Hon. MELINDA PAVEY:** Yes.

**Mr WATKINS:** As part of the indigenous land use agreement, a range of land matters were dealt with. Some of those involved additions to the National Park Estate and there were considerable lands that were added to the National Park Estate. Obviously the indigenous land use agreement was struck, recognising the interest of the Aboriginal community in those lands. As part of the siting of the indigenous land use agreement, the Aboriginal community then waived their right for consideration of any future native title claims. The claims were not of a nature where the Crown could totally establish native title, but they were significant. So the indigenous land use agreement was a sensible way to go for all parties.

As part of that, there was a lengthy—and I underline and put in capitals the word "lengthy"—negotiation for many years. I have to place on record that a whole host of people were involved, but no group was more closely involved and drove this process more than my own staff. I have a small very dedicated group of people that work on Aboriginal land claims and native title matters. They are specialist people. They worked at great length to try to strike a balance. Right up until the last day there were still heavy negotiations about the type and nature of the parcels of land. It was like any program dealing with land allocation: it got contentious and controversial, but a balance was reached. As the prime negotiating party, we believe that, given all the factors under consideration, it was a balanced outcome.

**The Hon. TREVOR KHAN:** Does the agreement also include a provision that the corporation will receive part of the earnings from the sale of the Sandhills Estate?

**Mr WATKINS:** Yes. I stand to be corrected, but I think the figure was either two or five per cent. The Sandhills Estate is an estate that is almost in the centre of Byron Bay. It is an area of land that has strong community involvement through amounts of infrastructure. It has some potential for some residential development. The request at the start of the ILUA negotiations was much, much higher than that; it was around 25 or 30 per cent. As part of the overall suite of negotiations, bearing in the mind the nature of the lands being considered, it came down to—again I will have to check—between 2 and 5 per cent.

**The Hon. TREVOR KHAN:** Apart from the parcels of land that I have referred to, are there any other parcels of land that are the subject of the indigenous land use agreement?

**Mr WATKINS:** The only parcels of land that you have not identified, which are numerous, are those that have been added to the National Park Estate, but they are not changing hands as far as public ownership is concerned.

**The Hon. TREVOR KHAN:** So the parcels of land that I have identified are those that are to be transferred to the corporation. Is that right?

**Mr WATKINS:** Correct.

**The Hon. TREVOR KHAN:** There are no others?

**Mr WATKINS:** Not that I can identify.

**The Hon. TREVOR KHAN:** Could I leave it with you that, if there are further ones, that you identify them?

**Mr WATKINS:** Sure.

**Mr WATKINS:** Sure.

**The Hon. TREVOR KHAN:** No doubt there is a reasonable explanation but why the secrecy of recent times with regard to this, noting that it has been of concern to sections of the Byron Bay community?

**Mr WATKINS:** I think "secrecy" is probably, with all due respect, a little bit harsh. I think there were lots of sensitivities about the registration process. It is fair to say that as much agreement was reached within the Aboriginal community as was seen with respect to the last minute placement of an appeal. If people went in and searched the website they could get the details from the registration process. Therefore, it was not appropriate for ourselves as a department to be a conduit of public debate. The appropriate body was in fact the registration body, which was the Court.

**The Hon. TREVOR KHAN:** There was in early October approaches made to the Department by the *Australian*, was there not? The information we extracted today was hardly forthcoming from the *Australian*; is that right?

**Mr WATKINS:** I spoke with the *Australian* newspaper, as we do regularly. I cannot agree with that statement.

**The Hon. TREVOR KHAN:** You volunteered to them all the parcels of land?

**Mr WATKINS:** No.

**The Hon. TREVOR KHAN:** They asked you about all the parcels of land.

**Mr WATKINS:** No. They had a query of me and they clearly were not as detailed in their question as you were today. I gave an honest answer to the question you asked.

**The Hon. TREVOR KHAN:** I am not suggesting you are not being honest.

**Mr WATKINS:** I realise that. I am flagging that I gave an appropriate response when I was asked the questions by the *Australian*.

**The Hon. TREVOR KHAN:** And only answered their questions?

**Mr WATKINS:** I answered their questions to the extent that I needed to, given all the circumstances.

**The Hon. TREVOR KHAN:** Where is the registration process up to now?

**Mr WATKINS:** I would need to check obviously. It is in its absolute final knock down stages. It is in the registration stage. It is beyond our involvement.

**The Hon. TREVOR KHAN:** Once the registration is affected, is there any further stage that will involve your Department?

**Mr WATKINS:** Yes, a lot of stages, in the sense of the actual handover of the land. There will be a lot of surveys and other types of activities.

**The Hon. TREVOR KHAN:** That has been going on up until now, has it not?

**Mr WATKINS:** It has. There is still a lot of that to go on. The prime activity will be between the Department of Environment and Conservation and the Arakwal people with respect to the ILUA over the use and management of national parks in the area that forms an integral part of the approach.

There are two aspects here. As part of the ILUA you have the joint management of public lands, international parks estate and you have the allocation of freehold land, which we handle. We have transferred land in two directions. We transferred land in freehold title to the Arakwal people corporation, and we will transfer land under the title of National Parks. All of those things are under a broad Arakwal/ILUA agreement—or series of three agreements.

**The Hon. TREVOR KHAN:** You indicated earlier that part of the deal that had been done was that the corporation would forgo any further claims. Is that right?

**Mr WATKINS:** That is correct.

**The Hon. TREVOR KHAN:** Is it wrong then that there are still outstanding claims in regard to the Clarkes Beach caravan park?

**Mr WATKINS:** No, it is not wrong to say. Certainly during the discussions over what parcels of land would be included within the ILUAs the Clarkes Beach caravan park was one that was actively being sought by both DEC, as an organisation, and also in the early stages by the Arakwal people. That was not one that the Department in its advice to the Minister could agree with on either of those occasions. That does not stop individuals or media running a case in the future of why these things should happen.

The legal and operational construct behind the ILUAs would mean that it would be extremely difficult, if not impossible, with the native title future claim being given up. Those claims would be successful under a native title claim.

**The Hon. TREVOR KHAN:** I want to be clear on this. There are a number of claims, as I understand, that the corporation has indicated it wants to persist with. One, for instance, related to part of Belongil Beach and also a maritime park. That is right, is it not?

**Mr WATKINS:** Yes. What we are talking about here is the marine park.

**The Hon. TREVOR KHAN:** Those claims are still maintained; is that not right?

**Mr WATKINS:** That is my understanding.

**The Hon. TREVOR KHAN:** Is the outcome, notwithstanding the agreement that has been reached, that those claims still persist?

**Mr WATKINS:** They have given up their rights of the native title claim over the designated areas that were contained within the original claims. What you need to have before you are the maps of the claims that were pertaining to the current ILUAs and the original claims and to cross-reference whether in fact these new ones that you refer to were or were not included in those current ones. I think you will find that there is still a difference in that. Given that, the issues over the other areas still have a way to run, particularly any that would be pertaining to the marine environment because it is Crown land three nautical miles to sea.

