

# **GENERAL PURPOSE STANDING COMMITTEE No. 5**

**Monday 19 December 2005**

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

## **NATURAL RESOURCES, PRIMARY INDUSTRIES, MINERAL RESOURCES**

**The Committee met at 2.00 p.m.**

### **MEMBERS**

Mr I. Cohen (Chair)

The Hon. R. H. Colless  
The Hon. D. J. Gay  
The Hon. H. S. Tsang

The Hon. G. J. Donnelly  
Ms S. P. Hale

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### **PRESENT**

**The Hon. I. M. Macdonald**, *Minister for Natural Resources, Minister for Primary Industries, and  
Minister for Mineral Resources*

**Minister's Office**

**Mr T. Hewson**, *Chief of Staff*

**Department of Primary Industries**

**Mr B. Buffier**, *Director General*

**New South Wales Food Authority**

**Mr G. Davey**, *Director General*

**CHAIR:** I declare open this meeting. I welcome the Minister and accompanying officials to this public hearing of General Purpose Standing Committee No. 5. At this meeting the Committee will examine further the proposed expenditure for the portfolio areas of Primary Industries and Mineral Resources. Before questions commence some procedural matters need to be dealt with. 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 photos. In reporting the proceedings of this Committee the media must take responsibility for what is published or what interpretation is placed on anything that is said before the Committee.

Any messages between members and their staff should be delivered through the attendant on duty or the Committee clerks. The Committee has agreed to the following format for the hearing: 30 minutes for the Government, 30 minutes for the Opposition and the crossbench. The Government members may ask further questions and the remainder of the time will be divided. Generally we will keep within specific areas, but as a number of staff are present questions may come up for Fisheries or Primary Industries, and we will go with that. I declare the proposed expenditure for the portfolio of Primary Industries and Mineral Resources open for examination.

**The Hon. DUNCAN GAY:** Minister, last Friday you made a commitment to meet with orchardists in Orange regarding floods and hail damage and the community in Molong regarding floods. Because of your ailment you were not able to fulfil that obligation. Can you advise when you will fulfil that obligation?

**The Hon. IAN MACDONALD:** Yes, between 10 and 20 January 2006.

**The Hon. DUNCAN GAY:** I am sure you are aware that growers have suffered from the effects of hail damage on their crops for at least two consecutive years. Frankly, they are in desperate circumstances. When you meet with them will you guarantee to give careful consideration of the following assistance measures: additional support for financial counsellors, which may mean that the Department of Primary Industries will cover the whole cost of the local service while a district is recovering from a natural disaster; and deferring the existing disaster relief loan repayments. Your office has been helpful in the past two years in these crises, but the first payment for those affected farmers will fall due this year, and then next year, and they will not receive an income for another two or three years.

Will you consider protection from hail, a method of providing loans for netting rather than recovery, because currently netting is precluded? Will you consider also another matter that is probably in the Federal area, income assistance or family assistance?

**The Hon. IAN MACDONALD:** We certainly give careful and detailed consideration to the situation faced by farmers at Orange. It is indeed ironic that during the drought, and coming out of the drought, farmers have been hit with such severe damage due to the intensity of storms in the region. Last Friday there was another intense storm in that region. I will meet with them as soon as I can, somewhere in the period from 10 to 20 January and that is yet to be organised. I cannot guarantee that we will meet some of the points you have made. We will try to work out a way of assisting them, as we do in all instances.

I am aware that payments under the previous loans are due. We already fund heavily the financial counsellors and are probably the majority funders for the financial counsellors. I will listen carefully to what the community and farmers have to say about these issues and consider how we can assist them.

**The Hon. DUNCAN GAY:** Minister, did you undertake any overseas travel last year?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** When did you travel, how many staff accompanied you and what was the cost of that overseas travel?

**The Hon. IAN MACDONALD:** I will take that on notice and provide you with the details. I do not have the details with me.

**The Hon. DUNCAN GAY:** Minister, did you provide overseas travel to any other government or local government people in the past 12 months?

**The Hon. IAN MACDONALD:** Not to my knowledge. I will provide a written answer to that.

**The Hon. DUNCAN GAY:** Do you recall when we both attended the opening of the Orange Field Days?

**The Hon. IAN MACDONALD:** Oh yes, I know what you are talking about.

**The Hon. DUNCAN GAY:** The mayor of Cabonne thanked you for providing him with travel to China?

**The Hon. IAN MACDONALD:** Yes. That is a very clever question.

**The Hon. DUNCAN GAY:** It was not such a clever answer.

**The Hon. IAN MACDONALD:** It was a very clever question, because the department had no role in paying for the mayors to attend the international conference in Guangzhou, China. As I understand it those fares were met by China.

**The Hon. DUNCAN GAY:** How many mayors were involved?

**The Hon. IAN MACDONALD:** From my recollection six or seven.

**The Hon. DUNCAN GAY:** Could you provide a list and the State Government's involvement?

**The Hon. IAN MACDONALD:** We had a request and just passed it on to various mayors. It was up to them to make up their minds what they wanted to do.

**The Hon. DUNCAN GAY:** Will you provide the details?

**The Hon. IAN MACDONALD:** I will determine whether it is our responsibility to provide details. It was an arrangement between the Chinese authorities and the mayors, not the State Government.

**The Hon. DUNCAN GAY:** Will you provide a list of the mayors?

**The Hon. IAN MACDONALD:** Yes, I have no problem with that.

**The Hon. DUNCAN GAY:** A week or so ago you announced a new agricultural advisory council.

**The Hon. IAN MACDONALD:** That is correct.

**The Hon. DUNCAN GAY:** What was the catalyst for the establishment of that council?

**The Hon. IAN MACDONALD:** As you would be aware I have established a number of stakeholder-based industry-based groups to advise myself and the Government on issues relevant to particular areas of my portfolios. I have made several announcements and you will notice that one has been set up in Forestry, one in Minerals, one in the wine industry, and one in science—all up, about five or six. That agricultural advisory council was the latest. I have taken the view that I value industry stakeholder input into the decisions that I take. That advice is separate from any particular organisation that has been formulated, such as New South Wales Farmers or any of the industry groups including the Irrigators Council.

I have argued strongly for a long time that the department should work closely with industry stakeholders. Initially I thought we would have a number of committees that would look at different aspects of agriculture, whether irrigation or dairy or what have you. For some time I thought that was a way to go and had contacted a number of leading industry personnel to serve on it. Every one of them indicated that they would, but I came to the conclusion that it would be better and more efficient to have one committee dealing with the overall issues that impact on the State's agricultural industries. Therefore, I announced the formation of the industry advisory council, which comprises many leading members of the agricultural industry.

I expect the council would give me high-level advice on the broader issues facing agriculture than the distinct issues one may have to deal with in relation to the irrigation industry or the horticulture industry or the wine industry in a specific sense. It will help inform me, the department and the Government of the broader issues facing agriculture in the State.

**The Hon. DUNCAN GAY:** What will be the costs of establishing and operating the ministerial agricultural advisory council, including resources, salaries, reimbursement for travel expenses, et cetera.

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

**The Hon. DUNCAN GAY:** Will you take on notice the questioned regarding the other advisory groups that you indicated earlier including wine, science, and other that you did not detail?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** With the agricultural advisory council will you guarantee to continue to take the views of New South Wales Farmers Association into account on key policy issues?

**The Hon. IAN MACDONALD:** Totally. Let us be very clear: They are two distinct roles. The New South Wales Farmers represents the producers, it puts forward the interests and views of the farming community as a whole on just about every issue that you can possibly imagine. I would not imagine that the agricultural industry advisory Council would deal with 99 per cent of those issues; it will not deal with water management in a particular valley as it affects certain industries, or that sort of working issue. It is more to look overall at where we are going with agricultural issues, farming in general, in a broader sense. It is not a day-to-day body and it will not meet every month.

**The Hon. DUNCAN GAY:** How does it fit with your new body? Will it duplicate the functions of existing advisory councils, including your advisory committee on gene technology, the Game Council, the ovine Johne's disease industry advisory committee, the Noxious Weeds Advisory Council, the National Livestock Identification Scheme cattle and National Livestock Identification Scheme sheep advisory committees?

**The Hon. IAN MACDONALD:** It will not duplicate those, those will take up the main issue of issues that will impact each of those areas. This body is more for overall direction and philosophy, if you like, of farming and where we are going. In respect of the number of committees, there has been a reduction in committees over the last couple of years.

**The Hon. DUNCAN GAY:** You indicate also in your press release that you are going to axe a number of advisory councils. Can you give us a list of the advisory councils that will be axed?

**The Hon. IAN MACDONALD:** I will take that on notice and provide you with that.

**The Hon. DUNCAN GAY:** Have you made that decision already?

**The Hon. IAN MACDONALD:** We will be and have been reducing. We have already done some.

**The Hon. DUNCAN GAY:** How have you been determining which existing industry-specific councils?

**The Hon. IAN MACDONALD:** On the advice of the department.

**The Hon. DUNCAN GAY:** Not the industry?

**The Hon. IAN MACDONALD:** I have not had any objections from industry about the particular bodies that have disappeared so far. I would have thought you would have been very supportive of this initiative because what it does is bring together key players in these areas for more of the broader aspects of government policy and the role of the department in relation to agricultural issues, in fact, to the other issues of the day. For instance, the Wine Industry Advisory Council was very quickly on to the whole research area in research dollars that were being provided to New South Wales under the national grants system that is based on the levies paid by producers and we discovered through their work and in discussions with the national wine grape centre in Wagga that out of a total outgoing to the national body there was in the order of 13 million receiving only \$800,000 in research grants in New South Wales.

The Wine Industry Advisory Council has pursued this; it has involved me in the discussions with the national body. They were strong discussions and I am happy to say that tonight I am signing an agreement between the national body, the Wine and Grape Research and Development Corporation—I will be signing an agreement based on the work of the Wine Industry Advisory Council and indeed also the wine industry association, and there is some overlapping—

**The Hon. DUNCAN GAY:** Minister, we know your great love of wine but this was not a question on wine. We were talking about the agricultural advisory committee. So if you could confine your answer to the question that has been asked?

**The Hon. IAN MACDONALD:** I was giving you an example and if you let me go I will finish it. Tonight we are signing an agreement that will mean, I think, in the order of \$13.5 million for the wine and grape research in New South Wales, directly resulting from this work that is being done to pick up the discrepancy and the failure of them to pay us enough. So I would hope they are the sorts of things and broader issues that the agricultural industry advisory council can provide me and the Government with advice on, and, indeed, I am sure could even inform the views of the National Party.

