

GENERAL PURPOSE STANDING COMMITTEE No. 5

Friday 9 December 2005

Examination of proposed expenditure for the portfolio areas

NATURAL RESOURCES, PRIMARY INDUSTRIES, MINERAL RESOURCES

The Committee met at 4.00 p.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. R. H. Colless
The Hon. G. J. Donnelly
The Hon. D. J. Gay

The Hon. K. F. Griffin
Ms S. P. Hale
The Hon. P. G. Sharpe

PRESENT

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

Department of Natural Resources
Dr R. Sheldrake, *Director General*
Mr P. Sutherland, *Deputy Director General*
Mr G. Smith, *Executive Director, Corporate Services*
Mr A. Badenoch, *Deputy Chief-of-Staff/Senior Policy Officer*

CHAIR: At this meeting the Committee will examine further the proposed expenditure for the portfolio area of Natural Resources. Before questions commence some procedural matters need to be dealt with. First, I point out that in accordance with the Legislative Council's guidelines the broadcast of the proceedings is available from the attendants and clerks. Only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee 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. Members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks.

I declare the proposed expenditure open for examination.

The Hon. RICK COLLESS: Can you tell the Committee how much funding has been allocated to buy water for rivers under the Riverbank program?

The Hon. IAN MACDONALD: Allocated to whom?

The Hon. RICK COLLESS: Allocated to buy water from—

The Hon. IAN MACDONALD: I think the Premier's statement indicates a \$105 million figure over five years.

The Hon. RICK COLLESS: Where was that identified in the 2005-06 budget papers?

The Hon. IAN MACDONALD: I think you will find that it is new funding—

The Hon. RICK COLLESS: From where?

The Hon. IAN MACDONALD: —that has been identified as part of an enhancement to the waste levy fund.

The Hon. RICK COLLESS: So it is money coming out of the waste levy?

The Hon. IAN MACDONALD: That is correct, but you should direct all your questions on that to the Minister for the Environment.

The Hon. RICK COLLESS: Will your department be oversighting that program in any way as it is essentially a water program?

The Hon. IAN MACDONALD: As I understand it, it is environmental trust but we are in consultations and discussions with the Department of Environment and Conservation about the usage of those funds in the future.

The Hon. RICK COLLESS: How much water will be purchased under that program?

The Hon. IAN MACDONALD: That is a question you could ask the Minister for the Environment.

The Hon. RICK COLLESS: I am asking you because it will come out of your portfolio area. It is water that is coming off irrigators and going into the environment. So it is certainly something that I thought you would be familiar with.

The Hon. IAN MACDONALD: It is an issue for which the Minister for the Environment has primary carriage.

The Hon. RICK COLLESS: So you have no idea how much water is being purchased?

The Hon. IAN MACDONALD: Whether or not I have an idea of what water is being purchased is irrelevant. You should direct your questions to the Minister for the Environment.

The Hon. RICK COLLESS: It is my information that there will be 100 billion litres of water purchased under that program. I thought you would have been aware of that.

The Hon. IAN MACDONALD: I am aware of the general terms of the package.

The Hon. RICK COLLESS: So is that figure correct—100 billion litres?

The Hon. IAN MACDONALD: I will not say whether it is 100 billion litres. As you would be well aware, the price of water varies from year to year, from month to month. So if the price varies the amount of water then purchased in a volumetric sense varies as well.

The Hon. DUNCAN GAY: Do you know who Gordon Nuttall is?

The Hon. IAN MACDONALD: I certainly do.

The Hon. DUNCAN GAY: Do you know why he is in trouble?

The Hon. IAN MACDONALD: It is irrelevant to me.

The Hon. DUNCAN GAY: He is a Queensland Minister for Primary Industries who misled a committee.

The Hon. IAN MACDONALD: No, I think it was something to do with health. I cannot see the connection.

The Hon. DUNCAN GAY: It is about misleading committees.

The Hon. IAN MACDONALD: I am not misleading any committee. I said to you that the Minister for the Environment has carriage of the Riverbank program and that is it.

The Hon. DUNCAN GAY: But the Hon. Rick Colless asked you regarding the amount of water. You are the Minister for Natural Resources. An amount of water like that, surely, has come into your observation and affects your portfolio. It affects your allocations. This must have been a decision that went through Cabinet. You must have a thought on this. You cannot just tell us that you know nothing, you hear nothing and you will say nothing.

The Hon. IAN MACDONALD: I said nothing of that. I said he has carriage and you should raise the questions with him.

The Hon. DUNCAN GAY: Are you happy with it?

The Hon. IAN MACDONALD: Whether or not I am happy is an irrelevant question. The happiness that I experience in relation to any particular issue is highly irrelevant to good governance.

The Hon. RICK COLLESS: I refer you to the Premier's speech where he announced this. He said, "Over the next five years my government will buy 100 billion litres of water for the environment."

The Hon. IAN MACDONALD: He could say that and that would be a guesstimate based on current prices. But who knows.

The Hon. RICK COLLESS: It is not a guesstimate; he said, "My government will buy a 100 billion litres of water." I cannot see how that is a guesstimate. I think it is a definitive, quantitative statement.

The Hon. IAN MACDONALD: Talking in gigitalitres, we are talking 105 gigitalitres. The system itself generates in the order of 24,000 gigitalitres. So I do not think you should come in here and think that this is some sort of extraordinary amount of water that could be purchased over five years.

The Hon. RICK COLLESS: In terms of the financial efficiency for water savings, how does the Riverbank program compare to the \$30 million funding for the Barrenbock swamp project that will save 20 gigalitres of water? How does it compare to the Menindee Lakes structural works project that for the high-level regulator option could save up to 200 gigalitres per annum for \$50 million? Is it a good investment?

The Hon. IAN MACDONALD: This question could be put before all sorts of scientists and many different—

The Hon. RICK COLLESS: I am putting it to you as the Minister for Natural Resources in this State.

The Hon. IAN MACDONALD: I am happy with what we are doing and the programs we are involved in. If you have any questions you would like to ask on Riverbank we are quite happy for you to ask the Minister for the Environment.

The Hon. RICK COLLESS: What will be the reduction in farm gate income as a result of the 100 gigalitres of irrigation water being transferred to the Riverbank program and no longer being available to the irrigation industry?

The Hon. IAN MACDONALD: I do not think that that is a real question. It is not a real question because basically if you look carefully at the statements made, particularly by the Minister for the Environment, you will find that there are other potential avenues for the usage of the funding. So it may not necessarily be that every cent of that is spent on purchasing water.

The Hon. RICK COLLESS: I am only repeating what the Premier said: "Over the next five years my government will buy 100 billion litres of water for the environment." That must be coming out of the irrigation industry if that is the case, if he is going to buy it. If it does come off the irrigation industry that will have a cost at the farm gate as a result of that 100 gigalitres of water no longer being available for irrigation.

The Hon. IAN MACDONALD: As you would be aware, under the national water initiative, which is being led by the Coalition Government, there is provision for purchase of water out of the various valleys on the open market for whatever purpose others want to use it for. So there is a lot of activity in this particular area, and I do not think this program is a program that will be crucial to the irrigation industry into the future.

The Hon. RICK COLLESS: What is the farm gate turnover for the irrigation industry in New South Wales?

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

The Hon. RICK COLLESS: I would have thought you might know that figure. It is about \$3 billion.

The Hon. IAN MACDONALD: I know roughly the figure but I do not talk in roughly terms. I will get you the accurate figure.

The Hon. RICK COLLESS: If it is \$3 billion for 6,000 gigalitres of water, it works out at a loss of about \$50 million per year at the farm gate in terms of lost production in New South Wales, does it not?

The Hon. IAN MACDONALD: Not necessarily.

The Hon. DUNCAN GAY: Not necessarily?

The Hon. IAN MACDONALD: Because there are so many variant factors. You are assuming that in each and every situation there will be a gigalitre per million dollars. That is possible but it is not necessary.

The Hon. RICK COLLESS: No, we are talking about a gigalitre for \$500,000. We are talking about a gigalitre generating \$500,000. That is what it is.

The Hon. IAN MACDONALD: In many senses the current figure is in the order of \$1,000 per megalitre.

The Hon. RICK COLLESS: That is the value of the water.

The Hon. IAN MACDONALD: Yes, correct.

The Hon. RICK COLLESS: I am not arguing about that; I am arguing about the cost of lost production as a result of that 100 gigalitres of water going out.

The Hon. IAN MACDONALD: As you would be aware, the Government is involved in many programs that are improving the efficiency of our irrigation industries.

The Hon. RICK COLLESS: And this is not one of them, I would put to you.

The Hon. IAN MACDONALD: There are lots of programs that are improving efficiency—

The Hon. RICK COLLESS: What will be—

The Hon. IAN MACDONALD: No, I will answer the question. For instance, on Tuesday I was at Stanbridge at Griffith where Murray Irrigation Ltd is spending considerable amounts of money as part of a program to pipe 260 kilometres of open channels in the region and deliver the water through pressurised pumps. That water will deliver savings in the order of 50 gigalitres once the full program over the four years is rolled out. In my view—

The Hon. DUNCAN GAY: Minister, if I may—

The Hon. IAN MACDONALD: No, you will not interrupt me. I will answer my question how I like.

The Hon. DUNCAN GAY: That water is already committed to the Snowy. That is not a saving. That was the savings that had to be put in place for the Snowy.

The Hon. IAN MACDONALD: That is wrong in itself. I am talking about Stanbridge. Obviously you do not know about Stanbridge, but I am trying to explain it to you, where Murray Irrigation Limited [MIL] are investing in the water savings projects that are going to deliver, we believe, around 50 gigalitres a year to the industry in that region. And Stanbridge is about turning open concrete channels into pressurised systems.

The Hon. RICK COLLESS: Who is paying for that?

The Hon. IAN MACDONALD: MIL is paying for it, that is correct. But we have joint programs, and I will come to them in a minute. And that is delivering considerable water savings to that area which will be used within that area to obviously enhance production one way or another or, indeed, meet the contingencies that could be relevant upon the national water trading market. The fact is that the Government has been involved in a number of programs. You are quite right about Barrenbox, which is a project spending around \$28.7 million—

The Hon. RICK COLLESS: For 20 gigalitres.

