

GENERAL PURPOSE STANDING COMMITTEE No. 5

Wednesday 26 June 2002

Examination of proposed expenditure for the portfolio areas

AGRICULTURE

The Committee met at 5.30 p.m.

MEMBERS

The Hon. Richard Jones (Chair)

The Hon. Richard Colless
The Hon. Ronald Dyer
The Hon. Amanda Fazio

The Hon. Malcolm Jones
The Hon. Gregory Pearce
The Hon. Ian West

PRESENT

The Hon. R. Amery, *Minister for Agriculture and Minister for Corrective Services*

Department of Agriculture
Dr K. Sheridan, *Director-General*
Mr T. Ely, *Financial Controller*

CHAIR: I welcome you to this public hearing of General Purpose Standing Committee No. 5. First, I wish to thank the Minister and the departmental officers and everyone for attending today. At this meeting the Committee will examine the proposed expenditure portfolio for the area of Agriculture. Before questions commence, some procedural matters need to be dealt with. Part 4 of the resolution referring the Budget Estimates to the Committee requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of the public proceedings, copies of the guidelines for broadcasting are available from the attendants. I point out that in accordance with 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 you must take responsibility for what you publish, or what interpretation you place on anything that is said before the Committee. There is no provision for members to refer directly to their own staff while at the Table. Witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks.

For the benefit of members and *Hansard*, would departmental officials identify themselves by name, position and department or agency before answering each question referred to them. Where a member is seeking information in relation to a particular aspect of a program, or a subprogram, it would be helpful, if it were the possible, that the program or subprogram were identified. The Committee has agreed to the following format for the hearing. Half an hour, Opposition questions, half an hour, Crossbench, half an hour Opposition. If there are no questions, Government members may wish to ask a question at some point during that time. Do you anticipate any difficulty with that or your officers, Mr Amery?

Mr AMERY: No.

CHAIR: Very well. As the Lower House is sitting, could you advise whether you will need to attend divisions this evening?

Mr AMERY: Generally, yes, I do not think there will be too many on the line. I think there is a budget debate going on, so I am not anticipating any division. There certainly will not be anything now between the time of the Agriculture Committee but there may be later in the evening after 7.30 when the Corrective Services one starts up because I think - unless we have got common members on it.

CHAIR: I declare the proposed expenditure open for examination. Are there any questions?

The Hon. RICHARD COLLESS: Thank you, Mr Chairman. Good evening, Minister. Minister, I refer you to Budget Paper No. 3, Volume 1, page 3 - 14, operating statement for the Department of Agriculture and the Minister's media release of 4 June, entitled "Budget Boost for Agriculture, Says Amery". Can the Minister identify where in the Budget Papers the figure of \$159.9 million of Government funding for New South Wales agriculture appears? I just have trouble identifying that.

Mr AMERY: Yes. In the media release, you might recall that we had a first offer collection of not only the money which was allocated from the Treasury, but I think you will find in that media release, which I do not have with me, we also have a number of other issues like industry funding and the like. I have just been handed something here now, which will - "Cash Flows From Government." I have got 3 - 15. You are saying 152 million was it?

The Hon. RICHARD COLLESS: \$159.9 million.

Mr AMERY: Very well. If you look down there under "Cash Flows," on 3- 15, you will see first off "Recurrent Appropriation" 152,357 -

The Hon. RICHARD COLLESS: What page are you on there, Minister?

Mr AMERY: Page 3 - 15.

The Hon. RICHARD COLLESS: Right, yes, got it.

Mr AMERY: Then the next one is "Capital Appropriation" \$7,587,000. That should give us \$159.9 something there, and I assume that is where the figures are - I do not have the press release with me but I assume that is where the two - so you have got the recurrent and the capital together.

The Hon. RICHARD COLLESS: Right, very well.

Mr AMERY: And also in that press release you might recall there is another figure which includes industry funding and so on later down that same press release.

The Hon. RICHARD COLLESS: Still on page 3 - 14. Can you explain why New South Wales Agriculture incurred an additional \$12 million in expenses, last financial year? What were the significant additional items of expenditure incurred under the heading of "Grants and Subsidies" and "Other" expenses, because that is where the additional expenditure appears to be?

Mr AMERY: The Grants and Subsidies section, you are referring to?

The Hon. RICHARD COLLESS: Yes, it went from a budget figure of 10.6 to 16.38.

Mr AMERY: Right, very well. I might ask the Director-General, Tom. Tom, can you give us some details on that, that was in relation to - we talked about that earlier on today. about the revised budget from last year, and then it dropping back down - holding up this year. Could you give us a bit of an explanation of that again?

Mr ELY: Yes, Minister. Tom Ely, Financial Controller, New South Wales Agriculture. In the "Grants and Subsidies" items, we had additional allocations provided under the heading of "Safe Food Production Grant," an amount of 4.8 million for the Kieran Review Supplementation which was provided following the initial hearing review of the Safe Food Production, New South Wales. In addition to that, Safe Food was provided with another \$825,000 to cover a shellfish quality assurance scheme for that particular year and that is basically all that we had for the Grants and Subsidies. The other service item under the contributions for Standing Committee, we had an additional \$5.8 million as New South Wales Agriculture's contribution to the Red Imported Fire Ant incursion in Queensland. As you probably understand, Queensland is undertaking an eradication campaign and hopefully that will be very successful and that was New South Wales' initial contribution towards that.

In addition to that, there was another request for funding from Queensland to cover an eradication campaign regarding Banana Black Sigatoga which has broken out in one of the areas, one of the banana areas in Queensland. Standing Committee again agreed to that, so that was an additional \$1.135. So the addition of those should add up roughly -

The Hon. RICHARD COLLESS: Very well, that explains that, thank you.

Mr AMERY: Just as an aside, you might find a couple of other items in this, in relation to safe food, and the Safe Food Authority which have the people from the Safe Food here with us, and there was an announcement, probably since the last Estimates Committee, where the Government has actually put in a public contribution to the running of that, originally proposed to be an industry funded body, but it is now a public contribution to that which is built into the Budget Estimates for the next number of years.

The Hon. RICHARD COLLESS: Right. On the pages 3 - 19 through to 3 - 22, most of the programs that you have got listed there and the net cost of services are significantly overspent by somewhere between 2 and \$6 million from memory. Can you explain how that came about?

Mr AMERY: First off, we start with 3 - 19, "Agricultural Services."

The Hon. RICHARD COLLESS: Yes.

Mr AMERY: This is the - any particular -

The Hon. RICHARD COLLESS: Yes, the next cost of services there, 56.8 when the budget figure was 53.6.

Mr AMERY: Page 3 - 19 through to -

The Hon. RICHARD COLLESS: Page 3 - 27. All those program, the net cost of the services to each program seems to be overspent somewhere between \$3 million and \$6 million.

Mr AMERY: Tom, have you got those?

Mr ELY: Yes. Tom Ely, Financial Controller, New South Wales Agriculture. The main reason for the increase in the net cost of service on each of the programs is basically the apportionment of those items that I just explained previously being reflected in the various programs, so it is mainly the Grants and Subsidies items. If you have a look at the salaries and the other operating items, they are fairly much in line. It is mainly in the individual "Other Expenses" items, and the "Grants and Subsidies." Revenue is fairly much on track so they are really the main areas.

The Hon. RICHARD COLLESS: Very well. If we could go to page 3 - 23, "Animal and Plant Protection" specifically in relation to the program objective to ensure adverse impacts of animal diseases on agricultural industry is minimised, I have got a few questions in relation to Ovine Johne's disease which I want to pursue. In relation initially to Ovine Johne's disease, can you indicate whether or not Vetcom have decided where vaccinated sheep can be traded?

Mr AMERY: Actually, in the Legislative Assembly I raised this matter as a matter of public importance in relation to, first off, the freeing up of the Ovine Johne's Gudair vaccine, and I put out a statement only today, so I would not have gone through it, just to be able to give you some notes from that, what was said yesterday, but you realise that there has been quite some concern or some pressure being placed on by sheep producers who have been caught up in the Ovine Johne's disease issue and have been pushing for some time to get the vaccine approved. I mean, our position always has been that it was never in the authority of the State Government to approve the use of the vaccine, it had to be first off picked up by the National Registration Authority. It was always approved for use in a research capacity but never in a more broader way, so, following that recent registration of the vaccine, the department has released a new vaccine policy and procedures. I will give the Committee some advice on that information.

The new policy and procedures represents what has been regarded as a major change to the way vaccine can be used, and particularly, the way the vaccinated animals can be traded, which I think has been the major concern of producers and obviously there has been a lot of debate about the rights and wrongs of the Ovine Johne's disease program, and when you start talking to producers they will always been concerned about the tradability of their flock, so such a policy change was not possible, and this is the reason for the delay in this, was not possible, until all the states agreed to the New South Wales proposed amendments to the National Standards Definitions and Rules for the Management of OJD in the country. The agreement was reached in late May, and it cleared the way for a major overhaul of all of the procedures. The move has been warmly welcomed by, I understand, all sectors of the sheep industry in the State.

Under the new policy, producers whose flocks are at risk of OJD infection, but where infection has not been confirmed, can now access vaccine, as a preventative measure, and I think this was not possible before, as a preventative measure. For example, I could refer members to the *Hansard* yesterday, but I just go through some examples I gave to the Assembly yesterday. Producer A is a neighbour to an infected property, and neither the medium prevalence control zone, or the high prevalence residual zone are districts of the State, he has no apparent - he or she has no apparent infection on his property, but his flock is at considerable risk. That farmer, that producer, can now access the vaccine, and as I say, that was not possible under the previous policy.

Similarly, we go to another one. Producer B is in a catchment - there is a broader catchment in the residual or the control zone - and his flock not infected at present, but is at risk of properties, say, upstream. Under the previous policy that person could not vaccinate, but now they can, under the new freeing up of the vaccine used by the authorities. However, the major change to the policy that is welcomed by producers is in the area of trade, and measures have been included to encourage trade of animals, vaccinated as lambs, and to discourage trade of high risk non-vaccinates from infected properties. Just moving through, these trade advantages increase as demonstrable prevalence of infection on a property decreases.

For example, I will give you another example, as I mentioned to the House yesterday. Producer C with an infected property, there is evidence of very low infection levels. This is a hypothetical producer. Previously he could only see vaccinated stock to other properties which were under, or would take on quarantine measures so they were either quarantine or prepared to take on the measures equivalent to quarantine procedures. That producer can sell his vaccinates anywhere in the high prevalent residual zone or the medium prevalence control zone parts of the State, with no requirement at all for quarantine measures on the destination property.