**The Hon. DUNCAN GAY:** Can you provide the Committee with the terms of reference for the new agricultural advisory committee?

**The Hon. IAN MACDONALD:** Yes, we will do so.

**The Hon. DUNCAN GAY:** And the other advisory council?

**The Hon. IAN MACDONALD:** We will do so. Nothing has been secret about these. Every one of them has been announced over the last 2½ years by public announcement.

**The Hon. DUNCAN GAY:** You are probably aware that I indicated that the members of this Council are of a high-calibre but how do you answer criticism of the fact that because they are of such a high-calibre they only represent one side of the industry?

**The Hon. IAN MACDONALD:** I do not understand what you are saying.

**The Hon. DUNCAN GAY:** In the case of a very respected man from the egg industry, it is only from the producers, not from the growers. The smaller growers and producers in many of the areas are not represented on your committee, you have only represented, in the large part, the big end of town?

**The Hon. IAN MACDONALD:** I do not think that is necessarily fair.

**The Hon. DUNCAN GAY:** Have you got a better answer than that?

**The Hon. IAN MACDONALD:** I do not think that is fair. There are a number like Howard Charles from the beef industry who by no means is a large producer. You have to make a balance through this thing and a lot of those industry people are very well honoured within the field. We were trying to get people who have made a substantial mark in these areas. Obviously, if there are some weaknesses that is inevitable in determining a committee that is under 20. If you want to put 30 or 40 on you would probably cover everyone. But I think there are a number of smaller producers on that. For instance, Mal Peters does not have a huge operation in the sense that you are probably referring to. So there is a number there that I think represent the smaller end of the market and will represent them very adequately.

**The Hon. DUNCAN GAY:** Did you consult with any of the industry groups before putting this committee together?

**The Hon. IAN MACDONALD:** The department did most of the yakka on that. I will get them to give you a written reply on that. But we certainly did consult with a broad range of people who have made a significant contribution, if you like, to agricultural industries in New South Wales and, as you say, each and every one of them is a high achiever in this area and has done much for their industry. This is the first criticism of this committee or any of the committees that have been in existence for the last three years. It is very difficult to have a representative body that covers every potentiality; it is impossible.

**The Hon. DUNCAN GAY:** Did you liaise with New South Wales farmers before the appointment to this body?

**The Hon. IAN MACDONALD:** I have discussed endlessly with New South Wales farmers over the last few years the establishment of these industry committees.

**The Hon. DUNCAN GAY:** Is that a yes or a no?

**The Hon. IAN MACDONALD:** Yes, I have discussed it with—

**The Hon. DUNCAN GAY:** Who did you liaise with representing New South Wales farmers?

**The Hon. IAN MACDONALD:** I would have to take that on notice. But certainly the presidents, past and present.

**The Hon. DUNCAN GAY:** Would it shock you to realise that New South Wales farmers indicate that you did not liaise with them?

**The Hon. IAN MACDONALD:** I do not think that is correct.

**The Hon. DUNCAN GAY:** It is not what they—

**The Hon. IAN MACDONALD:** It is not correct.

**The Hon. DUNCAN GAY:** I will let the record show that. On to the OJD program. Of the 450 producers owed \$2.4 million under the old program, how many have received payments, what is the total value of payments that have been made to date and when can these producers expect to receive further payment?

**The Hon. IAN MACDONALD:** As you are aware, under the transaction levy arrangements the first receipt of moneys is meant to be in January. It is on a quarterly basis. The first quarterly collection period ends on 31 December 2005 with agents due to remit collected funds by 30 January 2006. So we would anticipate that there would be a disbursement of those funds soon thereafter.

**The Hon. DUNCAN GAY:** Was there not in fact meant to be a Treasury advance so this could have started before the end of this year?

**The Hon. IAN MACDONALD:** Yes, there is a Treasury advance.

**The Hon. DUNCAN GAY:** What happened to that?

**The Hon. IAN MACDONALD:** There is a Treasury advance and the cheques are ready to go out on Wednesday of this week. The advance, of course, is a loan from the Government which will be repaid over the life of the transaction-based contribution scheme.

**The Hon. DUNCAN GAY:** When will people like Gerard Keogh and Jim Inwood be paid?

**The Hon. DUNCAN GAY:** I do not have individual files so I do not know the individual cases of anyone in particular, but I would anticipate they are on the list, as far as I understand, and they would receive the first payment when the first lot of cheques go out under the arrangements we have with Treasury.

**The Hon. DUNCAN GAY:** Which will be when?

**The Hon. IAN MACDONALD:** I have just said it.

**The Hon. DUNCAN GAY:** This Wednesday?

**The Hon. IAN MACDONALD:** This Wednesday.

**The Hon. DUNCAN GAY:** And how much will they receive then?

**The Hon. IAN MACDONALD:** I do not know precisely what they would receive but that has been determined: 25 to 30 per cent of the outstanding amount. You have got to remember that this was an industry-based program, it is not a government debt, in other words.

**The Hon. DUNCAN GAY:** It is a government debt. These farmers have been waiting for three years for this money.

**The Hon. IAN MACDONALD:** Yes, from a producer's scheme.

**The Hon. DUNCAN GAY:** They did this work in good faith on a promise from one of your predecessors.

**The Hon. IAN MACDONALD:** I am not sure. You would have to demonstrate that.

**The Hon. DUNCAN GAY:** What do you mean you are not sure?

**The Hon. IAN MACDONALD:** It was a producer's scheme.

**The Hon. DUNCAN GAY:** It was a plan put in place by the State Government.

**The Hon. IAN MACDONALD:** It was a producer-based scheme which fell apart, as you are aware.

**The Hon. DUNCAN GAY:** What caused it to fall apart? Was it maladministration? Was it corruption?

**The Hon. IAN MACDONALD:** No, nothing.

**The Hon. DUNCAN GAY:** Are you sure of that?

**The Hon. IAN MACDONALD:** It was to do more with the legislation at that time.

**The Hon. DUNCAN GAY:** Are you telling me that there has been no maladministration or corruption in the department on this issue?

**The Hon. IAN MACDONALD:** Corruption? What are you talking about?

**The Hon. DUNCAN GAY:** I am asking the question.

**The Hon. IAN MACDONALD:** Well, I think it is a ludicrous question.

**The Hon. DUNCAN GAY:** So that is a no?

**The Hon. IAN MACDONALD:** It is a ludicrous question.

**The Hon. DUNCAN GAY:** No. Is that a yes or a no?

**The Hon. IAN MACDONALD:** You know better than to ask that stupid question.

**The Hon. DUNCAN GAY:** I asked a question. If it is that silly and it is that wrong a simple "no" would be the answer.

**The Hon. IAN MACDONALD:** Forget it. It is a stupid question. There has never been an allegation of corruption about the scheme. What are you talking about?

**The Hon. DUNCAN GAY:** I am asking, is there a problem? Has your department identified a problem in maladministration or corruption?

**The Hon. IAN MACDONALD:** No, not at all.

**The Hon. RICK COLLESS:** Could we turn to stock and domestic water for a few moments? Have you commenced developing reasonable use guidelines for stock and domestic water?

**The Hon. IAN MACDONALD:** I am advised that as far as we are aware in the Department of Primary Industries [DPI] we have not. Are you asking a Natural Resources question?

**The Hon. DUNCAN GAY:** It is a crossover question.

**The Hon. RICK COLLESS:** It is a crossover question.

**The Hon. DUNCAN GAY:** It affects farmers under stock and domestic water.

**The Hon. IAN MACDONALD:** Put it on notice. This is DPI.

**The Hon. RICK COLLESS:** Can I turn then to some forestry issues? Can you rule out the sale of Forests NSW?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. RICK COLLESS:** Can you rule out the sale of any Forests NSW asset?

**The Hon. IAN MACDONALD:** Any asset? You would have to define it. What does that mean? We sell some surplus desks or what have you? Would do you mean?

**The Hon. RICK COLLESS:** I do not think we are talking about desks, we are talking about major assets.

**The Hon. IAN MACDONALD:** You define what assets you are talking about and I will answer it.

**The Hon. RICK COLLESS:** Say, any assets worth more than \$1 million.

**The Hon. IAN MACDONALD:** We have a program in relation to our office at Pennant Hills being a noncore asset that was identified for disposal as part of Primary Industries' co-location accommodation rationalisation strategy to achieve savings targets. Disposal of the building was managed with the approval of the government asset management committee. Forests NSW has office

facilities at the nearby Cumberland State Forest, West Pennant Hills. These premises are being refurbished to allow for the transfer of the staff from Pennant Hills. The Pennant Hills building sale was conducted through a tender process with the assistance of professional agents and advisers.

**The Hon. RICK COLLESS:** Are there any plans for future changes to Forests NSW in either its ownership or operation?

**The Hon. IAN MACDONALD:** Not to my knowledge. There is no plan at this point, whatever you are referring to. Change in what? Ownership?

**The Hon. RICK COLLESS:** Ownership or operation procedures?

**The Hon. IAN MACDONALD:** The first bit, no. The second bit is so broad you would have to ask me a specific question.

**The Hon. RICK COLLESS:** Can I just ask some follow-up questions after the Brigalow Belt South bioregion decision? It has been more than six months since the Brigalow and Nandewar Community Conservation Area Bill passed through Parliament. Can you detail what development assistance has taken place so far?

**The Hon. IAN MACDONALD:** Yes, I certainly can. The Government's decision on the Brigalow and Nandewar bioregions is being implemented in a co-operative and positive climate. The estate transfers of zones 1, 2 and 3 occurred on 1 December 2005. Continued progress is being made on wood supply agreement negotiations, rollout of the cypress thinning programs, negotiations of regulatory conditions and interagency transition arrangements.

We do have a figure in relation to the payment of assistance. The payment processes for both worker exit assistance and business exit assistance are progressing without delay. What took years to deliver on the east coast under the Forest Industry Structural Adjustment Program has taken a matter of months in the Brigalow as the formula for determining assistance is much simpler. We are expediting assistance to eligible employees who are either being redeployed or accepting a special redundancy payment of up to \$72,000. Part-time employees are eligible to a pro rata special redundancy payment based on their part-time hours.