**The Hon. MELINDA PAVEY:** They were not in the original native title?

**Mr WATKINS:** The three of them were not considered as part of the current suite of ILUAs that we have negotiated. I should say—I am not suggesting in this case—that there is confusion in the general community amongst a lot of learned people about the difference between native tile claims and Aboriginal land claims. Under the native title claim an individual can make a claim. It comes under the Commonwealth basis. But in the Aboriginal land claims it is only a land council that can make a claim.

There is a lot of confusion out there. We have a number of Aboriginal land claims in the Byron Bay area. It is fair to say that there is conflict at times within the Aboriginal community itself over those two aspects. It is a very complex and sensitive area.

**The Hon. TONY KELLY:** Which is what I was referring to when someone asked me a

## CORRECTED

question this week to be specific about the claim. There are about 9,000, I think, Aboriginal land claims in the state.

**The Hon. TREVOR KHAN:** In terms of this exercise and the answers you have given, are you in a position to provide us with the maps both with regard to the original claim and now the subject of this agreement?

**Mr WATKINS:** We are in the position to give you the details of the three ILUAs that have been or are being signed.

**The Hon. TREVOR KHAN:** I will assume that that was a responsive answer. Are you capable of providing us with the maps?

**Mr WATKINS:** Yes.

**The Hon. TREVOR KHAN:** And the agreement itself?

**Mr WATKINS:** Yes. As the agreement has been registered and lodged, yes. I am not trying to be evasive, I am trying to—

**The Hon. TREVOR KHAN:** I know. You are very careful with your wording.

**Mr WATKINS:** I am trying to be careful with the wording—

**The Hon. TONY KELLY:** You would think he was a lawyer.

**Mr WATKINS:** Just a bush one, Minister.

**The Hon. TREVOR KHAN:** And a very good one at that.

**CHAIR:** I might continue on since my friend has raised the issue. Minister, or perhaps Mr Watkins, the claim of certain value on, say, the Broken Head Caravan Park site, has there been any move or position to sell it off?

**Mr WATKINS:** There was no move to sell it off. Indeed, leading up to the completion of the ILUA it was the desire of the Department of Lands, over a number of years, to have a lot of Aboriginal involvement in that. We saw it as a training centre.

**CHAIR:** It is really an issue of opportunity and management rather than being able to put a real estate value on that. Otherwise we would put real estate values on all sorts of national park packages.

**Mr WATKINS:** Everything has a value. The point you are getting to is that the caravan park has a value because it is a trading business. The boundary of the caravan park and the transfer of the area as part of the ILUA is not to the National Parks. It is to the Arakwal people.

**CHAIR:** We have had Crown land portions immediately contiguous to that caravan park actually handed over to the National Park Estate.

**Mr WATKINS:** We have transferred those, but we regard that—

**CHAIR:** It goes back to when Jack Hallam was the relevant minister, I believe.

**Mr WATKINS:** Even in this latest ILUA and transfer of land there was a parcel of land, as you will appreciate, between the coastal strip and the caravan park that was added at a very late stage.

**CHAIR:** You mentioned training areas. In terms of the Broken Head Caravan Park site, quite apart from the real estate value, what is the potential in terms of job creation for indigenous people in that particular environment?

**Mr WATKINS:** As part of the lead-up to this, and we took a very strong position, and I think it is well known to you, we did not originally see that the caravan park in fact should be transferred. I am quite happy to place that on record. It is on record in the Department. It was not part of the original agreement in total. It was left as—an adjunct is the wrong word—as a consideration pending further negotiation and a range of other outcomes. We had committed ourselves to using that as an operational living training centre for Aboriginal training in tourism development and the management of such areas.

I would hope now that has been handed over as part of the ILUA that that same concept and the principle of using what is a very established caravan park, a profitable operational caravan park, is used in that same spirit to train Aboriginal people to give them the skills and the capacity to further themselves in that part of the State.

**CHAIR:** The blocks at Wategos Beach were freestanding residential Crown land blocks. Have there been complaints to your Department about the exchange of those blocks? Who has made those complaints?

**Mr WATKINS:** I am not aware of any written complaints. I am aware of press about the issue. I am not aware of any written complaints. I stand to be corrected.

**CHAIR:** Have there been any verbal or written complaints from neighbours?

**Mr WATKINS:** Not to my knowledge.

**CHAIR:** Have there been any complaints from the editor of major daily newspapers? Is it possible, through your land titles department, to give the names of the owners of adjoining blocks to the Committee? Is that possible?

**Mr WATKINS:** As the Registrar General, it is a public register and you are free to search that at your will. Indeed, you can go on to [www.maps.nsw](http://www.maps.nsw) and identify the blocks you are seeking and then search the public register. I should say, also in the negotiation of those blocks at Wategos Beach, that there was considerable debate in the final stages at McLean and other people were negotiating it. There were some final changes made to the blocks of land that were going to be handed over. One of the considerations in handing over the blocks of land was that those parcels were in fact within LEP and there were other development constraints on the opportunity to be developed.

**The Hon. TONY KELLY:** The assumption is that they are residential blocks. The assumption is that they were sold for that.

**CHAIR:** Why do you think there have been complaints about the exchange of residential blocks?

**The Hon. TONY KELLY:** I am not aware of any.

**CHAIR:** In terms of the Sandhills Estate area, there is a considerable amount of land offered by the Arakwal Corporation, I understand, to actually provide for a public library on that site. Can you give a value of that land that has been offered by the Arakwal Corporation as part of this so-called deal?

**Mr WATKINS:** I cannot just off the top of my head.

**CHAIR:** Perhaps you can take it on notice. Perhaps you can give the area of land that is being offered for that public library, something that Byron acutely lacks at this point in time, in terms of a proper venue and also the size of land and the value.

**Mr WATKINS:** I should say, whether it is purely by the Arakwal people or whether indeed, I suggest, it is by the Crown that the Sandhills Estate is currently owned by the Crown. In that context, to be absolutely correct, it would be the Crown through the Department of Lands and Minister for Lands who was allocating the land for that community purpose.

**CHAIR:** That is with the total support of the Arakwal Corporation?

**Mr WATKINS:** Correct.

**CHAIR:** The Ironbark Avenue area that is claimed for housing for the elders, could you describe that land in terms of its importance to those people?

**Mr WATKINS:** I think it has a lot of cultural significance to the Aboriginal people. That is recognised throughout the negotiation process. That is why it will be unfortunate, both currently and judged by history, if people try to un-pull individual parcels of this broad agreement. One needs to look at the reinforcing nature of the components that make up this agreement rather than the individual nature of any site.