So, the policy development, most welcomed by the stud producers. However, it is the access to the vaccine for assured properties. Previously, the only assurance system available to studs was the market assurance program, known as Sheepmap, which relies on testing and management to minimise disease risk, and provide assurance to clients, but does not permit the use of vaccine. Now, there is a new assurance status available to stud. This is something which I am sure the stud breeders will welcome, and that is called a Market Assurance Vaccinating Status and that will be seen printed around as the word, MAV.

This status relies on management, testing and vaccination to minimise risk, and is a major development for studs in the residual and control zones. Studs which are eligible for this status can sell vaccinated stock, into all parts of eastern Australia, something which was unheard prior to the implementation of the amended national rules and the new New South Wales policy and I just want to point out, that what the department, maybe I might be able to get some advice, but the department is putting together a manual which should be posted out to, as a matter of fact, I think it is something like 11,800 sheep producers, it is a handbook actually, and that will give them virtually - producers the full description of the new policy, and just what options they will have available now, I might just seek some advice - maybe the Director General might like to comment about when that may be available.

Dr SHERIDAN: That should be out next week, Minister. What it is, is really a series of decision trees for an individual producer, he first decides whether he is in a residual control or other zone, then when he gets that particular decision tree, he can then work his way down the various options open to him, it points out to him what the advantages and disadvantages of a particular route that he plays, and we are hoping and it has been trial tested with the advisory committee and a number of producers, but that will give them all the information they need to make the decisions, about what they are going to do, and that will be sent to every producer in the residual and control zone, it will be made available to Rural Lands Protection Boards and stock and station agents, in the other zone - and widely publicised - every producer that is directly affected will be getting it in the mail hopefully by the end of next week.

The Hon. RICHARD COLLESS: Thank you. Further on OJD then. On page 3 - 32 of the budget document, "Assistance to Farmers," the output, "Ovine Johne's Disease Advances." Can you explain what these advances are worth in dollar terms? You give us a number in the Budget Papers, I think.

Mr AMERY: Page 3 - 32?

The Hon. RICHARD COLLESS: Page 3 - 32. You talk about "Ovine Johne's Disease Advances" and it is listed as a number, and there have been 20 advances made. Can you give us an idea of what these advances are worth in dollar terms and also outline what criteria are used to determine who receives the assistance?

Mr AMERY: There is nothing in this year's budget.

The Hon. RICHARD COLLESS: No, well, it is at page 3 - 32, Minister.

Mr AMERY: Very well, yes.

The Hon. RICHARD COLLESS: Down the bottom of "Outputs," two-thirds of the way down the page, and it says, Number, Ovine Johne's Disease Advances Number 20. So, I presume you are budgeting for 20 advances.

Mr AMERY: Yes, that is for the coming financial year.

The Hon. RICHARD COLLESS: Yes.

Mr AMERY: Yes, very well, 2002-2003. I will ask the Director-General who might be able to give some information just on that proposed arrangement.

Dr SHERIDAN: Thank you, Minister. There is actually three components in the grants. There was one grant that was available and is still available, \$1,000 cash, which is really carry on money. It was made available about 14 months ago. The major components are \$1,000 for the producers to produce a disease eradication plan, and then up to \$75,000 for really, about 5,000 sheep, to implement that disease control plan.

The Hon. RICHARD COLLESS: Just let me make sure I have this right. \$1,000 cash for ongoing, a \$1,000 for the plan -

Mr AMERY: Yes. It was really, to carry on for people who were really in trouble.

The Hon. RICHARD COLLESS: - and then up to \$75,000 to implement it.

Mr AMERY: Yes. A total amount of \$1.5 million.

The Hon. RICHARD COLLESS: Right, thank you. I understand that some of your staff went to a parrot tuberculosis symposium in Spain.

Mr AMERY: Spain.

The Hon. RICHARD COLLESS: Is that correct?

Mr AMERY: That is right.

The Hon. RICHARD COLLESS: Were any of their expenses met through the funds raised by the OJD levy?

Mr AMERY: Their expenses -

The Hon. RICHARD COLLESS: How were they funded in other words?

Mr AMERY: What, the OJD levy on farmers?

The Hon. RICHARD COLLESS: Yes, the compulsory OJD levy.

Mr AMERY: I should have that in the green sheet.

Dr SHERIDAN: I can answer that directly, Minister. No, that came out of the Governmental funds.

The Hon. RICHARD COLLESS: Very well. How many papers were presented at the conference, in total, or in particular, your employees that went did they present any papers to that conference?

Dr SHERIDAN: No.

The Hon. RICHARD COLLESS: Right.

Dr SHERIDAN: I might just point out, Chairman, that the two officers that went, had just been appointed to their positions, it was very important that they rapidly come up to speed on the disease, and particularly the feelings around the world about what needs to be done about the disease, and so the educational component that was basically for them, was absolutely vital in the running of the program.

Mr AMERY: I will just make a comment, and I am quite happy to be corrected from the department's own assessment of what I have been told from the people coming back from these conferences, is that in the OJD debate, there has been some concern or comments made particularly by those producers who obviously have been most severely affected that somehow Australia, New South Wales were going it alone, that we were the only ones who see a control program as the appropriate policy or course of action. It was I think important that - and it has been brought to my attention now, but it is very important that the information coming back from these conferences is that there is now, a concern, if you like, or a emphasis being placed on the management and the reduction of OJD in the flocks basically around the work.

I mean, everyone has started to look at the way, I mean, there is talk about how New Zealand, for example, has lived with it, and so on, well, there is now, appears to be, from the speakers at these conferences, the fact that, well, perhaps we have all got to start looking at the control measures in place. Just going through some of the points that were raised by him. Conference attracted 300 people from various disciplines. These people came from the United Kingdom, the Netherlands, Holland, Iceland, USA, Australia, Spain, Switzerland, Italy, Canada, Poland, Brazil, France, Croatia and Belgium, my attention has been drawn to the fact that the Iceland's first case of Joney's disease was detected in 1933, this source was imported sheep from Germany, disease spread rapidly throughout the main sheep breeding areas, and initial attempts to eradicate the disease were unsuccessful.

A vaccination experiment saw mortalities reduced by 94 per cent so, you are seeing now, in 1994, vaccination of sheep was compulsory in endemic areas, and losses from Joney's disease had been reduced considerably. I will not go into more, but perhaps any members who just want to correspond with me, I have quite a few page briefing note which will actually talk about the fact that, if primary producers come up to you and say Australia's going this alone, everyone else is living with it, the evidence is now becoming clear that that is not the case and that the decision made by the National Industry and State and Federal Governments over the last, well, the most part of the last decade, are now being I think, vindicated by actions of governments and industries around the world.

The Hon. RICHARD COLLESS: Minister, was there any, at that conference, have you seen or has the Director-General seen the proceedings of that conference?

Mr AMERY: I have not, but does anyone know? What we are hoping to get is a very - there has been, as I say, some briefing notes circulated but the Director-General might want to make some comment about the final reports from that conference, if they are available. It is only very recent.

Dr SHERIDAN: Thanks, Minister. Virtually all we have had at this stage, our officers arrived back at the end of last week. We have had a verbal briefing and they are doing their final reports and the proceedings are on their way out here, I believe from over there. They have got the rough papers, but the actual proceedings are being finalised and will be out here shortly.

The Hon. RICHARD COLLESS: Very well, thank you.

The Hon. GREGORY PEARCE: Just while you are on this section on assistance to farmers, Minister, what have you allowed in the budget to provide for the undertaking by the Premier in Parliament last week that he would consider supporting farmers for transport of fodder, livestock and water in drought affected areas in State, and is there provision made in there for the re-introduction of drought subsidies.

Mr AMERY: Last week you made reference to the question asked of the Premier, which was, "Will you now consider," et cetera, et cetera, and his answer to that was, yes, and that is true. What the authorities are now doing is looking at the ever-worsening drought situation. You would have noted from my recent report that the drought is now affecting something like 62 per cent of New South Wales. I understand it is only less than 30 per cent of the State and as of a couple of weeks ago that could be considered to be satisfactory. I mean, the gap is, of course, regarded as marginal. So, yes, we do have a worsening situation as far as the drought is concerned.

I will come to the subsidy issue in a moment. Some of the areas of the State, whilst some of them are only just being sort of covered by the drought shadow as far at least the map is concerned, many areas, particularly out in the western division around Broken Hill and north-western parts of the State, are coming up to virtually drought conditions for over a year. I am told that around about October this year will be a trigger in some areas of the State for the State to work with the RLPBs industry to put together what might be an exceptional circumstance as application for assistance. Now, as far as the old drought policy, can I just put an indication here, is that back in the early 1990s - we spend money on farm, as far as assisting farmers differently now, and the origins of that were in about 1992-1993 when the Governments around Australia sat around at the ministerial council meetings and looked at the way that we actually assist farmers in what we call drought-preparedness, risk management and so on.

The issue that came of the result of that was that the issue of fodder, water and stock subsidies was not seen as an efficient way of, first off, making sure farmers are gearing up for risk and preparing for preparing for drought and so on, and that was the way the theory worked. So first off you looked at the idea that these subsidies were regarded as inefficient, put that to one side, they then looked at, well, how do we - you know, no-one talked about not spending money, but how do we better spend that money, and things like the AAA Package - these are national packages where State Governments contribute the FarmBis program and so on, was the way to go. I should point out that that was - I came into Government in 1995. The situation my predecessors - both Ian Armstrong and Ian Causley were Ministers who agreed to a strategy that within five years we would phase out that sort of assistance. That took place about - think it phased out in 1997-98, or irrespective, about there. So we phased them out in about 1997-98. You may recall a very quick resurgence of the drought in the late 1990s and the Government put together a small, what is called a limited package which had a lot of those assistance involved to deal with a drought which came up, seemed to flair up and go away as the weather patterns changed.

So that is basically the history of it. Now, are we looking at it? Yes, we are looking at first off the worsening situation, the Department of Agriculture has now had a number of workshops with farmers. They are putting more information on drought-preparedness on their website, there has been a lot of work going on between the Department and the Rural Lands Protection Boards and we are gaining a lot of data. The Premier's Office has been now working with my department and Department of Land and Water Conservation and also the Treasury, of course, just looking at, first off, what is the appropriate way to respond to this worsening drought situation. So I am not in a position tonight to let you know that there will be any changes to the type of assistance we give, you know, the subsidy issue and so on. If they do, if we do go down that path, I am only speculating now, I can only advise the Committee that it would be in a very limited form. I do not envisage that the state will ever go back to a situation where, with a monthly publication of the drought map, that as the, what I call the shadow on the map, which is the drought areas, as often described, as that passes over a property, that property automatically qualifies for transactional subsidies of various forms and so on.

