

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Monday 12 August 2013

Examination of proposed expenditure for the portfolio area

PRIMARY INDUSTRIES, SMALL BUSINESS

The Committee met at 2.00 p.m.

MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. J. Buckingham
The Hon. R. H. Colless
Mr S. MacDonald

The Hon. Dr P. R. Phelps
The Hon. E. Wong
The Hon. S. Whan

PRESENT

The Hon. Katrina Hodgkinson, *Minister for Primary Industries, and Minister for Small Business*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I declare the hearing for the Inquiry into Budget Estimates 2013-14 open to the public. Before I commence, I acknowledge the Gadigal clan of the Eora nation, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation and extend that respect to other Aboriginal people present. I welcome Minister Hodgkinson and accompanying officials to the hearing today. The Committee will examine the proposed expenditure for the portfolio of Primary Industries and then Small Business.

In accordance with the Legislative Council's broadcast of proceedings, only the Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming. Guidelines of the broadcast are available at the side table. I note that today's hearing is open to the public and has been webcast live via the Parliament's website. Before we commence, I will make some comments about procedural matters. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Chamber and support staff.

I remind you, Minister, and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. The previously ruling is only for the staff in the public gallery. Transcripts of this hearing will be available on the web from tomorrow morning. Minister, the House has resolved that answers to questions on notice must be provided within 21 days of your receiving the transcripts of the questions on notice. I remind all members, witnesses and people in the public gallery to turn off their mobile phones.

BRUCE MORGAN CHRISTIE, Executive Director, Biosecurity, Department of Primary Industries, and

NICHOLAS JOHN VAUGHAN ROBERTS, Chief Executive Officer, Forestry Corporation New South Wales, sworn and examined:

MICHAEL JOHN BULLEN, Deputy Director General, Department of Primary Industries,

RICHARD FREDERICK SHELDRAKE, Director General, Department of Primary industries,

GEOFFREY LAWRENCE ALLAN, Executive Director, Fisheries NSW, Department of Primary Industries,

DAVID ANDREW HARRISS, Commissioner, New South Wales Office of Water, Department of Primary Industries, and

BRETT LESLIE TUCKER, Chief Executive Officer, State Water Corporation, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolios of Primary Industries and Small Business open for examination. Questions on Primary Industries will run until 3.20 p.m. Questions on the Small Business portfolio will then go from 3.35 p.m. to 4.05 p.m. Minister, I note that the Committee has agreed that no Government questions will be taken, and that is why the hearing times have been truncated. There is no provision for a Minister to make an opening statement before the Committee commences questioning. We will begin with questions from the Opposition; 20 minutes in the first round.

The Hon. STEVE WHAN: Mr Bullen, in addition to the announced job cuts from the department last year, will you confirm that you advised departmental staff that a further 104 jobs will be cut in the Department of Primary Industries this year, and will you confirm that the bulk of those jobs are coming from research?

Mr BULLEN: I am not aware of any such confirmation or affirmation in relation to that.

The Hon. STEVE WHAN: How many jobs do you estimate will be cut this year to meet the ongoing efficiency dividends announced in the budget?

Mr BULLEN: The budget savings for the Department of Primary Industries from last financial year to this financial year were \$30 million. That equated to about 300 jobs and, at this stage, the majority of those positions have been finalised, and other than a small number to be established as the recruitment action to the new positions within the department, that concludes over the next few months.

The Hon. STEVE WHAN: Are you expecting this financial year there will be no jobs in addition to the 300 jobs that you have just mentioned to be cut from the Department of Primary Industries?

Mr BULLEN: The budget saving for the Department of Primary Industries was \$30 million, which equated to around 300 jobs. If there are any job losses associated with this financial year, they will be as a consequence of meeting that budget target.

The Hon. STEVE WHAN: Are there any efficiency savings required in addition to the \$30 million savings from the last budget that you have mentioned?

Dr SHELDRAKE: Perhaps I can answer that, Mr Whan. No, there is not. The target that we were set to meet was \$30 million. As Mr Bullen has indicated, the 300 jobs that we have identified to assist in meeting that target was the target we are working towards.