The Hon. IAN MACDONALD: Yes, for 20 gigalitres, by agreement with MIL, which will be delivering water back to the Snowy, and that is a very real project that will make those savings. But we are also spending a lot of money over a whole range of areas which are delivering environmental pluses in conjunction with the irrigation industries.

The Hon. RICK COLLESS: Why have you not committed to the Menindee Lakes project yet? Now is the time that project should be being done while the lakes are still empty, yet there is

continuing procrastination on that project, and that project alone has the capacity or the potential to save a lot more water at a lot lower cost per megalitre of water than some of these other things you are doing.

The Hon. IAN MACDONALD: I am aware of the difficulties with the Menindee Lakes. There is no question that there is a large loss to the system due to evaporation out of those largely ephemeral lakes that have been turned into more regular water storages, and losses that are considerable. There have been projects put forward to spend considerable amounts of dollars in terms of making some savings, some changes. I am looking at those options at the moment. I agree with you: I believe we can do better in Menindee and I want to find better solutions to the situation there. I find it extraordinary that we have not really developed the strategies to try and make the appropriate savings there that I believe can be made, and yes, I am in fact, since taking the position in the Department of Natural Resources [DNR], looking at further options for Menindee Lakes.

The Hon. RICK COLLESS: I am pleased to hear that, Minister. Before the State Government made a commitment to the Riverbank program, was a rural communities impact statement prepared, and if so what were the findings?

The Hon. IAN MACDONALD: In relation to that I do not have the information. You should ask the Minister for the Environment.

The Hon. RICK COLLESS: Are you aware of any consultation that occurred in relation to that program?

The Hon. IAN MACDONALD: Well, I was certainly consulted, there is no question about that. I do not have the details of further consultation.

The Hon. DUNCAN GAY: Were you supportive of the program?

The Hon. IAN MACDONALD: It is government policy, so if it is government policy I am supportive of government initiatives.

The Hon. RICK COLLESS: If I could just go back to Menindee Lakes. Have you got any idea of what the cost comparison was between installing the residual flow pumping station at the Lake Menindee inlet and excavating a residual drain back to the main outlet regulator in Lake Menindee?

The Hon. IAN MACDONALD: I could read out a document to you that generally answered your question. There has been a lot of work done on this and, as I say to you, I could deal with some of the issues in some detail here, but suffice to say that I have asked for a review of the decisions that have been made.

The Hon. RICK COLLESS: During the September budget estimates hearing you stated that you were looking into all relevant issues relating to the Menindee Lakes improvements when asked if you agreed that the Kinchega channel option should be placed back on the agenda. Have you now determined your position on that Kinchega channel?

The Hon. IAN MACDONALD: I have engaged a consultant to look at these issues—the department has.

The Hon. RICK COLLESS: There have been lots of consultants look at them.

The Hon. IAN MACDONALD: Yes, but I do not do anything off the top of the head, I do it by advice, and a very esteemed consultant has been appointed to look at those issues.

The Hon. RICK COLLESS: Can you give us a brief overview of the current status of the Barrenbox Swamp project?

The Hon. IAN MACDONALD: Certainly. I was there on Tuesday so it is a bit of a free kick. Negotiations have gone on over the last two to three years with MIL. Agreement has been reached between Water for Rivers and MIL for works to commence in the area that will in fact cost in

the order of \$28.7 million. Those works will, by agreement with MIL, deliver a savings of around 20 gigalitres. What is happening with Barrenbox is that they are creating a major storage cell, which will cover in the order of 1,000 hectares of the site: the site is 3,200 hectares. The storage cell will have an embankment in the order of 13, 14 feet around it. The water will be kept at a level in the order of 7 feet. There will be an intermediate cell, which will be used for sort of flood events that normally would not be taken up in the wetland; it is a smaller cell, in the order of 200 hectares; and then there will be the restoration of the rest of the site, which is in the order of 2,000 hectares, which will be restored to a wetland.

It will be, I believe, one of the best projects that has been conceived and brought to fruition. I was there on Tuesday as the contracting companies were actually building the temporary embankments, because they are going to complete by Christmas temporary embankment in case there is a flood event and it can be contained and will not then encroach on the actual worksite. After Christmas they will commence building the major embankment around the storage cell. It is anticipated that the works will be finished by August 2006 and we will commission it soon thereafter.

It is a phenomenal project; it is a win for the environment; it is a win for the Snowy; and as well as that, it is a project that is conceived of ensuring significant savings for the environment without affecting people's water rights; it is also going to have a benefit in the area of the Murrumbidgee Irrigation Limited system of improving water quality as well. So it is a pretty comprehensive win for everyone and it will be followed by some other projects that have already been proposed, including Wee Waa channel, in which there can be considerable savings. We are looking at Yanco Creek and a number of other projects in the area to deliver savings. Water for Rivers have worked tirelessly to consummate disagreements with Murrumbidgee Irrigation Limited and I take this opportunity to congratulate Richard Bull and Mr Smith, the CEO of Water for Rivers, for their work.

The Hon. RICK COLLESS: Are there similar plans being developed or considered for other similar sorts of facilities such as Lake Victoria?

The Hon. IAN MACDONALD: With Lake Victoria I am not aware of any particular project at this point in time but, as I indicated to you in my previous answer, there is certainly consideration of other projects that follow on Barrenbox, which will generate significant savings. This is basically through Water for Rivers. But, as you would be aware, there is a number under the Icons program under the Living Murray projects to deliver water into significant wetlands. I think there are about six identified which are being pursued currently under the \$500 million COAG promise.

The Hon. RICK COLLESS: Are you aware of the Twin Lakes proposal for Lake Alexandrina?

The Hon. IAN MACDONALD: I am aware of a lot of potential savings that could be made in South Australia with the decommissioning, in effect, of the Goolwa Barrage and those savings would be significant from reports I have read, including the Broucher report from a few years back. Of course, to proceed with plans of that nature of putting a barrage around Murray Bridge or thereabouts and reconverting the rest of the areas back to their more original state, there are views that that will create considerable savings, but of course in pursuing that in that direction there are significant impacts upon the irrigation industries in South Australia.

The Hon. RICK COLLESS: Have you had any discussions with the South Australian Minister for Murray River, I think she is called, in that regard?

The Hon. IAN MACDONALD: Kayleen Maywold. I have had several discussions with Kayleen, the Minister for the Murray River, from South Australia. We have not actually got down to the substantive issues at this point of time I must say, but I am sure we will in the future. Basically, the debates I have been having with her concern the relative conditions upon which water should be traded out of New South Wales.

The Hon. RICK COLLESS: Are you developing a dialogue with her in relation to a better management plan for the whole Murray Lakes?

The Hon. IAN MACDONALD: No, to be frank. To some degree that is a bit of a sovereign issue to South Australia. Although there has been generalised discussion within the context of the NDBC I have not specifically had discussions about the issues that you have raised. I am aware of those issues though.

The Hon. DUNCAN GAY: But, Minister, the South Australians are not backward in telling us what to do with water that comes through New South Wales.

The Hon. IAN MACDONALD: If I thought this hearing of the Estimates committee was turning into an opportunity for me to bash South Australia perhaps I should have prepared a little bit more in advance. Suffice to say that we do have some disagreements with South Australia on some of these issues but you already know over the years with me that I try to co-operatively work through them and try and find a reasonable resolution.

The Hon. RICK COLLESS: Could I turn now to the Barwon-Darling system? Do you concur with the department's view that the diversion data for the Barwon-Darling system between Mungindi and Menindee has been understated?

The Hon. IAN MACDONALD: I do not think I could be so definitive at this point. Suffice to say that this is an issue that has been raised with me on numerous occasions; it has been raised by the Deputy Premier of Victoria recently, who has a view on the cap; it has been raised in a more public sense with the South Australians at the NDBC. My predecessor came to the conclusion that there would be a cap of 173 gigalitres with a carryover, in effect, of 173 gigalitres: more or less sort of a helping hand. I have been meeting with the irrigators and had several deputations who have raised this issue with me and I am actively considering this at the moment. I have been out to Bourke in the past and have met with all of the proponents— David Boyd, CEO of Clyde Agriculture—and have had pretty good discussions with them.

I am looking through the decision at the moment, but you must remember that in relation to this issue we are under strong criticism from Victoria and South Australia and indeed, to some extent, from the Commonwealth about the cap and the accedence of it in the Barwon-Darling, and clearly, whilst I look at how we may settle on a final solution there—

The Hon. RICK COLLESS: It is only a proposed cap at this stage?

The Hon. IAN MACDONALD: Yes, it is a proposed cap, that is true.

The Hon. RICK COLLESS: It has not been signed off on?

The Hon. IAN MACDONALD: That is correct. And as I indicated, I am having discussions with irrigators in the area, and others; the council, for instance, has a very strong view and indeed the local member is strident in his views on this issue and has indicated to me on numerous occasions what I should do.

The Hon. RICK COLLESS: I bet he has.

The Hon. IAN MACDONALD: His view probably is not far from that of the Hon. Rick Colless. In the end I will have a good look at this issue. On 30 September when I went to the MDBC the only discordant note in that afternoon was on this issue when South Australia got stuck into me over the cap and it exceeded the Barwon-Darling, although I pointed out that New South Wales—it has been compiled and the figures are very accurate—has cap credits overall in the total system in the order of 1,433 kilolitres, which is a substantial amount of water.

The Hon. RICK COLLESS: Are you aware that State Water has undertaken to install more accurate water meters to try to quantify that underestimation?

The Hon. IAN MACDONALD: I think the installation of new technologies in this area is a priority. We are actively considering how we put into effect more accurate metering. It is being rolled out in pilot programs in Victoria. It has been very successful in identifying considerable savings. Yes, that is a very important part of how we proceed in the future.

The Hon. RICK COLLESS: Will you honour former Minister Knowles' promise to quantify and adjust that annual cap limit according to that new data?