That is not going to be the case but we are going to look at those areas, those Rural Lands Protection Board zones and areas at the moment which are affected by drought to see what is the appropriate response. There is nothing in these Budget Papers that give you details of what you are asking for, that is, the transactional subsidies and so on. So that is where we are up to, we are still a contributor to the various jointly-funded programs. We are putting a lot of money into farm business management, risk management programs and so on. Whether we need to react to this worsening drought at the moment is something which the Cabinet or the Government will have to respond to in the future.

The Hon. GREGORY PEARCE: Just in the last sections of our first section. Could I just ask you to have a quick look at page 321, and I wonder if you could identify for us the Local Government areas by name which received a share of the \$6.887 million for funding from the Noxious Weeds Control program from mid-last year. You may have to take that on notice.

Mr AMERY: I actually wrote the letters only recently to virtually all Local Government areas who shared the - nearly \$6.9 million -

The Hon. GREGORY PEARCE: Yes, 6.9.

Mr AMERY: - in allowances. I should point out that the list is so comprehensive I will be reading them out all night but it is a -

The Hon. GREGORY PEARCE: If we could have that on notice that would be fine.

Mr AMERY: Yes, I can give you the list. I can give you the list of them because I wrote letters to all the organisations receiving. This was quite a substantial number went out. Can I point out though, in this budget, just on the weeds funding, I know it is a very sensitive issue in rural areas, again, just pointing out that when we picked up the \$5 million budget in 1995 it was pointed out to me that that figure had remained the same for about four or five years and farmers had argued very strongly that had it been protected by CPI movements it would have been far more substantial than that. We listened to those concerns and in the 1996-97 budget - I will not be out by more than one year, I know, we increased it to 6 million and then we have added a CPI component each year.

So each year virtually, with the exception of the first budget of 1995-96 there has been an increase in the weeds funding to Local Government authorities for weed control. This year it will be \$7,035,000, if my memory serves me correct. So it has topped the 7 million for the first time and through the Noxious Weeds Advisory Committee we will then take applications from the various - what happens is, how the process works, all those bodies who are eligible for funding will apply to the Noxious Weeds Advisory Committee, they will go through it, they will then make the recommendations and I will then either approve or whatever and then notify those authorities later in the financial year. Now, there is a substantial list of Local Government bodies available. I think I put it out on the press release, so I should be able to take that on notice and send it to the Committee in the days ahead.

CHAIR: Minister, in an article that appeared on the front page of the *Sydney Morning Herald* a few days ago -

Mr AMERY: Two days ago -

CHAIR: - you projected a call from certified organic and GE farmers to establish exclusion zone, or GE-free zones, in New South Wales to help protect those farmers who wish to remain 100 per cent GE-free. Can you tell me whether any consultation with the concerned GE-free farmers, to arrive at the position that GE-free zones are unrealistic and if so, which ones?

Mr AMERY: Well, I mean, we are constantly talking to the New South Wales Farmers Association, their body, we are obviously raising this issue at the Ministerial Council meetings where it was discussed last time in Hobart and I recognise your very keen interest in this particular subject. You refer to an article in the *Sydney Morning Herald*. Can I also refer you to some articles in the *Daily Telegraph* and whilst I am the first to jump up and say a lot of these articles are designed to alarm and work on emotions and get people concerned about an issue, I think, on balance, the articles that have come out with the *Daily Telegraph* have probably done more good than harm as far as advising the community of the balanced nature of this debate. I am not - and do not believe there is any public figure in Australia at the moment could regard themselves as an absolute expert on genetic modification and so on. But I must say that I have been encouraged somewhat by some of the comments in the media in the last couple of days which are now putting, I think, a lot more balance into the GM debate as such.

I should point out that all food that may be sold in Australia, irrespective there will be some issues about what is labelled and so on, there is new labelling laws been brought in nationally, but all food before it is released for human consumption goes through a very rigorous process, firstly looking at the food safety aspects of it. So, I am - as sure as science is available, as sure as you possibly can be, the issue about GM food as a food safety issue is not in itself being raised as a major concern. I have been given some notes here which I will read out, and it says:

The national regulatory regime for the use of GM technology is complemented by the national regulatory regime for food safety which specifically addresses genetically modified foods. The National Foods Standards Code prohibits the sale or use as an ingredient of food produced using gene technology unless it has been assessed by the Australian and New Zealand Food Authority, or ANZFA as it is known, and found to be safe under the Authority's approved safety assessment criteria. In addition, in general safety issues, the assessment addresses toxicological and nutritional issues.

I suppose that fills in what I was saying to you about the restricted standards it has to go through.

The Authority has completed assessments in relation to a number of genetically modified foods, including a -

How am I going to say this one -

CHAIR: Glyphosphosphate.

Mr AMERY: What is this, a -

- glycoposphate canola line which may now be -

I knew we would get some scientists putting some words in this -

- may now be lawfully sold or used as a food ingredient. All such foods such as subject to strict labelling requirements to ensure consumers are aware -

- et cetera, et cetera. Can I just make the other point? The other part of your question relates to why have we - well, look, the GM debate is still very much an open one. I do not make the health portfolio. The national authorities are watching this at a national level and I think are more ministering this at a national level. Do you want my person views? I suppose that is not the reason why these committees are set up, but I would be very concerned about jumping now and having GM exclusion zones placed around different parts of rural New South Wales.

Let us make this a hypothetical situation. Say I had the authority to just to do that, sign some decree and make some areas. New South Wales is generally divided up into Rural Lands Protection Board areas so let us use that as the hypothetical boundaries, and we select a number of those, a number of zones, and say, You cannot produce GM products in these areas in the future. I don't know how producers would take to that. At the moment we do not have zones where non-organic food can be produced. We do not have zones where organic cannot or can be produced. Sure, the issue of cross-contamination is an issue which can be managed, I believe.

CHAIR: You think it can be managed?

Mr AMERY: And that is an issue we have to look at.

CHAIR: You think that can be managed, Minister?

Mr AMERY: Well, of course, they I mean -

CHAIR: Tell me how you can manage cross-contamination. I would love to hear.

Mr AMERY: We manage it now, I mean, to what is a reasonable or a - to a reasonable degree of accuracy. Now, in the Cootamundra area, where I have a bit of an interest, you will see people who grow organic crops alongside, or in the same region as those who grow non-organic crops. And, sure, the issue of cross-pollination and cross-contamination is an issue but there is a solution to this to completely just right out of New South Wales areas where GM food

cannot even be trialed. Now, the other issue I just want to raise which is another point I think, I think we all need to learn a lot more about genetic modification. I think there is too much emotion in the debate at the moment and that is why I am quite complimentary of the *Daily Telegraph's* article, only in the fact that it draws people's attention to it, yes, it has got nice big pictures of donuts as the only labelled product around and it draws people's attention. But when you start going into the page-by-page report, when you look at the letters to the editors that are coming in as a response to that I think, without drawing a strong view either side of this debate, what that is doing now is getting more information out into the public. One of the big things that we need in the GM debate is more information and a more fully aware community based on facts and not on the fear of the unknown or the emotion, which unfortunately is tied up in this debate at the moment.

CHAIR: Minister, I take it that you have read an article - it would have been brought to your attention by now - entitled GM threat to wipe out organic farming in Europe, which was published in the *Independent* on 29 May last. And it cites a report published by the EU and it says in this article, which I hope you would have had a chance to read:

Organic farming will be forced out of production in Britain and across Europe if GM crops are grown commercially, a startling new EU report concludes. The report, which is so controversial that top EC officials tried to (indistinct) it from being made public so that organic farms will become so contaminated by GE from all the new crops, they can no longer be licensed and will have to spend so much money trying to protect themselves they will become uneconomic. Conventional non-GM farms will also be seriously affected. This report is a result of studies in Britain, France, Italy and Germany over the last two years.

It also says:

The report was also studied by the European Environment Agency warning that genes from GM crops which would travel long distances, create super weeds, studies the effects of growing modified maize, potatoes and oil seed grown commercially on several types of farms, and they found that even if only a tenth of a country or a region was planted with them, far less than 54 per cent of Canada into GM crops are keeping contamination at a level that would allow organic farming to continue would be extremely difficult for any farm crop combination in the scenarios considered.

Now, in this report, which is produced after long studies, says that what you are saying is complete nonsense basically.

Mr AMERY: Perhaps I have not read that report, but I have read quite a few articles on it and the good thing about it at the moment is you are getting reports like that and you are getting at last some people prepared to debate the issue. I am not an advocate either way in this issue. What I want and what my job really is, is to make sure there is enough balanced debate out there in the public about this. I have been satisfied as much as possible about the food safety aspects of the issue.

CHAIR: Are you not concerned about the markets in Europe? The markets in Europe are -

Mr AMERY: Very important, what you are saying is very important, let me say, so I will push that to one side. The second that you are talking about is markets is a critical issue which will no doubt nominate the advancement of GM technology in the future, that is, if a large section of the population, the consuming population, say no to GM foods -

CHAIR: Which they already are in Europe.

Mr AMERY: Well, if they are, then obviously -

CHAIR: As if you are aware of that -

Mr AMERY: - primary producers and authorities and so on, will have to then I am sure, make sure that they are accommodating that market. Whatever the market wants, our primary producers are there to fit that and we see the trade issue as a very critical one here and we are just watching the way consumers will go. When I say a lot of consumers, we have got people, I understand the United Kingdom, jumping fences and burning down trial crops and things such as this. I just do not see how that is furthering the debate. I do not see how burning down a trial crop to get

some research, in other words to get some information, is furthering the debate, and I think at the moment we have got a lot of debate driven by ideology. By the way, you just asked me a couple of questions by way of interjecting a while ago, and I have got some notes here about the issue of co-existence with GM - I have just been reminded of - I was thinking more of food products, but the cotton industry one the Endguard Cotton, are you familiar with the Endguard Cotton. You have been a strong advocate -

CHAIR: I could send it up -

Mr AMERY: I just want to give you a little principal here, because we are talking about a bit of ideology - I have just been reminded that cotton oil is one of the major vegetable oils. I want to make this point. You have been a bit concerned about the use of chemicals and agricultural crops before and I notice you have raised them over the years and quite rightly. A benefit comes out of GM Endguard Cotton because in planting the Endguard Cotton, a product made from genetic modification, they reduced I think by half, the number of chemicals sprayed on the cotton crop, so there is an immense environmental benefit from that level of research. In the area of canola, it is all about managing the pest sprays and so on. I mean if we are going to have research, stop research that reduces the number of chemical sprays and so on, I think we are cutting off our nose to spite our face. In the area of food, and this goes into this co-existence issue, the department has just given me some notes. Let me just give it for the information of the Committee.