**CHAIR:** Would it be fair to say, Mr Watkins, that that particular site was where the current elders' children and their parents actually live. They were born, grew up and then remained on that site until the threat from authorities that, if they did not move to Cabbage Tree Island, which was a mission, they would lose their children?

**Mr WATKINS:** I have heard that, Sir. That is my understanding.

**CHAIR:** In fact, there is quite a clear, strong, historical link to that site.

**Mr WATKINS:** That is why I said it had great cultural significance to the Aboriginal people.

**CHAIR:** It is only a matter of a few house sites to allow the elders to have residence there.

**Mr WATKINS:** Yes.

**CHAIR:** I think it is important from my perspective to know how the Government is feeling about that the level of transparency of the process. How many times have premiers visited to actually sign over agreements on that site? I know there have been two ceremonies that I have been to at the Cape Lighthouse area.

**Mr WATKINS:** There has been at least two at the lighthouse area and under the premiership of the last two premiers, both premiers have been actively involved in the process.

**CHAIR:** Generally speaking, does your Department have feedback in terms of community support or community opposition for that process?

**Mr WATKINS:** I think in a broad content there has been broad scale support to reach a resolution of a very complex issue that has many facettted parts to it.

**CHAIR:** Through your Department, do you have any assessment or understanding of how many Aboriginal people would be employed, given the process with this completion and, therefore, the activities that would be undertaken through National Parks and working on land?

**Mr WATKINS:** I do not have those figures. I do not believe, and I stand to be corrected, that any definitive study has been done in that regard. I think, like many employment issues, irrespective of the ethnicity of people and cultural backgrounds, that only starts to unfold once the opportunity start to emerge. I think contained within the ILUA are very, very significant opportunities for the Byron Bay community as a whole to pull behind that ILUA and to achieve outcomes collectively, irrespective of the people. That includes the Aboriginal community.

**The Hon. ROBERT BROWN:** I have another budget question. My constituents and probably all the people of New South Wales have an interest in the relevant cost of managing different types of public land. I have asked the Minister responsible for the management of the national parks a question relating to the administration cost, operating cost, of the land under his tenure. I have a fair idea of a similar figure for forests in the way forests are run. Given the diversity of the Crown land holdings that come under your Department, Minister, where you have a huge chunk of Western Lands



## CORRECTED

leases and then two other divisions, there would be a great difference in the cost of administering or managing those lands. What is the total budget cost, split across the total land area—which we know is probably meaningless?

Would you be able to provide the Committee with a dollars per hectare figure which would comprise the following expenses in this budget: \$59.6 million for the maintenance and management of Crown Lands. The \$19.4 million is probably for soil conservation and some, probably not all, of the budget allocation for land and property information. We talked about compliance issues with things like that using some of that work. Then give us a breakdown by division of, just roughly, the operating expenses for the Department of Lands for managing those lands.

**The Hon. TONY KELLY:** We will take that on notice and see what we can do. You have pointed out that they will be quite varied. We might divide the question. Soil conservation is probably not relevant because it is primarily private property.

**The Hon. ROBERT BROWN:** Or contracting.

**The Hon. TONY KELLY:** Contracting for the department of education or the RTA.

**The Hon. ROBERT BROWN:** Does the Department of Soil Conservation do work on Crown Lands?

**The Hon. TONY KELLY:** They do. It would be the other part of the budget.

**The Hon. ROBERT BROWN:** Whatever the budget split-up is.

**The Hon. TONY KELLY:** We will look at that. The other thing that will not show up, on Crown land, particularly on our reserves, is that we have trust reserves who put a lot of their time in and their own capital. They raise money locally and put that in. That will not be shown. All the volunteer work will not show. Our figure will be low for that reason.

**The Hon. ROBERT BROWN:** I understand that. It is the same as Forestry have revenue inputs that reduce their total cost. To a minor extent, I suppose, National Parks have some revenue that offsets theirs. It is just the broad comparison I am looking for. Thank you, Chair.

**CHAIR:** I will continue. I might as well stay with Byron Bay for the moment. Who is actually on the Arakwal Corporation board?

**Mr WATKINS:** I do not know that I have the names.

**CHAIR:** I can give you a few.

**Mr WATKINS:** I think we should provide that rather than try to make—

**CHAIR:** I think so. I refer to another Byron matter, the sacking of Byron Shire Council's trust manager of the Crown Reserve caravan parks. In budget estimates last year on 25 September you said that a management review had been undertaken of the caravan parks managed by BSC and that "separately from the review the Department received complaints about council's management practices and interference by individual councillors in reserve trust decisions. An FOI has not brought to light any evidence of such complaints". Were there, in fact, complaints; if so, can you provide the Committee with evidence of those complaints?

**The Hon. TONY KELLY:** That was certainly my advice: that separate from review, as you said, the department received complaints.

**CHAIR:** Minister, you did receive a letter from the mayor's office. That quite clearly stated that they had an FOI to investigate that and nothing has turned up. I am personally quite concerned that what then appeared in the media was very denigrating toward the council and councillors. I was wondering if you could furnish us with where those complaints came from and who actually delivered those complaints. It certainly hasn't turned up under FOI. We have a situation here where—obviously,

## CORRECTED

there are always those in the Byron community who will object; usually my side of people—I have real concerns about the fact that many of these areas were run according to a reasonable standard of process. In fact, there were a number: Brunswick Park is now rated four stars, Clarkes Beach has a three-star rating and one of them received a Gumnut Award.

**The Hon. TONY KELLY:** Which I hand out.

**CHAIR:** Then you removed it. It is of great concern that it looked bad, and it reflected very badly on council and gave those opponents an opportunity, which I think may have been unfair.

**The Hon. TONY KELLY:** Clarkes Beach has been upgraded since the administrator has taken control.

**CHAIR:** I am aware of that. It was recognised as an important asset a couple of years ago and council resolved to upgrade and extend the facility after a report on tender process was rejected by council's Reserve Trust managers. We had that recognition very early in the piece from council. I am concerned, and I understand you may be following the appropriate process there, that for some reason or other there has been some serious misinformation laid before you, I feel.

**Mr WATKINS:** Could I just try to shed some light on this. The caravan parks to which you referred, as a collective, as a total, were not to the level and standard that would have enabled them to proceed to maintain their licence.

**CHAIR:** Three and four star and a Gumnut Award.

**The Hon. TONY KELLY:** Caravan park operational licence.

**Mr WATKINS:** Caravan park operational licence, which is maintained under the Local Government Act.

**CHAIR:** Were they losing money?

**The Hon. TONY KELLY:** No. It is a licence that the local council is empowered to do and must do to ensure that the toilet facilities, amenities, fire services and a number of other things, are adequate. The council has to issue the licence. Forgetting the fact, in this case, that they happen to also be the operator, they have a responsibility to issue the licence. In this case they were not up to standard.

