

GENERAL PURPOSE STANDING COMMITTEE No. 5

Wednesday 26 June 2002

Examination of proposed expenditure for the portfolio area

LAND AND WATER CONSERVATION

The Committee met at 8.00 p.m.

MEMBERS

The Hon. Richard Jones (Chair)

The Hon. Jan Burnswoods
The Hon. Rick Colless

The Hon. Amanda Fazio
The Hon. Patricia Forsythe

PRESENT

The Hon. John Aquilina, *Minister for Land and Water Conservation*

Land and Water Conservation

Dr R. Smith, *Director-General*

Mr Murray Sheather, *General Manager, Finance*

CHAIR: I declare the meeting open. I welcome the Minister and departmental officers and thank them for their attendance at this public hearing by General Purpose Standing Committee No. 5. At this meeting the Committee will examine the proposed expenditure for the portfolio of Land and Water Conservation. Before questions commence, some procedural matters need to be dealt with.

Part 4 of the resolution referring the budget estimates requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines for broadcasting are available from the attendants. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, the media must take responsibility for what is published or for interpretations based on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks. For the benefit of the members and Hansard, would departmental officials identify themselves by name, position and department or agency before answering each question referred to them. Where a member is seeking information in relation to a particular aspect of a program or subprogram, it would be helpful if the program or subprogram were identified. Minister, as the lower House continues to sit this evening, can you advise whether you will be required to attend for divisions?

Mr AQUILINA: I presume so. I have not been advised that any arrangements have been made for pairs.

CHAIR: If a division occurs, the Committee will decide at that point whether to continue or adjourn. I declare the proposed expenditure open for examination.

The Hon. RICK COLLESS: Minister, I refer to Budget Paper No. 3, volume 2, at page 11-15 to 11-23. The budget paper shows that the Department of Land and Water Conservation will shed a massive 175 jobs right across all activities of the department. For example, Rivers and Groundwater staffing has been reduced from 964 to 900. How can you justify such large cuts in services when natural resource management is arguably the biggest issue facing this State?

Mr AQUILINA: The staffing positions in the budget papers are based on the estimated average equivalent full-time number of staff. So, in actual fact, the figures do not refer to a specific number of persons. It is an amalgam of a number of people, taking in casual staff, part-time staff and the like. The estimated overall reduction to which the honourable member referred is consistent across the department's four program areas, in keeping with whole-of-government initiatives to reduce staff overhead costs in corporate and administrative areas. Included in the 175 reduction are 50 positions previously included in past estimates. So it is not correct to say that the current budget figure reflects a reduction of a total of 175. These displaced staff are already awaiting redeployment to other agencies, or possible voluntary redundancy under the Government's non-retrenchment policy.

The Hon. RICK COLLESS: Minister, I am not asking about what happens to the staff. I am asking about the cutting of 175 positions.

Mr AQUILINA: Mr Chairman, am I allowed to answer the question?

CHAIR: You are entitled to answer the question in any way you wish, but the member may ask a follow-up question if he wants to.

Mr AQUILINA: I had not finished answering the question. My answer is relevant to the question; in fact it is precisely a response to the question that the honourable member asked. I would like the opportunity to finish the answer.

CHAIR: Please do.

Mr AQUILINA: The department anticipates that these staff will move on during 2002-03. The reduction of the other 125 positions will focus on the department's non-core corporate and administrative areas. Although the budget estimates show a decreased allocation for staffing, there is considerable flexibility within the overall allocation of the \$558.7 million for "operating expenses" to cover staffing. The director general is currently working with me to ensure that staffing levels are appropriate for the department to carry out its functions and responsibilities. If there is any further elaboration that the honourable member requires, I will be happy to provide it.

The Hon. RICK COLLESS: Minister, the number of equivalent full-time positions is lower. Is that correct?

Mr AQUILINA: That is correct.

The Hon. RICK COLLESS: The number of equivalent full-time staff is projected to reduce by 175.

Mr AQUILINA: I think what I have said clearly reflects that.

The Hon. PATRICIA FORSYTHE: Why was a decision taken to cut staff?

Mr AQUILINA: I have just explained that.

The Hon. PATRICIA FORSYTHE: You have not explained why. You have told us where they have gone.

Mr AQUILINA: The explanation has been given, but I would be pleased to explain it again. The estimated overall reduction of 175 positions is consistent across the department's four programs. It is in keeping with whole-of-government initiatives to reduce staff overhead costs in corporate and administrative areas. I think that is a valid explanation. Included in the 175 reduction are 50 positions previously included in past estimates. That accounts for 50 of those equivalent full-time positions—again, explaining how that 175 can be accounted for.

As I have already said, these displaced staff are already awaiting redeployment to other agencies, or possible voluntary redundancy under the Government's non-retrenchment policy. Again, that is on the issue of voluntary redundancy. Also, the department anticipates that these staff will move on during the 2002-03 year. The reduction of the other 125 positions will focus on the department's non-core corporate and administrative areas—again reinforcing the answer I gave previously.

The Hon. RICK COLLESS: In 2001-02 there were 773 staff employed in the Land and Vegetation Program. This year it is projected that that number will drop to 723. Can you be more specific about the areas from which those staff will be removed?

Mr AQUILINA: In relation to the reduction of the 50 effective full-time positions—again recognising that these are not specific individuals as such—I might request the director general, Dr Smith, to provide some further detail on that matter.

Dr SMITH: The proposal for native vegetation in Land and Water is that some will come out of Crown land management, as we have put in new administrative systems built around the Crown Land Information Directory, for instance. Others will also come out of vegetation, where we changed the consent process and it will not be anywhere near as strong on staffing as are the current systems. So it will actually be generated through efficiencies.

The Hon. RICK COLLESS: It still seems an extraordinary number of people to cut from an organisation when there is so much concern about land and water management issues in rural New South Wales, and this is a department that is almost totally focused on those issues in rural New South Wales. I do not have to tell you, Minister, that these are some of the hottest topics in the bush at the moment, given the current suite of legislation being implemented under your hand. It concerns me that staff numbers are being reduced. What impact will that have on advisory services? What will be the change in the balance between advisory services and regulatory officers?

Mr AQUILINA: Again I will ask the director general to give specific responses in relation to those matters.

Dr SMITH: With the change in systems we will have fewer people on compliance than we currently have, because the systems developed will be able to be administered much more efficiently. This year additional resources will be put into extension, including such things as vegetation mapping, which will be part of the extension program, and additional funding was allocated to that by the budget.

Mr AQUILINA: In answering your question the director general has indicated that although there is a reduction in effective full-time numbers as such, they are being supplanted by putting in place more efficient systems that are able to do the job. Again, this is in keeping with the whole-of-Government initiatives to reduce overhead costs in corporate and administrative areas.

The Hon. RICK COLLESS: Can you give the Committee an idea of the numbers? How many fewer will be employed in compliance areas and how many additional staff will be employed on extension programs, given that the whole of the numbers are reducing?

Dr SMITH: I cannot give you an exact number. But do not forget, Mr Colless, that some of these positions will come out of Crown land management, and the land component. They are not all out of vegetation. It will probably be in the ratio of something like 1:1 from vegetation and compliance into vegetation extension. Many people will perform dual roles in the future.

The Hon. RICK COLLESS: Then let us look at the implementation of the Water Management Act 2000. I refer the Minister to Budget Paper No. 3, volume 2, page 11–3, and the reference to \$13 million to meet implementation costs associated with the Water Management Act 2000. Given that you are now behind schedule in the implementation of the Water Management Act 2000, how will this impact on the estimated cost of the implementation? Has this been allocated for in the budget? As the Rivers and Groundwater Program will have 64 fewer staff, will that not push the implementation phase of the Act further behind?

Mr AQUILINA: The \$13 million to which the honourable member referred used to meet implementation costs associated with the Water Management Act and is part of a total \$64.7 million program over four years spread across several agencies. I would like to refer the honourable member to Budget Paper No. 3, volume 2, page 11–3, where that is specifically outlined.

The honourable member made a statement prefacing his question that we are behind with the implementation of the Water Management Act. In actual fact, that is not the case. We are very much on line with it. The honourable member would be aware that the water sharing plans are being circulated for public consultation. For 15 of the plans, the public consultation period has come to an end and others will come to an end somewhere between 28 June and 19 July, from memory.

The Hon. RICK COLLESS: What was that you were referring to—the water sharing plans?

Mr AQUILINA: Yes. As such, we are still very much on line to have this process finalised by the end of the year.

The Hon. RICK COLLESS: Has the implementation of those plans been accepted by the communities?

Mr AQUILINA: The plans have not been implemented. They have been circulated for public consultation. Generally speaking, we have received a good response. When I say "good", I mean a good response in the sense that they have elicited substantial response from different communities. The water sharing plan documents as such have been complimented as being comprehensive and satisfying the wishes of the various committees and providing very clear guidelines in terms of what needs to be done about the management of water in the future.