The key to the co-existence is the regulatory regime which has been developed in Australia, together with the use of crop management plans and identity preservation schemes. The regulatory regime is in place with the passage of the Gene Technology Act 2000 in the Commonwealth and complementary Acts being put in place in each State. This is a very tight and very transparent regime, which regulates all activities using gene technology which are not covered by other legislation. At the other end of the food production chain, are the equally tight regulations on the control and labelling of food containing GM organisms or products which are the responsibility of the Minister for Health. In between are two developments: the first are crop management plans which address any of the on-farm issues, such as the development of weed and insect resistance or cross-pollination with non-GM organic crops. These are being developed by industry, with the active assistance of the Government and they will enforceable by the owner of the GM variety by civil contract.

The second area is identity preservation schemes whereby organic non-GM and GM grain or oil seeds are kept separate during the handling, transport and processing change, to ensure that food manufacturers can meet market demands, for example the labelling requirements for GM food. The crop development plans and identity preservation schemes must be developed by industry to ensure they are efficient and effective. Government regulation in this area would be counter-productive as it would impose unnecessary costs.

Mr Chairman, can I just make this point also, that a lot of the other research going on in GM and non-GM areas, is not only looking at these issues about reducing pests, as I said, in cotton. I think again we are drawing on the meeting in the last couple of days, they are talking about the production of a tomato which has great health benefits involved to people.

Also farmers now battle - I mean we have got a situation where - I will make some mention of our director-general who is retiring and this is his last meeting and I will make mention later on, but in relation to Kevin Sheridan's career in the department of 42 years, from the time he started in the department to the time he leaves the department this week, the world population has doubled from about 3 billion to 6 billion and we have got, I think, a responsibility of how we produce food and how we produce it very efficiently to feed this ever-growing population which is not going to get smaller.

We have got some research going on, maybe not in the GM area, but various areas where we are trying to get food products grown on soils and in areas that 20 or 30 years ago could never be grown to any economic standard or any level. Let us not shut the door, let us be safe, let us be cautious, let us be conservative in the way we slowly step forward. Let us not shut the door on all this research until all the evidence is known.

The Hon. GREGORY PEARCE: We did not ask for a conservative.

CHAIR: I wish he were conservative. I wish he would use precautionary principle, Minister, but you are not doing it, you are about to wipe out the organic industry in New South Wales.

Mr AMERY: We are investing substantially in the organic industry.

CHAIR: Is it a fact that research carried out by the managing Institute of Environmental Sciences and the State Environment Protection Administration of China, on the environmental impacts of BT cotton in China, has ruled that adverse impacts on parasitic natural enemies of cotton bollworm associated with BT cotton are leading to a reduction in populations of parasitic natural enemies in BT cotton fields. BT cotton is not effectively controlling any secondary pest, especially suckling pests, and the development of assistance of bollworm to BT cotton has been commonly recognised. Given that New South Wales grows a large amount of BT cotton, what independent investigations have taken place by your department or will take place to ensure these same problems will not occur in New South Wales and what research is being done currently within New South Wales Agriculture on GE crops, in light of this new research from China or did you know about -

Mr AMERY: Sorry, do I read the research from China? If you like, we can have another meeting and both of us can bring in wheelbarrows full of reports published in different parts of the world, which will take one side or the other on this debate. However, the cotton industry is one which has been working with our department very closely. The Director-General, I have just asked him if he would like to make a couple of comments on that, only to say, let me go back to what I said about the - you made a bit of an attack on the GM cotton, but it is reducing the number of chemicals being used in that industry and I think that is something which we ought to be happy about.

CHAIR: Minister, I do not think you listened to my question?

Mr AMERY: The Director-General will now - it was based on a premise on some Chinese research. I do not ask my department to (indistinct) Chinese research.

CHAIR: I just have one question.. I read from the Parliamentary (indistinct). It is in the media now and it is research coming from China. If they have not done, they are falling down on the job.

Mr AMERY: Would the Director-General like to talk about his falling down on the job?

CHAIR: If you have not advised the Minister, Dr Sheridan, you must have fallen down on the job.

Dr SHERIDAN: Mr Chairman, if I can talk about research in China and I can talk about research in cotton, as you are probably aware, I have had a long experience in China and I have a lot of association with Chinese institutions. In regard to cotton, we have had co-operative cotton programs through the cotton industry with China for a very, very long time. We are very much aware of the research that is undertaken in China and I must that that particular piece of work has been examined by the cotton industry and by the scientists associated with the cotton industry.

CHAIR: Good.

Dr SHERIDAN: All of the results do not adhere to much of the world data and it is being examined again and it has been referred back to that particular institution. Let me also make a point that when we talk about Endguard Cotton, if you use the analogy of the wheat industry, and I go back to Farrer's day, we started off with the very difficult problem of wheat rust and various genes were introduced through the normal methods and progressively, because it is a biological agent, those particular genes were overcome by the particular rust organism.

Exactly the same thing is occurring in the cotton industry with Endguard, which is a single gene and biological expertise tells you that you cannot rely on a single gene. All cotton is aiming to be double gene. In the wheat industry you would never use single gene for insect resistance or disease resistance, it is always double gene and preferably triple gene. The next variety of cotton that is coming out is a double gene, hopefully going to be released this year or next year and that is the

normal biological sequence. To say that a particular gene is being overcome and that is the end of the world, that is just normal biological sequence.

CHAIR: Thank you for that. Minister, have you been advised by your department what proportion of the Canadian Canola sales to Europe have been lost as a result of GE growth in that country?

Mr AMERY: I can say about the - you said about the organic -

CHAIR: No, I am talking about normal non-GE canola.

Mr AMERY: I am actually more keen on what the department is doing and what we are doing to support our agricultural industries here.

CHAIR: I could advise you Minister that Canada has lost three to \$400 million of canola sales to Europe, because of the GE and they have wiped out their markets over there, which we in fact have done the same thing.

Mr AMERY: I can only say to you, is on face value. The department is a very important aspect to our delivery of service to our farmers, - is to look at not shutting the door anywhere. What we call a traditional non-organic food production. We are very heavily involved in giving advisory services to them, but I would like to point out that in recent times, and you are aware of this, the department has increased its involvement in the promotion of organic food production here in New South Wales, meeting a world-wide demand of something like an increase of organic food by about 20 per cent a year. In relation to what is going on in Canada and her access. I mean if any of our departmental people are concerned about why Canada is losing markets, Canada is fighting for access into the European market. Every other country is competing. You are saying they are losing or losing some markets because -

CHAIR: They have lost their entitlement.

Mr AMERY: - of genetic modification. There may be a lot of other people who say that they may have lost it because of pricing or other issues, I do not know.

CHAIR: You should know.

Mr AMERY: When you say I should know, I am being kind and polite enough to take on face value what you are saying is correct.

CHAIR: I would suggest you get some advice from your department so that you know what is happening. The canola sales from Canada has worsened as a result of growing genetically engineered canola in Canada. Why wipe out your market when you do not have to. Minister, a position paper by New South Wales Agriculture called, Regulation of Genetically Modified Technology and Products, I am sure you are familiar with this, says GM-free zones do not of themselves assure identity, preservation as transport handling and processing systems are already involved in the production of food. Is the corollary of this then that without GE-free zones, transport handling and processing systems will not assure identity preservation either, as they cannot address to you contamination which occurs during cultivation, such as pollen transfer. The business paper by New South Wales Agriculture Regulation of Genetically Modified Technology and Products says:

Separation of crops by four hundred metres would make sure that pollen flow was less than one per cent and therefore within the limits of contamination allowed to most countries of the GM crops.

Is it a fact, Minister, that Canadian organic farmers can no longer grow Canola because the GE contamination are so high across the country. Are you aware of that?

Mr AMERY: Yes, also, I have answered the question a little while ago about the co-existence of GM and non-GM crops. There is a protocol, or a strategy in place at the national level. I just read to the Committee the national legislation and complementary legislation which is designed to address that issue. I don't think it is my job to come here and give a critique on views about what is happening in the agricultural world in Canada. If they are using markets to Europe, it is

their job to go out and find out why they are losing markets to Europe and to adjust it. And that is basically what we are doing. We are not going to in any way do anything, as far as the department is concerned, or as the Government is concerned, that is in any way going to disadvantage our producers here in New South Wales. But that is a two-edged sword. At the end of the day, if the public are scared into saying no without any conditions to GM food then they will not buy GM food and it will not become part of the landscape.

My view is, as I have said earlier on, my view is let us get as much information out there as possible. It would be nice if we could do this without forming sort of views or lines on ideology. And let us look at things like, for example, the cross-contamination that you talk about, whether there is an food safety risk and what are the impacts of this sort of research. But closing your eyes to the research, just burning down paddocks as they are in some parts of Europe, that is not a way of finding out information. You do research to get information. Let us do that and not go down this line of drawing a line in the sand and saying non-GM is good and all GM is bad. That is not the way to further this debate.

CHAIR: Minister, it was reported in *The Wall Street Journal* on 4 June 2002 -

Mr AMERY: Do you read any local papers at all, Mr Chairman?

CHAIR: I take an international view, Minister, of our markets. I am not concerned about the local market, I am concerned about the international market, that:

The EU has announced they will downgrade the threshold at which mandatory labelling will kick in from 1 per cent to .5 per cent.

In that case how will you effectively manage the contamination in New South Wales produce to ensure a rapid response to changes in market requirement?

Mr AMERY: Again, it is an access rule into EU. In the livestock area we have different guidelines to get our trade into the EU. When the EU raises the bar on any standard, we have one of two choices: we can either meet their standards or not trade with the EU.

CHAIR: That is (indistinct) you, Minister?

Mr AMERY: I am very confident that whatever guidelines or bars the EU puts on as a condition of trade, our producers and our Governments will work to make sure that we meet them if we want access into that market. We are doing the same thing into Japan. When Japan puts a criteria on how a product is grown, how it is presented and so on, we either meet their criteria or we do not sell to them. The same formula, the same strategy will apply here. So if the EU changes the guidelines for access into their markets on GM, well then, our industries will have to make a decision of whether they comply with that or not. But again, I think I've answered time and time again the issue about the strategies put in place as far as the national legislation, the complementary State legislation, not to mention all the questions that perhaps should be going to the Minister for Health.

CHAIR: Minister, my time has run out now but I want to say that you are taking a very cavalier attitude towards both the organic -

Mr AMERY: No, I am not. I am taking a very cautionary -

CHAIR: - and non-GM farmers in New South Wales and their markets which you are effectively, by your neglect, wiping out.

Mr AMERY: With that closing comment I will plead not guilty.