As of 30 November 2005, 130 applications for workers exit assistance have been received. Of these, 82 have been approved for assistance totalling \$6.1 million. Payments to the remaining approved workers are currently being facilitated. Ten of the workers have accepted the Government's offer of alternative employment: nine have been employed by the Department of Environment and Conservation and one is employed with Forests New South Wales. These workers have access to generous training assistance to help them prepare for new tasks. A number of applications yet to be determined from workers and principals who may be made redundant from businesses are currently being assessed for exit assistance. Should the businesses be approved for exit assistance, these workers will also be approved for assistance. Assistance to businesses that have decided to exit the Brigalow and Nandewar timber industries is progressing well. As of 30 November 2005, five mills and one small hardwood operator have been approved for exit assistance totalling \$9.2 million.

**The Hon. RICK COLLESS:** Who was the hardwood operator?

**The Hon. IAN MACDONALD:** That would be Insul Timbers, I think. I am not 100 per cent, but it must be. That is correct. All have signed a deed of release and indemnity. The five exiting mills have each received an initial payment of exit assistance. Four mills received an initial payment of 80 per cent of exit assistance and one will receive an initial payment of 70 per cent of exit assistance. The initial payment of 80 per cent of exit assistance to one small operator is currently being processed. The final payment of exit assistance will be made once government has received independent verification that correct redundancy entitlements have been paid to all employees and confirmation that any outstanding moneys owed to the Government have been settled. In addition, the businesses are able to claim site rectification costs to clean up the site to comply with environmental protection regulations. These claims also require a thorough assessment prior to payment to ensure that they comply with all the relevant provisions.

**The Hon. RICK COLLESS:** Have the hardwood contract covers from the Goonoo been compensated?

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

**The Hon. RICK COLLESS:** Can you also tell us when you give us your reply whether they received the full timber industry exit package or were they given some sort of redundancy payment, and are they included in the three-year moratorium on working in the timber industry?

**The Hon. IAN MACDONALD:** They received the full exit payment.

**The Hon. RICK COLLESS:** The full exit package, including \$72,000 and the payment of so much per cubic metre?

**The Hon. IAN MACDONALD:** The cubic metre, I would understand. I do not know about the workers assistance.

**The Hon. RICK COLLESS:** The three operators and their staff would have got the \$72,000?

**The Hon. IAN MACDONALD:** Yes, that is correct.

**The Hon. RICK COLLESS:** Have they been paid?

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

**The Hon. RICK COLLESS:** It is my understanding that they have not been paid and some of them are in pretty serious circumstances, particularly at this time of the year. In other words, they have no work and no money for Christmas.

**The Hon. IAN MACDONALD:** Yes. As I said, you have to remember this is the fastest rollout of a worker exit package and business exit package they have ever done.

**The Hon. RICK COLLESS:** It does not help if they are caught up in it at this time of the year.

**The Hon. IAN MACDONALD:** In reality—

**The Hon. RICK COLLESS:** Were you going to say something? You started, "in reality"?

**The Hon. IAN MACDONALD:** I was about to say that these questions come under the Department of Natural Resources, which handles the structural adjustment programs.

**The Hon. RICK COLLESS:** How many of those displaced workers have been offered positions with Forests New South Wales and National Parks?

**The Hon. IAN MACDONALD:** As I said before, one—

**The Hon. RICK COLLESS:** You spoke about nine and one. Where were they from? What mills were they from?

**The Hon. IAN MACDONALD:** I will have to take that on notice. We will be announcing soon a recruitment program for the cypress thinning program. If my memory serves me correct, it will employ up to 35 people.

**CHAIR:** Who decides, and on what basis is it decided, whether State government-owned businesses or business enterprises will pay local government rates?

**The Hon. IAN MACDONALD:** That is in the realm of government policy. I will take that on notice. I do not set that.

**CHAIR:** Perhaps you could give a list of those particular business enterprises that do pay local government rates and which do not?

**The Hon. IAN MACDONALD:** I think you need to address that to my colleague Mr Hickey.

**CHAIR:** It is still State-government enterprises.

**The Hon. IAN MACDONALD:** Yes, but as far as I know I have never had to make a decision on this.

**The Hon. DUNCAN GAY:** State Forests makes contributions to local government.

**The Hon. IAN MACDONALD:** I know, but that is different. He is asking me what businesses get exemptions from local government rates. It is really a question for Mr Hickey.

**CHAIR:** So you are not aware of any provision made for this eventuality?

**The Hon. IAN MACDONALD:** I am aware of it as much as anyone else, but it is not my area. That is what I am trying to say.

**CHAIR:** Can you indicate to the Committee the amount that would be saved by Forests New South Wales not having to pay rates in its production of forests?

**The Hon. IAN MACDONALD:** Let me take that on notice. For instance, you have to remember that New South Wales Forests spends a hell of a lot of money in regional New South Wales, for instance, on roadworks, on fire protection—

**CHAIR:** That is to protect its assets.

**The Hon. IAN MACDONALD:** Which are all contributions to a local government area.

**CHAIR:** It would be reasonable to say that some estimate of this kind must have been made at the time State Forests plantations were being prepared for sale to the private sector, would there not?

**The Hon. IAN MACDONALD:** That is in the realms of reports that are very much in the ether. Yes, these calculations were made of the community contributions, in effect, that forests make in regional New South Wales, and they were substantial.

**CHAIR:** Does State Forests pay local government rates on any of its properties?

**The Hon. IAN MACDONALD:** I think as a rule we do not pay rates but I am not sure whether there might be some asset there that pays rates, but in general we do not pay rates.

**CHAIR:** For example, Edrom Lodge, Eden?

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

**CHAIR:** Could you indicate how many jobs have been lost as a result of fire safety grants for more highly mechanised logging, for example, mechanical harvesters?

**The Hon. IAN MACDONALD:** I am happy to take that on notice, but that would be very difficult to work out because mechanical harvesters have been introduced over a number of years and there has been an overall reduction in just about every industry with the replacement of labour with mechanical machinery. There would be some impact. Whether we can work it out is another question.

**CHAIR:** Can you take that on notice, if you can work it out?

**The Hon. IAN MACDONALD:** We will have a go at it.

**CHAIR:** Is New South Wales State Forests involved in any way in the indigenous forests strategy?

**The Hon. IAN MACDONALD:** Yes.

**CHAIR:** Can you give any details on that?

**The Hon. IAN MACDONALD:** I will take it on notice.

**CHAIR:** What is the total budget for all Forest New South Wales activities related to education, public relations and advertising?

**The Hon. IAN MACDONALD:** I will take it on notice.

**CHAIR:** Could you give an indication of the total cost for Forests New South Wales of compliance with EPA regulations?

**The Hon. IAN MACDONALD:** PhD research projects in some of these questions. We will have a look at it.

**CHAIR:** I am trying to stay within the bounds of financial probity and such like. Surely it is a reasonable ask?

**The Hon. IAN MACDONALD:** Read your question out again.

**CHAIR:** Total cost for Forests New South Wales of compliance with EPA regulations?

**The Hon. IAN MACDONALD:** Are you going to give me six months to work that out? But, yes, I will take it on notice. But it would be how long is a piece of string to that question, but we will try to give you an answer.

**CHAIR:** And also the total cost for Forests New South Wales of complying with provisions to protect threatened species? The same?

**The Hon. IAN MACDONALD:** Yes. I will take it on notice.

**CHAIR:** State Forests consistently refuses to disclose details of its contracts and prices paid on the grounds that this is commercial in confidence. How can this secrecy be justified when in most instances there is no competitive market and no other suppliers in competition with Forests New South Wales? Since Forest New South Wales relies upon its government agency status to avoid paying rates, will the Government make contract and price information available either to the estimates Committee or under a freedom of information request?

**The Hon. IAN MACDONALD:** I think the current policy will stand. You have to remember we do face competition. There are substantial private forests in New South Wales and there are also forests just across the border. So, there are very strong competitive pressures in this industry. We happen to be the largest but not always in all areas do we have a 100 per cent monopoly on supply. We do not.

**CHAIR:** Do you still accept Wilson Tuckey's AFS as an acceptable label of sustainability since all major national conservation groups wrote to Standards Australia asking it to reject AFS? I think they wrote to Standards Australia in October this year.

**The Hon. IAN MACDONALD:** I will look at this issue. Certification is an issue we have been looking at for some time.

**CHAIR:** Do you have an opinion on Wilson Tuckey's AFS as being an acceptable label of sustainability?

**The Hon. IAN MACDONALD:** We will have a look at this issue.

**CHAIR:** You are aware of it?

**The Hon. IAN MACDONALD:** I am aware of the issue, yes, of course.

**CHAIR:** No-one in your department has looked at the issue?

**The Hon. IAN MACDONALD:** No, I said it has been looked at.

**CHAIR:** What stage has been reached in moves to introduce AFS to the native forests of the southern and Eden regions, and when would you expect the forests in those regions to be certified?

**The Hon. IAN MACDONALD:** The whole of the certification issue is under active consideration.

**CHAIR:** Can you give any sort of timeline to that active consideration?

**The Hon. IAN MACDONALD:** No.

**CHAIR:** Before the election?

**The Hon. IAN MACDONALD:** I will not be giving any time frame. These issues are weighty and we are looking at them.

**CHAIR:** For what purposes does Eden's South East Fibre Exports expect to use the new facilities currently being built in conjunction with the Eden multipurpose wharf? Will South East Fibre Exports [SEFE] use the new wharf or will it continue to use only its own adjacent wharf?

**The Hon. IAN MACDONALD:** I do not have specific information on that. I am aware of SEFE's work and its role in providing an operation that assists with thinning of forests within the control of New South Wales Forests and, indeed, across the border into Victoria.

You would be aware that there is a need for thinnings operations, which help the viability of our native forest industry. You would recall that SEFE directly and indirectly assists with the employment of around 500 people in the south-east area. These issues are important in considering the future of the industry there. As for specific information about its role in the port development that you are asking, I will get you some specific information.

**CHAIR:** Could you indicate the total information obtained by Forests New South Wales from royalties on pulp logs?

**The Hon. IAN MACDONALD:** I will get that information for you.

**CHAIR:** If it were possible could you perhaps go back three or four years to get that information for the Committee?

**The Hon. IAN MACDONALD:** We will see what we can do.

**CHAIR:** Will you make a commitment, as your colleagues in other States have done, to recover New South Wales GE-free status for canola so that farmers who wish to do so can confidently grow GE-free canola in the knowledge that it is uncontaminated so that they can supply any market in the world?