A number of the committees have major recommendations which at times go outside the ambit of the Act and on other occasions are also at odds with Government policy. When that is the

case, I have made specific reference to it in the foreword to the report and the matters have been highlighted in the report, giving members of the public ample opportunity not only to note them but also to make comment on them. Those responses of course will be considered and the final consideration will be taken into account by the committees. Only very recently I wrote to the chairs of all the committees, outlining to them the processes and procedures to be undertaken from here on, in the finalisation of those plans.

The Hon. RICK COLLESS: Some of the peak industry groups around New South Wales are not happy with the water reform process that has been occurring, particularly an organisation named Cotton Australia, which has quite blatantly and publicly said that the Department of Land and Water Conservation [DLWC] has "got it wrong". I quote from a recent article in the *Narrabri Courier* which states:

Cotton Australia, the industry's peak player, claims that the Department of Land and Water Conservation has 'bungled' water reform.

Cotton Australia's CEO ... said water reform has been mishandled by the DLWC with communities now expected to comment on water sharing plans developed under a flawed process ...

The plans were reviewed by a 'secret' Departmental review committee, according to Cotton Australia.

What comment do you make in response to those accusations?

Mr AQUILINA: Taking the last accusation first, it is impossible to substantiate the claims that the review has been a secret process when it has been so open and when there has been so much consultation. Officers of Cotton Australia have in fact been dealing at length with the officers of the department. I have met with senior representatives of Cotton Australia on three occasions and they have met with members of my personal staff on innumerable occasions. We have made every endeavour to ensure that the processes are transparent, that there is nothing secretive, and that we deal with them as openly as possible.

Obviously there are some policies which are a little bit at odds with the policies of Cotton Australia. Understandably, in a situation of some conflict, Cotton Australia may be led to make some contributions which are at odds with the general sense of direction which the department and the Government are trying to take. But we are equally confident that, with the co-operation of all, we can continue to proceed down the path of realising sustainable water provision for legitimate industries, and Cotton Australia certainly has a very big role to play in that. While there may be some disagreement in relation to various calculations of facts and figures, the department at all times has been willing to sit down and work through those processes and figures. By and large, we have been successful in doing so.

That is not to say that we have been successful in reaching agreement, because obviously there are conflicting points of view. But, at the end of the day, I am quite confident that we will be able to come to an agreement which will be able to assist all people. In relation to the various claims made about the problems that Cotton Australia may be experiencing, I notice that an article in the *Daily Telegraph* on 29 May, under the headline "Prospects looking gloomy for famers", states:

Rabobank general manager Neil Dobbin said that falling commodity prices, drier weather in eastern Australia, the increase in interest rates and the higher dollar were all hitting farmer confidence.

"Prices for all major rural commodities have declined in recent months, as a result of weaker international markets and a stronger dollar ..."

"The drier-than-usual conditions in much of Australia, which has meant a mixed start to winter cropping programs, has also influenced confidence."

In that dire prediction of problems associated with primary production in Australia, there is no mention of water reforms as one of the major causes, or indeed a cause, of any problems or major problems being experienced by primary producers.

The Hon. RICK COLLESS: Minister, the article that you have just read out outlines part of the problem that rural producers right throughout New South Wales have, on top of the problems that

they are having with not only the water reform process but the native vegetation reform process as well. The Chief Executive Officer of Cotton Australia goes on to state in this article:

... these plans may be responsible for huge changes to regional communities throughout NSW through the re-allocation of water, but they have been developed using faulty science and a lack of proper consultation.

Opposition members are hearing of those same reports coming from native vegetation communities and from the Resource and Conservation Assessment Council [RACAC] process, which I understand is not under your control. The farming communities in New South Wales are totally confused about this never-ending barrage of "faulty science and a lack of proper consultation". In other words, decisions are being made on these issues without people really having a say in the process. These people are on the committees, but they are in the minority, and that goes right across the board. What is your response to that?

Mr AQUILINA: In response to that, I point out that one of the reasons why there is so much confusion, or alleged confusion, in the community is that so much misinformation is being given by people who do not have the facts and figures and who like to generalise. Certainly in the relatively short time that I have been the Minister responsible for this portfolio, I have experienced an abundance of that. People speak in sweeping generalisations, such as we have just heard from the honourable member, and at times we see that in different parts of the media. That scares those whose livelihoods are dependent upon the availability of resources such as water.

But when you sit down to work in detail with those people and to actually assess precisely what has been their history of use, what is their intended use in the future, what needs to be done to ensure that they have a sustainable level of access to the resource, and how much they can actually look forward to, in terms of long-term sustainability, the picture ends up being much better.

I think we need to get away from these wide generalisations which unnecessarily cause terror and fear on the part of a lot of people. I say "unnecessarily" because our experience has been that when we have sat down to talk to them—and talk to them in substantial detail, using the appropriate facts and figures—we can show that many of those fears will never be realised. Later on, in answer to anticipated questions from the honourable member, I will give some examples of that.

The Hon. RICK COLLESS: Minister, I can assure you that they are not wide generalisations on my part. I happen to have had some considerable experience of these issues. I served on a vegetation management committee before I came into this Parliament and I saw how it operated. I have also had the opportunity since I have been in this place to do a number of case studies on individual farms.

The Hon. AMANDA FAZIO: Cotton farms or ordinary farms?

The Hon. RICK COLLESS: All different sorts of farms. As I was saying, I have had the opportunity of doing a number of case studies around the State on different enterprises. I will give you an example of the problem that exists with a particular property which is subject to the Native Vegetation Conservation Act. Some farmers bought this property prior to the announcement of State environmental planning policy [SEPP] 46. The property had been cleared under a protected lands provision of the old soil conservation service, so it was done with Government approval, but it was never completed. The timber was poisoned, but it was never cleaned up and pasture improved. It had considerable regrowth on it when these people bought it, and they bought it with a view to doing it up. They started to do this work when SEPP 46 hit the deck, and they were given an order by the department to stop that work.

That property, which is in the Armidale district, is now losing \$200,000 per year; it is costing the family \$200,000 a year. That \$200,000 goes around the Armidale community probably five times, so it is costing the Armidale community \$1 million a year, and that is just off one property. I have completed similar case studies on properties in the Central West and similar case studies on the cotton farms. The Jack Sinden report shows similar scenarios. How can you sit there and say that this is all going according to plan? If that is the plan, it is costing the New South Wales farming community—individual farmers and their local communities—millions of dollars per year.

Mr AQUILINA: In relation to SEPP 46, I think we need to remember that there has been substantial modification since it was first introduced. Again I get to the issue I raised earlier, that is, generalising. I do not know the specific case to which the honourable member is referring. It may well be that various exemptions apply to that particular property, and it may well be that under a fresh application—

The Hon. RICK COLLESS: I can assure you that I have pursued that with them, knowing them as well as I do.

Mr AQUILINA: I take the honourable member's word on that. Nonetheless, the department will be happy to have a look at that to determine precisely what the circumstances are. But, at the end of the day we have a government policy to implement and we are trying to implement it as humanely and as appropriately as possible. The situation is about maintaining well-turned sustainability for all concerned. While we want to ensure that within the agricultural community of New South Wales, circumstances and situations are created to provide long-term economic viability of our agricultural communities, it is recognised by way of government policy and also by community expectation that there are also other priorities. There are also other targets which need to be reached. They are clearly set out in the provisions of the Native Vegetation Conservation Act and the Water Management Act, and the Government has a responsibility to pursue those policies and those programs.

The Hon. RICK COLLESS: I refer to social and economic studies and, in particular, to the water management plan. What is the estimated expenditure to prepare social and economic plans under the water management plan?

Mr AQUILINA: In relation to the 36 water sharing plans, I gave a commitment that around \$20,000 would be made available to each of the committees to undertake socioeconomic studies. So far as I am aware, to date only about 15 committees have taken up that offer. I have also indicated to committees that, if they find that \$20,000 inhibiting and they think they need more than that \$20,000, we would be happy to consider that. In relation to the Lower Macquarie Groundwater Scheme, committees requested around \$30,000 and we made that money available to them. I think they have been able to come up with a fairly substantial report as a result of that.

I have just been informed by the director-general that \$20,000 is available to test the models in case there is some query about the viability of various models that are being used. So overall, if committees require funding to undertake model testing or a socioeconomic analysis we will be able to provide those funds. I did say that a nominal amount of \$20,000 would be able to be provided to each committee. As I said earlier, of the 36 committees only 15 have taken up the offer. If those 15 committees or any of the other committees require more than that \$20,000, we will be happy to look at and consider their requests.