The Hon. MALCOLM JONES: Good evening, Minister.

Mr AMERY: Good evening, how are we going?

The Hon. MALCOLM JONES: Minister, if I may just stay very briefly with the issue of GM food. Am I to assume that New South Wales agriculture is involved in research of trying to match GM and genetic make-up of, say, pigs, to accommodate specific markets?

Mr AMERY: Actually, I cannot make that assumption straight off. You might ask the Director-General just to give a general comment on that. The New South Wales agriculture. You are referring to the department actually doing this work?

The Hon. MALCOLM JONES: Yes.

Dr SHERIDAN: Because of the potential that is offered through GM technology has been demonstrated throughout the world in terms of medicines, it would be very foolish for us not to be involved with other organisations such as CSIRO and there is the New South Wales Genomic Centre, plant genomic centre, which is centred on New South Wales Agriculture and also CSIRO and Macquarie University. So we are in cooperation in GM technology on a research basis to ensure that if the decision is taking to utilise the particular technology that becomes available we do have access to it for the benefit of our farmers and to ensure we capture markets where necessary.

The Hon. MALCOLM JONES: Minister, what is the size of the agricultural market in New South Wales?

Mr AMERY: You are referring to just general terms?

The Hon. MALCOLM JONES: Yes.

Mr AMERY: What we actually talk about over \$8 billion. I understand, of that, irrigated agriculture amounts to about \$3 billion dollars in general terms. Now, that figure can be subject to seasonal conditions, obviously with the drought we spoke about earlier on, a number of people, ABARE and so on, I think, are starting to downgrade the size of the crop this year and that may have an impact. But generally speaking, we're talking of an agricultural industry of about 8 billion and an irrigated agriculture component of that of about somewhere between 2.5 and 3 billion dollars, depending on, as I say, seasonal prices and so on.

The Hon. MALCOLM JONES: What is the size of the export market?

Mr AMERY: The export market. Have we got the latest figures on export? I will give you the exact figures because they do fluctuate. Generally speaking we are primarily an export agricultural-export-producing country and State. I would like to give some exact figures. We generally export about 70 or 80 per cent of our produce from time to time but I haven't got the exact ABARE figures on the - we will take that on notice and give you the exact figures. But I think there has been a recent report on our export figures. We get that from the National Minister's Office.

The Hon. MALCOLM JONES: How big are the fluctuations between good years and bad, historically?

Mr AMERY: How long is a piece of string?

The Hon. MALCOLM JONES: You are going to have a general minimum.

Mr AMERY: Generally, in the last few years the value - I mean, the value of the industry has fluctuated between over 6 and 8 billion. You will see that in the general report from ABARE from time to time. The irrigated component of that has fluctuated between about 2.5 and \$3 billion. These are ball park figures the Director-General is going to throw some figures he has in the back of his mind.

Dr SHERIDAN: The current forecast from ABARE is that there is going to be a 40 per cent reduction in the income this coming year due to a variety of reasons, not just drought, but commodity prices that are always a fluctuating problem. But most of them are coming off a high and moving down, and I think it was reported earlier this week or late last week that there is a potential for a 40 per cent drop.

The Hon. MALCOLM JONES: I appreciate, Minister, you are the Minister of Agriculture, but you are a Minister of this Government, and with the position of the Threatened Species Legislation, the Native Vegetation Acts and so on which the Government has imposed upon farmers, what assistance can your department offer to farmers to help them comply with this act.

Dr SHERIDAN: Well, first off, this time last year I would have been able to give you - it is probably not appropriate for me to answer on behalf of the Minister for Land and Water Conservation although I was the previous Minister, but the Department of Agriculture is involved with - they are member of the various native vegetation and water management committees. They are involved in doing the socio-economic work involved for a lot of these - they get involved in that aspect of it. I can talk just in general terms on behalf of the Minister for Land and Water Conservation. There are a number of incentive programs to assist, and when I had that portfolio, engendered a number of cheques from time to time. I am not going to canvass any more some of the answers that should be more appropriately given by Minister Aquilina.

I just want to make this point. I do not want you to for one moment think that the Department of Agriculture and the natural program or strategy or policy of the Government is any way in conflict. I see agricultural production and the management of our natural resources as being complimentary, as a matter of fact, one is critical. The management of our natural resources is critical to having a sustainable agricultural environment in the future.

So I just want to make that point. I do not want to get involved in talking about the incentive given by the Department of Land and Water Conservation. It may come under the water area. Last week you may have picked up a press release from me which is probably not answering your question fully but in relation to one particular scheme and that is the water efficiency scheme which, if a farmer, for example, wants to invest in some drip irrigation and wants to do a management plan for their property, wants to invest in more water-efficient drainage and so on, then we have a scheme called the Water Use Efficiency Incentive Scheme. Quite a substantial amount of money was actually allocated to that and no too many farmers picked it up over the last couple of years. And the reason for that was the disincentive because of things like asset tests and so on. So what we have got, the scheme now involves a grant of 80per cent for the cost of irrigation and drainage management plans, that is a maximum of 12,000, a grant of 50per cent for the cost of completed works to the maximum of \$15,000 for works including - in the plan, which is to improve irrigation, and a grant of 50 per cent of the cost of works or services for crop water use monitoring to a maximum of \$2000 per farm.

So we have that in agriculture. Under the Rural Assistance Authority they have a special conservation loan arrangement, building dams and other sorts of projects like that, looking at irrigation infrastructure and so on. We have removed a few of the barriers to access this particular scheme. Now, as I say, this is in addition to quite a number of other packages from RAA and also it is certainly in addition to quite a number of packages under the Department of Land and Water Conservation which I suppose it is just not appropriate that I sort of try to canvass those of the top of my head. I have just been reminded, of course, as I mentioned earlier on, with the drought assistance and so on, I made mention of the FarmBis program which, again, is another way that we can get money onto farms to assist farmers with risk management strategies, education and technology upgrades and so on.

Just give the Committee some information on it. The FarmBis program commenced in the State on 1 December 1998, largely replacing training and professional advice grants provided under the Rural Adjustment Scheme, which terminated on 30 June, 1998. FarmBis was administered by the New South Wales Rural Assistance Authority. It was jointly funded by New South Wales and the Commonwealth Government over three years, expiring in 2001. Under the FarmBis program, over 35,000 farmers received assistance totalling in excess of 11 million, and in 2000 and 2001, the Federal budget a three year commitment of 167.5 million, for an extension to the FarmBis program, to be called FarmBis Skills Farmers for the Future, assistance under the FarmBis Skills Farmers for the Future, in the form of a grant covering up the 75 per cent of eligible costs of training activities, is provided for farmers, wildcat fishers and land managers to undertake business management training, eligible costs include course material, travel and child care, all of which are essential to completing the training, the maximum assistance available is \$2,000 per farm unit per training activity.

To date, under the new program, over 12,000, so we are not talking about just a few people here, have applied for FarmBis funding, to undertake business management training, demand covers a wide range of activities including general business management, people management, financial management, natural resource management, marketing and production management, and New South Wales has allocated 13.3 million over a three year project which is matched by the Commonwealth, bringing the total to 26.6 million, so given the demand shown, it is expected that approximately 9 million is likely to be spend on FarmBis grants in 2001, 2002 with a similar level of expenditure in 2002 to 2003. Now, can I make the point, this assistance can be accessed at any time. You do not have to have the drought map picking up your property and that is why I think the general trend in the 1990s, was to go to this sort of assistance, putting money on farms in this way, rather than reacting to the release of a drought map from time to time.

The Hon. MALCOLM JONES: I just draw your attention to some line items. On page 3 - 22, the payments to the Wild Dog Destruction Board has remained at \$60,000. I am sure I do not need to tell the department about the size of the problem related to wild dogs, and is it appropriate that this relatively modest figure remains constant?

Mr AMERY: Can we take that on notice, or have we got any other information on the Wild Dog Destruction Board? If not, why not? I will take it on notice. It is just, as you appropriately point out, it has just been a static figure.

The Hon. MALCOLM JONES: Yes.

Mr AMERY: No doubt there is an explanation for that. Unlike of course, the one just above, the Noxious Weeds Grant, which, of course, is ever increasing under our government.

The Hon. MALCOLM JONES: Similarly with the Rural Land Protection Boards. Once again, this is an area -

Mr AMERY: Good. I can give you some information on that.

The Hon. MALCOLM JONES: - where we have got static through here.

Mr AMERY: You may recall back in the - or the time we came to office, we implemented a reform of Rural Land Protection Boards. Our working document was a report commissioned by Minister Causley and it was one of many reports recommending change to the Rural Lands Protection Board system over many decades. We started up, and you may recall that during that period of time, the State Council made a number of recommendations to us about changing boundaries and so on. I think we dropped down to 48 from 56 or 57, was it not? 57 boards and part of the change was that we required Rural Lands Protection Boards to comply with the Public Finance and Audit Act. They had different accounting systems and so on, so one of the requirements was that with the new legislation they would have to comply with the Public Finance and Audit Act. That of course, would incur extra costs in getting new accounting systems in place, and so on.

The other aspect to it was, that we as part of the disease preparedness area, we see that, with the exception of the western division, every Rural Lands Protection Board must employ a veterinary officer. Now, that was because we were getting to a situation, to retain the old Board's 56, 57 which was basically drawn up on Police boundaries from 1870, and extra costs in coming onto these boards, quite obviously they were sharing veterinary officers with people next door, and so on, and I felt and the government certain felt, that they were losing their core role inasfar as disease preparedness and so on, so part of that legislation was also to make sure that each board employed a vet.

Another aspect, important aspect of the change was to actually give more statutory recognition to the State Council of Rural Lands Protection Boards. However, without going into all the other detail of legislation because it is on the public record, the debate in both Houses, can I say this obviously incurred a number of costs and initially we started off with \$250,000 a year, I think, in the first stage, 250,000 a year, I think we started for three years, to help them with this transitional period. Then the State Council came back to us, and they highlighted, obviously, they always ask for

more, but they highlighted the fact that they were doing quite a number of roles that the Department of Agriculture could be seen, or should be maybe doing, and it was their argument and so on. As a result of the negotiations with the government, the Director General said, from his own budget, that we will then, part of the agreement, we will continue, after the 250,000 per year program finished, we then started giving them an amount of, which is listed there, \$425,000 per year which will run for, I think about 3 years, so that is why that figure is remaining static, as part of a package where they have gone through, I think some quite substantial reforms, they have incurred extra cost and that was bought about by changes that the government brought in with legislation, and certainly a lot of it recommended by the State Council, but more than on the area of good will, but on a justified expense, we are giving them \$425,000 to help manage that transitional period. That is why it is not increasing, it is just a set agreement over a period of time.