**CHAIR:** Where was the assessment and was council apprised of that assessment?

**The Hon. TONY KELLY:** They knew. They are the ones who issued the licence.

**The Hon. MELINDA PAVEY:** They were able to assess that they did not meet the caravan licensing standard.

**CHAIR:** You are saying it was council officers or council workers that prompted your move to remove their control?

**The Hon. TONY KELLY:** What I am saying is that the caravan park was not up to the standard.

**CHAIR:** Who made the decision that it was not up to standard? How does that come about, and why is it that the elected council only found out about the decision to remove their powers after it was announced in the media?

**Mr WATKINS:** With due respect, that is not correct. Let me trace the history because I think it is very important that we have it on record. There have been long discussions for a number of years between the position of general manager and particularly other officers of Byron Bay Council and the Department of Lands over the nature, extent and state of the caravan parks to which you refer; those located in Byron Bay and those located in Brunswick Heads. There was considerable debate

about the onsite conditions over a number of the facilities.

**CHAIR:** The considerable debate is amongst whom?

**Mr WATKINS:** The council staff and other staff within council who manage these facilities—officers of council. It is not up to me, as head of department, or the department itself, to debate it or even comment on the relationship and the movement of that advice and otherwise between the elected officers of council and the executive arm of council. That is a matter for council itself.

**The Hon. TONY KELLY:** The council is a corporate body; it is the one body.

**Mr WATKINS:** There was also significant debate about the day-to-day operations of the park, not just the on-site facilities but also the way in which the management of the parks was undertaken with respect to long-term residency as opposed to tourist facilities. In fact, in one particular park at Byron Bay, which I inspected on a number of occasions over this period, I found very disconcerting the way in which the council itself had been buying back and onselling some of the sites and the nature and extent of the way that park was operated; it was unsustainable.

**CHAIR:** Which park was that?

**Mr WATKINS:** I am just trying to remember its name. It is the one at Brunswick Heads that is adjacent to the river. You know the one that I am talking about. I just do not have the name.

**CHAIR:** It runs off the river.

**Mr WATKINS:** That is right.

**CHAIR:** Is it Massey Green?

**Mr WATKINS:** No. I am flagging here that there is not one single point that you can point to and say that on a particular date the hammer came down. This was a considerable period of discussion and negotiation. Whilst there will be debate, as you are entering into now, about the material nature of some of this and what is recorded and what is not, it is clear to me as the head of the Department that the position had reached the stage where, in the best interests of the residents of and the visitors to those parks, it was best to put it under new management for a period of time until those issues could be addressed. That is indeed what has happened. What we have done now is to put that in an executive management structure whereby those issues can be redressed. The Department at this point stands quite open in giving advice to the Minister about what the long-term management structure of that should be. There has been no definitive decision made about whether those parks should be managed by the Department through an administrator, as they are now; whether they should be put out to tender and managed, as many others are in the private sector; or whether, indeed, they should be handed back to council at some time as trustees. That decision has not been made and will not be made until such time as we are satisfied that we have redressed the outstanding issues.

**The Hon. TONY KELLY:** I think some people really are under the misapprehension that it is council and they should have first priority on it. It is actually Crown land. We have 300 of the 900 caravan parks in the State. We operate some of them ourselves in some cases, but often we have trustees do it and that is often the councils. They manage them in a number of different ways. Particularly for the coastal councils, they become little cash cows for the councils because they make a lot of money and the councils use it as a source of other income. I can see why they get upset.

**CHAIR:** It is not so much a cash cow; it is one of the opportunities had by a council that is burdened by the impact of tourism and paying a lot to facilitate that, particularly Byron shire council. As you know, it is the biggest throughput of tourism in the State outside of Sydney. It is a small council with a small community and these are a few opportunities where the council can facilitate payment for further infrastructure—because they do not get enough benefit in other areas, thanks to your Treasurer.

**The Hon. TONY KELLY:** As I said, it is a cash cow. They get the money from the caravan parks to supplement their other activities.

**CHAIR:** There is a little even to maintain those facilities. A concern I have is that I understand an upgrade of the Clarkes Beach kiosk is unable to proceed. That is due to delays in approval from the Department for allocation of funds for the upgrade and a requirement to lodge a new development application for the addition of toilets to the cafe, despite it being an amendment to the upgrade. Really there were stages there where the Department perhaps dragged the chain. It was not necessarily all the fault of the local council.

**Mr WATKINS:** All I would say is that I could not agree with that broad statement you have just made. I think it is not correct, for the record.

**CHAIR:** Can we investigate that?

**Mr WATKINS:** I do not think it is appropriate to try to apportion blame in this process to any one individual or side. It is sufficient to say that, from the Department's point of view, the totality of the impact of the situation was that our recommendation to the Minister was that this was the best course of action. That is it in a nutshell. I think the bottom line is, as you as a local resident are aware, the cafe to which you refer is about to be opened. It is going to be in the spirit of what the other cafe was. I trust there will be no white tablecloths.

**CHAIR:** I hope not.

**Mr WATKINS:** We will all enjoy it.

**The Hon. ROBERT BROWN:** Not even butcher-paper tablecloths.

**CHAIR:** We will see. Previously we were speaking about Massey Green caravan park at Brunswick Heads and it received the 2004 Gumnut Award.

**Mr WATKINS:** But the Gumnut Award is to do with environmental matters; it has very little to do with the overall licensing and management decisions.

**CHAIR:** I understand it to be "a progressive rating scheme for holiday, tourist and residential caravan parks that recognises a commitment to environmental sustainability and social responsibility". It is initiated by the CCIA.

**Mr WATKINS:** That is what I just covered.

**The Hon. MELINDA PAVEY:** I just want some clarification in relation to the Crown Lands Legislation Amendment (Carbon Sequestration) Bill that became an Act last year. Concerns within the Western Division are developing about farmers out there being able to participate in future carbon trading. There is concern that the legislation may, in fact, effectively tie all carbon right trading to existing industry of State forests and that will preclude Western Division and Crown lease operators from participating in future carbon trading.

**The Hon. TONY KELLY:** We will take that on notice.

**The Hon. MELINDA PAVEY:** Are you aware of the issue in relation to the Lake Burrendong State Park Trust?

**The Hon. TONY KELLY:** Not much.

**The Hon. MELINDA PAVEY:** Do you know the chairman of the Burrendong State Park Trust?

**The Hon. TONY KELLY:** Yes, I do—and I know the past chairman. I have known the chairman for the last 40 years. Just for the others, this is my home town trust. It is one that I was responsible for as general manager of the council.

**The Hon. MELINDA PAVEY:** Echoes of the Byron Bay caravan park come forward.

**CHAIR:** We will wait and see.

**The Hon. MELINDA PAVEY:** Mr Madden has been chairman of the trust and some houses have been built at the Burrendong caravan park.