The Hon. RICK COLLESS: Does that apply also to the vegetation management planning process?

Mr AQUILINA: An amount of \$20,000 is also available in relation to the vegetation management planning process.

The Hon. RICK COLLESS: Will those plans basically be done as a desktop-type operation, or will they be done in the field?

Mr AQUILINA: I will refer to the director-general to provide a specific response to the honourable member's question.

Dr SMITH: Both the vegetation and the water plans are done to an agreed format to ensure that they are comprehensive. The framework is actually put out by the department. The committees can vary that framework if they wish to undertake the study. The committees, and not the department, appoint consultants to undertake the study.

The Hon. RICK COLLESS: The chairman of the Inverell-Yalleroi vegetation committee—I was a member of that committee before I became a member of Parliament—rang me the other day to say that he was concerned about the way in which these socioeconomic studies were being carried out.

He said that they were essentially a desktop version; that they were basically the same right across the State; and that they were just filling in blanks to try to do it as quickly as they could. He was concerned that not enough work was going into taking into account the social and economic impacts on individual farming families and their local communities. These socioeconomic studies are being carried out more from a State perspective rather than at an individual farm level, which is where the problems are occurring.

Dr SMITH: That is correct. The initial socioeconomic studies are carried out at a macro level on a regional basis. As the Minister said, some of the committees actually want to drill down to individual farmer level in both the water sharing plans and in the vegetation plans. The committees have a capacity to do that if they wish by just applying for more funds.

The Hon. RICK COLLESS: I will pass that on to them.

Mr AQUILINA: That was public knowledge beforehand. Basically, it is in the hands of various committees to implement the models that they wish to implement to carry out those plans. The Government, or the department, is not imposing upon the committees any preferred process or methodology. There is an accepted form of methodology but if committees want to use a different kind of methodology we will be happy to look at that.

The Hon. RICK COLLESS: I refer again to water issues. How much of the money allocated for the implementation of the Water Management Act do you intend to recover from irrigators through bulk water charges?

Mr AQUILINA: The director-general informed me that there is no recovery of money from irrigators at all. I will ask the director-general to elaborate in some detail on that issue.

Dr SMITH: The Independent Pricing and Regulatory Tribunal currently does not incorporate the cost of water reforms directly in the pricing. The actual cost benefit, the pricing and the final structure are still to be determined. But, in the main, only the direct costs of the department in the delivery of water are incurred, not a lot of the reform process.

The Hon. RICK COLLESS: I refer to the issue of salinity, which is dealt with on pages 11-2 and 11-3 of Budget Paper No. 3, Volume 2. The Government signed a bilateral agreement with the Commonwealth under the National Action Plan [NAP] on Salinity and Water Quality. As the lead agency for salinity programs, how will the reported \$46 million in joint State-Commonwealth funding for the National Action Plan on Salinity and Water Quality be spread over New South Wales government agencies?

Mr AQUILINA: I refer the honourable member to the last dot point on page 11-3 of Budget Paper No. 3, Volume 2, which states:

\$11.7 million in funding towards the implementation of the New South Wales Salinity Strategy as part of a total \$52 million programs over four years, spread across several agencies. Expenditure on the Salinity Strategy is recognised as part of New South Wales' contribution to the National Action Plan on Salinity and Water Quality. The Plan which is scheduled for completion in June 2007 will provide \$396 million as a joint State/Commonwealth contribution to address New South Wales' most pressing salinity and water quality problems.

The New South Wales Government is working hand in hand with the Commonwealth Government to identify programs to be put in place so as to achieve the desired objectives by virtue of the availability of that money.

The Hon. RICK COLLESS: Will those funds be dispersed by the catchment management board?

Mr AQUILINA: I will ask the director-general to answer that question. Basically, the funds will be dispersed in accordance with the approved and agreed programs between the Commonwealth and the State governments. No doubt some of that will come within the ambit of the catchment management plans, but I will let the director-general give some detail in relation to that issue.

Dr SMITH: Under the bilateral agreement signed between the Commonwealth and the States for NAP funding, the majority of the funding will be managed, committed and prioritised by the catchment management boards. Some programs will be classified as regional or of national significance, on which the State and the Commonwealth will sign, with the agreement of individual catchment management boards.

The Hon. RICK COLLESS: Just on the issue of catchment management boards, when the Catchment Management Amendment Act was first implemented it provided for the creation of the catchment management boards. Is that correct? That Act has since been withdrawn.

Dr SMITH: The catchment management boards were actually framed and formed under the current Act.

The Hon. RICK COLLESS: Under the section that refers to committees?

Dr SMITH: Yes. They are nominated as boards.

The Hon. RICK COLLESS: I turn to the Namoi groundwater issue. Where has the New South Wales State budget provided for the reported \$20 million for structural adjustment as a result of changes to groundwater use in the Namoi Valley?

Dr SMITH: An amount of \$15 in funding for the structural adjustment package for the Namoi is actually in departmental funds under the NAP program. Another \$5 million of the \$25 million which is committed by the State is in the Treasurer's Advance. It was allocated too late to be in this year's budget.

The Hon. RICK COLLESS: So it is \$15 million from NAP and \$5 million from State funds, is that correct?

Mr AQUILINA: That is correct, although it is anticipated that the additional \$5 million will also be allocated to the NAP program. But that will be noted in next year's budget.

The Hon. RICK COLLESS: So money for the National Action Plan is Federal Government money. Is that correct?

Mr AQUILINA: No, it is shared money.

Dr SMITH: Under the bilateral agreement there is a \$1.4 billion program across Australia over seven years. An amount of \$700 million comes from the State and \$700 million comes from the Commonwealth. The New South Wales proportion of that is \$395 million, which is shared equally between the State and the Commonwealth.

The Hon. RICK COLLESS: Of that \$15 million that is going into the Namoi groundwater, is that money actually coming from State funds or from Commonwealth funds?

Mr AQUILINA: It is State funds, along with the other \$5 million that has been allocated. It is \$20 million in State funds.

The Hon. RICK COLLESS: I refer now to the Country Towns Water Supply and Sewerage Scheme, which is reflected on page 11-16 of Budget Paper No. 3, Volume 2. The Coastal Council stated in its annual report:

There are major problems with our coastal lakes in New South Wales.

Given that water quality in coastal lakes is often adversely affected by old sewerage systems, how can you justify a cut in that program from \$88.4 million to \$56.3 million?

Mr AQUILINA: Honourable members must take into account that the figures are not quite as clear as has been stated. If we take the average over a three-year period we find that there is a substantial commitment by the State Government. Over the past financial year a one-off special

allocation of \$20 million was injected into that program. So to say that there has been a dramatic cutback as the honourable member has suggested is not correct. The program is a substantial and viable program but, for various reasons, there was a specific injection of an additional \$20 million into that program over the last financial year.

The Hon. RICK COLLESS: Where did that \$20 million go?

Mr AQUILINA: It went into various programs right across the State to implement the Country Towns Water Supply and Sewerage Scheme. There is a full list available of the places across the State to which that funding was allocated. I remind the honourable member that much of it went to electorates that are held by members of the National Party.

The Hon. RICK COLLESS: Last year \$68 million was budgeted for, \$88 million was spent, and \$56 million is budgeted for this year. So there is still a \$12 million reduction in the budget for the Country Towns Water Supply and Sewerage Scheme. As the Minister rightly said, these issues affect all electorates in one way or another. We are concerned about that reduction.

Mr AQUILINA: The honourable member would also be aware that these projects are not just one-off projects which are started up and completed in any one year; they are projects that span a number of years. In most cases the fluctuation from one year to the next would reflect completion and starting times for a number of projects.

The Hon. RICK COLLESS: The total of this program is \$8.55 million over 10 years and that funding commenced in 1995. Is that correct?

Mr AQUILINA: I understand that to be the case.

The Hon. RICK COLLESS: In answers to questions on notice last year your predecessor stated that the Carr Labor Government "remains committed to the program". We are now over the halfway mark, yet you continue to get further behind in funding. Will the \$8.55 million be provided within 10 years?

Mr AQUILINA: It must be remembered that the \$8.55 million is in relation to combined funding between State and local government sources, given that these projects are on a 50:50 basis. When the Government came to office in March 1995 it allocated \$433 million to that program. It is my understanding that we are on track with the program.

The Hon. RICK COLLESS: Could you give the Committee an idea of what programs have started in the last 12 months? I refer particularly to Brungle, Hat Head, Millthorpe, New Brighton, North Karuah, Candelo and Cobargo.