The Hon. IAN MACDONALD: I will not make any specific commitments here, other than to say that I am looking at these issues and taking advice from all parties.

The Hon. RICK COLLESS: Are you also aware that irrigation industries on that section of the river question the validity of the proposed cap of 173 kilolitres—

The Hon. IAN MACDONALD: Yes.

The Hon. RICK COLLESS: —as there are some significant flow estimate anomalies in the hydrological assessment?

The Hon. IAN MACDONALD: Yes, I would think it would be very difficult to quantify precisely the Darling's flow because when it reaches a flood—being able to measure a 20-kilometre wide or a 30-kilometre wide flood accurately suggests what sort of levels of water are in that river at that time—it is almost impossible. Yes, that is one of the issues that is being canvassed actively. I hope to resolve it in the not too distant future, mindful that New South Wales is under a lot of pressure from the other States with the MDBC agreement.

The Hon. DUNCAN GAY: I take you back to the previous question asked by the Hon. Rick Colless about quantify and adjusting the annual cap limit to take into account new data from better recording. Your reply was, " I am taking advice on that." I think we really need a better answer than that. If you receive better information that there is more water you will review that cap according to that information.

The Hon. IAN MACDONALD: I think I indicated—

The Hon. DUNCAN GAY: You did not.

The Hon. IAN MACDONALD: I think I indicated that if we could better quantify the water values there then, obviously, that would have an impact on the overall cap.

The Hon. RICK COLLESS: In that case, will you also give us a commitment that you will readjust that cap figure in accordance with more scientifically verifiable hydrological data as it becomes available?

The Hon. IAN MACDONALD: I believe I am a renaissance man and I try to base myself on the best science.

The Hon. DUNCAN GAY: That is what all vigneron the say.

The Hon. IAN MACDONALD: I think the vigneron think I am a renaissance man. In relation to this issue, of course if better technical data were available we would have to look again at that.

The Hon. RICK COLLESS: One of the concerns people have is that whenever there is a readjustment it always seems to be a readjustment down to the industry and a readjustment up to the environment. Will you give an undertaking that any readjustment—

The Hon. IAN MACDONALD: Will be upward?

The Hon. RICK COLLESS: No, I am not suggesting that at all. What I am asking you is will you undertake to give us a realistic adjustment figure and if it suggests that it can go up that it will be on?

The Hon. IAN MACDONALD: Absolutely.

The Hon. RICK COLLESS: Are you responsible for the Water Administration Ministerial Corporation?

The Hon. IAN MACDONALD: Absolutely.

The Hon. RICK COLLESS: What role does that corporation play in water management?

The Hon. IAN MACDONALD: You must remember that under my administration I have more Acts than just about anyone else. I will have an answer for you shortly.

The Hon. RICK COLLESS: Do you think you have too many Acts under your control?

The Hon. IAN MACDONALD: No.

The Hon. RICK COLLESS: Many people do.

The Hon. DUNCAN GAY: It is not just our side.

The Hon. IAN MACDONALD: I am advised that ownership of the water assets is with the Treasurer.

CHAIR: I was interested to hear you say that you are responsible for more Acts than any other Minister.

The Hon. IAN MACDONALD: No, a lot.

CHAIR: Given that DIPNR was broken up recently—it was a super ministry—do you have a costing to the Natural Resources Department in this process?

The Hon. IAN MACDONALD: A costing?

CHAIR: Was the costing allocated for the changes?

The Hon. IAN MACDONALD: Budget.

CHAIR: Budget, yes.

The Hon. IAN MACDONALD: Yes, there were budget changes.

CHAIR: Allocated to changes to the Natural Resources portfolio as a separate entity?

The Hon. IAN MACDONALD: We have received a Consolidated Fund recurrent allocation, if that is what you mean, of \$342.869 million.

CHAIR: I am talking about a direct costing of the process of the changes in that bureaucracy. Do you have a costing for the development of DIPNR in the first place?

The Hon. IAN MACDONALD: No.

CHAIR: What is the cost to the community in these structural changes?

The Hon. IAN MACDONALD: I would have to take that on notice, but I would not anticipate that it would be very expensive. We did not engage any big end of town consultancy draft on structure or anything like that. I would think that they would be minimal.

CHAIR: Has the Department of Natural Resources established, or does the department intend to establish, a client liaison or client relations approach to regulating native vegetation legislation? What will this entail? Is such an approach appropriate, given the lack of confidence in the department that has been expressed recently in terms of investigation and prosecution of illegal land clearing?

The Hon. IAN MACDONALD: I would rather reply to this in some detail. I am aware of the scenario that some groups have tried to paint in relation to compliance actions. The department has investigated 753 alleged land clearing breaches since commencement of the Native Vegetation Conservation Act in January 1998. These have resulted in 18 successful prosecution actions, 21 stop work orders, 69 remediation notices, 60 remediation agreements—negotiated remediation actions—and some 361 warning letters generally for minor or technical breaches. The majority of the remainder of the cases were found to be either exempt from the need to obtain consent or excluded from the operation of the Act. I am informed that the most significant cause of suboptimal delivery of compliance solutions lies with difficulties in that legislation at that time and the previous lack of a systematic means of detecting illegal clearing. I note that both of these issues have been addressed already through the introduction of the Native Vegetation Act 2003 and the satellite monitoring program.

The previous Native Vegetation Conservation Act is highly complex and, given the evidentiary standards required, is also very difficult to enforce. The Act will greatly assist in this area of enforcement. Under the old Act the department would have been required to prove that landholders undertook or directed clearing of native vegetation in contravention of the law. However, under the Act landholders will be deemed to be responsible for clearing that occurs on their land. The Act also will provide landholders with much more certainty and flexibility surrounding their operations under the Property Vegetation Plan provisions. A further measure to assist the department in compliance regime is the recent purchase of spot five satellite technology, which will enable the department to move to a proactive system of monitoring native vegetation change. The department is in the process of finalising a compliance policy, which will ensure a consistent and transparent delivery of its compliance function. The policy will be supported by operational policies and procedures.

Once enacted the new system will allow the department to take an integrated approach to ensuring compliance with the native resource legislation it administers. As such, this approach will include promoting voluntary compliance through education and communication; monitoring compliance, for example surveillance, satellite monitoring and auditing; investigating potential breaches; and taking appropriate action where breaches occurred. DNR delivers its compliance functions through regional compliance units in its seven regions across the State, and a co-ordinating Central Compliance Branch. Regional compliance units are now moving to an integrated compliance approach in which they undertake the broad compliance functions of education, communication monitoring, surveillance satellite monitoring, auditing and investigating. The compliance responses available to the department include giving warnings, remediation warnings, penalty notices, licence suspension, cancellation of accounts debiting for water licences only and prosecution for highly significant breaches.

The Hon. RICK COLLESS: What are you going to do to help them?

The Hon. IAN MACDONALD: The decision to take enforcement action, including prosecution, will be based on an objective assessment of culpability, environmental harm and the public interest risk consistent with departmental policy and procedures, and free of inappropriate influences. Where possible the emphasis will be placed on achieving optimum environmental outcomes through remediation and equitable use of resources. Negotiation or mediation can be offered in relation to the practicalities and physical constraints on remediation where appropriate. Education and communication will be targeted to deal with the issues specific to the various stakeholder groups and rural communities throughout New South Wales. Breaches of high significance will receive a strong compliance response. The new structure of the department has been placed on the Intranet today, and there will be an executive director who will be in charge of compliance.

CHAIR: Will there be a client liaison or client relations—

The Hon. IAN MACDONALD: No, it is compliance. They have read it.

CHAIR: Is there going to be a client relations unit?

The Hon. IAN MACDONALD: If you read my answer, I think it covers it in its entirety. It is not client relations. It is called compliance.

CHAIR: So there are no client relations, it is going to be compliance?

The Hon. DUNCAN GAY: It is the environment police.

The Hon. RICK COLLESS: It is a big, big stick. It is pie in the sky.

The Hon. IAN MACDONALD: Have a look at my answer. But they will endeavour, of course, to find appropriate solutions. However, where there are significant breaches that have caused environmental harm stronger compliant action will be taken.

CHAIR: It is understood that DIPNR conducted a survey of land clearing hot spots over the last two years. It is understood that the survey covered only 10 per cent of New South Wales, yet it identified 21,000 hectares of possible illegal clearing in both inland and coastal regions. Is this the case? What exactly were the areas included in the 10 per cent sweep?

The Hon. IAN MACDONALD: The spot five satellite does provide data images. Analysis of what you are referring to showed possible vegetation changes between October 2004 and November 2005. The data is now being analysed using aerial photography and ground follow-up visits. It is likely that spot five image differences will be due to invasive scrub or woody weeds, regrowth and seasonal ploughing. If, following investigation, it is assessed that a breach of the Act has occurred appropriate legal action will be taken.

CHAIR: Have results of the survey been made public?

The Hon. IAN MACDONALD: No.

CHAIR: Why not?

The Hon. IAN MACDONALD: As I have just said to you, the assessment is being done at the moment. It is not finished. It is not clear cut.

CHAIR: Can you indicate to the Committee if and when the survey results will be publicly available?

The Hon. IAN MACDONALD: When they are complete we will be assessing and making those sorts of decisions.

CHAIR: Can you give a rough estimate?

The Hon. IAN MACDONALD: No.

CHAIR: Next year, the year after?

The Hon. IAN MACDONALD: When they are ready. It will not be the year after; it will be next year.

CHAIR: In your answer about prosecutions did you indicate how many prosecutions the department has brought against landholders for illegally clearing land under the native vegetation conservation Act 1997?

The Hon. IAN MACDONALD: My answer was relevant to a period since 1998.

CHAIR: I am not questioning—

The Hon. IAN MACDONALD: It might have been taken already by my very diligent staff. See my previous answer.

CHAIR: Okay. If it is not complete can you please take the rest of the question on notice?

The Hon. IAN MACDONALD: Yes.

CHAIR: Thank you. In 2003 the Australian Greenhouse Office was commissioned by the department to map native vegetation in New South Wales for the period between 1970 and 2003-04 at a cost of \$1.1 million. Can you let the Committee know about the status of this report?