**The Hon. TONY KELLY:** Cabins. Actually, they are a bit like houses.

**The Hon. MELINDA PAVEY:** Who gave the trust the authority to build those cabins?

**The Hon. TONY KELLY:** I am not sure whether you mean the ones that Garry West funded 30 years ago.

**The Hon. MELINDA PAVEY:** No, I do not mean them.

**The Hon. TONY KELLY:** It is not those that we are now selling off, which I often use as an example for the Killalea State Park people?

**The Hon. MELINDA PAVEY:** No.

**The Hon. TONY KELLY:** It is the newer cabins?

**The Hon. MELINDA PAVEY:** Yes, it is the newer cabins.

**The Hon. TONY KELLY:** I am not sure that you want this on record, but there is a dispute between the council and the trust about what the approvals are. I will put this on record. When I was general manager of the council, I was asked by the then chairman of the trust, who has now passed away, who was a councillor, when we put through a LEP, whether that LEP would preclude any of the development that the trust had, including future cabins and even a village that was proposed at the time. Through me—and it is an LEP that I signed—the answer was no. There is a dispute now where the council seems to have a different point of view and there is an argument between the two. I have appointed a facilitator. I am actually taking the trust's side, not the council's—besides I gave my answer in good faith as general manager over a decade ago. There is a dispute now between the council and the trust and it includes some licensing issues—who sent what to whom, who applied and who did not. The trust seems to have copies of applications that council does not seem to have, including approvals for various things. But it now seems to be working in a spirit of cooperation. I have appointed somebody to try to facilitate that cooperation and it is moving in a reasonable way. But there is a lot of history there that has nothing or very little to do with the current chairman or the current mayor.

**The Hon. MELINDA PAVEY:** Returning to regional development, what is your understanding of the Better Regulation Office, otherwise known as BRO?

**The Hon. TONY KELLY:** Can you get somebody to ask Minister Tripodi about that in his estimates? It is his section.

**The Hon. MELINDA PAVEY:** I just thought you would be really interested in that. It is set up under the State Plan and you are meant to work with it to try to cut red tape in New South Wales. You have not been doing much of that, anyway.

**The Hon. TONY KELLY:** No, he does. He is the Minister for reducing red tape.

**The Hon. MELINDA PAVEY:** You do not know what it has achieved yet though?

**The Hon. TONY KELLY:** It is his section, not mine.

**The Hon. MELINDA PAVEY:** But you want to deal with business in New South Wales.

**The Hon. TONY KELLY:** Yes, but he is the Minister who has that section. I do not have anything to do with it.

**The Hon. MELINDA PAVEY:** So you would not know how many staff it has. Mr Cullen, are you able to inform us whether Regional Development is having any meetings with BRO?

**Mr CULLEN:** Basically, its relationship is with the Department of State and Regional Development. Its staff are within Premier and Cabinet. The small business part of our Department actually has a red tape sector-by-sector industry focus, whereas BRO has a focus on broader regulation and red tape. So we have a relationship with it, but it is not part of the Department.

**The Hon. MELINDA PAVEY:** How does that relationship work?

**The Hon. TONY KELLY:** When Mr Cullen says "we", he means the Department and not my section of the Department.

**Mr CULLEN:** The Department's work is complementary.

**The Hon. TONY KELLY:** It just includes this business sector. As we said earlier, there are five ministers and there is not the Minister for State Development or the Minister for Regional Development; it is Minister Tripodi.

**The Hon. MELINDA PAVEY:** But still you said there is a relationship.

**Mr CULLEN:** Yes.

**The Hon. TONY KELLY:** But Mr Cullen was saying his Department and not my part of the Department. Mr Cullen answers to five ministers. He was talking about the bit of him that answers to one of the five ministers.

**The Hon. MELINDA PAVEY:** I will not pursue that because it has nothing to do with regional development, which is a shame really. Returning to Byron Bay, can you help me in relation to the Broken Head caravan park? Is that a caravan park that is run by the Department of Lands?

**Mr WATKINS:** Yes, it was.

**The Hon. MELINDA PAVEY:** Is it now?

**Mr WATKINS:** It is now, but it will not be when we hand it over.

**The Hon. TONY KELLY:** When the agreement is done.

**Mr WATKINS:** Just broadly, there are 900 caravan parks in the State; we have about a third of them. A significant number of those are under trusteeship to council.

**The Hon. MELINDA PAVEY:** Broken Head is not though?

**Mr WATKINS:** No. With others we have direct leases through competitive tendering processes. Broken Head was one we had under an administrator pending the outcome of the whole ILUA process. We have now decided to hand that over as part of the whole ILUA process.

**The Hon. MELINDA PAVEY:** What sort of income will the Lands Department be forgoing after that happens?

**Mr WATKINS:** I do not have those figures. I have heard figures approximating half a million dollars.

**The Hon. MELINDA PAVEY:** Could I get the actual figure for the last financial year, on notice?

**Mr WATKINS:** Yes, that would be a public record.

**The Hon. MELINDA PAVEY:** In relation to the registration of the ILUA, as I understand it, there were discussions between the Byron Bay council, the Arakwal Corporation and the Lands Department. But, in terms of the future use of that land, it was decided within those meetings that will be registered in the very short term. Is that what you said and is that right? I just want to get it completely on the record so that people know what has happened and what has gone on.

**Mr WATKINS:** Negotiations over the ILUA have been whole-of-government negotiation, as represented primarily through the Department of Lands, which for a number of years has been the lead negotiator with the Arakwal people. There has been a host of interested parties, of which the Byron Bay council is one.

**The Hon. MELINDA PAVEY:** Most of those negotiations have been done with Mayor Jan Barham, as I have read. Is that correct?

**Mr WATKINS:** No, not necessarily. The mayor has been very supportive of the ILUA and has taken every opportunity to voice council's and her own opinions about that and that has been welcomed. But the issue here is one where the actual negotiation of the ILUA by the mere nature of these things very much becomes a legalistic argument and conversation.

Adam McLean, a solicitor, was the prime negotiator on behalf of the Arakwal people. I have had two or three people who have worked intensely on this as the negotiating team. Then there were people who were referenced right throughout Cabinet Office, DEC and other parts of Government. However, when it came down to what we could call the last stages of the ILUA—what goes on what line—yes, it became a very strong negotiating exercise between the Arakwal people as represented through their legal people and people in my Department with the support of others.

**The Hon. MELINDA PAVEY:** And the local council.

**Mr WATKINS:** I think the important part here is that the local council is not party to the agreement. The parties to the agreement are, in fact, Arakwal people and the state of New South Wales. Byron Bay council took every supportive opportunity to influence positively the outcome that they sought, as did many other parties, but they were not at the table as a negotiating party. The negotiating team very much was the Arakwal people and the State of New South Wales.