Mr AQUILINA: In March last year the Premier announced an extra \$60 million over four years for the Country Water and Sewerage Program. This was reflected in the 2001-02 budget with a first-year increase of \$15 million included in the 2001-02 total of \$68.4 million, and another \$20 million was allocated on top of that. The accelerated commitment of Government funding and expenditure for the projects in 2001-02, combined with an allocation of \$56.367 million in 2002-03, have enabled the program to put forward a large capital works plan for the next three years. It will enable 40 new water supply and sewerage projects to start construction this year. These include new or improved water supply services at Aberdeen, Adaminaby, Barrington, Dalgety, Darbys Falls, Manning District, Mendooran and Wakool. Construction of new sewerage services will commence at Ashley, Bendalong, Clarencetown, Collingullie, Cudal, Cumnock, Cunjurong, Fishermans Paradise, Lake Conjola, Lawrence, Manildra, Manyana, Millthorpe, New Brighton, Tingha, Wakool, Yeoval and Yerong Creek. Construction of improved sewerage services will also commence at Bowral, Dunedoo, Forbes, Glen Innes, Goulburn, Lithgow, Maclean, Milton-Ulladulla, Narromine and Warren. There are quite a few others, which I will keep as a surprise for the honourable member.

The Hon. PATRICIA FORSYTHE: Until when?

Mr AQUILINA: Until the Government is ready to announce those projects.

The Hon. RICK COLLESS: On 5 June this year the Special Minister of State announced that Snowy Hydro Ltd would start on 28 June this year, which is two days away. This involved a contribution of \$150 million over 10 years from the New South Wales State Government to revive the river, as well as an additional \$25 million for environmental remediation. Which agency will be responsible for providing the New South Wales Government's contribution of 150 million?

Mr AQUILINA: This does not come under my portfolio; it is under the portfolio of the Special Minister of State.

The Hon. PATRICIA FORSYTHE: I return to your earlier answer about the surprise announcements we would get at a later date in relation to the sewerage and water supply projects. How much funding has been allocated in the budget for these yet-to-be-announced projects?

Mr AQUILINA: I gave a comprehensive answer in relation to that.

The Hon. PATRICIA FORSYTHE: I am asking about those specific projects.

Mr AQUILINA: The amount I gave is the amount in total, which is just under \$56.4 million. That will account for, in some parts, all of those projects. It must be realised, of course, that this is in conjunction with local government. Over each period we find that a number of projects we planned to commence we are not able to proceed with because local councils are not yet ready to be able to move forward or do not have the finance to do so. On the other hand, sometimes there are a number of other projects that we had not anticipated moving forward with which we are able to proceed with because those councils are well advanced with their planning and also with their availability of funds.

The Hon. PATRICIA FORSYTHE: Is money set aside in the budget for these yet-to-be-announced projects, and if so how much?

Mr AQUILINA: The money is set aside. The amount of almost \$56.4 million enables the full funding of all the projects that the Government has planned.

The Hon. RICK COLLESS: In relation to the environmental remediation of the Snowy River, which government agency will be responsible for the \$25 million funding for that project?

Mr AQUILINA: I will ask the director-general to respond to that question.

Dr SMITH: The majority of that work will be undertaken by contract by the Department of Land and Water Conservation as the programs are designed.

The Hon. RICK COLLESS: Can you provide an indication of what projects are proposed to create savings in the water management system to increase environmental flows?

Dr SMITH: Yes. There are a number of projects, ranging from water use efficiency on farm through to piping and cementing of channels and to increased regulation so that we minimise water losses. So they are fairly comprehensive.

The Hon. RICK COLLESS: How will those works be funded? Obviously, if you are looking at cement channels and piping, there is a substantial capital cost involved in that.

Dr SMITH: Yes, there is, and I think you alluded to it earlier. This year \$350 million has been allocated by the State and the Commonwealth, of which it is expected that about \$150 million will be spent in New South Wales. Some preliminary work has already been done. In one of the catchment management plans for the lower Darling, one of the major proposals is the piping of water from Menindee, to save about 50,000 megalitres of water a year. Some of this work is well advanced.

The Hon. RICK COLLESS: Does that come under the Land and Water Conservation portfolio?

Dr SMITH: As the Minister said, at the moment the funding is allocated in Treasury under Minister Della Bosca. My understanding is that it will be released to the Department of Land and Water Conservation as the work is approved by the Government for each specific project.

The Hon. RICK COLLESS: I return to the issue of staffing. I would like to focus on local issues rather than the total numbers we were speaking about previously. I understand that there is to be relocation of 100 Department of Land and Water Conservation jobs to Dubbo, is that correct?

Mr AQUILINA: That is correct. That was itemised in the budget.

The Hon. RICK COLLESS: How many of those relocations have occurred so far?

Dr SMITH: No additional positions have gone to Dubbo. The Government has provided funding for the construction of a new accommodation building at Dubbo, and once that is completed the staff will be relocated.

The Hon. RICK COLLESS: Do you have any idea when that building will be completed?

Dr SMITH: The proposal is that it will be some time towards the end of 2003. The construction period will start some time early in the new year. Depending on when it is finished, staff will be moved after that. It also involves the consolidation into the one building of staff currently in Dubbo.

The Hon. RICK COLLESS: What is the total cost of that project?

Dr SMITH: I stand to be corrected here, but I think about \$9 million has been allocated for new accommodation.

The Hon. PATRICIA FORSYTHE: Minister, why were so few Aboriginal land claims finalised in the 2001-02 period compared with previous years and the estimate for this year?

Mr AQUILINA: I might give the director-general the opportunity to respond to that. Aboriginal land claim applications are complex; they require a substantial amount of investigation and negotiation. I understand from dealings I have had with the department that there are a substantial number ready to be announced fairly soon that have been undergoing extensive inquiry.

It has been one of those situations where the timing of the finalisation of the applications has been dependent upon when the applications were lodged and the time that has been required to be taken in order to undertake the necessary investigations.

Dr SMITH: A lot of the initial claims are done under New South Wales legislation. With the maturing of the native title legislation, a lot of native title claims are now also done under New South Wales legislation. It therefore takes much longer to process some of these applications.

The Hon. PATRICIA FORSYTHE: But you are anticipating an increase in the coming year compared with this year?

Dr SMITH: As the Minister said, a lot of these applications have been in the pipeline and they have gone through their gestation period, and we would expect them to be finalised this year.

The Hon. PATRICIA FORSYTHE: Would you say that the reduction in full-time staff in that section of the department by 43 has not been a factor?

Dr SMITH: No, not in this area at all. A lot of detailed work and negotiation is required to get these claims up. A lot of it is searching of records, which is done externally to the department in any event. It is simply the time factor, more than having additional resources available.

The Hon. PATRICIA FORSYTHE: Why would you have fewer staff in that section of the department if it is as complex as you are suggesting?

Dr SMITH: It is complex, but also a lot of the work is done outside the department on contract. For example, a lot of the surveying of the claims and searching through plans at the Land Titles Office is done externally, so it is not just a matter of resources within the department. That is the area that takes the time—not so much the straight-out administration.

The Hon. PATRICIA FORSYTHE: How have your contracting costs in that area this year compared with those of last year?

Dr SMITH: I could not tell you offhand; I would have to check.

The Hon. PATRICIA FORSYTHE: Would you take that on notice?

Dr SMITH: Yes.

The Hon. RICK COLLESS: Minister, with regard to executive staffing at the Department of Land and Water Conservation, can you confirm that Mary Jacobsen is no longer a deputy director-general?

Mr AQUILINA: I think that is a matter of common knowledge. Mary Jacobsen applied for, and was successful in obtaining, a senior position with the Department of Housing.

The Hon. RICK COLLESS: Has she been replaced?

Mr AQUILINA: Not as yet. I will ask the director-general to provide the details in relation to what is happening with her position.

Dr SMITH: No, she has not been replaced yet. We are considering our options as to who will undertake those duties and whether or not we will fill the position.

The Hon. RICK COLLESS: Will she be one of the 175?

Dr SMITH: I do not know; I have not made that decision yet.

The Hon. RICK COLLESS: Who has replaced Robert Simpson as the Deputy Director-General, Natural Resources?

Dr SMITH: The equivalent position is Dr Gull Ismael.

The Hon. RICK COLLESS: How many other executive positions are currently vacant?

Dr SMITH: Off the top of my head, I cannot think of any that are currently vacant. People would be acting in a couple of positions because people are off on sick leave or some other form of leave, but I cannot think of any positions that have been left vacant for a period of time.

The Hon. RICK COLLESS: I return to the country town water and sewerage project. Minister, you stated earlier that the funding for country town water and sewerage is shown in the budget papers and is on a 50:50 basis. Did I interpret you correctly?

Mr AQUILINA: No. I said that the actual undertaking of the projects was on a 50:50 basis. The budget shows the State Government's contribution; it does not show the actual total cost of the project involved.

The Hon. RICK COLLESS: That \$855 million that we talked about is a 50:50 figure?