The Hon. MALCOLM JONES: With the grants to the Rural Lands Protection Boards, where you will provide x amount of money, and then other government departments will make good grants to the same Rural Lands Protection Boards, what is the demarcation or the terms of reference for your contributions versus other government departments contributions?

Mr AMERY: I will not make any comments about who else gives them money. I think they could pick up a bit of money particularly in relation to travelling stock routes and so on.

Dr SHERIDAN: That is right.

The Hon. MALCOLM JONES: Is that us too? What about the environmental management, is that all ours too?

Dr SHERIDAN: Yes.

The Hon. MALCOLM JONES: Yes. It all comes -

Mr AMERY: The Deputy Director General just reminded me also, just to make sure that I do not miss out on an interesting point is that the money that we have, I mean, you are talking about boards, actually goes to the State Council which is the government body of the boards. We do not hand it out to each individual board, so that 425 goes to the State Council which is the governing body. They distribute it or spend it.

The Hon. MALCOLM JONES: Minister, last year you spent \$816,000 - \$816,000 was contributed towards, it is not a line item in the Budget Papers - towards insurance costs. What does your department insure, that departs from the self insurance policy of the State Government?

Mr AMERY: Well, do you want to talk about, I think it is all of our assets. Tom, this is a good one for you, I would say. We have to make a contribution to all of our insurance costs, obviously plant and equipment, motor vehicles and so on, so if you would like to give us details on that?

Mr ELY: Tom Ely, Financial Controller, New South Wales Agriculture. Thank you Minister for the opportunity to - the self insurance that you refer to for the State Government, that whole approach changed back in 1989, when the government brought in the New South Wales Treasury managed fund, which took over basically insurance of all the risks for New South Wales government entities. Under that, the New South Wales Department of Agriculture receives a premium notice each year which covers five classifications of insurance, and they are workers compensation, motor vehicles, assets being your plant, equipment and your buildings, your property insurance, public liability, and what they call miscellaneous. Now, the miscellaneous one brings in risks such as professional liability, when people go overseas for instance, they are covered under that particular policy for their travel insurance, and it might be interesting for the Committee to note that New South Wales Agriculture has received its premium notice for next year, and in fact, our total premium reduced by 75,000 on the previous year, which I think is really something in the present situation that we see.

The Hon. MALCOLM JONES: It is totally unrealistic. What does it cover?

Mr ELY: The premium?

The Hon. MALCOLM JONES: Yes, I mean, 816,000 is not going to ensure the assets of -

Mr ELY: No, it is not 816,000. Our premium is over \$4 million.

The Hon. MALCOLM JONES: I am looking at the annual report for last year -

Mr ELY: For New South Wales Agriculture?

The Hon. MALCOLM JONES: Yes.

Mr ELY: Yes.

The Hon. MALCOLM JONES: And the figure is 816,000. Now, I could not find a figure of 4 million.

Mr ELY: Right, very well. The 816 insurance, would be made up of the miscellaneous insurance, the public liability insurance and the property insurance. Motor vehicle insurance, I believe, would come under the costs of running our motor vehicle fleet and the workers compensation insurance which is the largest part of our insurance is under employee related payments.

The Hon. MALCOLM JONES: Thank you. On page 3 - 28, under "Grants and Subsidies," we have a budget item of 8.75 million for last year of which only 2.7 million was expended, but then there is a item of 14 million, is that simply a catchup, or is that - are those extraordinary items?

Mr AMERY: A little while ago actually I made, and again I will draw on Tom if I get stuck in the fine detail here, but under that Grants and Subsidies area, you might recall that I gave a bit of a talk a little while ago, about the water efficiency scheme and that the amount of money that was being taken up - we had allocated the money to the scheme but very few farmers had been picking it up, and that was because, really, the guidelines, the criteria to be met, asset tests and so on, made it very unattractive so therefore, there was a very small takeup of that so, my advice here is, that this expenditure includes the water efficiency incentive scheme, west 2000, and west 2000 plus, and the power pack program, the actual expenditure below budget due to the slow uptake of the water efficiency incentive scheme, the enhancements to the scheme will result of course - the enhancements that I just outlined a little while ago, will obviously result in the higher uptake, so, basically that is the main reason why those dramatic figures, 8,750 million the actual revised figure down to 2.719, that was the uptake, but we are allocating that 14 this year, which is obviously the yearly one plus what was not spent before, and we expect to be able to distribute that because of the more flexible guidelines we put into that scheme. I mean, it has been there for some time we just could not get people to pick it up, and obviously the guidelines were too restrictive.

The Hon. MALCOLM JONES: Minister, on page 3/31, under Non Current Liabilities, which I assume is debt, that increase from 19 million to 35 million -

Mr AMERY: Just a second. Where are we up to. Sorry, Interest Bearing?

The Hon. MALCOLM JONES: Yes, that is it.

Mr AMERY: Non Current Liabilities, 19,435 million was the appropriate in the last budget, 35,928 million was the revised and there is 27,058 million in the proposed budget - the coming budget of 2002-2003. I am told that the major reason here is the loans to farmers. You might recall the serious floods we had, and there was a package announced, I think, by the Premier, and a number of loans went out to farmers affected by those floods. I understand that takes up most of the discrepancies, well, not so much discrepancies but the differences in those figures. Have we got any other information on -

Dr SHERIDAN: No, it was primarily the floods.

Mr AMERY: Primarily the floods, so -

The Hon. MALCOLM JONES: So, why is it therefore, in this next period, our rates are substantially higher than it was budgeted for last year.

Mr AMERY: I think we have probably still got a few of them working through the applications, just a carry over period. A lot of the applications, I mean, I think would still be RAA. There might be more information available but you see how these issues work, you get the flood, there is a declaration, and people go through quite a period of mopping up and cleaning up and so on, then they start doing the paperwork, getting loans and so on. I think it must be just the fact of the carry over of the financial year. I have got prepared comments there, it looks like natural disaster relief loans eligibility criteria, but I do not think that is what you are asking.

The Hon. MALCOLM JONES: No.

Mr AMERY: But I have some information on that if you want that. That is generally the process, I mean, the money is not allocated virtually during the flood, it takes some time, and that is why our estimates are, from the applications coming in, that we will spend that in the coming year.

The Hon. MALCOLM JONES: No further questions, Mr Chairman.

CHAIR: We will move onto -

The Hon. RICHARD COLLESS: Minister, I will just follow up on that issue that was just raised by the Honourable Malcolm Jones, about flood loans. Perhaps you could arrange for some good rain without the flood, if you are going to budget for those sort of things.

Mr AMERY: Very well, one moment, I will just tell the department - can you organise that? Thanks very much.

The Hon. RICHARD COLLESS: What day would you like? Yesterday.

Mr AMERY: I recognise what you are saying, I mean, lightly saying about organising some rain, but we had - it really is a bit of a mixed bag. Some of the south-west slopes are I understand, getting some reasonable falls, but you are right, after quite a few good seasons, the western area, the north-west area, and parts of the central west, are really drying out and that terrible droughtmap that I kept referring to, is just marching eastward all the time, so, it is a major concern.

The Hon. RICHARD COLLESS: It is indeed. Can I refer you to page 3 - 23, "Animal and Plant Protection," specifically the program description to provide rapid detection and response to emergency diseases or emerging agricultural health situations. How many recommendations made by the Audit Office into managing animal disease emergencies are yet to be implemented by the department?

Mr AMERY: This is a response, I think we got some details on the Audit Office. Can I just say that the audit report, just as a general comment, it had some I suppose, statements which were just wrong in fact, in relation to vet numbers and so on, and we will come back to that in a moment. But generally speaking, I think the report congratulated the department on the leadership that it was taking in the area of disease preparedness, and I think this is probably one of the most important issues that the department is now being confronted with at the moment, and that is because, basically, we are hopefully dealing with something that will not happen, and that is - how are we preparing for a foot and mouth disease, I think that is what you are probably focussing on, a foot and mouth disease-type outbreak that struck Britain and Europe and the Auditor-General, I think, made some comments first off, just making sure that I get on the record, that he was complimentary of the leadership played by New South Wales Agriculture. That has been reinforced to me by national figures, the authorities, the bureaucrats at the national level, who have said that New South Wales, in this very room, - who was here? We had a forum about are we doing enough, last year, on our disease preparedness, we had it in this very room, it was only one of many workshops and programs now in place.

The issue was also raised at the last Ministerial Council meeting in Hobart and I was successful in putting a motion up, that it is all right, me talking about what New South Wales is doing, but I think the Federal authorities shared my concern, is what are all the States doing in relation to their disease preparedness. I mean, as I said to the Assembly, you can say, Well, a disease coming to Australia is a Federal Government responsibility, it is aqueous and all this business and that argument just does not hold any water at all, I mean, sure, they are responsible for keeping the disease out, but should it come here, all that politics or blame will not last five minutes, and we will all have the job of trying to manage it whilst we are here, so in a lot of ways, I suppose we can draw some positives from the Auditor-General's report in that he sort of has a bit of a kickalong, some of his assumptions are wrong, I might say, with respect to him, but it has made - the department also, making sure that they have been able to - have to address some of the concerns he has raised.

The issue about tying vet laboratories and numbers, I do not think were relevant, but if I can just give you some - one of the major roles that the department has been doing over the last year or so, has been doing this work about how they are going to manage the possibility of a foot and mouth disease outbreak, an outbreak, if I can just put this on note to you now, an outbreak of that disease on a scale that hit Britain would of course be, well, only too obvious an impact on our livestock industries, but also for the National and State economics, bearing in mind that in Great Britain, tourism and other businesses were more severely affected than the agriculture industries, impossible as that may seem, but that is exactly the case.

Australia has the best developed veterinary emergency plan, that is the Ausvet plan in the world and these plans form the basis for a response to the emergency disease occurrences. In New South Wales Ausvet plan and the New South Wales Exotic Disease manual are linked to form part of the disease disaster plan which is this plan, so that in the event of an outbreak, a wide range of services and mechanisms may be utilised. Over the last decade, the staff with the department and the Rural Lands Protection Boards have been trained in disease recognition at the Australian Animal Health Laboratories and also for roles in an outbreak situation. Several exercises were conducted under what is called the EXANDIS program, a large number of staff in the department, and Rural Lands Protection Boards gained experience in managing the outbreaks of Menangle virus in pigs and Avian influenza and Newcastle disease of chickens and bearing in mind, this is one thing that the New South Wales department and our Rural Lands Protection Boards have up their sleeves, is some, I suppose, battle experience in dealing with these sorts of outbreaks, with those other diseases I have just mentioned. The Newcastle disease outbreak, being by far, the largest emergency disease response ever mounted in Australia.