The Hon. IAN MACDONALD: I will have to take that question on notice and give you a reply.

CHAIR: Thank you. Is there a budget for comprehensive annual or biannual reporting of land-clearing rates in New South Wales, and which techniques will be used?

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

CHAIR: Are you committing to an annual map of the State with spot five satellite imagery? What exactly is the schedule for satellite monitoring to measure native vegetation extent and clearing across the whole State?

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

CHAIR: Thank you. The Government abolished dozens of advisory councils to create one overarching advisory council, the Natural Resources Advisory Council. Some people feel that you are undermining that council by establishing new sectoral advisory councils. How many advisory councils have you established so far?

The Hon. IAN MACDONALD: I am completely at a loss about that question. I support the Natural Resources Advisory Council [NRAC] chaired by Linda Burney, who is a member of the Legislative Assembly. It certainly has not been undermined. In fact, on Monday this week I launched with her a partnerships program involving the expenditure of \$1.2 million. The only committees that I have established have been relevant to native vegetation in which I have appointed Jeff Angel and others, including Mal Peters and Chair Tom Parry to gather information in relation to the roll-out and implementation of the regulations. This was supported by industry and New South Wales Farmers. It was set up to try to ensure that we would be able to respond quickly to any perceived problems that may occur with the operation of the Act. This in no way undermines the work of the NRAC. To my knowledge, I have not established a plethora of committees in relation to the DNR. I think you are getting things very confused.

CHAIR: So there are no sectoral advisory councils being established.

The Hon. IAN MACDONALD: Not to my knowledge. What I think is happening is that you are confusing the Department of Primary Industries, where I do have a number of committees that have been established, publicised and released that are industry committees. But they are to deal with issues relevant to Primary Industries; they have nothing to do with DNR.

CHAIR: We might revisit that issue next time.

The Hon. IAN MACDONALD: To my knowledge, the only committees that I have appointed since 3 August or whenever is the committee to look into the Native Vegetation Act, which has all sides represented on it—all the key negotiators that have been working on native vegetation for the past three years.

CHAIR: Does that include representatives from the environment movement?

The Hon. IAN MACDONALD: I have already mentioned Jeff Angel, whom I regard as New South Wales's greatest environment person and leader.

CHAIR: I am sure that he will be pleased to receive that endorsement.

The Hon. IAN MACDONALD: Sorry, Ian, I just had to say it.

CHAIR: I am well aware of the Government's perspective on the matter of who to deal with in the environment movement. Minister, how is the Government, and particularly your department, progressing in regard to biodiversity classification?

The Hon. IAN MACDONALD: I will have to take that question on notice. We think that is probably more in the realms of the Department of Environment and Conservation.

CHAIR: I understand that it also covers Natural Resources.

The Hon. IAN MACDONALD: No.

CHAIR: Does biodiversity banking as a development have anything to do with your department?

The Hon. IAN MACDONALD: No. As far as I understand it, it is more in the realms of the Department of Environment and Conservation.

Ms SYLVIA HALE: Minister, I have a few questions about clearing in the lower Hunter Valley, particularly around North Rothbury. You may be aware that Hardie Holdings are pushing to establish a city of some 95,000 people occupying an area of about 2,000 hectares. In the last two weeks of November a considerable amount of clearing took place and I understand that that resulted in a great many complaints to your department. Residents have since received a notice saying that a freedom of information application has been made about those complaints. This is a considerable deterrent to people making complaints because they think if their names become known they will be victimised and will suffer the consequences. Will you confirm that the department will not release the names and addresses of people who have made complaints?

The Hon. IAN MACDONALD: I will take that question on notice. I am aware of the issue and I am aware of the discussion that is going on about the future of development in that particular area, and of course of the debate about it. I will take the question on notice and give you a fuller reply.

Ms SYLVIA HALE: Thank you. On 17 November you wrote to Councillor James Ryan from Cessnock council—or someone in your department did—about the clearing that had been undertaken both in relation to the Sweetwater proposal, which is the Hardie Holdings proposal, and another clearing in the area of the State called the Hanwood Estate. In that letter you said that it had been determined that the clearing that was taking place was potentially significant and was currently being investigated. Could you please inform the Committee what stage the investigation is at? Are there any estimates available of the area that has been scrubbed on land owned or controlled by Hardie Holdings?

The Hon. IAN MACDONALD: I will take that question on notice and give you a comprehensive reply.

Ms SYLVIA HALE: When responding to the question will you indicate whether the department is considering court action or any other remedy in regard to Hardie Holdings, such as rehabilitation?

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

Ms SYLVIA HALE: In relation to the Hanwood Estate, I believe a stop-work order was issued but the clearing continued. Can you indicate what action the department will take in this instance?

The Hon. IAN MACDONALD: As above. I do not think in a hearing of an estimates committee on an issue so sensitive I should be talking in a very public way about the details of an investigation. I certainly would never disclose the details of an investigation in any circumstances. So I will take the question on notice.

Ms SYLVIA HALE: But you would agree that if there appears to be inactivity on the part of the department that would send the message that it is okay to proceed.

The Hon. IAN MACDONALD: No, I would not concede anything. I will give you a written reply.

Ms SYLVIA HALE: As you may know, the Minister for Planning has released a draft Lower Hunter regional strategy and under that strategy the area that Hardie Holdings is clearing is described as an investigation zone—presumably investigation for subsequent development down the track. Will you be approaching your colleague to ask him to remove investigation zones from the draft strategy given that there is adequate land set aside already for development in the Lower Hunter for foreseeable the next 25 years?

The Hon. IAN MACDONALD: The same reply. It is the same situation.

The Hon. RICK COLLESS: Minister, can I take you back to the Water Administration Ministerial Corporation. I asked you what role that corporation plays in water management but I was a little confused by the answer you gave me. Can you clarify for the Committee the role that the corporation plays in water management?

The Hon. IAN MACDONALD: I will ask Peter Sutherland, the deputy director of water, to give you an answer.

The Hon. RICK COLLESS: Thank you.

Mr SUTHERLAND: The ministerial corporation is an entity under the Water and Water Management Acts, in relation to decisions made in relation to certain aspects of the Acts.

The Hon. RICK COLLESS: So what does it actually do?

Mr SUTHERLAND: It is essentially a legal entity in terms of the Water Management Act in terms of approvals for specific elements of the Act.

The Hon. RICK COLLESS: Does it do anything like construction, maintenance, water management works or anything like that?

Mr SUTHERLAND: I think you will find that the corporation is an entity in terms of the sign-off of certain activities in relation to works and measures related to water and water infrastructure.

The Hon. RICK COLLESS: Thank you for that. Can I go to the Department of Natural Resources's water resource management activities. How much of those fees are you looking to recoup through the water fees components?

The Hon. IAN MACDONALD: I may have something on that for you. I understand that your question is based on some irrigators' concern with potential increases in bulk water prices. The setting of the bulk water prices is an independent and transparent process undertaken by the Independent Pricing and Regulatory Tribunal [IPART]. The Department of Natural Resources [DNR] lodged a medium term water resource management pricing submission for the four years commencing 1 July 2006 with IPART in September 2005. This needs to be distinguished from the submission by the State Water Corporation for costs of the rural water delivery services.

The Hon. DUNCAN GAY: We are just asking you for your part.

The Hon. IAN MACDONALD: Okay, but I am going on to my part.

The Hon. DUNCAN GAY: We do not need to be told about the others.

The Hon. IAN MACDONALD: Except that I am just making it clear that our submission is somewhat different.

The Hon. DUNCAN GAY: We are clear on that. We are just asking you about your part.

The Hon. IAN MACDONALD: I was not going on. I was just saying—

The Hon. DUNCAN GAY: Yes, you were.

The Hon. IAN MACDONALD: No, I was not. In fact I am reading the next sentence which is about us.

The Hon. RICK COLLESS: Do not read it all.

The Hon. IAN MACDONALD: You are too suspicious, Duncan.

The Hon. DUNCAN GAY: I have known you too long.

The Hon. IAN MACDONALD: It is the festive Season.

The Hon. RICK COLLESS: How much of the water fees are related to the water resource management component of your department? That is what I want to know. I do not want to know all that other stuff.

The Hon. IAN MACDONALD: No. In brief, the DNR submission indicated that water resource management costs will increase from the 2001 level of \$46 million to \$52 million in 2006-07. Most of the increases are in respect of increasing monitoring, compliance and reporting required by the now statutory water sharing plans and the commitments under the national water initiative. The last determination found that \$26 million—and I have given you all the figures, Richard, so write them down—of the \$46 million should be recoverable from users. However, to avoid price shock, a price path recovering just \$15 million was set. IPART will again determine the price path toward full cost recovery.

DNR met with the New South Wales Irrigators Council—consultation—prior to the lodgment of its submission to ensure the council was apprised of the key elements and drivers of water resource management activities included in the submission. The submission confirms that there are no remaining activities that are duplicated with State Water. State Water is responsible for infrastructure management and water delivery in regulated rivers only. DNR, as you are well aware, is responsible for assessment of water available, and the planning and monitoring and reporting for ground water and unregulated streams. Service provision between the two agencies, where economies of scale dictate, is covered by contractual arrangement.

DNR's submission provides the necessary costing information to enable IPART to decide which component should be paid for by water users and which by government. The objective of full cost recovery in water pricing was set by the decision in 1994 of the Council of Australian Governments [COAG]—that 1994 COAG decision between the Fahey Government and the then Keating Government—and is now embodied in the intergovernmental agreement covering a national water initiative. IPART intends to release their determination of water resource management charges to apply from July 2006 in June 2006.

The Hon. DUNCAN GAY: Has IPART ever knocked you back?

The Hon. IAN MACDONALD: I do not know. I have never been before IPART before.

The Hon. DUNCAN GAY: It is a question that, if he cannot answer, you can take on notice.

The Hon. IAN MACDONALD: Yes. I will take it on notice. I am a generous guy, and it is Christmas.

The Hon. RICK COLLESS: How far are you now from full cost recovery on those water resource management [WRM] activities?