Mr AQUILINA: Sorry, the \$855 million is all State funding.

The Hon. RICK COLLESS: So, if you are expecting to spend \$855 million over 10 years, how will you get there with a budget of \$56 million a year?

Mr AQUILINA: I do not think anyone is predicting that we will get there with \$56 million a year. The budget shows what the expenditure is for this year and what it has been over the past few years. Last year we expended something like \$88 million on this project.

The Hon. RICK COLLESS: But it would need to be up in the vicinity of \$85 million a year for 10 years, to spend the \$855 million, would it not?

Mr AQUILINA: The director-general has just indicated that before I became Minister the Government announced that the program had been extended in time beyond the 10-year period. I might ask the director-general to elaborate on that.

DR SMITH: I cannot remember the exact time, but probably 12 to 24 months ago the Government announced it would be a 15-year program not a 10-year program, and that there would be additional funds allocated over that 15-year period to cover inflation and some escalation in other costs.

The Hon. RICK COLLESS: Correct me if I am wrong, Minister, but I thought you said a little while ago that that \$855 million would be provided within the 10-year period?

Mr AQUILINA: The director-general has indicated that the \$855 million—

The Hon. RICK COLLESS: I heard what the director-general said.

Mr AQUILINA: The statement was made by the Government prior to my becoming Minister that it would be extended beyond the 10-year period. I think that is quite plain. I also indicated earlier that out of that \$855 million \$489.4 million has already been allocated to this program since March 1995.

The Hon. RICK COLLESS: It is now 2002, so we have three years to go.

Mr AQUILINA: Again, it is a substantial amount of money and it is a 15-year program.

The Hon. RICK COLLESS: You will have to provide a lot more money, that is all.

Mr AQUILINA: Well, if the Opposition has something to add, we might see a policy from it.

The Hon. RICK COLLESS: One of the areas that concerns me greatly is the lack of staff in soil conservation in rural New South Wales. How many staff are employed as soil conservationists in the department now?

Mr AQUILINA: Soil Services is a business unit within the Department of Land and Water Conservation. The core services provided by the group are conservation earthworks, consulting and contracting services and conservation earthworks training. However, given that location, nature and size of the earthworks projects, together with the sometimes limited ability of the farming sector to fully fund these works, you will appreciate it has been difficult for the service at times to operate at a profitable level. The past three years alone has seen the service incur losses in the order of \$2.5 million to \$3 million per annum. It is generally felt that the Government cannot continue to dismiss these losses indefinitely, and in the circumstance I have asked Soil Services to prepare a three-year business plan which provides for the implementation of greater operational efficiencies and, ideally, moves the service to at least a break-even position.

I have visited Soil Services at Wellington and I have spoken to the members there. I have assured them that Soil Services have a viable future in the Department of Land and Water Conservation and that we will continue to monitor its operation. However, we will also want to make sure that there is an adequate and appropriate business plan so that the unit does not continue to sustain the sorts of losses that it has in the recent past. I believe it can work. I believe it can be in a position to tender for projects that can provide it with adequate funding to be able to maintain the staffing levels it has had and to be able to provide viable services into the future. It is a very creditable

unit of the Department of Land and Water Conservation with a history going back to the days of William McKell. We want to make sure it continues to provide that sort of service.

The Hon. RICK COLLESS: With respect, Minister, I was asking you about the number of soil conservationists, not the number of staff employed by Soil Services.

Mr AQUILINA: I undertake to provide the honourable member with that answer.

The Hon. MALCOLM JONES: Minister, if I could draw your attention, first of all, to page 11-13 of Budget Paper No. 3, Volume 2, and to the line item "Infrastructure systems". I assume they would include all the dams?

Mr AQUILINA: The short answer to that is yes. Is there any elaboration that the honourable member requires?

The Hon. MALCOLM JONES: Yes, there is. We have fluctuations in the budget amount for last year, the revised amount for last year and the budget amount for this year. As it is a capital item, were these fluctuations based upon expected revaluations or expected additional assets? I am rather intrigued to know how you value a dam.

Mr AQUILINA: I might ask Mr Murray Sheather to provide the details of that answer. Basically, as the budget paper indicates, these represent the value of the department's dams, weirs, buildings and other plant and equipment used in program delivery, and that includes depreciation and valuations, and there are intricate ways in which these are worked out. But perhaps Mr Sheather will be able to provide you with some detail on that.

The Hon. MALCOLM JONES: What I am trying to get at is the change in the valuation levels as they appear in the budget paper, and how that impacts on the budget.

Mr SHEATHER: How it impacts on the budget?

The Hon. MALCOLM JONES: Yes.

Mr SHEATHER: It only impacts in terms of appreciation, which expenses the use of the asset in terms of years. The valuations changed dramatically last year because we did a five-year annual revaluation of all the water infrastructure. We conducted condition surveys to look at the condition of the asset. We also looked at the expected life of the infrastructure with professional engineering firms and relined the assets. We also had expert advice on what would be the modern engineering replacement cost, and we came up with a new value. That has been factored into the books. The only way it really impacts on the actual budget is if we are spending on upgrades through the capital program, and all major upgrades are funded through the capital program. In terms of the department's expenditure performance, it does change the level of the non-cash depreciation.

The Hon. MALCOLM JONES: My question refers to page 11-11 of Budget Paper No. 3, Volume 2. In the line item "Total Receipts" there is a substantial increase between what was expected last year and what was received. Is there an explanation for that, given the nature of your department? It is not as though you are trading in goods.

Mr AQUILINA: Again, the budget papers carry an explanation for that. The major variation on the budget in 2001-02 of \$22.9 million and an increase in the 2002-03 budget over the 2001-02 level relates to the inclusion within this item of GST collected by the department on sales and input tax credits on expenditure. These amounts were not included in the original cash flow budget figures. So, that would account for the increases documented in the budget papers.

The Hon. MALCOLM JONES: You mentioned before the public consultation on water plans. There was some discussion with my colleague about the appropriateness of that. As it is claimed that the processes are transparent, are the submissions available for scrutiny under the provisions of freedom of information legislation?

Mr AQUILINA: The director-general advises me that they are. I am not sure exactly what privacy provisions there may be. It may well be that the identity of the person or persons or organisations putting in those submissions may need to be guarded under freedom of information. We would need to look into the specifics of that, but generally speaking I think the tenor of the submissions would be available, yes.

The Hon. MALCOLM JONES: Can I ask you to take the question on notice and provide a specific answer to that question?

Mr AQUILINA: I will be happy to do that.

The Hon. MALCOLM JONES: On page 11-15 of Budget Paper No. 3, Volume 2, the line item "Water licences managed" has figures going back to 1999 as well as for 1999-00, 2000-01, 2001-02 and 2002-03. First of all, what is the difference between water licences and "Water licences managed"?

Mr AQUILINA: I will ask the director-general to answer that, but basically I think it relates to a change between licences that were previously perpetual licences as opposed to those which may be required to be renewed periodically. Perhaps the director-general can give a more specific answer to that.

Dr SMITH: Basically it is the number of licences that are in the organisation that are now managed by the department as water licences. With the amnesty program an additional number of licences were tracked, and that accounts for the increase that has occurred there. Also, with the new Water Act there is an estimate but there will be additional licences as the licences are broken up. The current licence is basically an amalgamation of three licences; the current licence under the new Act might go into three licences. That is the reason for the increase in numbers.

The Hon. MALCOLM JONES: I ask for further explanation in relation to that because page 10 of the annual report states that as at the end of the last financial period there were 130,000 water licences and thousands of permits. Then under "Water licences managed" the figure for 2001-02 is 91,500, and it is the same in 2000-01. So at the end of the financial period in 2001 you have 91,500 managed licences and 130,000 water licences, according to the financial report. What I am trying to get at is, at the end of 2003 you are anticipating 150,000 managed licences. You talk about the three tiers of licences and I am trying to get a more realistic picture of how that is reported and what they are.

Mr AQUILINA: Again in answer to the honourable member, I will undertake to provide him on notice with a detailed response to what he has requested. However, I refer him to page 11 of the annual report. Under water licensing, the second paragraph states that there are approximately 130,000 water licences in New South Wales, many of which are required to be renewed periodically. During the year—that is the last fiscal year—3,467 licences were renewed and 4,097 new licences were issued, of which 2,795 were bore groundwater licences. In relation to the various forms of licences, how they vary from year to year and the various types of licences, I am sure the department would be happy to provide him with that detailed information.

The Hon. MALCOLM JONES: I attended the Salinity Summit in Dubbo, and shortly thereafter the Premier made announcements about an overall salinity program, funded jointly by the State and the Commonwealth, of in excess of \$700 million. That document which you pointed to before mentions a figure of—

Mr AQUILINA: I think it is \$396 million.