The Hon. STEVE WHAN: Some of your staff have suggested to me that they have been informed that jobs will be going in research. Are there any cuts affecting research at the moment?

Mr BULLEN: No.

The Hon. STEVE WHAN: None at all?

Mr BULLEN: No.

The Hon. STEVE WHAN: Good to hear. Minister, in an interview with ABC Radio North Coast on 12 July a Livestock Health and Pest Authority [LHPA] vet dealing with the hendra virus outbreak that killed four horses said his efforts were being hampered by a reduction in on-the-ground resources. Do you have any comment on that?

Ms KATRINA HODGKINSON: Thank you for raising the hendra virus. We have done a lot of work when it comes to hendra and we have committed a lot of funding from the New South Wales Government towards hendra itself. We committed \$3 million, the Commonwealth committed \$6 million and Queensland also committed \$3 million towards finding an effective vaccine, which was then developed. We have been encouraging horse owners particularly in those areas along the North Coast to immunise their horses, to vaccinate their horses, to minimise the risk that hendra will pose, and is posing, due to the enormous number of bats plaguing those areas and parts of inland New South Wales as well.

Hendra is a very real risk. Most recently we had a case just outside Kempsey where even the family dog became infected and had to be put down, which was obviously very devastating for the family. It has been a bad couple of years for hendra with the number of bats that we are experiencing in those areas. We are encouraging vets to be particularly vigilant when they are checking horses and to make sure that they are wearing the correct gear. Unfortunately in one or two cases that has not happened and vets have been—

The Hon. STEVE WHAN: Thank you for your general comments on hendra, I appreciate that. Specifically on ABC Radio North Coast a vet dealing with the hendra virus indicated that his efforts were being hampered by a reduction in resources. Those reductions are a direct result of the Local Land Services changes that you have made, cuts to Department of Primary Industries staff and cuts to on-the-ground biosecurity resources. What is your reaction to that?

Ms KATRINA HODGKINSON: I think Local Land Services is a great way forward; however, Mr Christie has indicated that he would like to add something to that answer.

Mr CHRISTIE: I think the veterinarians out there, particularly the district vets in the LHPAs, fully understand that they have the full support of the Government. We have provided them with the information they need. They are working closely with local practitioners. Their job is obviously to coordinate with the local practitioners, to go out and take the relevant samples and provide them with the advice they need and join up themselves and the owners of the animals with the Department of Health so they can get assessments done. I am not aware of any resourcing implications where they are being under-resourced. In fact, we are in regular contact with them and we meet with the LHPA vets regularly.

The Hon. STEVE WHAN: Did you hear those comments from the vet who was dealing with that outbreak?

Mr CHRISTIE: I have not heard specifically from that outbreak. There were obviously a number of comments made about those various outbreaks or various incidents—there are four cases—and as far as we are aware—

The Hon. STEVE WHAN: Would you say that the vet who made that comment is wrong?

Mr CHRISTIE: I am saying that the vet who made the comment may not have utilised all the facilities that were available.

The Hon. STEVE WHAN: So an experienced LHPA vet might not have been aware of all the facilities the department had available to help him?

Mr CHRISTIE: I cannot speak for the vet.

The Hon. STEVE WHAN: Would not your media monitoring service have picked up a comment like that which was directed at your area of responsibility?

Mr CHRISTIE: We talk to vets regularly. I am meeting with them again tomorrow. We find out what they need and we try to meet those requirements.

The Hon. STEVE WHAN: So you are confident that the reduction in biosecurity staff that the department has undertaken in the past year, the reduction in on-the-ground staff in the Department of Primary Industries, has not at all affected your ability to deliver biosecurity services in regional New South Wales, is that correct?

Mr CHRISTIE: We have been able to target those redundancies. In some cases where we have had technologies that have allowed us to remove some staff from those areas—for example, in mapping we had five staff; we now keep one because people can use computers to do most of that mapping themselves—we have been able to realign some of the resources we have. With Local Land Services coming on board it will allow us to have access to a number of more staff and be able to train them in these sorts of areas. I believe we are moving towards a greater ability to deal with these things but like all things you need to get there very quickly. It depends on the time when we are notified and when those vets are notified as to whether they can get there quicker or not.