The Hon. IAN MACDONALD: We will wait on IPART. The advice here by my think tank is in the order of \$11 million under that \$26 million.

The Hon. RICK COLLESS: Under?

The Hon. IAN MACDONALD: In other words, we are recovering, if this decision is accepted by IPART or, I am sorry, if this proposal is accepted by IPART, we would be receiving around \$15 million of \$26 million, so there would be \$11 million.

The Hon. RICK COLLESS: In the light of that, are you seeking to recover all costs for water resource management [WRM] activities, including the costs that result in community and environmental benefits, as well as costs that contribute to the private benefit as a result of water use?

The Hon. IAN MACDONALD: I think IPART will be dealing with that and determining what costs are in and out. Suffice it to say that, as you know, we have an obligation to move toward—

The Hon. RICK COLLESS: What did your submission say in that regard?

The Hon. IAN MACDONALD: You should look it up on the web site. It is publicly available.

The Hon. RICK COLLESS: I would like you to tell me what it said.

The Hon. IAN MACDONALD: No, no, Richard. I am not here to do the research for you. The Nationals—

The Hon. RICK COLLESS: No, you are here to answer the questions we ask you in regard to this—in regard to funding.

The Hon. IAN MACDONALD: Yes, in whichever way I wish to. The Nationals are quite capable of opening the web site and having a look at it.

The Hon. DUNCAN GAY: Is it time to remind you of your colleague in Queensland?

The Hon. IAN MACDONALD: Well, that is an allegation, for a start. But let us point out that I am in fact being helpful. I am directing you towards the publicly available submission that answers the question you have asked.

The Hon. RICK COLLESS: We can all read it off the net. I want to know what your view of it is.

The Hon. IAN MACDONALD: It is irrelevant what my view is.

The Hon. RICK COLLESS: Oh, I see.

The Hon. IAN MACDONALD: It is a submission. It is a collective submission.

The Hon. RICK COLLESS: In that case can you tell me if you are also seeking to recover those costs that accrue as a result of changes in environmental expectations by the community?

The Hon. IAN MACDONALD: IPART really will factor in, in the end, the environmental changes.

The Hon. DUNCAN GAY: Yes, but what did you ask IPART to do?

The Hon. RICK COLLESS: What was in your submission to IPART in that regard?

The Hon. IAN MACDONALD: They will determine it. Again, I think I am not Ian Macdonald, research assistant to the Hon. Rick Colless. I think you could look it up on the web site.

The Hon. RICK COLLESS: Goodness me. You are supposed to have some of the answers yourself, Minister. You are the Minister for water, after all.

The Hon. IAN MACDONALD: Yes, I am, but I am not here to provide research facilities for The Nationals.

The Hon. RICK COLLESS: I am not asking you to do that. I am trying to find out whether you have any understanding of these issues yourself.

The Hon. IAN MACDONALD: In fact, I make it clear to you that we put up what we believe are all of the costs involved and it is up to IPART to make the determination.

The Hon. RICK COLLESS: Will you give an undertaking not to recover those costs—and I am referring to those costs as a result of changing environment expectations by the community—

The Hon. IAN MACDONALD: Expectations?

The Hon. RICK COLLESS: If you had listened to me, you would understand the question. The question I asked you was: are you seeking to recover those costs that accrue as a result of changing environmental expectations by the community? The second part of that question now is—you have already answered that, or not answered that, and you are not listening—will you give an undertaking not to recover those costs from the irrigation industry?

The Hon. IAN MACDONALD: I do not understand what you are talking about, in reality, with community expectations.

The Hon. RICK COLLESS: Come on!

The Hon. IAN MACDONALD: I will take the question on notice and I will send you the relevant pages of our submission to IPART. That will be very helpful.

The Hon. RICK COLLESS: I can read that myself. I want to know what your view on it is. Obviously, you do not have one.

The Hon. IAN MACDONALD: I have a view on it.

The Hon. RICK COLLESS: Are you then moving towards a full cost recovery of WRM activities within five years, in line with State Water's stated objective?

The Hon. IAN MACDONALD: Let me make it very clear to you that the water agreement we have signed through COAG says that we have to have full cost recovery, so all costs relevant to DNR will have to be included within that process.

The Hon. DUNCAN GAY: I will move on to native vegetation. How many people are accredited to use the property vegetation plan [PVP] developer program?

The Hon. IAN MACDONALD: How long is a piece of string?

The Hon. RICK COLLESS: Not very long.

The Hon. IAN MACDONALD: Well, that may be, but it depends. I do not have an exact figure, but in relation to the resources we have put into the catchment management authorities [CMAs], we now have 265 staff transferred in. We have 435 CMA employees, equating to 407 equivalent full-time staff [EFTS]. We have 13 chairs and we have 81 members. Of those CMAs, we have training programs in place, but as to how many people want to use PVP developer, I do not have that figure to hand.

The Hon. DUNCAN GAY: Thank you for the information on the question I did not ask. Could you or your advisers tell us whether it is fewer than five or more than 10 people who are accredited to use the PVP?

The Hon. IAN MACDONALD: Oh, accredited to use. I am sorry.

The Hon. DUNCAN GAY: Well, it was a simple question. It is the same question I have referred to.

The Hon. IAN MACDONALD: I am sorry, 173.

The Hon. RICK COLLESS: Where are they located?

The Hon. IAN MACDONALD: I will take where they are located on notice.

The Hon. RICK COLLESS: There are only two in the border rivers. Where are the others? There must be a lot somewhere else

The Hon. IAN MACDONALD: I will take that on notice and I will give you a good analysis of it, Richard.

The Hon. DUNCAN GAY: Minister, does the Department of Natural Resources or the CMAs or a combination of both employ these people?

The Hon. IAN MACDONALD: CMAs, yes. Yes is the answer to the lot, and the Department of Environment and Conservation [DEC] has a few people.

The Hon. DUNCAN GAY: Could you give us a breakdown of where they are?

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

The Hon. DUNCAN GAY: What will be the cost of processing a PVP?

The Hon. IAN MACDONALD: There is no charge to the farmer. The cost to the department would be wrapped up in the \$436 million program, and the funding of the CMAs in general.

The Hon. DUNCAN GAY: So the cost will not be to the department; it will be to the CMAs?

The Hon. IAN MACDONALD: Sorry?

The Hon. DUNCAN GAY: Who will bear the costs? You answered part of a question I had not asked—whether it is the farmer or the CMA or the department?

The Hon. IAN MACDONALD: No, the farmer pays no cost for asking. The New South Wales Government funds CMA staff. So I guess in the end we bear the cost.

The Hon. DUNCAN GAY: Minister, why have you included in the regulations a requirement for the Ministers to make public the global positioning satellites [GPS] co-ordinates of the location of land that is to have broad scale land clearing carried out?

The Hon. IAN MACDONALD: I do not think that is exactly what the requirement for the co-ordinates is, exactly. It is to deal with, as I understood it, variations. I might stand to be corrected there.

The Hon. DUNCAN GAY: My diligent researchers tell me that it is the case, Minister.

The Hon. IAN MACDONALD: My understanding is that throughout the discussions it was agreed by both sides that the action taken, included in the regulations, was agreed.

The Hon. RICK COLLESS: It was not agreed to by it the New South Wales Farmers Association.

The Hon. DUNCAN GAY: I am assuming that you have agreed that it is there. Why is that information to be made publicly available from the principal office of the CMA? Is this frankly not an intrusion of privacy and business confidentiality?

The Hon. IAN MACDONALD: In the end, it is a balance between the concerns of the private individual and their pursuit of their business needs, and the need for transparency with decisions taken in regard to these issues, particularly from an environmental perspective. I think this was a good balanced solution, given that originally it was proposed that the actual location of the property in the name and what have you would be on a publicly available register. We believe that in fact those sorts of details have to be available for legitimate purchasers.

The Hon. DUNCAN GAY: Given that that material would be available with the department and for them to follow up and would be available for the department for purchasers, why is it being put in the public realm? You have indicated transparency. Are you deliberately putting it there is so that extreme environmental groups can target these people?

The Hon. IAN MACDONALD: In relation to that question, every research plot that has been conducted in this country in relation to genetic modification research is available publicly and on the web. I have not read a story yet of people taking a four-wheel drive through a property. I believe that people are sensible about these issues. It is important that we do have confidence from all sides about the fact that the Government's commitment to end brought scale land clearing is in fact honoured in the process.

There is the view that, clearly in these circumstances—and the unique circumstances they are—the public has the right to know where there has been some modification, if you like, or offsets, that have been entered into. I do not support trespass by anyone entering into private lands for the purposes of the sorts of actions you are talking about. I believe there is ample opportunity under the law for farmers who feel so transgressed—in the rare possibility that it occurred—to take legitimate legal action against such individuals.

The Hon. DUNCAN GAY: What will be the cost of providing this information?

The Hon. IAN MACDONALD: I do not have an assessment to hand. I will give you a written answer to that question.

The Hon. DUNCAN GAY: Could you also give the Committee an indication of written material, where Farmers requested that this information be made public?

The Hon. IAN MACDONALD: Where farmers?

The Hon. RICK COLLESS: New South Wales Farmers Association.

The Hon. IAN MACDONALD: Where they requested it? No, they certainly did not request that it be made public.

The Hon. DUNCAN GAY: You indicated earlier that this was done with the agreement of the Farmers.

The Hon. IAN MACDONALD: No, I said—

The Hon. RICK COLLESS: You did!

The Hon. IAN MACDONALD: No. I said—

The Hon. DUNCAN GAY: You did!

The Hon. IAN MACDONALD: I said there was a debate between the two sides and that this was a compromise that had been put as a way through, in terms of balancing public right to know with private non-disclosure. New South Wales Farmers was apprised of this right from the beginning. I believe that in the end we have reached a very balanced package.

The Hon. DUNCAN GAY: Could you provide to the Committee with a list of the people who requested that this material be made public?

The Hon. IAN MACDONALD: A list of the people? I will consider that, but I do not see why I should release a list of people who wanted this particular approach taken that led to the negotiations. It is certainly gross!