The Hon. MALCOLM JONES: It is \$396 million jointly funded.

Mr AQUILINA: The \$396 million is the New South Wales share. I will ask the director-general to give you a detailed explanation of that.

Dr SMITH: The announcement by the Government after the salinity strategy was, from memory, \$52 million over four years.

The Hon. MALCOLM JONES: That was directly after the Salinity Summit.

Dr SMITH: Directly after the Salinity Summit.

The Hon. MALCOLM JONES: But then a few weeks later there was a much bigger announcement.

Dr SMITH: Yes, which actually was part of the Commonwealth program, and it got tied up in that so that the current New South Wales salinity strategy has now been taken on as part of the broader national action program and funding arrangement with the Commonwealth.

Mr AQUILINA: Just to properly explain that: the plan will provide \$396 million as a joint State-Commonwealth contribution. It is scheduled for completion in June 2007, and I draw the honourable member's attention to that on page 11-3 of Budget Paper No. 3, Volume 2.

The Hon. MALCOLM JONES: So the \$396 million is a joint contribution between the State and the Commonwealth.

Mr AQUILINA: That is correct, a joint State-Commonwealth contribution.

The Hon. MALCOLM JONES: Between now and 2007, how much of that joint funding arrangement is a contribution from your portfolio?

Mr AQUILINA: Ours would be exactly 50 per cent, as I understand it. That will be \$198 million.

The Hon. MALCOLM JONES: The problems posed by salinity are very real and we are putting a \$198-million solution to it. By comparison, the total price tag to get the Snowy River flowing again is \$150 million. Given the problems caused by salinity, is there something wrong with the values on these projects? We are putting \$198 million into salinity solutions, yet we are putting only \$150 million into getting the Snowy River flowing, although I know others are contributing. The values of the two projects seem to me to be completely disproportionate.

Mr AQUILINA: It needs to be remembered that in relation to the salinity program the \$198 million, or even the \$396 million that is outlined there, would not be the total amount of funding being provided. For example, it does not take into account the funding that has been provided by local governments in various salinity programs. While it is acknowledged that the desirability of getting water back into the Snowy and the eradication of a lot of salinity problems around the State are both desirable projects, the amount of funding available is finite. In relation to tackling the issue of salinity, I think this is a huge leap forward compared with what occurred in the past. I share the honourable member's views in relation to concerns about salinity matters. It is a matter that has captured the public imagination and one which warrants substantial attention being paid to it.

At this stage I think the amount of money being made available will enable us to get stuck into the program with a substantial degree of earnestness and will probably enable us to provide a substantial launching pad to continue projects into the future. In the short time that I have been Minister of this portfolio I can almost say that probably nothing has captured my imagination as much as some of the programs I have seen working around the State to try to eliminate salinity, and the ways of doing this are many and varied. No one solution fits all problems. In some cases I have seen some expert engineering solutions which are producing enormous benefits. In other places I have seen some relatively low-cost environmental solutions which are also producing outstanding responses.

Our aim is to continue to go forward to investigate more ways of providing the best benefit at the lowest cost possible. I might add that this does not take into account the very substantial work that many people are doing on their own private properties, and I have seen some excellent examples of that as well, where farmers are working very hard to restore their land. I saw an example of this very recently when I was in Wagga Wagga; 15 years ago, well in advance of everybody else, one property owner undertook projects and works which have now produced a wonderful oasis from what was previously a barren salt patch.

The Hon. MALCOLM JONES: When you were asked about the Snowy River you said that it was the responsibility of the Special Minister of State. The reductions in the water quotas for the irrigators, particularly in the Riverina area, must surely impact on your portfolio.

Mr AQUILINA: That is correct.

The Hon. MALCOLM JONES: We have been lobbied by irrigators who are extremely insecure and uncertain about their future water allocations, and therefore the future of their communities and their ability to go to the bank to get money to put in infrastructure. According to what the lobbyists tell us, there appears to be a difficulty in dealing with and getting decision from your department. Currently, they feel as though they are in limbo without decisions being made. They have come to us seeking assistance but, because they are not getting any answers, they do not know what form of assistance they should ask us for to solve their problems.

Mr AQUILINA: The department is working very hard to try to assist those people with as accurate detail and information as possible. If perhaps there has been a perceived reluctance to come up with quick answers, it is because the department has been very serious in terms of researching and working out the various models that are required to provide specific and precise answers which would be of the greatest benefit to the irrigators involved. Certainly, I hope that what the honourable member is saying is not that there is a reluctance by departmental officers to assist the irrigators and the farmers involved, because I have certainly urged, and I know the director-general has been most adamant, that ground staff work hand in hand with the irrigators to try to come up with the most feasible answers and solutions possible. However, that does not necessarily always mean that those answers will come in quick time, particularly when they are complex and involved, and they require an input from both the farmers and the expert personnel from the department.

The Hon. MALCOLM JONES: Surely the decisions which have been handed down have come from the department, rather than the field workers. The New South Wales Farmers Association reported to us that one of the people it represents has been asked to reduce his water by 87 per cent. That is possibly the worst case scenario, but surely such a responsible organisation would not make those claims on behalf of its member were they untrue.

Mr AQUILINA: I am aware of one irrigator in zone one of the Namoi area who will be required to make a reduction to the tune of about 87 per cent of actual water use in order to achieve the overall objectives, although that may be reduced substantially if they are successful in negotiations with the local town in reallocating some unused water that is allocated to the local town. That is one person out of several hundred. Generally speaking, one needs to distinguish between entitlement and recent water usage, as well as what is sustainable water usage. Often, people mix up those terms. The entitlements may be relatively high. In fact, the level of entitlements is probably about four times the availability of water in this State. There are many, many irrigators who are using nothing like the amount of water to which they are entitled under their licences, and thankfully so otherwise it would create an impossible situation.

There are also some irrigators who are making use of water over and above what is a sustainable level of usage for their particular area. What we are trying to do under these water sharing plans is to reduce the actual use of water, to buy back the use of water to a sustainable level. In some cases that may mean that some irrigators will be able to use more water than they are using now because they may have high entitlements but actually have a history of use which is below the sustainable level for their particular district. So they may be able to increase their use of water or trade off the difference between their use of water and what is their sustainable level. Others who are substantially overusing their water will need to reduce the use of water to what is a sustainable level for them.

We are sitting down with those irrigators and trying to negotiate a structural adjustment package for them to enable that to be achieved. However, it must be remembered that the current plans are to achieve this over a 10-year period. It is not as if all of a sudden tomorrow their water will be turned off. They will have a 10-year period to make those adjustments in order to in a sense give back the water they are using over and above what is a sustainable use of water for that particular area.

The Hon. MALCOLM JONES: What is the department's method of measuring compliance with the Native Vegetation Act? What areas attract the attention of the department for non-compliance?

Mr AQUILINA: There are a number of elaborate forms of measurements that are used. Again this is an area which is in some flux at the moment because of the implementation of the Native Vegetation Act and the various action being undertaken by the catchment management boards and the native vegetation boards. I will ask the director-General to provide a more specific response.

Dr SMITH: The compliance activities are mainly to ensure that people undertake clearing consistent with the exemptions process. A lot of the actual investigations by the departments are initiated by third parties, mainly neighbours, who suggest that their neighbours are not clearing properly. They are investigated and most are found to be frivolous. Other forms of investigation are when the department is notified and identifies, through its consent process, that the consents are not being put in place as agreed, so compliance action is taken.

The Hon. MALCOLM JONES: Does somebody apply for consent and upon checking the department find that they have not kept within the terms of the consent?

Dr SMITH: They are some of the compliance issues we have, but some people do not apply and just undertake clearing. They are investigated to see if they are consistent with the exemptions. If they are not, prosecution action or some form of remedial action is taken.

The Hon. MALCOLM JONES: Do you use aerial surveillance?

Dr SMITH: In certain cases not for the primary detection, mainly for the checking of various applications, et cetera.

CHAIR: How many actions have been taken to enforce compliance with the Native Vegetation Act since you became Minister? What kind of action has been taken?

Dr SMITH: I cannot give you the exact number but there would probably be 15 or so in the pipeline where investigations are going on. There might have been one or two prosecutions launched since the Minister has come on board. I know there have been a number of stop-work orders issued while the Minister has taken up the portfolio. There are a couple of remedial actions, but I can give you the exact statistics, if you wish.

Mr AQUILINA: You said since I became Minister, but the actions being undertaken by the department as part of its duty to undertake those actions is certainly not by ministerial direction.

CHAIR: I understand that, but under the previous Minister there were no legal actions taken at all.

Mr AQUILINA: I am very keen to ensure that the Acts are complied with, and the department is seen to be performing its duty in that regard.

CHAIR: How many allegations of illegal clearing take place each year?