The Hon. STEVE WHAN: Minister, I turn now to the new Commonwealth drought funding model that New South Wales has signed up to. You made an announcement which indicated that you were ruling out future subsidies for livestock transport and fodder unless that livestock was finally going off to slaughter.

Ms KATRINA HODGKINSON: Sorry, what article are you referring to?

The Hon. STEVE WHAN: Your press release announcing the new drought rules for New South Wales, the new drought support measures, and your announcement on the expert committee that you formed. In that press release you indicated that there would no longer be stock and fodder transport subsidies of 50 per cent which were offered in previous droughts for farmers. Is that still the position or have you changed that position?

Ms KATRINA HODGKINSON: Transport subsidies are retained as part of the New South Wales drought policy. They will be available for assisting in drought-related animal welfare cases in the first instance and it will be an option for the Regional Assistance Advisory Committee [RAAC] and the Government to consider expanding this assistance for other pre-drought business assistance and within drought if farm family and community support measures are proving inadequate. If implemented, transport subsidies may be introduced on a progressive sliding scale, reaching 100 per cent in the second year after support is triggered. A protocol for rapid assessment of individual situations and the level of subsidy to be provided will be developed by the RAAC.

The Hon. STEVE WHAN: On what date was that policy promulgated?

Ms KATRINA HODGKINSON: The transport subsidies include the costs under the following scenarios—I will read the last couple of lines before answering your next question—transporting stock from farm to saleyard, transporting stock from farm to abattoir. The RAAC may also consider on a needs basis the costs of transporting stock from farm to agistment location, transporting purchased fodder supplement to farm, transporting water to farm. I believe these notes were prepared on the same day that the release went out.

The Hon. STEVE WHAN: Your release clearly did not say that. That is inconsistent with your original release. So there has been no change of policy since then or have you just failed to explain it?

Ms KATRINA HODGKINSON: These are my speaking points to the release.

The Hon. STEVE WHAN: That is interesting. It is also interesting that you did not counter the statements that I made about it at the time.

Ms KATRINA HODGKINSON: The Director General has pulled out the release for me. It is dated 8 February. It says that transport subsidies will also be available to assist in specific cases of animal welfare.

The Hon. STEVE WHAN: Animal welfare, yes.

Ms KATRINA HODGKINSON: Also. It says, "...will also be available." These are the speaking points. I have just quoted you exactly my speaking points.

The Hon. STEVE WHAN: I am very pleased to hear that fodder subsidies will now be available again. Can you confirm that in future droughts people will be able to access fodder subsidies?

Ms KATRINA HODGKINSON: It will be on recommendation from the RAAC.

The Hon. STEVE WHAN: What consultation did you have with the sheep industry before making the decision to discontinue compulsory sheep health statements?

Ms KATRINA HODGKINSON: I had so much. I cannot tell you how long I have been consulting with the sheep industry over ovine Johnes's disease [OJD]. My first encounter—

The Hon. STEVE WHAN: Since you were Minister will be fine.

Ms KATRINA HODGKINSON: I have been doing it since becoming the member for Burrinjuck, which is 14½ years. Having grown up in the superfine wool industry myself, and coming from a family that has been heavily involved in the superfine wool industry for five generations, what happened to farmers as a result of the OJD policy of the former Government was absolutely unforgivable. In 2004 there was a 12-month—just let me get my OJD notes—the former Minister—

The Hon. STEVE WHAN: Minister, I asked you specifically about your consultation, and I will narrow it down for you. Why are people like David Moen, from the New England area, suggesting that you did not consult with him or representatives of the industry in the New England area?

Ms KATRINA HODGKINSON: David Moen is well known for his position. The thing with Ovine Johnes Disease [OJD] is that it has been such a divisive issue that you will never get consensus right across the sheep industry. There is no doubt about that. James Jackson has had discussions with some of the southern wool breeders. It is an issue that has come up at every NSW Farmers conference, I think, for the last several years. I will just make it clear and outline some of the things surrounding OJD for the benefit of the Committee, with the Committee's indulgence.