**The Hon. IAN MACDONALD:** We have no difficulty with the concept of farmers growing GE-free canola and work being done to ensure that that continues if they so wish. That should not be confused with the difficult issues that arose out of some research on that that had been conducted in this State and other States, which led to some inadvertent contamination. You would be well aware that there was contamination of GM canola topas 19/2 detected at levels around 0.01 per cent, which

led to some further analysis where GM canola variety topas 19/2 was found at levels between 0.1 and 0.4 in canola seed variety ATR grace. It was in response to this that the States and the Commonwealth came to an agreement to establish a minimum residue level that mirrored the European levels of 0.9 per cent for its presence in canola grains and 0.5 for approved trace in seed for sowing.

We intend to meet these strong levels. The Ministers at a national level believed that this was the only way around the difficulties that have been created by these trace levels being found in some of the crop. In taking the decision to set maximum residue levels the Government was of the view that this was the only appropriate way out across the country in terms of reducing the risk to farmers who have this unintended presence. In relation to some of the States, potential substantial acreage was involved.

**CHAIR:** Thank you for raising the European GE labelling requirements. Are you aware that this year's canola exports to Europe may need to be labelled GE because the standard the EU applies is not a blanket 0.9 per cent as you have claimed, but 0.1? Do you agree that GE contamination levels between 0.1 and 0.9 per cent can trigger the EU labelling requirements because they are contingent on whether the presence of GE is adventitious, accidental or technically unavoidable?

**The Hon. IAN MACDONALD:** They are the issues that were considered by the ministerial council in detail, and by the departmental heads and their advisers in the lead-up to the decision.

**CHAIR:** You accept that some canola exports to Europe will have to be labelled as GE?

**The Hon. IAN MACDONALD:** No, I am not accepting anything in this relation. I will get some advice on that.

**CHAIR:** You will take that on notice, but at the moment you feel there is no canola—

**The Hon. IAN MACDONALD:** No, I have not said that at all. I did not say that. I said that I am not necessarily accepting your position. I will get some advice in relation to this matter.

**CHAIR:** Would you agree that there are no current segregation measures in the New South Wales canola supply chain?

**The Hon. IAN MACDONALD:** That is possibly true. To do so for these sorts of levels it would be incredibly difficult and costly. If industry wishes to pursue such measures, they are always able to do it.

**CHAIR:** What measures have been undertaken by you or your department to avoid the presence of GM material, particularly in relation to this year's harvest of ATR grace canola, which has confirmed contamination levels of up to 0.5 per cent?

**The Hon. IAN MACDONALD:** I think where we are aware of where there is a possibility of the unintended presence of GM material in the ATR grace, we are taking measures to control it. As for other areas, I do not have the information and I would be only too pleased to present you with it.

**CHAIR:** Thank you. Would you agree that by establishing legal thresholds for contamination without putting in place the segregation measures in the supply chain does not demonstrate an attempt to avoid the contamination, as is required by the EU regulations?

**The Hon. IAN MACDONALD:** We have spent a lot of time debating this in the amending bill and we stand by what we have said. We have a situation where, under the Act, up until recently the situation was on legal advice that farmers could face penalties under the Act even though it was an unintended presence, and that is what we have cleared up by putting these thresholds in place.

**CHAIR:** Recently Dr Charles Benbrook, a former agricultural adviser to the Carter, Reagan and Clinton administrations, came to Australia and your colleagues in other States met with him. Why did you not meet with him?

**The Hon. IAN MACDONALD:** I am a very busy person, for a start and, secondly, I do not recall ever receiving a request for a meeting. I may be wrong, but I do not recall ever receiving a request for a meeting. But in the past, when Greenpeace have brought people out and requested a meeting, I have met them—for instance, the former Minister for Agriculture, United Kingdom.

**Ms SYLVIA HALE:** I understand that the five yearly review of the integrated forestry operations approvals for the North Coast and Eden was due in 2004. Could you tell me what stage that review process is at?

**The Hon. IAN MACDONALD:** I do not have any specific information on that at the moment. I am aware that they were in process. This really is Natural Resources.

**Ms SYLVIA HALE:** You are saying it is Natural Resources that will be undertaking—

**The Hon. IAN MACDONALD:** Yes, it is a Natural Resources process, which is why I do not have here.

**Ms SYLVIA HALE:** For any questions as to whether a review would consider an address "Bell-Miner Associated Dieback and other Types of Forest Decline", would the department make representations to Natural Resources?

**The Hon. IAN MACDONALD:** The Department of Forests has done a lot of work on this, and I have had a chance to look at it. I am aware that many forested areas throughout temperate Australia are showing symptoms of forest decline. Such areas include forests in a number of tenures, private lands and national parks as well as State forests. It is apparent in many situations where there are no bell-miners or cylid infestations. It affects forests that have not been disturbed by harvesting of frequent burning, yet it does not affect some susceptible forests that have been harvested intensively. In coastal areas of south-eastern Australia bellbirds, also called bell-miners, often are associated with decline in forest. It what some people refer to as bell-miner associated dieback, distressed trees attract and promote plagues of cylid insects, which suck the sap from their leaves. The cylids are nutritious food for bellbirds, so the cylid plagues attract and promote dense colonies of bellbirds.

I am advised that in the south it is estimated that around 100,000 hectares of forest, or about 20 per cent in the Eden region show symptoms of decline, and a similar proportion in the Batemans Bay region. In the north at least 20,000 hectares of forest with these symptoms have been identified in the Kyogle and Urbenville area. Forests New South Wales is developing a forest health management strategy in consultation with other forest owners, such as the New South Wales Parks Service and independent scientific advisers to address eucalypt forest decline. The Government supports the efforts of the Bell-Miner Associated Dieback Committee [BMAD] as the best means of addressing this issue in a co-ordinated way across all tenures. The success of the BMAD Committee includes the finalisation of a strategy last year, a sponsorship of an independent scientific report, a BMAD international forum and an important post forum workshop. I am advised that the forum did not reach consensus that logging was because of this dieback syndrome.

Research work displayed at the national forum showed a very high correlation between the severity of ground dieback, bell-miner numbers, understorey development and soil nitrogen. Research supports observations that excessive understorey development is likely to be a significant factor in the development of this syndrome. This may be able to be managed on many sites by regular, routine low-intensity fire. I also understand that the BMAD Committee inspected some areas in a national park burnt by wildfire, which no longer have populations of bell-miners or dieback. I am advised that many participants from different backgrounds and groups discussed BMAD at the forum and adopted the position that adaptive management is the best approach to address this issue. I welcome the efforts being made to address and improve our understanding of forest decline, and towards dealing with this problem more effectively.

I am aware that claims that the only areas of national park affected in the Northern Rivers area of New South Wales were formerly State forests. I understand that these claims are based on subjective observations, and that people who make the claims do not have information sufficiently current or detailed mapping to support the claim scientifically. I am aware that many forested areas throughout temperate Australia are showing these symptoms, and they are across all land tenures. It is

apparent in many situations where there are no bell-miners or cylid infestations. It affects forests that have not been disturbed by harvesting of frequent burning, yet it does not affect some susceptible forest that has been harvested intensively.

**Ms SYLVIA HALE:** Could you tell the Committee if the commitment of timber volumes to industry will be reduced in line with the reduced future volumes that will result from various forms of dieback that are being experienced currently and are likely to increase?

**The Hon. IAN MACDONALD:** I do not anticipate that there will be a cutback in our supply. We have 20-year wood supply agreements and we will meet our commitments.

**Ms SYLVIA HALE:** Regardless of the loss of forestry resources as a result of dieback and other infestations?

**The Hon. IAN MACDONALD:** I do not think they are necessarily interlinked. We have sufficient volume in the various areas of the State to meet these commitments.

**Ms SYLVIA HALE:** Do you have any basis for that belief?

**The Hon. IAN MACDONALD:** I am advised by New South Wales Forests that we will meet our commitments.

**Ms SYLVIA HALE:** Do you consider that there is any inherent conflict of interest between your responsibility to meet the problems created by unsustainable timber supplies, your responsibility to ensure ecologically sustainable forest management and your responsibility to protect threatened species, such as the eastern native cod?

**The Hon. IAN MACDONALD:** I have no difficulty in meeting all of those.

**Ms SYLVIA HALE:** And you do not recognise there being any inherent conflict?

**The Hon. IAN MACDONALD:** Certainly not. You have to remember that I do not act alone; I act in consultation with the other relevant departments on most of the issues you have just raised. We are able to work through those issues effectively and reach balanced decisions. I do not see any difficulty with that.

**Ms SYLVIA HALE:** Are you aware of outbreaks of phytophthora cinnamomi or root rot on the North Coast?

**The Hon. IAN MACDONALD:** I do not have specific information on it.

**Ms SYLVIA HALE:** But you are aware that there have been outbreaks?

**The Hon. IAN MACDONALD:** I have heard there have been outbreaks in a number of areas, yes, but I do not have the specific information with me. I am happy to supply you with it.

**Ms SYLVIA HALE:** Presumably you are equally aware of the significant damage to forests in, for example, Tasmania, Victoria and Western Australia from root rot?

**The Hon. IAN MACDONALD:** From time to time you have difficulties with disease. You have disease in just about every plant and animal that is in existence on this planet. Going back to the point about meeting wood supply, I pose this question for you and your supporters: If we do not meet those commitments over the next 20 years and further, what will happen in this State? What will happen is that, first, we will have to import more product from overseas. There is no slackening of demand for timber product in this country and I do not anticipate there will be for a long time. What is happening is that many people promote a disconnect between the act of harvesting a tree with the final product. So you often see in the promotional material put out by people who oppose us engaging in logging in this State photographs of trees chopped down everywhere and statements that are about that and the damage to the environment.

You do not see that a lot of the people running these campaigns have beautiful timbered homes, beautiful timbered products and want to live with those products. They are natural products. They are not tar and cement; they are not kiln-dried bricks. As a consequence, the demand will remain. The demand is strong in the cities and in the country. We need to meet our commitments into the future to avoid a situation where all that would happen is that jobs would be sent overseas to countries that have very little environmental control, such as Malaysia, Indonesia and parts of Brazil. That is what will happen. The demand for timber will not decrease in this place. We need to meet our demand as much as possible from our own State.

**The Hon. RICK COLLESS:** You should have used that argument during the Brigalow debate.

**The Hon. IAN MACDONALD:** I have used this argument all the time.

**The Hon. DUNCAN GAY:** Rubbish! You do not believe it. It is a good argument but I wished you believed it.

**The Hon. IAN MACDONALD:** I totally believe it.

**CHAIR:** Minister—

**The Hon. IAN MACDONALD:** Let me finish. You can ask all the questions you like. You are meant to ask questions, not make statements.