The Hon. DUNCAN GAY: For you, or your predecessor, to be persuaded to go down this track, given that you indicated that Farmers were opposed to this, there must have been a compelling public outcry asking for this to happen. I think it is fair, given that you have taken such a major step that puts at risk people's private information, at what might be a considerable cost, that there be some back-up information.

The Hon. IAN MACDONALD: I do not think it is the issue of such moment that you are trying to blow it up into.

The Hon. DUNCAN GAY: Will there be ability for farmers to have a trial PVP completed before a final one is done?

The Hon. IAN MACDONALD: The way the PVP development process has been put together there will be ample opportunity for on-site considerations of all the issues.

The Hon. Duncan Gay: That is not what I asked, though.

The Hon. IAN MACDONALD: If a farmer wants a particular proposal to be looked at I believe that there would be much room for negotiation by the farmer with the CMA in relation to a specific proposal. In that sense, I think there are potential options for the farmer, with the accredited assessor, to consider what options are available before something is locked in. You would hope that that would be the process.

The Hon. DUNCAN GAY: We would all like that. We find that the Minister will vote for it but cannot tell us that it will happen.

The Hon. IAN MACDONALD: I am of the belief that there will be discussion, and a pretty open discussion, between the assessor and the proponent farmer.

The Hon. DUNCAN GAY: Minister, that is terrific, and that would have been great under the old system. But, under new system, you have your regulations and then you have 80 pages of interpretation that provides the computer program and the development that can only operate through that. You cannot negotiate; you actually have to submit a trial one through the system to find out whether you are meeting the requirements. The question I was asking is: Will there be an ability for people to refine their submission by doing a trial before it goes to the final PVP? You understand your own process, do you not?

The Hon. IAN MACDONALD: Yes.

The Hon. DUNCAN GAY: Well, that is not obvious!

The Hon. IAN MACDONALD: No, you are the one trying to put a classroom stricture on how this will proceed. I am saying to you that, in terms of the CMA assessor going out to a property, there is great scope for a broad-ranging discussion. I am sure they might do several trials before they lock into a specific approach. I want to see flexibility. I do not want to define it down another way that ensures that people cannot get on with finding flexible solutions to the problems on a property. But, underlying it all is the Government's commitment to end broad-scale clearing. We cannot jump over that.

The Hon. DUNCAN GAY: Minister, will the department or the CMA be providing training for farmers to enable them to use the development program?

The Hon. IAN MACDONALD: I think it is appropriate that I outline to you that there will be a considerable education program, which will be off and running early in the New Year, with the Department of Natural Resources and the participation of New South Wales Farmers Association. We will be conducting a large education program, a substantial education program, on how the legislation will work, and giving farmers a fair idea of how they can approach the issue of seeking education.

The Hon. RICK COLLESS: That is not going to help those who want to go into their cropping program for next year, though!

The Hon. IAN MACDONALD: Cropping program for next year?

The Hon. RICK COLLESS: No.

The Hon. DUNCAN GAY: My specific question is: Will you be providing training for farmers to use the PVP?

The Hon. IAN MACDONALD: Yes, that is part of the training program.

The Hon. DUNCAN GAY: Well, that was the question.

The Hon. IAN MACDONALD: I was telling you.

The Hon. DUNCAN GAY: No, you were not.

The Hon. IAN MACDONALD: I said we will be undertaking a large-scale education program.

The Hon. DUNCAN GAY: For them to use the PVP development program?

The Hon. IAN MACDONALD: Clearly, to understand the intricacies of it.

The Hon. DUNCAN GAY: No, to use it, to be able to use it?

The Hon. IAN MACDONALD: What? To play with the program, or something? What are you trying to suggest?

The Hon. DUNCAN GAY: Well, yes, exactly. How also are they going to develop their own submission and refine it?

The Hon. IAN MACDONALD: They should be talking to their local CMA's.

The Hon. DUNCAN GAY: So, the answer is "No".

The Hon. IAN MACDONALD: No. I am not saying that.

The Hon. DUNCAN GAY: What are you saying?

The Hon. IAN MACDONALD: I am just saying that, with the program, people who have proposals for their properties will be able to contact their local CMA and work through the issues with their CMA.

The Hon. DUNCAN GAY: But, a proposal has to go through a PVP developer. It is no good if it is not acceptable through that. You are not going to answer, are you?

The Hon. IAN MACDONALD: I think the answer is clear, absolutely clear.

The Hon. DUNCAN GAY: All right. Try this one: In the case of a PVP being rejected, does the PVP development program identify where the problem or shortfall lies so that it may be corrected?

The Hon. IAN MACDONALD: Yes.

The Hon. DUNCAN GAY: Can one resubmit?

The Hon. IAN MACDONALD: Yes, absolutely!

The Hon. DUNCAN GAY: Without any problems?

The Hon. IAN MACDONALD: Absolutely. It is not, you know, the Higher School Certificate and that you either pass or fail. If it does not work you can resubmit propositions, ad nauseam.

The Hon. DUNCAN GAY: It is a pity you did not know that when I asked the last question.

The Hon. IAN MACDONALD: They should work with the CMA staff to try to find a resolution to what are the difficulties.

The Hon. DUNCAN GAY: Do you have any idea what the final cost to a farmer will be of entering into a PVP?

The Hon. IAN MACDONALD: Zero.

The Hon. DUNCAN GAY: In his own time?

The Hon. IAN MACDONALD: What you mean?

The Hon. DUNCAN GAY: Well, doing his own research?

The Hon. IAN MACDONALD: Any proposition that a farmer puts forward for some change to the status of his property or what have you, often requires the farmer doing some homework at his own expense, but in terms of seeking agreement from the CMA no cost is involved.

The Hon. DUNCAN GAY: What is the expected timeframe for the processing of PVPs?

The Hon. IAN MACDONALD: We are hoping weeks, not the endless situation that existed under development applications.

The Hon. DUNCAN GAY: What is the biodiversity ratio for offsets that will be used for farmers seeking broad-scale clearing under a PVP?

The Hon. IAN MACDONALD: I will take that question on notice. I will give you a good answer on that, a detailed answer.

The Hon. DUNCAN GAY: Are you aware that just this week a farmer at Cobar was told that he could clear 500 hectares if he gave an offset of 50,000 hectares—that is, a ratio of 1:100? How does that relate to an approval in the most over cleared part of New South Wales, the Cumberland Plain, where a developer was granted approval to develop 600 hectares in return for an offset of 800 hectares, a ratio of 1:1.3? That was the Lend Lease site at St Marys, the old AFI site?

The Hon. IAN MACDONALD: I would like the details on that case forwarded to me for consideration, the actual details.

The Hon. DUNCAN GAY: If they are as we say, do you find that acceptable?

The Hon. IAN MACDONALD: I will look at the detail once I have received the information. I do find that the offset might be in the realms of the large. If you give me the details, I will specifically look at that case.

The Hon. DUNCAN GAY: With regard to the \$436 million allocation, is that money that has already been allocated to the CMAs, or is it new money? What percentage of the \$436 million is

new money? What percentage is State Government money and what percentage is Federal Government money?

The Hon. IAN MACDONALD: I will take that question on notice. Suffice it to say, New South Wales funds the CMA staff; and the Commonwealth funding under NHT and Commonwealth Agricultural Bureau is really in the realms of project funding. We believe overall that there is a roughly equivalent split between us and the Commonwealth, but I will get you further details on that.

Ms SYLVIA HALE: In relation to the native vegetation regulations and payments to landholders, I believe you have recently announced a scheme to encourage some landholders to exit the land; and also to compensate others for varying inequities? What are the numbers of landholders that you expect to want to exit the land?

The Hon. IAN MACDONALD: I cannot quantify that for you at this time. Suffice it to say that the nature of the fund is that of a revolving fund. We will buy those properties, put the appropriate order on them and place them back onto the market. It may be that the new purchaser will want to stick with a certain framework of farming on that property and not transform it to another purpose—which, for whatever reason, may have been not permitted under the Native Vegetation Act and not agreed to by the local CMA. In itself, \$12 million is not a massive amount of money. However, put into a revolving sense it will then accumulate. I have approached the Federal Government for funding for parts of our socioeconomic strategy, which is about offsetting any potential hardships in the Act.

I think it is only fair that, if farmers suffer significant hardship as a result of the change of policy, and changing attitudes, we have some compensation available for them—just as we have with our buyouts for fishers in the marine parks; and, as well, for any changes to forest policy, such as with the Brigalow. We have been able to put this package together. I think it is a very good package. I do have the vote actual figures of the numbers at this point.

It is not only exit money that is available; there is also money for offset pools, whereby you might be able to perceive of a certain course of new farming activity on the basis that you create an offset nearby; also sustainable farming grants of \$15 million will help farmers develop new practices on their farms that may get them going following a negative decision with a proposal they may have put forward. I see it as structural adjustment, which we should be prepared to put forwarded when government policy changes. It affects people whose livelihoods depend on it.

Ms SYLVIA HALE: You said that \$12 million was not a lot of money and I think every one would agree with you. How did you set upon that figure, on what basis did you set that figure?

The Hon. IAN MACDONALD: It is called negotiation with budget committees and treasurers. It is in that arcane world of how much you can get out of the pool of money. It was not science.

Ms SYLVIA HALE: It does not bear any relationship to what is needed?

The Hon. IAN MACDONALD: It is not science, but there are other packages available for land purchase in other parts of government. I do not see this as the be-all and end-all of the amount of money that is generally available for land purchase, as honourable members would be very well aware. I see it as a start, I believe that the Commonwealth should come to the party with this. It has been walking with us along this path of reform of native vegetation; in fact, in environmental management in NRM for some time. Recently the Commonwealth announced a \$220 million program for fishers, for structural adjustment, which is about reducing effort to improve fish stocks in certain classified fisheries. I do not see this as any different. I am waiting for the Commonwealth to top up this money. If the Commonwealth comes in, it will be a very substantial package indeed.

Ms SYLVIA HALE: You will agree that \$12 million is miniscule compared to \$220 million?

The Hon. IAN MACDONALD: That is correct. You could write letter in support of what I am saying.