The Hon. STEVE WHAN: Minister, we have very limited time. If Committee members need to do further research on OJD then it is up to them to do that.

Ms KATRINA HODGKINSON: I have consulted with many members of the wool industry—

The Hon. STEVE WHAN: Minister, I asked you specifically about your consultation. Because when you announced that decision—

Ms KATRINA HODGKINSON:—including Ed Storey

The Hon. STEVE WHAN:—there had been no public discussion of that, had there?

Ms KATRINA HODGKINSON: I do not think we have stopped talking about this since 1999.

The Hon. STEVE WHAN: I am talking about officially—from the Government.

Ms KATRINA HODGKINSON: I have been talking publicly about this for years and years.

The Hon. STEVE WHAN: Minister, I think you are evading the question about consultation as Minister for Primary Industries.

Ms KATRINA HODGKINSON: Nobody has been in any doubt as to my position on Ovine Johnes Disease. The fact is that it should be treated as a management issue. You do not regulate for Barber's Pole Worm so why would you regulate for OJD when there is an effective vaccine out there? A vaccine has been developed. It is widely used. And the sheep industry should be able to just vaccinate and trade. That is the position that I have held for a long time. I have had many discussions with many people in the wool industry about it.

The Hon. STEVE WHAN: So since you became Minister you have essentially implemented the position which you have held for a long time?

Ms KATRINA HODGKINSON: I discussed it beforehand with many people within the wool industry as well.

The Hon. STEVE WHAN: Except for the ones in the New England area?

Ms KATRINA HODGKINSON: I might not have had a private conversation with David Moen about it, but I have certainly met with a large number of other people about it. Yes, I knew that there would be some within the New England area who would want to keep the regulation in place. They are absolutely able now to have their own regional biosecurity plan. That came into effect from 1 July. If the New England area wishes to implement a regional biosecurity plan then it can go ahead and do that. If people want to fill out the sheep health statement then we encourage them to do it. We are just saying that it is not compulsory in the OJD space. When it comes to footrot, you will still need to complete a statement for the restocking of sheep, particularly sheep coming in from Victoria. But, when it comes to OJD, why should a heavy-handed government be telling farmers what to do when there is an opportunity to have a regional biosecurity plan for your own region.

The Hon. STEVE WHAN: Let us move on now to Fisheries. Are Fisheries staff now being used to conduct assessments about the closure or sale of Crown road reserves and whether they will have an impact on access for fishing. If they are, what is the basis for that involvement and who is paying for it?

Ms KATRINA HODGKINSON: Thank you for the question. I will defer to Mr Allan on this.

Mr ALLAN: Fisheries is referred to find out if there are access issues for fishermen with the sale of Crown land. So we are not making the assessment; we are looking at access issues for fishermen.

The Hon. STEVE WHAN: How do you look at whether or not there are access issues for fishermen?

Mr ALLAN: There is a range of ways we do that. The first thing for a waterway is to look at the reach of that waterway and what other access is available. We would then negotiate and consult with local fishing clubs and fishing communities in that particular area.

The Hon. STEVE WHAN: Do your staff actually go out into the field and inspect these areas?

Mr ALLAN: Not all of the time. Sometimes they do.

The Hon. STEVE WHAN: Is the department being reimbursed for the work it is putting into that—that is, the cost of the staff time—through the sale process?

Mr ALLAN: No.

The Hon. STEVE WHAN: Can you give us an estimate of how much staff time has been involved in that process, particularly since the Government took the decision to speed up the processing of Crown land sales? Perhaps you will have to take that question on notice.

Mr ALLAN: Maybe I should take that on notice.

The Hon. STEVE WHAN: Yes, I am happy for you to take that on notice. Also on Fisheries, the last report done on fish stocks in New South Wales, which I have here, *Status of Fisheries Resources in NSW 2008/09*, is now four or five years old. The report is based on data which is six years old. Minister, are you aware that failure to update this report could open up the fishing industry to actions under the Environment Protection and Biodiversity Conservation Act [EPBC] federally in terms of the assessment of sustainability?

Ms KATRINA HODGKINSON: I will defer to Mr Allan again.