Dr SMITH: Since the Act was proclaimed three years ago, from memory there have been about 805 referrals to the department for potential breaches. About 400 of those have been investigated and found to be frivolous, and we are doing a full compliance check on about 100 of them.

CHAIR: It has been about six months since the draft native vegetation conservation strategy for New South Wales was finalised and submitted to the Minister. What is the anticipated amount of money necessary to implement the native vegetation conservation strategy for New South Wales? How much will be allocated for that purpose in the next four months?

Dr SMITH: In relation to the first part of your question, the strategy has not been submitted to the Minister. It is still in the department.

CHAIR: Is it still being prepared?

Dr SMITH: Yes.

CHAIR: What is the position with the zero net loss of native habitat, which was supposed to be implemented by 1 July 2001, in agreement with the Federal Government?

Dr SMITH: As part of the biodiversity strategy for which New South Wales signed up, there was no net loss of habitat. The actual criteria associated with the measuring of that is still being worked out between the States and the Commonwealth at a national level. I saw a draft of that work the other day and it is probably about six months away from being finalised.

CHAIR: Do you have any plans ready to implement it?

Dr SMITH: Yes. As part of the overall biodiversity target strategy which is being prepared mainly by the Department of Land and Water Conservation on behalf of the Government, there are a number of strategies, including revegetation and use of environmental service investment funds stewardship payments actually to implement that policy.

CHAIR: What success is the department having in persuading irrigators to move towards water conservation measures such as drip irrigation? How is it being implemented?

Mr AQUILINA: In relation to a previous question you asked, as well as this question, the department is working all the time attempting to assess and encourage improved efficiency in use. The actual water efficiency program, in effect, comes under the portfolio of my colleague the Minister for Agriculture. I do not quite know how that is. It is something which may have occurred prior to the time when the actual portfolios of Agriculture and Land and Water Conservation were split between him and me. It is the intention of the Government to establish targets in that area and to pursue the achievement of those targets. We are certainly very serious about making sure that, in relation to native vegetation as well as the implementation of water efficiencies, the Government's objectives are achieved.

CHAIR: When dams are upgraded and the capital is spent, does the department work out a return on investment? If so, at what percentage per annum?

Mr AQUILINA: Is that in relation to dams?

CHAIR: The upgrading of dams.

Mr AQUILINA: As far as I am aware, the major upgrading of dams that has been undertaken in recent times has been as a result of the recommendations of the safety committee. Most of it is actually associated with various aspects of improving the safety of the dams. Perhaps the director-general could elaborate on some specific instances in that regard.

Dr SMITH: There is actually no fixed rate of return in terms of getting a certain amount of revenue from the refurbishment of structures. There is a cost-benefit analysis undertaken, as the Minister said, mainly on the assessments for public safety. A lot of our structures are not only for irrigation but also for flood mitigation. We are taking the opportunity in the refurbishment program to put many more environmental benefits into the restructure, such as to address cold water pollution. A lot of environmental services are built into refurbishment, which was not done a couple of years ago.

CHAIR: Does the department provide fish ladders these days?

Dr SMITH: Yes. All these structures go through a very detailed environmental assessment to ensure that they actually enhance the environment, and fish ladders are part of it, the same as mitigation of cold water pollution.

Mr AQUILINA: In relevant sections of the budget there are actual financial applications made towards those objectives both in relation to an improvement of fishing aspects—for which some

\$380,000 has been allocated from memory—and also a specific amount allocated in relation to the prevention of cold water pollution.

CHAIR: What work will be done in the next 12 months on that?

Mr AQUILINA: We could take that question on notice and provide you with those details.

CHAIR: What is the department's involvement in removing unnecessary weirs that block the movement of fish and other riverine animals?

Mr AQUILINA: I understand that there is a program that has been in existence since well before my time.

Dr SMITH: Yes, a detailed assessment has been completed by the Weir Review Committee, and only today I attended a meeting. There will be a pilot program to remove a couple of weirs in the Hawkesbury-Nepean. The first of more than 3,000 weirs in New South Wales to be removed is the old Wellington Dam, which is being taken out as we speak.

CHAIR: Approximately how many weirs will be removed during the next 10 years?

Dr SMITH: I cannot give you an estimate, but the study by the weir committee indicates that probably two-thirds of the weirs are not required for bulk water delivery and there would be major benefits to the environment by their removal. The actual program to remove them will take a considerable period of time.

CHAIR: Has an assessment been done on the impact it will have on native fish populations?

Dr SMITH: Yes. Fisheries have completed some detailed studies, together with the Murray-Darling Basin Commission, on the impact of weirs and pooling on native fish breeding and also on migration.

CHAIR: Is the department also involved in convincing land-holders to leave snags in the river?

Dr SMITH: There is a detailed program which is starting to actually bite in the rural community, first of all to improve the riparian management of a lot of the streams, particularly with the removal of willows—and the Hon. Rick Colless talked about the classic case in the Snowy—and the recent construction of natural pools together with native vegetation to improve fish habitat.

CHAIR: What is the department doing to encourage land-holders in critical areas to fence off cattle from creeks and rivers?

Mr AQUILINA: I am not aware that the department has a specific program on that. Some of these issues will probably be addressed in the various catchment management reports and obviously they are still very much in the process of being determined at this stage. You will find in all of these instances that one needs a specific response to deal with the needs of specific areas. There is no one-solution-fits-all remedy. You will find that in many of those catchment management reports a number of proposals are being submitted which would meet the sorts of environmental requirements that you may be trying to ascertain.

CHAIR: I was thinking mainly of some northern New South Wales rivers, such as the Brunswick River, which is one of the most polluted rivers in the State. What is the department doing to improve that river, perhaps encouraging land-holders to fence off cattle from the river and its tributaries?

Mr AQUILINA: Again I presume this would be a matter that would be dealt with in the appropriate catchment management report. We could undertake to let you know precisely what is being proposed in that regard. I will take that on notice.

CHAIR: Can you advise in more general terms what the department is doing to improve sewerage works and other improvements for the northern rivers? For example, I believe an upgrade is being carried out at New Brighton?

Mr AQUILINA: As I indicated earlier in response to the Hon. Rick Colless, the Government plans to undertake a number of upgrading of sewerage and water works over the 15 years or so of the current program. There are a number in this year's budget which are in the northern district. I went through a number of them earlier. As I indicated, the funding will provide for, among other things, construction of some 50 major water supply and sewerage projects, including major upgrades of water supply and sewerage for the Hastings district, Clarence Valley and the Coffs Harbour region, and the upgrade of regional sewerage systems, among other things, at Coffs Harbour. You may recall I made an announcement about that not long ago. I am happy to provide the full list to the honourable member, as I explained earlier.

CHAIR: Minister, where there is a cost sharing arrangement with local councils for projects, if the local council cannot raise the funds—such as the Byron council, which is usually pretty broke as a result of excess capital development earlier—is the department able to lend councils money that can be repaid later?

Mr AQUILINA: I will ask Mr Sheather to provide some details on that.

Mr SHEATHER: At the moment we do not have funds to lend to councils. I understand that under the Small Towns provisions, the percentage sharing ratio, there is provision for a higher proportion of government funds to those small towns. There are special provisions under the Small Towns Program for a higher input by government. But we do not physically lend money to councils for projects.

CHAIR: So the department tends to top up funds that councils cannot provide?

Mr SHEATHER: That is correct.

Mr AQUILINA: That has particular relevance, for example, for small towns say in the western part of the State where councils are very small and, because of their very low rate base, may find it difficult to raise the amounts of money required to meet their share of the costing to provide, say, essential sewerage facilities. In places like that, obviously to overcome an impossible impasse, the Government, under its Small Towns policy, is able to provide a larger proportion of the funds to help out those smaller towns.

CHAIR: On the question of the expenditure of \$396 million under the salination program, which is to end in 2007, you have advised that there will be a suite of solutions to assist in reducing salination. Is much work being done with State Forests so that some of the plants can be used for commercial plantations and replanted?

Mr AQUILINA: Yes. In fact, a lot of work is being done with Forests. I will ask the director-general to elaborate on that, as he also wears the hat of director-general of the Department of Forests. The Committee may recall that in her Speech Her Excellency the Governor made mention of some of those projects and the experimental planning of some hybrid eucalypts. Even in the Namoi area we have some plantations. The aim is to plant these trees with a view to eradicating salinity and also getting some commercial return. The director-general might elaborate on the detail.

Dr SMITH: Mr Chairman, a lot of work is being done, with funding primarily from the salinity strategy, for plantations in various areas. Also, State Forests established 50 two-hectare plots across New South Wales three years ago to trial various species for salinity impact. There has also been some trade and commercial activity, for instance with Macquarie Food and Fibre, which was done under the umbrella of the Department of Land and Water Conservation. I should state that over the next little while there is expected to be a major increase in plantations through the Environmental Services Investment Fund, which is to value the environmental services, of which salinity is one, which the Minister launched the other day at Wagga Wagga.