**The Hon. DUNCAN GAY:** You are meant to answer questions, not make statements.

**The Hon. IAN MACDONALD:** I am answering the question. In the end I have this fundamental belief that we need to meet our contracts or else we are just engaging in a greater environmental disaster than if we did not.

**CHAIR:** Are you not somewhat missing the point of Australia or New South Wales being one of the world's largest wood chip exporters, that we are not using our resource in the way that you are describing in terms of building materials for people's houses and fulfilling a real need in the community, that in fact we are wasting our resource in terms of a bargain basement export of wood chips instead of turning it into forest products?

**The Hon. IAN MACDONALD:** On wood chipping, it would be better if we had our own plants here—no question. If we downstreamed the wood chipping, that would be a preferable situation, rather than export the product and the jobs, in effect.

**CHAIR:** So you would support Bob Carr when he was Opposition leader to phase out wood chipping by 2000.

**The Hon. IAN MACDONALD:** No. I would support us establishing our own downstream processing industry. But there is another role of wood chipping that is constantly forgotten and that is if you are going to have forests that will be used for production there is a real need for thinning operations. These days wood chipping, particularly in the south east, utilises a lot of timber from these forests that are done in cycles of thinning to ensure that you maximise the growth and development of the trees that remain.

**CHAIR:** So you are saying that no production trees or millable trees are going through the wood chip process at the moment.

**The Hon. IAN MACDONALD:** The value of wood is so high that the emphasis is that if you have trees that are suitable for the higher end of the industry then that is where it goes. I have been through there. Most of the timber that comes out of our forests is from trees that are part of a thinning operation, which is necessary to improve the productivity of the forests. You have to remember that in the national estate in the south-east forests there are now 830,000 or so hectares and there are only about 264,000 hectares of State Forests for active production.

**The Hon. RICK COLLESS:** Continuing on the forest industry theme, can you explain the delay in fully responding to concerns to your office about the firewood industry in a letter dated 10 June 2005 from Heather and Jack Andrews of Andrews Haulage?

**The Hon. IAN MACDONALD:** I do not recall the specific letter. I will give you a written answer to that.

**The Hon. RICK COLLESS:** Can I just turn to—

**The Hon. IAN MACDONALD:** Sorry, it was firewood in relation to which particular decision?

**The Hon. RICK COLLESS:** The Brigalow belt. I turn now to the locust plague situation. Can you tell the Committee how much funding to date has been spent on this year's locust plague program? Given your statement that locusts were under control this year, can you explain why large swarms of locusts overshadowed Deniliquin last Sunday afternoon? What do you say in response to comments by the Riverina Rural Lands Protection Board, which were published in the *Deniliquin Pastoral Times* on 13 December 2005, that the local plague is significantly larger than those seen in recent years? Again, why do you continue to pretend that this problem does not exist?

**The Hon. IAN MACDONALD:** I do not in any shape or form pretend that there are parts of the State where, as anticipated, there would be problems, and I have said time and time again that there could be problems in the south of the State where on the cycle they were the last end of the locust plague last summer. There have been approximately 950 reports of locust hatchings in New South Wales and, as I said, the vast majority of these are in the south of the State. You must remember that last year at this time there were 11,000 locust reports. So when I say that it is not as destructive as last year, the facts speak for themselves. But that does not mean to say that there have not been significant hatchings in some localised areas such as Deniliquin, Wagga Wagga and over towards Albury. I am not downplaying that in some local areas there would be difficulties by saying that it is far reduced from last year. There is no question that it is greatly reduced.

As for the expenditure on the locust campaign, \$21.3 million was expended from the Pest Insect Destruction Fund for the locust plague during 2004-05. This fund holds pest insect levy funds collected from landholders by the rural lands protection boards and other money loaned or contributed by the Government. Just to repeat—you have heard me say it a few times—the State Government contributed \$5.25 million to the locust campaign. This includes a \$750,000 grant to the Pest Insect Destruction Fund, \$2.5 million to cover the interest component of the State Government's \$14 million loan—a four-year interest-free loan to the industry replenished the fund—and \$2 million in State Government resources.

**The Hon. DUNCAN GAY:** I move on to the New South Wales Food Authority. Can you provide the Committee with actual or estimated cost savings realised by the creation of the New South Wales Food Authority in April 2004? Can you also provide a total list of the increases in taxes and charges administered by the new Food Authority and the percentage of the increase?

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

**The Hon. DUNCAN GAY:** I turn now to FarmBis and ProFarm. You claim to be offering cheaper subsidised courses under ProFarm. Can you explain why the New South Wales Farmers Association charges \$300 for non-members and \$225 for members for the chemical application course in Tamworth, course AGF3, which the Department of Primary Industries [DPI] offers for \$350? Why does the New South Wales Government charge \$269 for a one-day chemical refresher course, when commercially the course is offered for \$200 for non-members and \$150 for New South Wales Farmers Association members? Why is your Government charging more money for these courses than what is charged commercially when they are supposedly subsidised? Will you review the costs of these courses?

**The Hon. IAN MACDONALD:** I will take that on notice. I am advised that there are some variations in the courses, but I will take it on notice and give you a full reply.

**The Hon. DUNCAN GAY:** How can you claim that you are offering cheaper courses when you are not?

**The Hon. IAN MACDONALD:** I think we are and my written answer will demonstrate that with great clarity for you.

**The Hon. DUNCAN GAY:** Is it a fact that dairy industry training courses available through FarmBis 3 in other States are not available to New South Wales dairy producers under ProFarm? What action will you take to ensure and amend the ProFarm program to ensure that New South Wales dairy farmers do not incur the full cost of these courses and prevent them from being placed at a disadvantage compared to producers in the other States?

**The Hon. IAN MACDONALD:** We will look at any of the suggestions you have in relation to new courses that you may wish, and if you give us a bit of a letter about it and the details I am happy to give you a written reply about it. I am happy to look at those particular courses. But you must remember that in this State under ProFarm we have 130 courses which I have detailed. We have more than 200 skilled research and extension and education officers involved in those courses.

**The Hon. DUNCAN GAY:** But it is not as good as the courses—

**The Hon. IAN MACDONALD:** It includes up to 30 accredited courses with more under development. I do not think so. I will give you a very serious and detailed answer in writing.

**The Hon. DUNCAN GAY:** I refer to the Premier's decision to build two new gas-fired power stations ahead of a new coal-fired plant. Did you make any representations or submissions to the Premier and Cabinet to avoid delaying the construction of a new coal-fired power station to utilise new best-of-breed coal-fired generation technology? As the Minister for Mineral Resources, what action have you taken to convince the Premier that the immediate construction of a coal-based station would have been a better option than the construction of two new gas-fired stations, given that coal is one of New South Wales biggest export industries and New South Wales already uses coal for 90 per cent of its electricity needs and employs 9,000 New South Wales people directly?

**The Hon. IAN MACDONALD:** My understanding of the two gas-fired power stations are that they are small, they are peaker stations. They are not endeavouring to cover base load at all. The issue of the future is under active consideration.

**The Hon. DUNCAN GAY:** The future is now.

**The Hon. IAN MACDONALD:** No. The future in terms of making a decision on this is a subject of considerable discussion about what is the real date on which it becomes critical to have further base load power.

**The Hon. DUNCAN GAY:** So you did not make any representations?

**The Hon. IAN MACDONALD:** No. My position in relation to these matters is for Cabinet consideration and it will remain so.

**The Hon. DUNCAN GAY:** So you were happy with the decision?

**The Hon. IAN MACDONALD:** Whether I am happy or not is irrelevant in the context of decision making in relation to the Government.

**The Hon. DUNCAN GAY:** You can tell us. We will not tell anyone.

**The Hon. IAN MACDONALD:** It is very irrelevant. The Government will be considering this and other issues. In my view we have to do a lot more work in looking at the environmental issues around the future. A lot of the best practice power stations utilising coal are still in the experimental stage in other countries. There needs to be a lot more work done on sequestration of any carbon produced, for instance. There are new generation facilities being looked at overseas.

**The Hon. DUNCAN GAY:** But not here?

**The Hon. IAN MACDONALD:** No, there is work being done.

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

**The Hon. IAN MACDONALD:** Under the Federal Government's program—

**The Hon. DUNCAN GAY:** What are you doing?

**The Hon. IAN MACDONALD:** Wait a second! Under the Federal Government's program a couple of sites have been located for experimental stations looking at how one could sequester carbon in the production of power from coal. One of those sites is in the Otway Ranges where they have significant former oil wells, which, according to the scientists, would be suitable sites. In Queensland there appears to be suitable sites.

**The Hon. DUNCAN GAY:** Can I move away from what the Federal Government is doing and turn to the dairy industry. We have limited time and I would like to concentrate on New South Wales. I refer to your answer to a question without notice relating to Tilligerry Creek oyster industry that you will be working out a program to assist farmers affected by the contamination of the creek. Can you advise the Committee where this is up to and when the affected growers can expect to receive the assistance package? Will you be providing these farmers with a financial assistance package due to the fact that they have had their oyster leases wiped out because of certain local and State government practices?

**The Hon. IAN MACDONALD:** As I have previously stated, the New South Wales Government responded comprehensively to the closure of the area 5B of the Tilligerry Creek. In the interests of public health the closure remains in place and a remediation program has commenced. The closure has not stopped oyster farming businesses selling their crops once relayed for 60 days to an open area of Tilligerry Creek.

**The Hon. DUNCAN GAY:** Minister, this is the answer you gave to a question without notice. I am asking what you done since that answer?

**The Hon. IAN MACDONALD:** Since I gave this on notice?

**The Hon. DUNCAN GAY:** No, it was a question without notice?

**The Hon. IAN MACDONALD:** I was just leading into it. Give me time to answer the question. I believe in answering a question properly so everyone can understand. As part of the task force established under the New South Wales Premier's Department, the New South Wales Department of Primary Industries [DPI] and the New South Wales Food Authority have already provided assistance to the growers in the form of fee relief and sought support from other oyster farmers on the relocation of stock to other leased sites, sought advice on land and tax relief and provided assistance in identifying other business options through the rural financial counsellor. The New South Wales DPI is also working with Port Stephens council to supply seawater to one farmer to allow purification of market ready oysters.