Mr ALLAN: Every year we conduct an assessment of the 108-odd species of commercially available fish. That assessment is ongoing. It is done every year. The report that you are citing is something that is produced for public consumption. It is a very useful document but it is by no means the only assessment done. An assessment is done every year, and we do meet all of our requirements under the EPBC Act for export approval for commercial fisheries. That is an annual process. It is ongoing and has not been missed.

The Hon. STEVE WHAN: So there has been no change to the assessment process or timeframe since the closure of the Fisheries department at Cronulla and the departure of some of the staff who were previously involved in that?

Mr ALLAN: There has been no change to the timeframes. We do it every year. We will do it this year, we did last year and we have done it for all the years before then.

The Hon. STEVE WHAN: Is there a plan to release the status of fisheries resources publication again, given that that was originally meant to be done every few years?

Mr ALLAN: Yes, we will release another report. Whether it will be exactly the same framework as that one or whether it is done via an online system I cannot say. We are looking at reporting requirements all the time to improve them.

The Hon. STEVE WHAN: What is your timeframe for that?

Mr ALLAN: We do not have a timeframe for that. We will have a plan to release it after we have done the assessments for this year. We will look at how we will best make it available to the public. It will probably be through an online process.

The Hon. STEVE WHAN: Have you been impacted by the departure of staff who were previously involved in this process in your ability to produce this report?

Mr ALLAN: We have been impacted. Closing down the Cronulla office was disruptive for some staff. But I am happy to say that more than 50 per cent of our staff from Cronulla have come with us. We have a recruitment exercise going on to recruit new scientists, and I am very confident that we will be back up and running again very quickly.

The Hon. STEVE WHAN: Minister, are you aware that, as I understand it, a private company has expressed interest in the use of the Cronulla site? Is that something that the department is considering?

Ms KATRINA HODGKINSON: Marine Rescue NSW is in there at the moment. Commissioner Stacey Tannos and I had a meeting a little while ago now at Cronulla. There are 120 part-time Marine Rescue people who are just delighted to be at the Cronulla fisheries centre because—

The Hon. STEVE WHAN: Because it is a great site.

Ms KATRINA HODGKINSON: —for the first time they are actually all together. They have come together at the one location, and they are absolutely thrilled about that. They are doing well there. There is a working group that is currently focusing its attention on the future use of the Cronulla fisheries site. If there is a private organisation interested in that then I would be referring them to the working group.

The Hon. STEVE WHAN: Minister, are you or the department aware of approaches from a Canadian company called Archipelago Marine Research expressing an interest in utilising the site for fisheries research?

Ms KATRINA HODGKINSON: I will defer to Mr Allan, but it would be up to the trust to make those sorts of decisions. I met with the general manager from the shire a few weeks ago to discuss where the pathway around the site would be going for public use. There are all sorts of things being discussed about the future of the site but the trust is the determining body for that.

Mr ALLAN: The great thing about the Cronulla site is that it has been kept in public ownership, and there has been increased public access to the site. A trust has been set up to manage that site and any future use of the site. I have heard of Archipelago Marine Research. I have not seen its proposal but I have heard that there is such a thing.

The Hon. STEVE WHAN: So it has not made a formal proposal at this stage?

Mr ALLAN: That would go to the trust. It has not come to us as a government department. So I have heard that such a thing exists, but I have no idea of the details of it. That would be considered by the trust.

The Hon. STEVE WHAN: Do you think it odd that they would not consider there were access problems at the site given that that was one of the key reasons why you closed the site down?

Mr ALLAN: We have no idea what the application is and what it is for. It might be for a consultancy service, which bears no resemblance to the activities we conducted on the site. We cannot answer that at all until we have seen the details of the proposal.

The Hon. STEVE WHAN: How much research is still going on at the site? Are there still people working on research at the site?

Mr ALLAN: There are no Fisheries staff there at all.

Ms KATRINA HODGKINSON: Marine Rescue is there.

The Hon. STEVE WHAN: So there is no fisheries research occurring there at all?

Ms KATRINA HODGKINSON: No, I was back there a few weeks ago just to make sure.