**The Hon. MELINDA PAVEY:** And the agreement will become publicly available?

**Mr WATKINS:** Following registration.

**The Hon. MELINDA PAVEY:** Which will be when?

**Mr WATKINS:** It is imminent, yes.

**The Hon. MELINDA PAVEY:** Before Christmas?

**Mr WATKINS:** Yes. I stand to be corrected, but I would have said within a few weeks.

**The Hon. MELINDA PAVEY:** That will reveal what can happen with that land in terms of the agreement; or is it just freehold land in terms of Wategos Beach?

**Mr WATKINS:** I think the important thing to note here is that the ILUA covers a range of conditions that involve the transfer of parts of land in freehold as well as ongoing arrangements for the national park and the way in which the Arakwal people will be involved in training and various other aspects. But, importantly, the land owned by the Arakwal Corporation in freehold must be and, I suspect, will be treated as no different from any other bit of freehold. It will be subject to LEPS, REPs and the various other constructs of the way in which we operate as a society. They are just another owner.

**The Hon. MELINDA PAVEY:** But the Broken Head caravan park, I would presume, would not have normal zoning.

**The Hon. ROBERT BROWN:** It would probably be zoned recreation.

**CHAIR:** I think there are certain conditions on the Broken Head caravan park.

**Mr WATKINS:** On the transfer of it and the maintaining of the park et cetera.

**CHAIR:** It is not something that is just freehold.

**Mr WATKINS:** It will still be freehold in the sense of being transferred. I can be corrected on this, but I would not see, from a title perspective as the RG, the Broken Head caravan park being any different in title to the land at Wategos Beach.

**The Hon. MELINDA PAVEY:** I have finished.

**CHAIR:** Looking at Killalea caravan park—

**The Hon. HENRY TSANG:** Mr Chairman—

**The Hon. TREVOR KHAN:** He has to support the red wing as well as the green wing.

**CHAIR:** Mr Tsang, we have half an hour to go. I intend to go through these questions. I want to complete this so that these witnesses do not need to be called back.

**The Hon. HENRY TSANG:** But CEOs have consideration—

**CHAIR:** I have not asked one question on Killalea and I have specific questions I would like to ask the Minister. If you want to preclude that occurring, we will deal with it in deliberations. I think you are being really unfair. We still have 25 minutes to go.

**The Hon. MELINDA PAVEY:** Perhaps I have not finished after all. I have just remembered something.

**CHAIR:** I would like to get through. We are on to greener pastures. I will be as quick as I possibly can. Minister, did you claim there was no accommodation planned for Killalea State Park?

**The Hon. TONY KELLY:** Are you asking whether new accommodation has been planned with the new concept?

**CHAIR:** Yes.

**The Hon. TONY KELLY:** It is tourist type accommodation. There are 200 and something units. As I said earlier, it is similar to Lake Burrendong State Park, which has had such accommodation for just over 30 years. It was first implemented by Garry West, when he was the Minister. It is the only one that does not have significant tourist accommodation. It does actually have some bulk cabin camping area. It has bunk style cabins where schoolkids and others can go.

**CHAIR:** There is concern that there has been a high degree of secrecy in arrangements with the developers. Could you comment on that?

**The Hon. TONY KELLY:** People have said that there has been a lot of secrecy. On 1 October 1988, a plan of management was adopted that incorporated the public. It was advertised and the public made comment on it. That plan of management incorporated a lot of the things that have occurred. In December 2002 there was a public information session on the development proposal. In February 2003, the trust released an expression of interest to develop part of the park for tourism purposes in order to make the park financially sustainable. Remember, this is the only State park that does not have a tollgate on it. It does not have contributions, because the public down there do not want it, because they want to go through there when going to the beach and they want continued free access, despite the fact that when it was privately owned the farmer used to charge to go down to the beach.



**CHAIR:** Two shillings.

**The Hon. TONY KELLY:** Two shillings. That converted would today be about \$7 or \$8, which is what the other parks are charging. In early 2004 the Department requested legal advice. In June 2005 the Crown Lands Act was amended, so it went through Parliament to give us greater flexibility with Crown reserves. In July 2005 the trust was directed by the Minister to prepare an amendment to the plan of management, which again was advertised to the public. That was exhibited in January 2006. In January 2006 as well, the amended plan of management was placed on public exhibition; it was exhibited at parks and local city councils. It is quite funny, is it not? It was exhibited at Shellharbour and the council reckoned that they did not know anything about it. Notices were posted in local papers and the gazette.

**CHAIR:** I appreciate this information, but there was a committee and the mayor was on that committee. My understanding is that they were sworn to secrecy and they could not make any public announcement about the—

**The Hon. TONY KELLY:** The amendment. You mean the Mayor of Shellharbour?

**CHAIR:** Yes.

**The Hon. TONY KELLY:** She was on that.

**CHAIR:** They were unable to publicly comment on any deliberations they were having.

**The Hon. TONY KELLY:** They were sworn to secrecy because a number of private companies put in proposals. Any proposals that were put forward by opposing tenderers or proposers were commercial in confidence. Obviously that was secret. Once the trust had selected a proponent, the information became public.

**CHAIR:** In terms of the arrangement that was undertaken with the company that was the preferred option, my understanding—and please correct me if I am wrong—is that, if the development were knocked back at council or State level for any reason, the State would be liable to pay compensation to the company.

**The Hon. TONY KELLY:** I do not know whether that is true. What has happened so far is that, in December 2006, the trust selected the consortium that is moving forward now to develop that tourist facility. In April 2007 approval was given for the trust to enter into a development agreement and leasing arrangement with Killalea Coastal Investments, provided that development approval is given and the public consultation process continues. So the leasing approval is contingent on the development application being approved.

**CHAIR:** So the State is not liable.

**The Hon. TONY KELLY:** What they signed openly was an agreement that they could proceed to put in a development application and, if it was successful, they would be able to continue to lease it. But those proponents signed an agreement, knowing that it falls apart if the development application is not approved. These people have done this sort of thing before. They have very similar ecotourism accommodation in national parks around the State.

**CHAIR:** My understanding is that public consultation only occurred after a provisional lease was signed. Is that correct?

**The Hon. TONY KELLY:** No. I do not know how many times I have visited the area and stood out the front with TV cameras, saying what the next process was and talking about what we were likely to do. I do not know whether it was in the first three months after I became Minister five years ago, but it was not that long after that. It has been a continual process. I have been down there with local members, and the mayors you talk about have been standing behind me half the time as we go through. The individual proposal by that particular company only becomes public after it is accepted, but the overall plan of management always envisaged tourism accommodation and that was approved.

**Mr WATKINS:** It has been on public display.

**The Hon. TONY KELLY:** It has been on public display and has been approved.

**CHAIR:** Has your Department taken any position or does it have any clarity on the basic appropriateness of development on Sydney coastal areas like this? Do you have a policy that is a guideline for these sorts of developments?