CHAIR: Can you advise roughly what your targets will be for a combination of these plantations for purposes including salination and habitat, and so on? What is your target over, say, 10 years?

Dr SMITH: As I said last night, there is no fixed target, but there is funding under the \$100 million program to which the Minister referred. It is expected that about 33,000 hectares of plantation will be established under that program over the next seven years, primarily aimed at salinity. In addition, there is the third party investment for carbon sequestration in New South Wales, and that again is averaging a couple of thousand hectares a year. Then there is the traditional replantation program by State Forests.

CHAIR: So, all in all, with all of those various amounts of money, it is a fairly substantial plantation program for both biodiversity and forestry, is it not?

Dr SMITH: Yes. As we talked about earlier, the Environmental Services Investment Program, which the Minister launched, is trying to unpack all those environmental values—such as carbon, salinity mitigation and biodiversity values—and account for them separately on the one block of land. That work is actually progressing. That is the first time that has occurred in Australia—probably in the world, to my knowledge.

CHAIR: What benefit, apart from reduction in salination, do landholders gain from the planting of timber and the harvesting of timber on their land?

Dr SMITH: We are trying to price the value of environmental services in normal rural activities. For instance, a person who undertakes an activity that reduces salt lode in the system actually gets a payment for that. Those who increase biodiversity get an income stream associated with that. If they plant trees and actually sequester carbon, they get property rights to that and are able to get an income stream from it. We are trying to increase the variety and depth of income streams available to farmers from their normal activities.

CHAIR: What is the approximate income stream from biodiversity retention or planting?

Dr SMITH: There is none at the moment.

CHAIR: What is planned?

Dr SMITH: Work being done within the department indicates it could be anywhere, depending on the biodiversity value, from \$10 a hectare up to about \$35 per hectare per year.

CHAIR: Will this also apply to people who retain vegetation, as well as those who gain new vegetation?

Dr SMITH: Yes. I think the Environmental Services Fund that the Minister launched allows people to upgrade their current native vegetation to get credits for salinity and biodiversity, and probably carbon if the rules are sorted out.

CHAIR: This will provide a number of rural jobs. Have you any idea of the quantum per annum from the \$396 million plus the other money?

Dr SMITH: I cannot give you the exact figure. The rule of thumb we use in some of these socioeconomic studies in State Forests is about one job for about 50 hectares of plantation.

CHAIR: It is a fair number of jobs that otherwise would not be there.

Dr SMITH: Yes. I think it is part of creating rural and regional activity that currently is not taking place in a lot of these areas. Where plantations are to be established, this offer is another stream of employment that currently is not there.

CHAIR: What is the level of acceptance of this program by landholders?

Dr SMITH: It was only launched the other day. The trialling and piloting of it was very favourably received. If you talk to the farmers and various organisations, they see this as a way of the future—if we can get the system to work. I must stress that the work we are doing at the moment is under a pilot to see whether we can get the systems to work, the transaction arrangements to work and the accounting arrangements to work.

Mr AQUILINA: Mr Chairman, might I say it has been my experience in the short time I have been in this portfolio that there is a ready acceptance by a great number of people in the agricultural community of, first, the need to do this sort of work and, secondly, of its desirability for the future. This is in stark contrast with my experience on the previous occasion when I was Minister for this portfolio, back in 1986, when salinity issues were very much in their infancy and people did not want to know you. That is why I found so refreshing my experience on the farm at Wagga Wagga when I launched the service that the director-general spoke of. I spoke to owners who undertook 15 years ago to carry out various plantations to eliminate salinity from their properties—at a cost of some substantial ridicule from their neighbours, who thought they were wasting money doing so. Now, of course, they are the ones laughing because they have beautiful paddocks with trees and productivity, and they are the ones able to sow wheat in what was previously saline soil.

Those owners have been able to prove that prudent attention to salinity issues as long as 15 years ago is now paying substantial economic dividends for them, in the sense of ensuring their property is able to sustain agricultural produce. I think that example alone—and probably several other examples around the State of which we are not aware, and we should encourage those people to come forward—is indicative of what can be achieved and that we can put real value into the investment of the State and private enterprise in eradicating salinity in this State. It is not only an issue of preventing further degradation; it is also an issue of making sure we have an agricultural area in the State—as well as forestry—which is able to return very substantial economic dividends.

CHAIR: Are you able to give any indication of the return on their actual investment, given time being costed at a certain amount, so that that advice can be given to other farmers?

Mr AQUILINA: I think they would be happy to do this. In fact, they spoke quite eloquently of their experiences and of the paddocks, as did the mayor of Wagga Wagga, who was present at this function and is well acquainted with the particular site. In his presentation on the day he was able to state that 10 years previously the paddocks in which we were standing at the time were barren and saline, with nothing growing on them. But, with the activities undertaken by these people, they were a picture of greenness all around. As I said, they have a property which is returning substantial incomes—from property which otherwise would be relatively barren.

CHAIR: So 15 years ago the value of heavily salinated areas was virtually zero. What is the value of the land now, roughly, per hectare?

Mr AQUILINA: I could not say, but it looked to be very productive property. It was held in high esteem by owners of surrounding property.

CHAIR: Presumably, other property holders in the area are following that lead.

Mr AQUILINA: We particularly chose this property to launch the environmental service. There is \$2 million available, and we hope to get a number of people applying for this funding, in order to show precisely what they can do with prudent planning and environmental biodiversity and reduce the impact of salinity, and in many cases turn what are saline grounds back to productive grounds. I might say that is not the only place I found that. I went to Lake Cargelligo some time ago and saw what the local council is doing with the planting of eucalyptus hybrids in some areas in order to reconstitute what are now saline paddocks, and also what they have done with the first nine holes of the golf course. With some fairly minimal engineering works, the first nine holes are a picture of lovely green fairways—although the so-called greens are still sand! The second nine holes, which the council has not had the finance yet to work on, are not what you would regard as a golf course at all. They are in fact a bare paddock.

CHAIR: Will State Forests be involved in contracting to assist landholders to plant various species of trees by leaving people on their own to plant them?

Mr AQUILINA: At this particular property we saw a wide range of varieties of trees that had been planted, all of them with a view to eliminating salt content from the soil. Perhaps the director-general could provide some specific advice on that.

Dr SMITH: The programs that are run are a mixture of contract or of the individual on the farm doing the work through sharecropping. So it is done basically case by case. The Department of Land and Water Conservation provides a lot of the technical advice through the salt action teams before the trees are planted.

CHAIR: What is the department doing about controlling feral animals on land it controls, in particular foxes and pigs in western New South Wales? How much is allocated for that in this forthcoming financial year?

Mr AQUILINA: The department is very much aware of its responsibilities in relation to control of weeds and pest animals on Crown lands. In relation to pest animals, the Rural Lands Protection Act requires the department to control pest animals on land under its control to the extent necessary to prevent them causing damage on any land. This was the subject of a recent parliamentary inquiry to which the department made a comprehensive submission.

The Hon. JAN BURNSWOODS: That was this committee, and it is still going.

Mr AQUILINA: That is right. The department is represented on regional pest animal committees and is participating in a number of programs to reduce the impact of pest animals on agriculture and the environment. The department is an active partner with the National Parks and Wildlife Service [NPWS] and State Forests of New South Wales in implementing a threat abatement plan for the red fox. But the department is also a partner with New South Wales Agriculture in a range of initiatives to control the impact of wild dogs on farming enterprises, while ensuring that remaining populations of dingoes on public land are protected. NSW Agriculture and the Department of Land and Water Conservation [DLWC] are also working with the National Parks and Wildlife Service and the community to implement pest animal projects as part of a New South Wales biodiversity strategy. Extensive rabbit eradication work has also been undertaken over the past five years, especially in the Western Division under the West 2000 Program and the South West Rabbit Control Program. As far as pigs are concerned, I will have to respond later with a detailed answer.

The Hon. JAN BURNSWOODS: I was about to take a point of order that Mr Chairman is actually in breach of our standing orders by asking questions about proceedings that are currently before the Committee, which he chairs.

CHAIR: I would have ruled that point of order out of order. Minister, I foreshadow that there may be a few questions on notice. Would 35 days be adequate to enable you to answer those? There may not be very many, but I suspect there may be some.

Mr AQUILINA: I am sure it will be, Mr Chairman.

CHAIR: A motion may be moved to invite you to reappear. If that is the case we will certainly consult with you to find out when you are available.

Mr AQUILINA: I am happy to attend to suit the convenience of the Committee, Mr Chairman.

The Committee proceeded to deliberate.