Ms SYLVIA HALE: The proposal is to purchase properties and then, presumably, resell them to people who are prepared to abide by conditions which you attach to it. Will you consolidate properties in that process?

The Hon. IAN MACDONALD: It will be administered. The CMAs will make a recommendation, they have to be certain of the bona fides of the whole case. That will be forwarded to the RAA and the RAA's recommendations will go to the environmental trusts. In terms of people abiding by the property into the future, I do not see that will be a problem. Many farmers want to maintain certain farming activity, they do not necessarily want to move to another area, another industry. People will purchase on that basis. They will purchase with open eyes as to the limitations in that property in terms of the agricultural pursuits that can be engaged there.

Ms SYLVIA HALE: If people are reluctant to purchase in the Commonwealth does not come to the party, how are you proceed?

The Hon. IAN MACDONALD: Sorry?

Ms SYLVIA HALE: If you cannot sell. If you acquire these farms but then cannot on-sell them?

The Hon. IAN MACDONALD: I guess Mr Ian Cohen will be waltzing out there in his VW and hammering down a stake with a national park sign on it. I mean, it would be retained by the environmental trusts, indefinitely. If no-one wants to buy it, they would hold it.

Ms SYLVIA HALE: What plans have you put in place to encourage landholders to stay on their land and undertake conservation practices?

The Hon. IAN MACDONALD: There is \$436 million available for that activity. In fact, there are fantastic programs going on out there, involving farmers in conjunction with local bodies engaging in a wide range of what I could call land-care style activities, to improve their properties.

Ms SYLVIA HALE: How will that fund be replenished? Presumably, there are a number of calls upon it?

The Hon. IAN MACDONALD: That is very much in the court of the Commonwealth and its funding arrangements. I understand that is already subject to further discussion for future funding.

Ms SYLVIA HALE: I turn to private native forestry. Under the Native Vegetation Regulation private native forestry will cease to be a clearing exemption by the end of May next year. Will all those private native forestry activities be subject to a standard of assessment at least as high as the improved or maintained in test currently under the native vegetation ledge?

The Hon. IAN MACDONALD: The Government appreciates the importance of forestry activities on private lands, both as a significant resource for the native hardwood timber industry and as an important source of farm income. Accordingly, the Native Vegetation Act 2003 provides for forestry activities on private land while also ensuring that appropriate safeguards are put in place to maintain or improve environmental values. In the majority of cases private native forestry activities will be provided for and regulated through the preparation of a property vegetation plan. A draft code of practice for private native forestry has been prepared. It clearly sets out the environmental standards and safeguards that will need to be met in order to ensure that environmental values are maintained or improved.

The code sets out silviculture requirements to ensure a sustainable production from healthy forests. The code will be adopted under a regulation to the Native Vegetation Act 2003. Currently consultation is under way among industry, environmental groups and the department. Issues surrounding the number of trees to remain standing per hectare and distances for riparian buffers are being considered. Resource and economic impact studies are being completed, which will input into this decision-making process. Private forest growers will also be supported in these new arrangements through the development of a range of education and support materials including silviculture guidelines.

As a transitional arrangement, until the code of practice and property vegetation plan system is in place, the current exemption under the Native Vegetation (Conservation) Act 1997 will continue on all private land except State-protected land. This is to avoid disruption to landholders and industry. Having recently become Minister for Natural Resources I am carefully considering issues of private native forestry to ensure that a long-term sustainable timber and industry based on timber from privately owned sources is assured and that important environmental attributes—soil, water and wildlife and so forth—are protected.

Ms SYLVIA HALE: A code is usually voluntary not mandatory. Are you saying that the code of practice will be mandatory with the standards expected of private native forest [PNF]?

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

CHAIR: Minister, I drive a diesel plan which runs on recycled vegetable oil, like all good farm assured.

The Hon. IAN MACDONALD: Recycled vegetable oil? That could be cotton oil, which is probably 50 per cent GM.

CHAIR: That is where it should go, into a motor.

The Hon. IAN MACDONALD: Are you saying we should grow more cotton?

CHAIR: Under the circumstances, I am doing my bit.

The Hon. IAN MACDONALD: I did not know that you were so sensitive.

CHAIR: You should know by now, after 10 years. Under the private native forestry code of practice I understand that there are field trials. Is your department involved in those field trials?

The Hon. IAN MACDONALD: As I understand it, yes.

CHAIR: There are complaints that those conducting the field trials have an interest in overstating the impact of environmental protection measures and that those conducting the field trials include a former forester, now a Department of Natural Resources employee, hostile to environmental concerns, and is a logging consultant. Could you comment on that?

The Hon. IAN MACDONALD: That is total speculation.

CHAIR: You deny that?

The Hon. IAN MACDONALD: I say it is total speculation.

CHAIR: Minister, perhaps you could investigate that matter.

The Hon. IAN MACDONALD: It is speculation. Are you directing me?

CHAIR: I will put it to you another way. Is it not the case—

The Hon. IAN MACDONALD: You do not like a particular officers, someone in your little movement there does not like that particular officer. So you have to try bagging this officer in front of this committee.

CHAIR: I am simply asking you if there is a person, a former forester, now a Department of Natural Resources employee, who has clearly indicated hostility to environmental concerns and is a logging consultant on what are the private native forestry code of practice field trials?

The Hon. IAN MACDONALD: You put forward your information and I will consider it.

CHAIR: Thank you, I will forward further information to you. Given that the Department of Environment and Conservation [DEC] is not in attendance at the field of trials and the methodology has not been peer reviewed or sent to the Natural Rural Advisory Council [NRAC] committee that was overseeing the PNF issue, can you guarantee that the result will be fair and impartial?

The Hon. IAN MACDONALD: All results of the department are fair and impartial.

CHAIR: Would you agree that DEC is not in attendance at the trials?

The Hon. IAN MACDONALD: I have no idea.

CHAIR: Do you think it will be reasonable for a representative of that department to be in attendance and participate?

The Hon. IAN MACDONALD: I am informed that the DEC has been involved in the discussions on the code of practice.

CHAIR: On the code of practice, but have they been in attendance at field trials?

The Hon. IAN MACDONALD: I will have to get that information for you. I have not received any concerns from the appropriate people that I deal with in relation to DEC matters.

CHAIR: I am stating a concern Minister. Further, I ask you whether the methodology has been peer reviewed?

The Hon. IAN MACDONALD: We always do things thoroughly.

CHAIR: Does that mean it has been peer reviewed?

The Hon. IAN MACDONALD: I will get you an answer to that.

CHAIR: Perhaps you could indicate whether that information has been sent from the NRAC committee overseeing the PNF issue?

The Hon. IAN MACDONALD: I do not think it has been finalised.

CHAIR: I would be interested in the process so far. I am sure you will be able to find out information as to the appropriate process?

The Hon. IAN MACDONALD: I will give you an answer to your rather loaded question.

CHAIR: I guess it is just in response to rather loaded answers.

The Hon. IAN MACDONALD: No, you have a loaded question that is inferring some lack of objectivity on the part of DNR staff. You are throwing a barb at that particular officer.

CHAIR: I am not naming the officer.

The Hon. IAN MACDONALD: Unless the officer has graduated in environment one with you it appears that they do not have objectivity. I am just responding to the fact you throw a barb at staff.

The Hon. IAN MACDONALD: I am responding to complaints that an officer creates a process that is less than objective. Are you saying that is not happening in your departments?

The Hon. IAN MACDONALD: I am saying the department will approve codes that are rigorous and sustainable.

CHAIR: Minister, this and other issues give rise to concerns that you have a vested interest in maximising the amount of timber being removed from private property in order to pop-up the shortfall from public land. Could you comment on that?

The Hon. IAN MACDONALD: Sorry, what was that?

CHAIR: There is concern that you and your department have a vested interest in maximising the amount of timber being removed from private property in order to pop-up the shortfall from public land.

The Hon. IAN MACDONALD: You should give me further information on that. I have not seen anything in that direction.

CHAIR: Minister, referring to water reforms, the New South Wales Water Reforms Ministerial Statement of June 2004 stated that phase two of the water reforms has nearly been completed and phase three is about to be embarked on. Phase two consists of the work that New South Wales has been undertaking over recent years at State and national level to ensure that its new water management framework is ready for commencement on 1 July 2004. The National Water Initiative, developed through the Council of Australian Governments has been the focus of this work. The document states:

The Water Management Amendment Bill 2004 marks the concluding part of Phase 2. Phase 3 will commence on 1 July 2004 and be concluded by 30 June 2005 and will see the benefits of our current reforms and our continuing effort to take NSW into an era of world's best practice management.

Regarding that statement, what was the aim of the Water Management Amendment Bill 2005 and which specific clauses of the bill relate to implementing the National Water Initiative? Can you refer to the specific clause in the National Water Initiative Agreement as to why the amendment is necessary?

The Hon. IAN MACDONALD: If you read my speech carefully—it is all the way through my speech in reply at the end of the second reading debate—there were several major clauses that relate to the NWI, relating to trading and the risk assignment framework. These were key elements that had to be in place by 1 January next year to establish the trading regime required under the COAG agreement. So we put those final pegs in place. Similarly, in recent months Victoria has caught up with us to some degree with its own water management Act. Ours was through the Parliament in 2000. They were the key elements but there are a lot of other issues in there that we had to put in place quickly for the efficiency of our Act and to be in place to be able to deal with the issues into 2006 under our national obligations.

CHAIR: Can you comment on what is perceived by some as a lack of consultation when this consultation is a requirement of the national water initiative?

The Hon. IAN MACDONALD: While the exact details of the bill were new, the contents contained were definitely not. Extensive consultation was held with all stakeholders through 2004 in the lead-up to the signing of the national water initiative. Almost all of the provisions give effect to the national water initiative or allow for negotiated changes—for example, the groundwater structural adjustment program—to be integrated into the national water initiative. The Department of Natural Resources has also been meeting with water users and irrigation companies on a regular basis to discuss these issues. A briefing on each specific change was provided to the Irrigators Council prior to the bill being completed, and the bill was sent by my office on the very day it was finalised by Parliamentary Counsel.