**The Hon. TONY KELLY:** Obviously the Department is very conscious of what it puts there and it would only allow appropriate proposals. But, apart from the Department, the proponent has to go through all the normal proposals that any developer would have to go through on freehold land or any other land. That includes the normal development application process going through the issues that might be there, because Minister Sartor would be involved with the coastal lands and so forth. They have to comply with all of that.

**CHAIR:** You enthusiastically supported it and I was there at Ungarie urban reserve.

**The Hon. TONY KELLY:** Yes.

**CHAIR:** You were going to support Killalea having a reserve.

**The Hon. TONY KELLY:** Yes. A number of others I think are in front of it though.

**CHAIR:** If that is the case—and I suggest it is worthy—it does not that lend itself to amelioration of the type of intensity of the development that is occurring on the hills around it?

**The Hon. TONY KELLY:** It is not self-precluding. You may remember that, when we were at Ungarie, the houses where we stood were a lot closer to the water and the beach than in this development.

**CHAIR:** That is historical. Those houses have been there for generations. They may be growing in size with the wealth of the new ownership; nevertheless, that is a historical precedent. We are talking here about the backdrop of a reserve that one could argue deserves more natural maintenance than your Government is proposing.

**The Hon. TONY KELLY:** You could argue about all those houses that have gone up there too.

**The Hon. ROBERT BROWN:** Plants and trees.

**The Hon. TONY KELLY:** Actually it is an old dairy. There are no trees.

**Mr WATKINS:** If you stand at the proposed surf and reserve you will not see the type of development that is proposed.

**CHAIR:** On the beach?

**Mr WATKINS:** Correct. If you are within the surfing reserve you would not be able to see the type of development we are talking about. Indeed, if people go back and examine the plan of management—you referred to whether we have any views as to the sensitivity of land—that is what the whole plan of management structure is about. It is all about the protection of the environment and also about the conservation of the resources and the sustainable use and multiple use of the land. In doing that the plan of management, which goes out to public display for all to see, Government agencies and the community generally address those types of issues.

I think it should be said here that the actual footprint of the buildings themselves that are being proposed, eco-tourism cabins, which can be taken up and taken away at the end of the lease, covers about 1 per cent of the total park. The overall project itself covers, at most, between six and

seven per cent.

**The Hon. TONY KELLY:** That includes the open space between the beaches too.

**Mr WATKINS:** Exactly. A lot of thought has been given to the integration of what has been proposed, so that it enhances the use, the enjoyment, and protects the cultural and environmental amenity of the area. Rather than looking at this as being a blight on the land, we are looking at this as being an added facility to enhance the natural beauty and the use of management and the visitation to ensure not just the financial sustainability of the area but the sustainability of the use of management of the area.

**The Hon. TONY KELLY:** I should point out too for the Committee—I know Ian probably understands this—that two of the three parts are out of the way quite considerably. I talked about the bake houses and the type of development across a broad range. There will be some relatively cheap accommodation some medium tourist accommodation and some more expensive accommodation.

**The Hon. MELINDA PAVEY:** Minister Kelly—through you, Chair—what is your opinion of the inland railway concept?

**The Hon. TONY KELLY:** Did you not ask me this question this week in the House?

**The Hon. MELINDA PAVEY:** Just quickly, are you supportive or not supportive?

**The Hon. GREGORY DONNELLY:** Refer to *Hansard*.

**The Hon. MELINDA PAVEY:** Refer to *Hansard*. You are not supportive is my recollection of your answer.

**The Hon. TONY KELLY:** What I said was that the Government's position on this is—

**The Hon. MELINDA PAVEY:** Your position, as Minister for—

**The Hon. TONY KELLY:** That particular inland rail line is one to service Queensland and Victoria. It is purposely designed to roughly go out to where I live, because there are vast areas out there that are open plains. It is easy to build a line out there which can go very fast. You have to get from one end to the other in less than 22 hours; otherwise the performance is a concern. There are not going to be very many stop off points. It will do very little for transferring freight for New South Wales residents. It is more about Queensland and Victoria. Our problem in this State is that the vast majority of freight—95 per cent of the freight—is more along the coastal areas and that is where the Government will be spending its money.

**The Hon. MELINDA PAVEY:** Has the State Government been asked to put any money towards it?

**The Hon. TONY KELLY:** The Minister for Transport has been asked whether he supports it.

**The Hon. MELINDA PAVEY:** He does not.

**The Hon. TONY KELLY:** We are supporting transport along our corridors where it is more needed.

**The Hon. MELINDA PAVEY:** As you would know for the regions around where you live, near Wellington and down to Parkes, there is the capacity to have intermodal terminals there.

**The Hon. TONY KELLY:** There is already one there.

**The Hon. MELINDA PAVEY:** With this new quick thoroughfare to get into Melbourne and Brisbane ports more efficiently, and given 15 per cent of freight coming through Sydney does not need to come through Sydney, the destination is not Sydney, would it not be—

**The Hon. TONY KELLY:** That leaves 85 per cent of our freight that goes to Sydney.

**The Hon. MELINDA PAVEY:** Why not consider a new rail link, an inland rail link for the benefit of the nation as well as the benefit of the farmers within most of New South Wales.

**The Hon. TONY KELLY:** The Minister did not say he objected in any way. He is just indicating the transport links he would support. His priority is to the metropolitan ones where, as you pointed out, 85 per cent of the freight goes.

**The Hon. MELINDA PAVEY:** We are sacrificing any support for the western rail line for the metropolitan network.

**The Hon. TONY KELLY:** I did not say that.

**The Hon. MELINDA PAVEY:** I think you did. You did not say it as bluntly as I did, but I think that was the intention of the comment from the Minister for Transport. His focus is on the Sydney metropolitan network and getting rid of some of the bottlenecks there.

**The Hon. TONY KELLY:** That is where he is spending the money, he said.

**The Hon. MELINDA PAVEY:** In relation to Coffs Harbour and the proposal there with the Department of Lands for a caravan park at Boambie Beach to help facilitate the National Surf Life Saving Championships, could you give us an update on that situation, please.

**Mr WATKINS:** This is a matter which has great implications for the Coffs Harbour area and, indeed, the State. There are matters of viability of the National Surf Championships as well as environmental sensitivities and the great aspects of regional economic growth. Because of the dynamic nature of sand drift and the long-shore drift in particular, and the erosion of the main beach at Coffs Harbour, which was the original site for the championships, it was clear post the acceptance of the right to hold the championships that that was not going to be a sustainable location. The Premier's Department, DEC, ourselves and the Department of Planning and council have been working very hard to try to find an alternative to keep the championships in Coffs Harbour and to keep the money involved in New South Wales.

We looked at the possibility of dredging the port on an ongoing basis to allow the sand drift to continue on a long-shore drift capacity, but even that was not going to provide sustainability to Clarkes Beach, because of the nature and the exposure of the beach to eroding forces.