The Hon. STEVE WHAN: Has all the research equipment been moved from the site to its new location or is there still research equipment in storage?

Ms KATRINA HODGKINSON: There are still two vans, are there not?

Mr ALLAN: Yes, there are two shipping containers, which are being moved tomorrow; and there are some samples in the freezer. That is all the scientific equipment that is there. There is a bit of lobster gear, collectors and such, but they will all be moved before the end of the next month.

Ms KATRINA HODGKINSON: There is also one mapping cupboard, which is going to be donated to the local historical society.

The Hon. STEVE WHAN: And what about the shark crane? Is that staying, going or moving?

Mr ALLAN: The shark crane has gone. It has been moved to Wolstencroft.

The Hon. STEVE WHAN: Can we move now to the Water portfolio, and we may come back to some of those other issues if time allows. Minister, what involvement have you had in the appointment of board members to State Water?

Ms KATRINA HODGKINSON: State Water board members are appointed by the Treasurer.

The Hon. STEVE WHAN: Were you consulted on the appointment of Mr Nick Di Girolamo to State Water?

Ms KATRINA HODGKINSON: All board appointments go through the Cabinet process.

The Hon. STEVE WHAN: Did you declare in the Cabinet process that he had been a donor to the Liberal Party and to your campaign?

Ms KATRINA HODGKINSON: He was a donor to the National Party, not to my campaign. There was an error made in the reporting of Nick Di Girolamo which was subsequently corrected by the company with which he is associated, Australian Water Holdings.

The Hon. STEVE WHAN: Given the Premier's comments before the election about the appointment of donors and so on to boards, do you think it is appropriate that a substantial donor to the Coalition parties was appointed to State Water?

Ms KATRINA HODGKINSON: It was not my decision; he was an appointee of the Treasurer.

The Hon. STEVE WHAN: You just said that it went through Cabinet.

Ms KATRINA HODGKINSON: All board appointments go through the Cabinet process.

The Hon. STEVE WHAN: You did not raise any objections? As Minister for Water, were you consulted on the appointment?

Mr SCOT MacDONALD: Point of order: Is it appropriate to ask the Minister about what happens in Cabinet?

CHAIR: Order! The Minister is an experienced Minister and can handle herself. If she does not want to answer a question because of Cabinet constraints I am sure that she will say so. There is no point of order.

Ms KATRINA HODGKINSON: Actually, it is an excellent perspective and I appreciate your ruling, Mr Chairman. As a former Cabinet Minister, Mr Whan, I am sure that you would understand the constraints of the Cabinet process. It suffices for me to say that all board appointments are considered by Cabinet.

The Hon. STEVE WHAN: Does it concern you that, from what I can see, there is now no member of the State Water Board who lives to the west of the Great Dividing Range, where most of the customers of the board reside?

Ms KATRINA HODGKINSON: This is a matter for the Treasurer.

The Hon. STEVE WHAN: You are the Minister for Water. Do you have an opinion on that? We have in front of us the chief executive of State Water. Surely if he has appeared with you at estimates you can answer the question.

Ms KATRINA HODGKINSON: We have our State Water office located at Dubbo, which is a unique and excellent regional area.

The Hon. Dr PETER PHELPS: An excellent electorate with an excellent member.

Ms KATRINA HODGKINSON: With a terrific member, who is floating around somewhere. Also, of course, the head of State Water is originally from the Murrumbidgee and is very well versed in all regional issues.

The Hon. STEVE WHAN: I asked you specifically about board members for State Water. As a member who represents the west and presumably will soon represent even further west after the next redistribution, does it concern you that there is no decision-making member of State Water who resides in western New South Wales or even has a link to irrigators?

Ms KATRINA HODGKINSON: My advice is that the board has two further appointments under consideration at the moment, but I am sure that the Treasurer will be appointing people based on merit.

The Hon. STEVE WHAN: As the Minister for Water and as a representative of rural New South Wales, would you be hoping that at least one of those would be a representative who lives in rural New South Wales?

Ms KATRINA HODGKINSON: I believe that board appointments should be merit based as well.