For example, there is absolutely no substance to the land, I guess you may be going on, claim that the Irrigators Council was only briefed on the previous Monday afternoon. Indeed, while several telephone conversations were held with the council on that day, no meeting occurred. However, meetings did occur in the two weeks prior to that. Testimony to this fact was provided to me in terms of some correspondence I received. The non-government agencies, irrigators and environment group submissions to the National Water Commission earlier this year demonstrate that they were well aware of the issues that formed the basis for the water amendment Act 2005.

CHAIR: So you are saying that there was consultation or there were briefings prior to the day before the introduction of the Water Management Amendment Bill 2005?

The Hon. IAN MACDONALD: What I am saying is that the bottom line is that the irrigators and the environment groups which made submissions to the National Water Commission earlier this year canvassed the precise issues that were dealt with by the amendment Act.

CHAIR: But that was on the phase that was finished by June this year and it was followed by amendments in November. Can you explain why that occurred in that way?

The Hon. IAN MACDONALD: As you could imagine, having taken this portfolio in August I have suddenly realised the massive amount of consultation that has been going on, discussion, debate about the ramifications of the national water initiative and the COAG requirements. It has taken a long while to put together the appropriate amendments that meet the direction of what we want to achieve under our national obligations. Yes, they have taken some time. I have found that that is not uncommon in relation to key legislation.

CHAIR: Did you or your department make it clear to all stakeholders that the water reform process was not complete as at 30 June 2005?

The Hon. IAN MACDONALD: Yes. There is no doubt whatsoever that there were, and still are, considerable things that have to be attended to. For instance, we had to prepare ourselves for the key issue of trading so the discussion has been furious and fast. In April I was one of the members of the ministerial council for the MDBC and the issues were canvassed there of how we meet the trading obligations and the risk assignment arrangements, which are the key drivers of the national water initiative. We are still in intense discussions with the other States and the Commonwealth about the final details of these arrangements that will be put in place. But you can rest assured that in relation to some of these issues I will be defending the right of New South Wales to environmental water and water for irrigation.

CHAIR: Given that process of discussion, consultation—and it is a dynamic or ongoing process—will there be other water management amendment bills or other water reform bills introduced by the New South Wales Government next year?

The Hon. IAN MACDONALD: I do not think it is necessarily a set thing that that will happen but you must remember in relation to this that it is a work in progress. It is a substantial and necessary work in progress to try to put a balanced and sustainable regime in place and to do that in such a way that you do not destroy people's rights. We are hopeful that that is it but I cannot give an ironclad guarantee that next year we will not have to do some final tidying up. In fact, I will be facing one amendment that I undertook in relation to the debate and that related to the utilities, which I took off the agenda due to discussions that I had had with a number of key stakeholders. But I will have to deal with that because undoubtedly that particular item has the overwhelming support of all our local councils across the State. We had to work out a way forward with that so that the current water sharing plans do not end up destroying any growth in country and regional towns.

CHAIR: So I take that as a partial yes in terms of potential for further legislation.

The Hon. IAN MACDONALD: We will have to deal with that at the very least.

CHAIR: If that is the case, can you give a commitment as to how many days prior to introducing any bill in that area that you would consult with stakeholders?

The Hon. IAN MACDONALD: I will consult with stakeholders on any future changes, just as we have been consulting. As I said, if you refer to the irrigators and environment group submissions to the NWC you will see that the issues they canvassed in those reports are very heavily contained within the legislation that we passed last week.

CHAIR: So in the legislation passed last week you are satisfied with the level of prior consultation with stakeholders.

The Hon. IAN MACDONALD: There is no question that you can always have more consultation, and you should never confuse the issue of consultation with the fact that on occasions some people actually disagree.

CHAIR: I do not think that is the point; the point more is the concern about adequate consultation prior to the commitment of the bill into Parliament.

The Hon. IAN MACDONALD: I am advised that there was considerable consultation on all these issues over a long period of time.

CHAIR: What? More than one day?

The Hon. IAN MACDONALD: As soon as the actual bill had been drafted, which took some time, the stakeholders were informed thereof.

CHAIR: Are you aware of the clauses in the national water initiative agreement signed by New South Wales relating to public consultation?

The Hon. IAN MACDONALD: Yes.

CHAIR: How have you applied these clauses to introducing the Water Management Amendment Bill 2005?

The Hon. IAN MACDONALD: I think I have answered that several times.

CHAIR: Not well but you have.

The Hon. IAN MACDONALD: Well, in your perspective, from your view. I disagree with you.

CHAIR: If the commitment of planned environmental water is defined as a combination of B and C under the new section 8 (1) and schedule 9, which is (b) the long-term average annual commitment of water and (c) that water remaining after the commitments to basic landholders' rights and for extraction have been met, how will the sharing of water protect the water source and its dependent ecosystems in situations where the water source has been overallocated, such as in the Gwydir water sharing plan and in the Namoi area?

The Hon. IAN MACDONALD: I think if you analyse that carefully you will come to the conclusion that these combinations of A, B and C protect environmental water. I think to some extent people have misread the intent of the Act and these changes because in effect it was giving a definition to environmental water by defining that as what is left over after extraction. We know precisely the amount that can be extracted and therefore what is left over is environmental water. It is a way of giving certainty to the environmental flow.

The Hon. DUNCAN GAY: Does all the water left over go to environmental flow?

The Hon. IAN MACDONALD: Once you take into account all the extraction rights, whether it be stock and domestic, irrigation or town supplies. In fact, if you look at the figures—I rendered them in the House—that have been researched in relation to our rivers you will find that—I will just give them to you once more: the Gwydir River, 66 per cent of the water is environmental flow and 34 per cent is allocated; the Namoi, 73 per cent is in effect environmental flow, with 27 per cent being extracted; the Hunter, 21 per cent is extracted and 79 per cent is environmental flow; the Macquarie is 73 per cent environmental flow; the Lachlan is 75 per cent; and the Murrumbidgee is 56 per cent. However, if you take into account the Snowy flows that are diverted into the Murrumbidgee the figure is over 60 per cent. As you can see, the vast majority of the water in the major river systems of New South Wales is devoted to environmental flow.

The Hon. DUNCAN GAY: I refer you to the National Heritage Trust funding? Do you have any plans to direct National Heritage Trust funding to primary producers via an environmental

services scheme to improve the economic efficiency and biodiversity outcomes of managing native vegetation?

The Hon. IAN MACDONALD: I do not have an answer for you on that. Is that what Mr McGauran may have said recently in relation to this issue? I am just wondering what the source of it is. In terms of NHT and capped money, there are incentive fundings in the order of \$120 million for these sorts of activities and that is clearly prescribed under the terms of the agreement with the Commonwealth.

The Hon. DUNCAN GAY: I am happy for you to take it on notice.

The Hon. IAN MACDONALD: What is the source?

The Hon. DUNCAN GAY: The source is farmers who were wondering if you have plans to do that because they point out to me that farmers overseas are being paid to be environmental caretakers.

The Hon. IAN MACDONALD: We are looking at stewardship programs but you must remember clearly that these situations can only be dealt with by agreement with Peter McGauran and Mr Campbell, who are the relevant Federal ministers.

The Hon. DUNCAN GAY: Is it something that you are considering or will consider?

The Hon. IAN MACDONALD: I am happy to consider all programs that can assist farmers be both profitable and sustainable. As you are aware, we have sustainable farming grants under our socioeconomic program of about \$15 million and this funding is available up to \$80,000 and 50 per cent with farmers. They would be assessed and approved by the CMAs and these are for precisely those sorts of activities. I am hoping that Mr McGauran comes to the party and matches our funding. Anyone who has a practical environmental focus has to see these programs as benefiting both the environment and production.

The Hon. RICK COLLESS: Can you tell us why genuine farmers in coastal areas have been restricted in their rights to use their own timber for and to clear for construction of hay sheds, loading ramps, stables, chook yards, in fact even dog kennels, while owners of small holdings and residential lots are able to do exactly that?

The Hon. IAN MACDONALD: Given the time, I will take that question on notice. We did go into this in negotiation at great length with all of the parties and we arrived at a compromise in some of these issues. I will take it on notice.

The Hon. RICK COLLESS: Can I also tell you for your information that your departmental people gave some legal advice at a meeting in Grafton yesterday—

The Hon. IAN MACDONALD: Legal advice?

The Hon. RICK COLLESS: That is what I was told. There was legal advice given at a meeting in Grafton yesterday that that is in fact the case, and it is obviously a flaw in the regulations and I think you need to have a very careful look at it.

The Hon. IAN MACDONALD: Yes, I will have a look at that, but I am not sure about the usage of the words "legal advice" as distinct from giving some advice.

The Hon. RICK COLLESS: I was told it was legal advice. I am just passing it on to you for your information.

The Hon. IAN MACDONALD: I will have a look at that for you.

CHAIR: That concludes today's Estimates hearing. Minister, you are taking a number of questions on notice and, given the fact that Parliament does not come back until February next year, I am wondering if you would undertake to answer the Committee on those questions on notice?

The Hon. IAN MACDONALD: What I meant to say to the Committee is, given that we are going into the Christmas period, I think I have 35 days to reply, is that correct?

CHAIR: That is a matter of negotiation.

The Hon. IAN MACDONALD: I am happy to get them to you but it could be a few extra days other than 35, given the holiday period we are going into now.

CHAIR: Perhaps I could ask if you could get what you can. You are appearing before the Committee on 19 December as well, so if you can perhaps furnish some answers prior to Christmas and those which are problematic after.

The Hon. IAN MACDONALD: My view is that we should always strive for excellence in these issues and make sure our answers are appropriate and accurate in every sense, so I will not guarantee to rush things, but as soon as we have some answers available we will get them to you.

The Hon. DUNCAN GAY: Minister, can I just ask you a question to do with procedure before you go? If you were to indicate that you were willing to take some questions on notice rather than being called back, would that be an acceptable way to alleviate remaining questions?

The Hon. IAN MACDONALD: Happy to—provided it means that.

The Committee proceeded to deliberate.