I am acutely aware of the impact of the closure on growers in zone 5B, and the New South Wales DPI and the Food Authority continue to work with those affected. I am advised that the Premier's Department and the New South Wales DPI staff met with the most affected growers on site on 30 November to further review the impacts of the closure. Additionally, a meeting was planned for these growers and the director general of the Premier's Department for Monday this week, but it had to be called off as a result of recent problems in south-eastern Sydney.

The New South Wales Department of Primary Industries continues to work with the task force and the local oyster growers on this matter and I hope the meeting can be conducted in the near future to work out various options. Two growers in the affected zone sought legal advice from the Department of Primary Industries on whether the New South Wales Government has any liability resulting from the closure of the upper part of Tilligerry Creek. I am advised that no such liability

exists and that this information will be communicated to the local oyster growers. At this stage it is appropriate that the growers be given the opportunity to consider this information and to decide how they wish to proceed.

**The Hon. DUNCAN GAY:** I turn now to marine parks. I refer to your recent announcement that \$18.5 million will be allocated for commercial fisheries buybacks for the two new marine parks created in the southern region of Batemans Bay shelf and the Great Lakes-Port Stephens Marine Park. Is this on top of the \$4.427 million already allocated in this year's budget?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** How and when will you administer this funding? Will it be a one-off allocation or is this going to be allocated on a per annum basis?

**The Hon. IAN MACDONALD:** No, the \$18.5 million is for buybacks in relation to the Manning shelf park, which is Port Stephens, as well as the Batemans Bay or South Coast Marine Park, boundaries which have been publicly released. The discussion will be around zoning plans for those parks and if there is an impact on commercial fishing, there will be a process to ascertain—

**The Hon. DUNCAN GAY:** Not if, how much?

**The Hon. IAN MACDONALD:** Yes, but I am not prejudging anything. There will be a process evolved to establish that cost and those funds will then be directed to that. It is a similar process to what has occurred with buybacks for the havens in which \$20 million was put aside.

**The Hon. DUNCAN GAY:** How did you come up with \$18.5 million if the marine parks now have to go out for public consultation to find out the extent of them?

**The Hon. IAN MACDONALD:** I would assume it was a scientific guesstimate of roughly the amount of sanctuary zone and, therefore, the loss of effort.

**The Hon. DUNCAN GAY:** Is it not a fact that this guesstimate was based on the fact that you do not envisage any change from your preannounced parks?

**The Hon. IAN MACDONALD:** No. I never announced any zones in relation to those parks, only the full extent of the boundary in one case being in the order of 97,000 hectares—that is the Port Stephens one—and a substantial amount of 60,000 hectares in the southern one. As for the applicable sanctuary zones and what have you in them that will then determine how much money is really needed for the buybacks, that will be determined in the course of time but the guesstimate of sanctuary zones was in the order of 20 per cent.

**The Hon. RICK COLLESS:** In relation to inland professional fishing licences, are you aware that there is a current fishing licence for waters on Yanga Station?

**The Hon. IAN MACDONALD:** On Yanga Station in western Riverina? No, I will have to take that on notice. I think someone said this at some point to me but I do not have the details.

**The Hon. RICK COLLESS:** It is a fact that the licence has been held by a gentleman by the name of Mr Henry Davies. His father held it before him and his son is also involved in the business, so it is not a one-off thing. It is certainly there. Can you give us any idea what access will be available to the holders of that licence in the future?

**The Hon. IAN MACDONALD:** I understand the licence was for yabbies and carp. I think you would have to refer that question to the new owner of the station, which is the Department of Environment and Conservation.

**The Hon. RICK COLLESS:** Well, you are the person who will be giving the licence. Can you give us some idea of your vision for the future of the commercial fishing industry in inland waters, in particular, waters such as those on Yanga Station, Menindee Lakes and Lake Victoria?

**The Hon. IAN MACDONALD:** I cannot talk about Yanga Station, because that is being purchased by the Department of Environment and Conservation, which will have some role in determining its future, but as to the other areas, subject to sustainability, I would consider that most activities would continue.

**The Hon. DUNCAN GAY:** I turn now to the dairy industry. Two dairy extension officers have resigned from the Department of Primary Industries in the last 12 months and no indication has been given that they will be replaced. How are the 80 dairy farmers in inland areas of New South Wales going to access extension services and why are the areas of Sydney and the Riverina, where there is a higher ratio of dairy farmers to extension officers, having to put up with a lower level of service?

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

**The Hon. DUNCAN GAY:** I turn now to the mining industry. When will you release the final report of the assessment into the impact of open-cut coalmining in the Upper Hunter Valley, which was announced by the former Minister for Mineral Resources last year?

**The Hon. IAN MACDONALD:** I do not have any information to hand but I will take that question on notice.

**The Hon. DUNCAN GAY:** Is it true that the Dareton Department of Primary Industries office will be losing one citrus industry extension officer to Queensland and that one member of staff from that office is retiring, leaving only two research positions left in the office? What action will you take to ensure that the Riverina citrus industry is not disadvantaged by the loss of front-line staff and extension services from this office?

**The Hon. IAN MACDONALD:** I believe that they will be replaced.

**The Hon. RICK COLLESS:** When?

**The Hon. IAN MACDONALD:** In the new year.

**The Hon. DUNCAN GAY:** In light of the QX disaster of the Hawkesbury River and the contamination of oyster leases on the Tilligerry Creek due to septic contamination, will you reinstate the full value of the New South Wales shellfish safety program and reverse your decision to slash the program's budget from \$900,000 to \$400,000 this financial year?

**The Hon. IAN MACDONALD:** You have got to remember, by the way, that in responding to the Hawkesbury, the Government has committed substantial funds, \$2.7 million, for the cleanup alone. We have provided QX resistant Sydney rock oyster spat to the growers. We have made available another grant to supply oysters to growers next year. We have assisted the growers, where required, for them to raise triploid oysters in the interim, so I believe there has been a significant commitment by the Government to assisting the industry throughout this crisis period.

**The Hon. DUNCAN GAY:** And the answer is?

**The Hon. IAN MACDONALD:** The State Government is fully committed. The amount of \$400,000 allocated in the May budget is to assist the industry with phase two of the project, which is the shellfish quality assurance program, which involves the ongoing maintenance of harvest area classifications.

**The Hon. DUNCAN GAY:** Yes, but what about the other \$500,000 that you cut?

**The Hon. IAN MACDONALD:** I have met with the peak oyster advisory group a number of times to hear first-hand industry concerns about the financial stresses it faces. A review into the costs associated with the New South Wales shellfish industry has recently commenced and will include reviewing the ongoing maintenance funding for the harvest area classifications program. Industry will be meaningfully consulted throughout the review and, as a matter of fact, has already been involved in designing the structure of the review.

On 25 October representatives of the peak oyster advisory group, the New South Wales Farmers Association and the New South Wales Oyster Farmers met with senior Treasury and New South Wales Food Authority staff to discuss the review and I am pleased to advise that an agreement of the review process was reached.

**The Hon. DUNCAN GAY:** What about the \$500,000? That is all we want to know.

**The Hon. IAN MACDONALD:** No, it is not a question of the \$500,000.

**The Hon. DUNCAN GAY:** That is what the question is.

**The Hon. IAN MACDONALD:** It is part and parcel of being able to manage it. The \$400,000 is additional funding.

**The Hon. DUNCAN GAY:** No, it is not.

**The Hon. IAN MACDONALD:** The New South Wales shellfish program provides the day-to-day management of shellfish harvest areas.

**The Hon. DUNCAN GAY:** It is \$500,000 less than was there last year.

**The Hon. IAN MACDONALD:** You have not listened to what I have said.

**The Hon. DUNCAN GAY:** You have not answered the question.

**The Hon. IAN MACDONALD:** Listen!

**The Hon. DUNCAN GAY:** There is no point listening to something that is not an answer to the question.

**The Hon. IAN MACDONALD:** The amount of \$400,000 allocated in the May budget is to assist industry with phase two of the project, which involves the ongoing maintenance of harvest area classifications, if you would just listen for a moment.

**The Hon. DUNCAN GAY:** The question was about the safety program.

**The Hon. IAN MACDONALD:** In consultation with industry associations, peak industry advisory group, the NSW Food Authority changed the fee structure for the New South Wales shellfish program to rely on the structure to the care and funding principles. A new fee structure was agreed with industry in 2004 containing a fixed charge, plus a charge per hectare of leased area. However, at the time the different industry bodies could not agree on an appropriate split between the fixed and variable component. Subsequently the authority adopted a compromise between the industry bodies' positions on the split between the fixed and variable component and phased in the new structure to ease the industry into full cost recovery as per the care and review principles. Industry consultation has been maintained.

I remind you that the oyster industry is the only industry that currently receives government assistance for the cost of its food safety scheme. Furthermore, the NSW Food Authority has been very accommodating in assessing and considering individual farmer's financial circumstances and always tried to work with farmers who experience financial difficulties on an individual payment plan for fees.

**The Hon. DUNCAN GAY:** The answer is "no"?

**The Hon. IAN MACDONALD:** Well, it is being worked on.

**The Hon. DUNCAN GAY:** That is not what you said.

**CHAIR:** To follow on the issues raised by the Deputy Leader of the Opposition, in terms of what you described as "meaningful consultation" regarding specific areas very much affected by the oyster industry and other fishing industries, we have got septic run-off, issues like sewerage works and a massive fish kill about which there is a significant debate at Saltwater Lagoon on the Far North Coast, but it is also the site of what everyone would agree is a rather antiquated sewerage works. Surely, given your reasonable aspiration to maximise fishing potential, and that means a clean, healthy environment, you have a role to play to tighten up on not only septic but sewerage and infrastructure that is directly polluting coastal areas? In this case there was a massive fish kill which some say was caused by a lack of oxygen, a natural occurrence, but there is a very strong argument that the antiquated sewerage outfall exacerbated the problem.

**The Hon. IAN MACDONALD:** In relation to Tilligerry Creek, your synopsis of it being due to sewerage discharge from septic tanks is probably accurate. In relation to the fish kill at Evans Head I am advised that a major fish kill occurred within the small and intermittently open coastal lagoon, known as Salty Lagoon, near the coastal town of Evans Head. Early reports suggest that the kill was caused by a reduction in dissolved oxygen levels in the lagoon. The fish kill is being investigated and I am expecting a full report in the near future.

As for your general question, yes, it is a concern to me that it is needed. Indeed, it is a requirement for a healthy fishing sector that we maintain a high degree of pollution-free waterways in this State. There is no question about that.

**CHAIR:** To follow up on the Salty Lagoon issue, what will you do in terms of the existing antiquated sewerage works that is functioning there at the present time?