Mr TUCKER: I would just remind members that I am actually a board member of the State Water Corporation as well as the chief executive. I have spent 40 to 45 years residing in country areas and have well established links to irrigators.

Ms KATRINA HODGKINSON: And he is also of great merit.

The Hon. STEVE WHAN: The point still stands.

The Hon. Dr PETER PHELPS: No, it does not.

The Hon. STEVE WHAN: Minister, you would be aware that New South Wales irrigators have criticised State Water's pricing submission to the Australian Competition and Consumer Commission [ACCC],

which seeks approval to make a major shift in charges from usage charges to fixed infrastructure charges. Why did you sign off on that submission?

Ms KATRINA HODGKINSON: Is this bulk water charges? It was the Commonwealth Water Act 2007, was it not, that said that the Independent Pricing and Regulatory Tribunal [IPART] would be going over to the ACCC?

The Hon. STEVE WHAN: But you have a Government submission to the ACCC from State Water that proposes that the mix of charges in New South Wales be shifted from usage charges to greater fixed infrastructure charges.

Ms KATRINA HODGKINSON: That is right. It is a user-pays system, which is the one that the ACCC works under. The Independent Pricing and Regulatory Tribunal takes much more of a triple bottom line approach and, in an ideal world, I would prefer for IPART to continue on with that. Correct me if I am wrong, Mr Tucker, but I think it was a Commonwealth decision under the Water Act to move all water charges within the Murray-Darling Basin over to the ACCC.

Mr TUCKER: It was a Commonwealth decision and a decision of the former Government Minister to cede powers to the Commonwealth. Just for clarification, State Water has submitted its pricing submission to the ACCC. The Government has noted that we have submitted but, as with all other stakeholders, they and others have an opportunity to comment on that when it is released publicly by the ACCC, leading to a draft determination in February, we understand, of next year.

The Hon. STEVE WHAN: Mr Tucker, you are suggesting that the submission from State Water to the ACCC was not approved by the State Government; it went from State Water without approval from the State Government?

Ms KATRINA HODGKINSON: This all goes back to the National Water Initiative of 2004. That is where it all began. It is very historic.

The Hon. STEVE WHAN: Can I just get the question answered? Did the State Government or the Cabinet sign off on or in any way approve the submission from State Water regarding its proposal for charges that has gone to the ACCC?

Mr TUCKER: Obviously, I am not subject to Cabinet considerations, Mr Whan.

The Hon. STEVE WHAN: You are saying that the Government did not sign off on that submission?

Ms KATRINA HODGKINSON: He is not saying that at all. He is just saying he does not know what happens in the Cabinet room.

The Hon. STEVE WHAN: It is not Cabinet-in-confidence to say whether a submission has to be approved by Cabinet before it goes to the ACCC. Are you telling me that no-one at the table knows whether or not that is the case?

Mr TUCKER: We have provided a copy of our submission to the Minister. The Minister, obviously, goes through a Cabinet process that we are not privy to. But the Government has not endorsed nor supported our submission; it has merely noted that the submission has been lodged.

The Hon. STEVE WHAN: Minister, did you express any concern about the content of the submission and the shift towards greater fixed charges?

Ms KATRINA HODGKINSON: It is a tricky situation, because under the National Water Initiative of 2004 we then had the Commonwealth Water Act developed in 2007. One of things to come out of that was—

The Hon. STEVE WHAN: No, I am asking you a clear question about this.

Ms KATRINA HODGKINSON: I would rather that IPART held onto it, but it is a fact that the ACCC is going to get it.

The Hon. STEVE WHAN: The question I am asking you is did you, as Minister for Water and Minister for Agriculture, express concern about the proposal from State Water to shift charging more towards fixed charges?

Ms KATRINA HODGKINSON: Yes, of course, there are some areas where it is really going to be hurting. That is in areas such as the Peel Valley. I am not sure if you are aware of it. It is an area in the northern part of the State.

The Hon. STEVE WHAN: I know where the Peel Valley is. Do you want to answer the question or not? The clear question I have asked you is: Did you express concern about the shift to a greater proportion of the charges being fixed charges rather than usage charges?