Boambie Beach was chosen as the most likely spot. There have been extensive investigations of the environmental nature of the site. There are no endangered species that have been identified that would be impacted upon by the infrastructure development that is needed on the site. It was clear that to host a championship of this nature requires contributions from federal, State and local governments. There are broad requests to all of those parties to host this.

The Department of Lands has already referred to the fact that this is all Crown land along that strip, so we would need to give land owner's consent in the broad concept to the way in which we do plans of management. We would also ensure that not only were the championships successful for the time they were there but also there was a legacy and positive environmental and sustainable community infrastructure left post the championships.

To that extent we have proposed the inclusion of a caravan park on the base of the hind-dune so it does not impact on the fore-dune; therefore it is not within the erosion zone. That has been investigated and if that is adopted—we are proposing that—that would leave us with a sustainable legacy that would draw greater economic use of that area, which is currently a fairly underutilised beach area. That would balance the economic growth of Coffs Harbour back out towards the airport and provide a better balance in the way in which transport and everything else is used.

In short, it is a very exciting project that will require the close cooperation of three levels of government and a financial contribution by all. From a New South Wales Government perspective at a

departmental level, there has been very, very strong collaboration and broad agreements reached between planning, ourselves and DEC. We are working with the Government and ministers, along with the council, to try to get this across the line. We see it as a very, very important issue for the regional economy, the state economy, and we believe as a department that the conduct of it and the infrastructure that can be built there can be included, meeting any environmental planning or any other constraints that are placed upon them.

**The Hon. MELINDA PAVEY:** Is there any potential for the revenue from the caravan park to be factored into the costs of the entire project?

**Mr WATKINS:** The revenues from the caravan park we would see as being contained and transferred back to the site in general. Indeed, this gives me the opportunity to talk broadly, I suppose, about some of the philosophical approaches that the Minister has driven very hard up and down the coast, which is our concept of regional Crown reserves.

When you look at the coast, we have established some 27 regional Crown reserves. This enables us to look at the integrated nature of the parcels of Crown land and to ensure, whilst we are turning appropriate dollars to the State to be spent on hospitals and schools and other important things for the State, that we can also drive back into the local economy moneys to protect the State both from an environmental and development point of view where necessary.

Next to Boambie is the port of Coffs Harbour. We maintain, at great expense to the State, the break walls. What we need to do as an organisation, with the State and the local community, is join together to ensure that the break walls do what they were built for and that is to protect the port of Coffs Harbour. I have to say that from any measure of an asset analysis for accountants, it is totally an underperforming asset. What we need to do is to look at that area and say, "Okay, how can we get more jobs? How can we get more infrastructure in the port?" Where can we have boat building? Where can we have those other aspects occurring to get jobs for the indigenous people—there is a close link there—whilst at the same time enjoying all the benefits of the open green space and the lot. This venture at Boambie Beach adjoins this area, and we see that as a continuum.

**The Hon. ROBERT BROWN:** I refer to a National Parks Association media release of 4 August this year in which they claimed you were confused on Crown leases. You refuted a claim they had made that tens of thousands of hectares of identified wilderness was up for sale. The National Parks Association [NPA], in reply to your dismissal of their claim, is quoted as saying:

National Parks Association can confirm today that there are 72,000 hectares of identified wilderness on held Crown leases. This and other conservation values of over half of the Crown lease estate are well recognised and have not been disputed by the Government until now.

Earlier in this estimates session you were asked questions related to the process of DEC assessing perpetual Crown leases that were being offered to be converted and you mentioned the roughly 3,000-odd of those that are up for assessment. In this same Committee the Minister Assisting the Minister for the Environment confirmed that their Department had lots of resources and was well able to assess indigenous cultural impacts of land use. Minister, who assesses these Crown leases in regard to the non-indigenous cultural value so that there can be balance put into the equation of conservation value versus cultural value?

**The Hon. TONY KELLY:** That press release that they put out I think showed their confusion. You made a point during your question where you specifically talked about perpetual leases. That was their problem; they looked at all Crown leases. The figure you quoted was on all Crown leases. For the ones we are actually looking at, the figures they were quoting were a wild exaggeration. In fact, the figures I quoted earlier were ones that were being looked at for a whole host of reasons, whether it be threatened species or some conservation values. What they were talking about in their press release was identified wilderness. Only 1.5 per cent of the 10,700 perpetual leases are subject to this offer. That is about 160 in total that include any form of identified wilderness.

**The Hon. ROBERT BROWN:** Do you know the rough total hectares of that amount?

**The Hon. TONY KELLY:** I can get that for you. I cannot see it quickly in my press release of that time.

**The Hon. ROBERT BROWN:** In relation to any consideration to non-indigenous cultural value?

**The Hon. TONY KELLY:** Again, that is assessed at the time by our Department.

**The Hon. ROBERT BROWN:** I am perfectly happy with that.

**Mr COSTELLO:** In terms of assessment, our staff have a formal assessment process they go through. It looks at a range of environmental cultural issues. Depending on what items are identified, they will then use that information in relation to the suite of covenants they have to determine what the actual nature of the covenant is that goes over that title.

**The Hon. ROBERT BROWN:** As the Director General has stated in this Committee meeting, the objective is to achieve balance; is that correct?

**The Hon. TONY KELLY:** That is correct.

**CHAIR:** Environmental protection for Oxford Falls Crown Reserve was listed in 2006. There was another report done. Now we are seeing that there is potential for significant development, despite the fact that Mr Debus has stated:

The remaining 169 hectares or 26 per cent of this area will be subject to high level consultation and environmental investigation before any final land use decisions are made with extensive consultation with the Warringah Council and the local community.

When will the consultation with the community take place? I now understand the council has an administrator.

**The Hon. TONY KELLY:** A very good one too, Chair.

**The Hon. MELINDA PAVEY:** A good Labor Party member.

**The Hon. TONY KELLY:** That is true. Johnno Johnson would say that you do not need to use both of those words in the one sentence. If they are a Labor man they are also good. He refers to it as "Catholics". He pulls you up when you talk about "good Catholics".

**CHAIR:** What are your current plans for that area? Will we get the same conservation areas that Minister Debus had stated? What is the situation with the Oxford Falls Trust given that it has been resolved by gazettal? Does that pave the way for land department sponsored eventual development of that site?

**The Hon. TONY KELLY:** I will take that on notice. There is a fair bit of detail in that.

**CHAIR:** Thank you, Minister and staff.

**The Hon. MICHAEL VEITCH:** Thank you for your comprehensive responses, Minister.

**The Hon. ROBERT BROWN:** I would also like to place on record my congratulations for the quality of the answers that were given, Minister.

**The Hon. TONY KELLY:** Thank you. Thanks to my staff.

**The committee proceeded to deliberate.**