**The Hon. IAN MACDONALD:** My answer to that is, if it has been shown that the fish kill was due to that then obviously one would have to attend to it. But my advice is that it is caused by a reduction in dissolved oxygen levels.

**CHAIR:** I suggest that is not the only story. Many responsible people in the community are saying it is exacerbated by the sewerage outfall.

**The Hon. IAN MACDONALD:** Yes, but I am sure the science will determine that fairly efficiently and quickly.

**CHAIR:** But there is a significant increase in algal bloom associated with the sewerage outfall?

**The Hon. IAN MACDONALD:** This will be for everyone to see as soon as the results are finished.

**CHAIR:** In relation to bellbird associated dieback, how do you account for high grading in dieback areas, that is, harvesting the last millable healthy trees in, for example, the Tintenbar and Ewingar State Forests, leaving dead and dying trees for the next cutting cycle? There is a significant sustainability problem there.

**The Hon. IAN MACDONALD:** We, in the department, always place a high priority on sustainability, and I am sure in this instance it will. But as to the specific question about those two forests, I will get you a written answer.

**CHAIR:** Dieback spread events have been strongly associated with Forests NSW harvesting and log-dump sites. How would you deal with any liability of diebacks spreading onto private property with timber and other forest interests?

**The Hon. IAN MACDONALD:** Your original premise has not been sustained. In fact, as I pointed out in my previous answer, that had not been sustained, in an expert meeting recently.

**CHAIR:** Perhaps your upper House associate, the Hon. John Della Bosca, might be interested, but can you explain why high conservation value forest compartments 260 and 264 in the Awaba Heaton State Forests in the Sugarloaf Range has been logged by Forests NSW when it is the

last rainforest area that is close and easily accessible for tourism and recreation for people living in the suburbia in the lower Hunter? I understand the anticipated royalty value for timber recently harvested from compartments 248 and 250 of Awaba State Forest was stated as approximately \$200,000. How much money was spent on logging road infrastructure upgrades to extract that timber?

**The Hon. IAN MACDONALD:** The area generally referred to as the Sugarloaf Range in the Hunter region includes parts of the Heaten and Awaba State Forests. These forests are recognised by Forests NSW for the important biological, scenic, recreational, cultural values they provide to the local community. Approximately 81 per cent of the Sugarloaf Forests are excluded from harvesting and forms part of the large informal reserve. The remaining 19 per cent is available for harvesting and will provide local sawmills with timber for use as building materials for housing and furniture, and continue to maintain local employment.

A comprehensive regional assessment and regional forest agreement processes undertaken across the lower and upper north-east of New South Wales resulted in the establishment of the Integrated Forestry Operations Approval [IFOA], the regulatory regime under which State Forests are managed and licensed for timber harvesting. The IFOA protects soil and water quality, threatened species, rainforest, high conservation value old-growth, steep slopes and rocky outcrops. Harvesting operations in compartments 248 and 250 of Awaba State Forest this year was completed in accordance with the requirements of the harvesting plan and the IFOA.

No areas of high conservation value old-growth forest or rain forest, as identified in the IFOA, was harvested during this operation. Areas of unmapped rain forests were identified and managed in accordance with Forests NSW rain forest protocol, that is, no logging took place in unmapped rain forests, as defined. Compartments 260, 264 and 268 in Heaton State Forests, part of the Sugarloaf Range, are available for harvest. However, currently there are no plans to undertake operations within those areas in 2005 and 2006.

**CHAIR:** I appreciate your detailed answer and I am heartened to hear that no rain forests have been logged in those areas. What percentage of timber logged in compartments 248 and 250 went to domestic and export wood chip and what percentage to high quality sawlogs?

**The Hon. IAN MACDONALD:** I would have to get the information to you on that. But as I say again, thinning operations are vital for the future production forests, and it will continue to remain an important part of it to increase our productivity.

**CHAIR:** I would appreciate those figures. On the marine parks side of your portfolio, I understand that the Department of Environment and Conservation [DEC] has funded 1.5 staff positions for Aboriginal people in Cape Byron Marine Park. What funds, resources or commitment has Fisheries provided to engage in consultation with jobs or studies with the native title holders, the Arakwal people? What outcomes, agreements or reports have resulted?

**The Hon. IAN MACDONALD:** Marine parks are a joint operation between Fisheries and the DEC.

**CHAIR:** Fisheries is the lead agency?

**The Hon. IAN MACDONALD:** Not, Byron Marine Park.

**CHAIR:** Yes, in that particular marine park, the Department of Fisheries is the lead agency?

**The Hon. IAN MACDONALD:** Yes. I will take that specific question on notice. But we do generally operate with a great deal of mutuality.

**CHAIR:** As I say, 1.5 staff positions are provided by the DEC and to my knowledge there is no similar provision, given the fact that Fisheries is the lead agency for that national park?

**The Hon. IAN MACDONALD:** Hold on a second. If you have got a group of staff doing a range of roles, it may have been that Fisheries and the Marine Park Authority determined what sort of

positions they needed and each side contributed to various aspects of it. I see it as a joint effort. They may have wanted to do that, we might have put some more inspectors out there.

**CHAIR:** What are they? Are there inspectors? Has there been input? Because there is great concern with the local area that Fisheries in contrast to the DEC has quite a cavalier and lack of communicating attitude to those who are involved in the Cape Byron Marine Park.

**The Hon. IAN MACDONALD:** I am advised that how it works is that Fisheries is the lead agency for administrative support. I think where the misinterpretation is that everyone has to contribute to every program that would be undertaken in or associated with a marine park. The funding arrangements are worked out as what is needed and the departments contribute to it. That does not mean to say that the DEC would pay for 1.5 staff to do boat inspections in the marina park, for instance.

**CHAIR:** This is working with the local Arakwal indigenous people. The 1.5 staff positions from the DEC indicate that the DEC, the terrestrial side of national parks, has been supportive and Fisheries has not. I am just asking if there is anything specific that shows—

**The Hon. IAN MACDONALD:** That is just typical misinformation. I will give you a written answer.

**CHAIR:** By saying that you are telling me that people I know personally have been misinforming me, and that is not the case. People with a high level reputations have concern at the role of Fisheries conducting the business of the development of this marine park.

**The Hon. Duncan Gay:** That would not be the first time.

**CHAIR:** Would you investigate that matter?

**The Hon. IAN MACDONALD:** I will certainly have a look at it. I reiterate that it is a joint managed park and there are many operational activities that have to be conducted to make the park work.

**CHAIR:** I am asking that the contribution, particularly towards consultation on the part of Fisheries, has been lacking compared with National Parks under the DEC?

**The Hon. IAN MACDONALD:** I said I will give you an answer.

**CHAIR:** I will take your word to investigate that matter. What amount of funding and staff has the Government invested in educating the local communities on the Manning Shelf about the need to protect marine wildlife and how the community will be involved in the marine park process?

**The Hon. IAN MACDONALD:** I will take that question on notice, but there will be considerable effort in that regard.

**CHAIR:** Do you and your Government have any plans to properly protect the New South Wales coast by establishing at least 20 per cent no-take zones in State waters as recommended by the majority of marine scientists?

**The Hon. IAN MACDONALD:** Outside of marine parks as well?

**CHAIR:** Yes, in State waters.

**The Hon. IAN MACDONALD:** In State waters, no, we are looking at specific marine park proposals. We have two more that we have announced—the Manning Shelf and Batemans Bay—and we will be dealing with it. There is no proposal to make a generalised 20 per cent no-take zone, if I understand what you say, for the whole coast.

**CHAIR:** Will the Government continue to invest in researching the marine environment and local knowledge of fisheries in the Manning Shelf to ensure that a marine reserve system will be comprehensive, adequate and representative of such that it achieves conservation objectives?

**The Hon. IAN MACDONALD:** There is no doubt that the Government's position is—and it has put up its money—to ensure that there will be an adequate marine park in both locations.

**CHAIR:** Will your Government establish an independent scientific advisory committee similar to the National Parks and Wildlife Service scientific committee that will have legislative power to nominate marine species for protection and provide review of marine reserve designed to ensure that the best conservation outcomes can be genuinely achieved? This process is required on land, why not in the sea? For example, the eastern gemfish in New South Wales are spawning at 1 per cent to 2 percent of their 1979 levels but are not listed as endangered, only as overfished.

**The Hon. IAN MACDONALD:** I think you will find that we already have a fish scientific committee. Have you not noticed the releases I have made about some of the species that decisions are made on, for instance, recently in the Lachlan River?

**CHAIR:** Does it have legislative power to nominate marine species for protection?

**The Hon. IAN MACDONALD:** It is an independent scientific committee that reviews the status of finish or marine vegetation species that may be threatened, as well as identifying key threatening processes. It is comprised of experts. Once a threatened species listing is made, the Government will work closely with the community to develop plans—I think I called abatement plans—that assist with the recovery of the species population or ecological community using the best available science.

**CHAIR:** Does it have legislative powers to nominate?

**The Hon. IAN MACDONALD:** No, it does not; it is advisory. I am required to institute abatement plans to target its statement or recommendation.

**CHAIR:** You have made announcements about prawn Fishing in Sydney Harbour, which has been suspended after tests revealed elevated levels of dioxins in the crustaceans. Has testing for dioxins previously been carried out? If so could you provide the levels of dioxins funding crustaceans over the past 10 years—if available? Are prawns migratory and is it possible or likely that prawns that caught in Sydney Harbour spawned or spent time around Homebush Bay? This morning I asked Minister Roozendaal about the remediation of Homebush Bay and he felt that there was no connection between the remediation and the levels of dioxins in prawns in the Sydney Harbour area. Are you aware of any spike in dioxin levels in prawns following remediation of that industrial site?

**The Hon. IAN MACDONALD:** I think my colleague is accurate that these figures were the result of tests done to establish benchmarks to obtain some idea of the level of dioxins in prawns in the area prior to the substantial remediation work that is planned—I think of the order of \$121 million, when you add both State and industry components of the remediation program.

**CHAIR:** Has testing happened in the past, or is this the first time it has been done?

**The Hon. IAN MACDONALD:** I would have to take that question on notice. I am not aware of specific testing, but there is no doubt that there was knowledge of some dioxin problem, pollution problem in Homebush Bay because there were restrictions on fishing.

**CHAIR:** We are aware of that, but, given that prawns are migratory, does that mean the Sydney public could have been eating contaminated prawns for quite a few years?