In addition, key staff have been gaining experience in Britain as part of the International Veterinary Reserve, I just want to pick this other one up. There was some comments, I understand, correct me if I am wrong, from the Auditor General about the numbers of vets and so on, he kept tying the number of vets. Despite the fact that the figures in this report were wrong, there are actually more vets now than there were in the period that he was stating, one thing that a lot of people seem to overlook, is that - what happened in Great Britain or Europe or if it did happen here, we are part of what is known as part of an International Veterinary Reserve, and that is, that should a foot and mouth disease hit Australia, we will have vets not only from all over Australia, focussing on wherever the disease - if it comes in Western Australia, our people will be over there, but we would have veterinary officers from around the world, right throughout the world, all the participating countries flocking to this country with the experience they have got in these diseases, helping us out, it is a sort of a give and take arrangement. So, I mean, that is a very important part which I think we should not discount when we are talking about our preparedness for diseases and having the staff and resources to manage it.

Some more figures here. In 2001 New South Wales Agriculture appointed a veterinarian to further develop and implement the training in New South Wales. On the national front the Animal Health Australia is co-ordinating training and preparedness, in New South Wales, key personnel have been identified to fill positions in the State Disease Control headquarters, and a local disease control centre so that these could be set up immediately in the event of an outbreak. A widespread communication awareness program has been undertaken that continues to ensure that livestock owners and the general public are aware of the dangers to Australia.

I probably could take some more on notice for you to give you an idea what we have actually go here. A national foot and mouth disease. I will probably close on this bit, though. A national foot and mouth disease simulation exercise will be undertaken in September this year, this will include heavy involvement of New South Wales Agriculture and other agencies, including the emergency services, international observers will also participate, so I want to make this point, because I know what you are actually saying, drawing on that Auditor General's report. If New South Wales is in any way found wanting as far as our preparedness for this foot and mouth outbreak, then as I have said before, God help the rest of the States, because I do not think anybody is as far down the track as we are, at the moment. Do you want to make any comment on what the Auditor-General said?

Dr SHERIDAN: No.

Mr AMERY: I mean, he put a lot of emphasis on vet numbers, which were factually wrong, but I do not think - I mean the general message I think was, it is a good benchmark for us to work to.

The Hon. RICHARD COLLESS: I guess it is fair to say, though, is it not, that given the isolation and the expanse of Australia, that we should be the best prepared of any nation in the world, because probably no other country has the problems that we would have, if we did have an outbreak of foot and mouth.

Mr AMERY: Yes, you are right, I mean, that is a good point. You think of our isolation, in Great Britain, they are just at the top of Europe there, I think they had an outbreak in Germany did they or was it Holland?

Dr SHERIDAN: Holland.

Mr AMERY: Yes, I mean, other countries are just a couple of hours drive away, whereas we all have a situation where our people will have to do a lot of work on their own before the reinforcements arrive, but I think by all means, keep questioning me on this issue, keep raising it in Parliamentary debates, because I think it is going to be very productive, if we continue to pursue this issue and hope that we never have to put in place all the work that is going on, but the department, Agriculture of New South Wales is being seen with the RLPBs, let us not forget the Rural Lands Protection Boards as the major component to our disease preparedness, are just doing so much work, and I was very keen at the last Ministerial Council meeting to make sure that I have to present a report to the Ministerial Council meeting coming up in a few months time, is it not? Every other state - I think the Federal authorities are more interested in this area, every other State will have to do likewise.

The Director-General just reminded me of one of the things that I did not read out, is that we have set up a 70 member team on standby which I think is, again, at this stage, we would like to think every other State has done so, we do not know if anyone has yet, but I think they have been drawing on the work, other States are drawing on the work that we are doing at the moment.

The Hon. RICHARD COLLESS: Minister, how many of the recommendations have the Audit Office looked at or recommended, how many of those have not been implemented, is there many of them?

Mr AMERY: Could I come back to your question that have not been implemented. I suppose I will have to take that one on notice, about - look, in the report, again, we will address every recommendation that he states, but some of them are based, really, you know, really on false assumptions. He is assuming that things are not being done and they are. He made some mention about vet numbers. It says in 1981 the New South Wales Government 's Rural Land Protection Boards and employed 113 vets. Now, 20 years later the numbers remain substantially the same: 116, but in the Auditor-General's report he actually said there had been a substantial reduction in the actual numbers, that is basically because I think he counted RLPB vets with agriculture back in the year that he first measured, in 1980, but he did not count the RLPB vets when he added them up, just a simple mathematical error. We will implement any recommendations that we consider are appropriate. We will challenge any areas where he says that we are not doing something and we are and of course we

will just have to disagree on some of the assumptions he has made, particularly on vet numbers and so on, because they are just not true.

The Hon. RICHARD COLLESS: Turning now to a slightly different tact. On page 319, Innovative and Internationally Competitive Agricultural Industries, specifically the program objective to assist agricultural industries and individual farmers to achieve productivity in management levels, that are internationally competitive. Can you indicate whether in the light of the recent amendments to the Poultry Meat Industry Act, the Poultry Meat Industry Council will operate in a more conciliatory manner in future, given that its recent experience would suggest otherwise.

Mr AMERY: I noticed a smile on your face when you asked that question. The legislation we put through, with one major exception, just keeps the status quo in place. The Poultry Meat Industry Committee will continue on. An important part of the legislation was to give us that exemption under the Trade Practices Legislation. We have had some meetings with various people within the industries, both the processing sector and the grower sector. Ian Armstrong made an interesting point in the debate on this issue the other day. He said that when he made a debate on this matter back in 1986 and he now looks at the issue confronting the Parliament just the other day, that he only needed to change the date and a few names and really everything has been the same. What he is saying was true, him being a former Minister for Agriculture and so on. There is always, I think, friction, a bit of push and shove between different sectors of an industry, but this one has been I believe, quite destructive in that both sides have come to governments trying to resolve the problem about price setting within the industry and what I have been doing is writing to the participants and my staff and have been working with the industry, sitting down and just talking through it.

These regulations are now going to stay in place for quite a number of years. Hopefully that will resolve the issue about the situation with their contracts between growers and processors and so on. Down the track, there just has to be I believe, a more co-operative position taken by both growers and processors, because I do not believe that the industry is going to further its own good, its access to markets and so on if they remain as divided as they have done and relying on a poultry meat industry Committee or governments to try to resolve their problems.

In the short term or at least as we are at the moment, we weighed up the review under the competition policy of the legislation and I felt that the growers were in a very vulnerable situation as far as the market power between processor and grower and I was happy that the Cabinet and the Government agreed to a recommendation to keep the regulations in place, to give them at least for the next number of years, that countervailing power whilst the industry goes through what is going to be obviously a rationalisation - rationalisation is going to happen in the industry. I think by keeping the regulations in place we have stopped that happening overnight like it did in the dairy industry and hopefully that will give us some years to make adjustments. How that unfolds, I believe is going to be dependent upon how the growing sector and the processing sector start getting on with each other, which I think underpins your question. I cannot give you any assurances that we will get some successes here, but we are having some meetings to try and resolve the problem.

In the meantime, I mean what inflamed the situation was the processing side of it realised that the legislation in New South Wales was able to be challenged under the Fair Trading Legislation and I think there is only a notice - there was nothing in that bill. They realised that there was no exemption under the Trade Practices and were actually make approaches to I think ACCC and the Federal authorities to declare invalid I think, the price setting mechanism. That is why in the legislation the new component of the legislation is to give that legislation exemption under the Trade Practices Legislation, but I would like to give you a more finite position about how the industry is going to get on. The ball is in their court, we can only do so much. We put the legislation in place, we bought a bit of time and we just ask them that if they really want to expand their capabilities and their markets, then I think they have got to be a little bit more co-operative than they have been in the past.

The Hon. RICHARD COLLESS: Going back to the issue Ovine Johnes again, and in your media release of 4 June, "Budget Boost for Agriculture," can you identify where in the Budget Papers and under what program the figure of \$1.4 million to help the sheep industry with the Ovine Johnes disease is?

Mr AMERY: There is a combination, there is the continuing contribution to the national program and that is a component, could someone find the line item for me amongst all these pages? You will notice that in the National Ovine Johnes disease program, which was formulated through the Ministerial Council meetings, each State puts in an amount each year, State Government contribution, then there is an industry contribution and we have had a levy in place here in New South Wales and of course there is a national Government contribution.

The Hon. RICHARD COLLESS: It comes from those levy funds essentially, does it?

Mr AMERY: No, there is a combination of all forms. There is a levy and I might have some figures on the levy - I have got some levies, but also there is an annual amount as far as the Government is concerned. I will just give you some figures. The voluntary contribution closed on 30 June 2000. The total of the 1st of the 1st collection period was \$1.7 million. The compulsory levy for this period was collected after 30 June 2000 and the compulsory component was \$817,000. The second collection period, the voluntary contribution closed on 30 January 2002, the voluntary contribution was \$2,685,000. The compulsory levy to date has been \$317,000 and I have got a line here which says, receivables as at 30 June 2001, \$372,000 are receivables for the 1999-2000 period was still to pay - still to pay anyway as far as that is concerned. In relation to the State Government - the contributions, can you explain all that Tom. If I might just ask Tom Ely if he could just fill in some detail there about the breakdown and where that money comes from.

Mr ELY: Tom Ely, Financial Controller, New South Wales Agriculture. Because the Ovine Johnes contribution actually goes between two programs, because we see that it affects both international competitiveness and it is also an animal protection item, it is apportioned between those two programs under the heading, Australian Standing Committee on Agriculture item. Under the Innovative and Internationally Competitive program, part of the \$887,000 is the Ovine Johnes and likewise, under the Animal and Plant Protection item, the \$880,000 that is shown under Australian Standing Committee, a portion of that relates to the \$1.4 million.

The Hon. RICHARD COLLESS: Thank you, can I turn perhaps to just a couple of questions on weeds.

Mr AMERY: Weeds?

The Hon. RICHARD COLLESS: Weeds, yes and I take on board what you said previously about the funding for weeds.

Mr AMERY: You do not want me to say that again?

The Hon. RICHARD COLLESS: No, there is no point in saying it again. My question is, have you commissioned an audit of the spread and variety of noxious weeds throughout the State at all?

Mr AMERY: An audit? Not in the way you describe it. The Noxious Weeds Legislation, it is actually administered primarily by local government and it an onus placed on property owners to suppress weeds and so on. The money we talk about here is money that goes to local government authorities, to administer the Noxious Weeds Legislation and then of course there is another component been added to it and that is the weeds of national significance, which is a Federal related program and so on . As far as an audit concerned, I would have to say no, off the top of my head of a general audit, but I do not know what you are actually seeking here, because there is no shortage of information about what are the serious weeds hitting us.