**The Hon. IAN MACDONALD:** I do not have any information on that.

**CHAIR:** I am asking if that is possible. Is it the fact that there has been no previous testing on that particular food source?

**The Hon. IAN MACDONALD:** I am not 100 per cent certain of what testing was done on prawns but I will undertake to get that information for you. Part of the problem, as I understand it, is that in recent years the threshold levels, if you like, in relation to dioxin contamination have been lowered, which is escalating the perception of the problem. It may be that testing in the past had results that may have been a little higher than or around current limits at that point of time. But the European limits are now much lower and, as a consequence, the problem is probably enhanced in that way. I cannot answer you specifically.

**CHAIR:** There is an issue because you closed off certain parts of the industry on the results of current testing. Was testing done before? If it was done on the results of a higher level of contamination, is that not an inconsistency?

**The Hon. IAN MACDONALD:** No. No. Do not misinterpret what I am saying. The thing is that in the past it may be that testing was done—I do not have the results of that but I will look that up for you—and the results that were found might have been more acceptable in that era than they are now because the European levels, with which we are comparing this, have been lowered. That is where the situation is somewhat different. I will tell you what is happening. We expect the testing some time soon. The testing is being done with a great sense of urgency, of course. We are looking at prawns first and we will see if they correlate with the previous results. Then, later, we will have the results in terms of finfish. We will then sit down, or our experts will sit down—the Food Authority, New South Wales Health and the Department of Environment and Conservation—and, in conjunction with the SANS will work out what action we need to take.

**CHAIR:** Is testing for dioxins in crustaceans done in other bays and rivers in the Sydney region, or is it specifically limited to Sydney Harbour—for example, Botany Bay?

**The Hon. IAN MACDONALD:** I am not aware of testing in Botany Bay, but that does not mean to say it is not occurring. As I said you before, the Department of Environment and conservation [DEC] commissioned testing was, as I understand it, basically an attempt to establish benchmarks for the remediation program.

**Ms SYLVIA HALE:** Returning briefly to root rot and its impact on timbered areas, does the department have protocols in place to stop the spread of root rot?

**The Hon. IAN MACDONALD:** I think the department would have protocols in place to stop the spread of any of these major diseases, but I do not have specific information in front of me, as I said you before, in relation to root rot. I will present that to you on notice.

**Ms SYLVIA HALE:** Are you aware of complaints about the Clarence County Council driving heavy machinery through areas affected by phytophthora and not practising wash down procedures?

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

**Ms SYLVIA HALE:** Presumably your protocols would include a requirement that machinery and vehicles be washed down?

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

**Ms SYLVIA HALE:** Will you tell the Committee what the department is doing to develop markets overseas for organic and chemical-free farming products?

**The Hon. IAN MACDONALD:** The department has an organics effort. We have some research based at Bathurst and also at Wagga Wagga. We do not specifically promote, other than through Primex, which is a rather small organisation—although it has engaged in some promotion of organic material in the past, particularly organic adzuki beans from the Riverina into Japan. That has been very successful. So, yes, there has been some promotion but it is a limited effect, which is something I am addressing at the moment.

**Ms SYLVIA HALE:** Is there any assistance given to farmers who wish to switch from conventional farming practices to chemical-free practices?

**The Hon. IAN MACDONALD:** The assistance that we would provide would be research and extension. There is considerable advice available from the department in that direction.

**Ms SYLVIA HALE:** Are dairy cattle in New South Wales being fed imported genetically modified [GM] feed, including GM soy and cotton meal?

**The Hon. IAN MACDONALD:** "Imported" as distinct from local cotton meal?

**Ms SYLVIA HALE:** Yes.

**The Hon. IAN MACDONALD:** I do not have information on the feed for dairy cattle, in terms of whether there is some GM product in it, but I do understand that from time to time a number of industries import product from overseas for feed, which may contain GM material. I do not have any specific examples in relation to what is currently going on in the dairy industry.

**The Hon. DUNCAN GAY:** Turning to the drought, today what has been the total expenditure on drought relief measures by departments and agencies under your portfolio of Primary Industries? You may wish to take this question on notice. Can you provide a breakdown of the funding received by each agency and for each specific program for the duration of the drought?

**The Hon. IAN MACDONALD:** Each agency? There are a number of agencies that have programs, which we co-ordinated by which are outside my portfolio responsibility. You want, for example, the Department Community Services et cetera?

**The Hon. DUNCAN GAY:** Yes. I am happy for you to take that question on notice. Has the department undertaken any analysis of the adequacy, success or appropriateness of the Government's current drought policies?

**The Hon. IAN MACDONALD:** Yes, we are reviewing everything and about to embark on a more sustained review, the details of which I will not be releasing for some time.

**The Hon. DUNCAN GAY:** Of the ones that have been completed—you indicated you had done some and have further to go, can you provide those reports to the Committee?

**The Hon. IAN MACDONALD:** At the moment there is a considerable Cabinet discussion going well and, and they are subject to that at this point. Clearly, when the drought is over, there should be quite a considerable public consultation about future drought policy. Absolutely.

**The Hon. DUNCAN GAY:** Will you provide the Committee with a breakdown of the assistance that has been provided to farmers, region by region?

**The Hon. IAN MACDONALD:** I will take that question on notice. In some instances that would be possible. For instance, I think transport subsidies can be broken down. I am not sure about some of the other areas, but we will see what we can do.

**The Hon. DUNCAN GAY:** Can the Committee be provided with a breakdown of assistance that has been provided, based on departmental expenses, costs, bureaucrat salaries and consultancies versus payments made directly to farmers and small business affected by this drought?

**The Hon. IAN MACDONALD:** Every payment we have made in transport subsidies is a straight payment. There is no calculation of departmental costs in that. There is no question that interest-rate subsidies are a set figure; they are a percentage of what the Commonwealth spends. In those two major policies, and they would account for nearly \$90 million, there is no calculation of any departmental on-costs. But I will have a look at the other figures for you.

**The Hon. DUNCAN GAY:** Thank you. We you provide the Committee with a list of those consultants or agencies that have been commissioned to undertake work on behalf of the department

assessing the drought or the Government's drought policies? Could you also provide a table outlining the costs involved with any consultancies or other work contracted outside those agencies?

**The Hon. IAN MACDONALD:** In relation to the drought?

**The Hon. DUNCAN GAY:** Yes.

**The Hon. IAN MACDONALD:** I am not aware of any. I will supply the Committee with a written answer.

**The Hon. DUNCAN GAY:** Minister, what action has your department taken to counter the problem of increased illegal fishing over the past four to five years? Do you have any plans to increase the number of Fisheries inspectors to counter that problem, particularly the problem identified by many commercial fishermen, that of shamateurs?

**The Hon. IAN MACDONALD:** The Committee would be very pleased to know that last week I commissioned the newest weapon in our fight against shamateurism.

**The Hon. DUNCAN GAY:** You have issued five press releases over the past five months, and I complimented you at the time.

**The Hon. IAN MACDONALD:** Our \$800,000 *Sydney Swan* is already at Batemans Bay, commencing its work to tackle illegal activity on the South Coast, where, of course, a lot of the problem is.

**The Hon. DUNCAN GAY:** You will assure us that it will not be at the start of the Sydney to Hobart race?

**The Hon. IAN MACDONALD:** No, it is not. To my knowledge it is down there and on the job. You can rest assured that if there were to be any usage around Sydney Harbour the Deputy Leader of the Opposition would have been invited. However, it is doing its job, which is chasing after all the abalone poachers and other illegal activities. Honourable members would remember that this boat was a recommendation from the Palmer review into illegal activity. We have taken a substantial step. Fisheries officers were a very proud crew for the boat and felt it was the best boat purchased by the department for a generation. We have taken a lot of other steps, and I will provide that to the Committee.

**The Hon. DUNCAN GAY:** You will take that on notice?

**The Hon. IAN MACDONALD:** Yes.

**The Hon. DUNCAN GAY:** Minister, the Tilligerry Creek has been mentioned. I refer now to the Hawkesbury River. Given the contract for the clean up of the QX affected oyster leases, Hawkesbury River was signed on 7 November, has work on the clean-up begun?

**The Hon. IAN MACDONALD:** Yes. Work is proceeding. I am advised that we are paying a subsidy of \$150 per tonne to growers to remove dead stock and infrastructure. That program is under way.

**The Hon. DUNCAN GAY:** The Hawkesbury River QX assistance package was touched on earlier. Following your announcement of the first stage of an assistance package for QX-affected Hawkesbury River oyster farmers, when were the farmers able to access that package? When was it delivered to their pockets?

**The Hon. IAN MACDONALD:** As you could imagine, some of the first steps were immediate. For instance, the reduction or cessation of fees and charges was one of the first things we did. My understanding is that the offers of QX-resistant spat and triploid oysters was taken up and that was fairly immediate. The financial counsellor has received extra funding to assist the growers. Training sessions have been held for growers to help them improve the breeding lines and production technology. We are engaged in stage two of the package, and additional research for better

understanding of the window of infection for QX. We also made an application to the Federal Government for exceptional circumstances relief. We have run QX workshops with experts to develop research by securing management priorities. We are seeking regional partnerships applications to seek funds for two nurseries and place the infrastructure to support the Hawkesbury River and Patonga Creek oyster farmers. A Landcare grant application has been lodged to undertake initiatives, and we have helped with that. We have done a lot of work to help get the Hawkesbury growers back into production and that has been from a variety of policies. We have resistant QX oysters and the triploid Pacific oysters. I understand they are being accessed.

**The Hon. DUNCAN GAY:** What proportion of the \$2.8 million assistance package provided to the Hawkesbury River oyster growers over three years has been already exhausted? Do you anticipate having to top it up because of not providing enough assistance in the first place?

**The Hon. IAN MACDONALD:** Not at this stage. I think it was a very generous offer and it was acclaimed by the growers at the time.

**The Hon. DUNCAN GAY:** How much has been used?

**The Hon. IAN MACDONALD:** I do not have that figure to hand.

**The Hon. DUNCAN GAY:** How do you know that you will not need more?

**The Hon. IAN MACDONALD:** I will give you an answer to that in writing.

**CHAIR:** Minister, there are a few more questions to be asked. I have some and the Deputy Leader of the Opposition has some. The extra questions will be given to the secretariat to be forwarded to you. The Committee has resolved that answers to questions taken on notice should be replied to within 35 calendar days.

**The Hon. IAN MACDONALD:** We will try our best. Some questions are in the realm of doctorates, but we will try to answer them.

**The Committee proceeded to deliberate.**

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