The Hon. RICHARD COLLESS: Do they report back to you on the extent that certain weeds spread and what is going on; the local government organisation?

Mr AMERY: Yes, they put in the applications to us and identify in their region - I suppose in effect this is an audit - but they then put an application to us and identify what is their most significant weed for control and they put in an application for funding based on what their criteria is, whether it is employment of a weeds officer and other aspects of it. I have got some issue here for

example, serrated tussock, a few other issues in relation to it, but I do not think that really answers your question fully, but if you are asking is the Government aware of in what particular region is brought to our attention, is there a collation by the Noxious Weeds Advisory Committee of what are the most serious weeds in different parts of the State, yes we do -

The Hon. RICHARD COLLESS: I guess my concern about it is Minister is, how quickly do you get notified of emerging weed problems, things like for example, Lipia, in the Lachlan and the Barwon areas is becoming a problem. Are you aware of that issue?

Mr AMERY: Yes. Dr Sheridan, you looked like you wanted to say something, so before I hand over to Dr Sheridan, let me just reiterate this very important part. Each Local Government body or weeds county council, whatever may be the appropriate body in the part of the State, identifies their most serious weed problem and they have their program. Then they apply to the Government to access the noxious weeds grant which I referred to the \$7.035 million and of course our Noxious Weeds Advisory Committee then goes through those applications and divides up that money each year, makes recommendations to me and then divide up the money each year and that goes back to those local government authorities. Yes, we are continually - might I mention, people like yourselves, our local government people are continually advising the Government on what are the major problems they have. You have not go to travel too far at the moment to hear something on for example, serrated tussock or any one of the national weeds of national significance. Dr Sheridan, you wanted to say something?

Dr SHERIDAN: No, no, no.

The Hon. GREGORY PEARCE: Minister, could I just ask you, in relation to the Rural Assistance Authority on page 3 - 28. Under "Expenses," "Other Operating Expenses" were up by something like \$600,000 on the year, budgeted to back down to below last year's budget. I just wondered what the explanation was -

Mr AMERY: Could I just get to where it is, page 3 - 28, "Other Operating Expenses," yes I see.

The Hon. GREGORY PEARCE: \$600,000 or 30 per cent up for the year, but then they are budgeted to go back down again. I just wondered what the explanation was.

Mr AMERY: Is there a major reason for all that? Was it again the flooding works? I think we have a note on it. "Other Operating Expenses," yes the 2107 and the 1454, actual expenses well above budget, due to the cost associated with processing natural disaster relief applications. Valuation and profitability assessments, agencies short-term contract staff, Treasury supplementation of \$356,000 was approved to partially offset these costs. Generally speaking, again it comes down to the general area of the natural disaster applications coming in, the time lag with the processing of applications and the overlapping of the financial year. The director-general has just reminded me, it is all demand driven. It does overlap years and it fluctuates.

The Hon. GREGORY PEARCE: And then in terms of the -

Mr AMERY: And the Director-General has reminded it is all demand-driven and it does overlap years and it fluctuates.

The Hon. GREGORY PEARCE: I accept that but I just wondered why then are the grants and subsidies down by 300 per cent or more and also the other -

Mr AMERY: Where is -

The Hon. GREGORY PEARCE: Just going down those same columns, your grants and subsidies were budgeted for 8.75 and they were only 2.7 expended.

Mr AMERY: But you will notice in the coming year it is 14 -

The Hon. GREGORY PEARCE: It is back up to 14 -

The Hon. GREGORY PEARCE: So they have been processed last year, have they, and they -

Mr AMERY: They are rolling on.

The Hon. GREGORY PEARCE: Yes. All right.

Mr AMERY: So this year's one will obviously pick up the shortfall of last financial year and that is why you will see the 14 million-odd substantially higher than last year's, 8 million-odd. But overall it pretty well evens out.

The Hon. GREGORY PEARCE: Right. And then what are the other operating expenses then, which were budgeted for 14 million, expended 19, and were budgeted to 13 again -

Mr AMERY: I might just as the people from the RAA to give us the detail on that? The last line on expenses, Other expenses, 14 million and 21 for 2001-2002, revised figure, 9 million 369. I have got a feeling we are talking about the same issue. And then the next year's allocation, 13 million 973. It comes under the exceptional-

Dr SHERIDAN: The FarmBis program and exceptional circumstances payments.

The Hon. GREGORY PEARCE: Right.

Mr AMERY: So we have got the same situation, the delay in the application the -

The Hon. GREGORY PEARCE: I understand. And just in the Asset Acquisition program, I notice that you only got one new facility which was the Anthrax laboratory at Camden for \$1.5 million.

Mr AMERY: Yes.

The Hon. GREGORY PEARCE: In the working progress, the one that interests me is the genetic plant research laboratory at Wagga Wagga which is supposed to have started in 2000 and finish in 2004 but it is very significantly underspent so far, I would have thought, just on looking at those numbers, I just wondered what the - if you could explain that project and what the expenditure -

Mr AMERY: The Director-General said would probably be able to explain why there has been a delay or some discrepancies in those allocations.

Dr SHERIDAN: It is really about wishful thinking in the sense that where we anticipate or hope that we get money from outside funds, in this case the Grange Research and Development Corporation, if the money comes forward it is expended, if it does not come forward we are still hopeful for the next year. And so we can only expend what we get. But we have got to make sure that in the budget what we potentially can get, but as I say, if we do not get it, it is a bit like the 1.5 for the Anthrax laboratory, that is all outside money and it is only if that money actually comes forward and the decision is taken to actually build a laboratory would it actually go ahead. But it has got to be there in the projection so that -

The Hon. GREGORY PEARCE: So they are really more like a wish list than a true asset -

Dr SHERIDAN: They basically are, yes. That is what I say, they are a wish list -

The Hon. GREGORY PEARCE: - procurement program.

Dr SHERIDAN: Yes, because it is all outside money.

The Hon. GREGORY PEARCE: What is the money that is being spent on the genetic plant research laboratory, the 650 that has already been spent?

Dr SHERIDAN: That is money that we have allocated from within our total budget to try and get something started because of the need to develop a laboratory down there. But we are still hoping for a couple of million dollars from Grange Research and Development Corporation.

The Hon. GREGORY PEARCE: So the only asset program you have got this year is a never-never wish list one which you have to get someone else's money for?

Dr SHERIDAN: Basically.

The Hon. GREGORY PEARCE: Yes, all right. And in terms of the ongoing ones what about information technology, that would be funded by general Government revenues.

Dr SHERIDAN: That is general revenue, yes.

The Hon. GREGORY PEARCE: And the laboratory information management system, that would be the same?

Dr SHERIDAN: Yes, general revenue.

The Hon. GREGORY PEARCE: Yes. And occupational, health and - all right.

The Hon. RICHARD COLLESS: Just one last one while we have the time, Mr Chairman.

CHAIR: Yes, we have time.

The Hon. RICHARD COLLESS: On page 322, sustainable resource management for agriculture in the community, can you indicate to us the priority areas for the acid soil action that will guide New South Wales agriculture's priorities for the \$2 million allocated in the budget?

Mr AMERY: Can we just get that? Acid soil action, the 2 million. I will see how I go. It is quite a fairly long answer on this particular matter. The acid soil action is an initiative undertaken jointly by New South Wales agriculture and the other agencies, the other Government agencies dealing with natural resources, not to mention industries and the community, to prevent manage and correct two of the major environmental problems, and these are the soil acidity and agriculture estimated at 13.7 million hectares of agricultural land that is seriously affected by acid soils and another 5.7 million hectares at risk. These cost New South Wales between 90 and \$225 million per year.

The other one is drainage of acid water from coastal acid sulphate soils in the State's estuarine waterways. These are some 150,000 hectares of high risk areas under agricultural production on the New South Wales coastal flood plains and over 265,000 hectares in New South Wales. The estimated cost of the impacts to the oyster and commercial fishing industries is \$2 million to 23 million per annum, cost to recreation fishing, eco-tourism infrastructure are likely to be many times greater. The ASA funds are paid to New South Wales agriculture as an enhancement and are administered by the New South Wales Soil Acidity Management Committee. This committee allocates the funds through the Acid Sulphate Soils Management Advisory Committee on a project basis. In the last five years the New South Wales Government has invested 11 million into the ASA enhancement, a further 2 million in the 2002-2003 will complete this triennial funding. So, there is a lot more I can give you. I will take it on notice and give you some more information on the reasons behind the scheme but generally speaking, it is just part of the continual shared funding arrangement.

The Hon. RICHARD COLLESS: The list of projects and authorities that I would be interested in, yes.

Mr AMERY: Could I take the list of projects on notice, making sure the Committee gets that.

The Hon. RICHARD COLLESS: Yes. Thank you.

CHAIR: All right. That is the end of questioning. Minister, you have been given questions on notice I believe. Is 35 days okay for you to answer them in?

Mr AMERY: Well, how many have you got?

CHAIR: There will not be hundreds I would not imagine.

Mr AMERY: Well, record them down and we will do our best to make sure they are answered.

CHAIR: The Committee may decide to invite you and your officers back for a further hearing and have yet to liase with you about whether or not you are available.

Mr AMERY: Well, can I answer that? And in closing, on that point, yes, I would be pleased to come back and other members of the department would be. But if you invite us back any time, say, from next week on, the Director-General will not come back, and the reason for that, not that there is any discourtesy to this Committee, but this is the last Budget Committee that the Director-General will attend. Kevin joined the department back in 1960 and is one of those few people who has worked his way up as a new recruit, I suppose, right through the various stages of the organisation to become its Director-General in 1988, and has held that position and picked up a few others along the way including the general manager, or the CEO, of the Rural Assistance Authority, and only recently announced and told myself that he will be retiring at the end of this financial year.

So I would just like to place on record, I took that opportunity to say that he would not be able to come back at future meetings of the - unless you are going to hold it tomorrow, but certainly if it is going to be at any time next week and he would not be able to, but to say, before this Committee, this is his last one, and congratulations on a very successful career and we wish him well, I am sure, on behalf of all the members of the Committee in his retirement.

The Hon. RICHARD COLLESS: Mr Chairman, could I just make a comment there too. I have known the Director-General for many years in my days in the Department of Land and Water Conservation and I would also like to wish him all the best for a long and happy retirement. Could I ask the Committee to extend to the Director-General our heartiest congratulations on his long and meritorious career, and the Committee wishes him well for a long and happy retirement.

Dr SHERIDAN: Thank you, Chairman.

The Committee proceeded to deliberate.