Ms KATRINA HODGKINSON: I have regularly expressed concern that the ACCC does not take a more balanced view when it comes to water charging.

The Hon. STEVE WHAN: In response to the submission from State Water that was provided to you—

Ms KATRINA HODGKINSON: Are you asking for a copy of the media release or something?

The Hon. STEVE WHAN: I am asking you whether or not you expressed concern.

Mr TUCKER: I think it is appropriate that the Minister of the day expresses concern about any change in water pricing, whether it is a shift to fixed charges or more highly variable charges. The reality is that any shift will have impacts positive and negative because there are different usage patterns, different entitlement bases and different asset values in each valley.

The Hon. STEVE WHAN: Did the Minister express concern to you about the shift, because I know irrigators did?

Mr TUCKER: She expressed a general concern about any shift in pricing and, as a consequence of our shift to the ACCC, wanted to know more detail about what that change in regulator would mean.

The Hon. JEREMY BUCKINGHAM: Minister, in the period between 2008 and 2013 has there been an increase or decrease in employment in the New South Wales agricultural sector?

Ms KATRINA HODGKINSON: Let us see. By "agricultural sector" you do not mean the public service but within the farming community? Is that what you are talking about? Are you talking about small businesses within the agricultural community, or farmers?

The Hon. JEREMY BUCKINGHAM: The agricultural sector.

Ms KATRINA HODGKINSON: Public jobs or private jobs? Sorry, I just need a little bit more information.

The Hon. JEREMY BUCKINGHAM: The sector of the economy that you look after. Has there been an increase or a decrease in employment in the agricultural sector?

Ms KATRINA HODGKINSON: It depends on—

The Hon. JEREMY BUCKINGHAM: It is clear that you do not know.

Ms KATRINA HODGKINSON: That is not true at all. I am just trying to get a clearer idea of the question that you are asking.

The Hon. JEREMY BUCKINGHAM: You are trying to get your director general to get you an answer.

Ms KATRINA HODGKINSON: Excuse me. That is not very polite at all. If I may just have a moment to—

CHAIR: I call the session to order. The Minister has been asked a question and she should be given time to answer it. Once she has answered the question members may ask additional questions. Minister, please proceed.

Ms KATRINA HODGKINSON: Thank you very much, Mr Chairman. That is most kind. In 2010-11 the agriculture sector in New South Wales generated \$11.7 billion in gross value and directly employed more than 65,000 people. The highest grossing agricultural industries were wheat, \$2.5 billion; cattle, \$1.6 billion; and cotton, \$1.1 billion. The agricultural sector also contributed more than \$8 billion to exports. The value of the sector has jumped by more than \$2 billion since the drought. This recovery will be further assisted by the lower Australian dollar.

In New South Wales some 58 million hectares, or 73 per cent of the land area of the State, is used for agricultural production. The agricultural sector in New South Wales is a high performer, producing some 25 per cent of the national gross value of production from just 14 per cent of total agricultural land in Australia. Despite some drought-related slowing at periods during the early 2000s, agricultural productivity growth is on a firm upward trend. Over the 10 years to 2011, the sector achieved average annual productivity growth of more than 2 per cent. In this regard, it outperformed all industry sectors other than finance and insurance services. And given we had a terrible drought during that period, I think that it is absolutely hats off to the agricultural sector.

The Hon. JEREMY BUCKINGHAM: Thank you, Minister.

Ms KATRINA HODGKINSON: This growth would have been enabled at least in part by relevant research and development, such as that conducted by the Department of Primary Industries in partnership with industry.

The Hon. JEREMY BUCKINGHAM: Thank you. Are there more people employed in the sector now than there were in 2008?

Ms KATRINA HODGKINSON: We do not have the 2008-specific figure, but today it is 65,716 employed in agriculture and services. That is compared to 2011.

The Hon. JEREMY BUCKINGHAM: So you do not know if there are more people employed this year in the agricultural sector than last year? Is there a decreasing trend or an increasing trend in that sector?

Ms KATRINA HODGKINSON: Up by 5,000. Mr Bullen would like to make a comment.

Mr BULLEN: Mr Buckingham, I think we will take that question on notice, but one of the things that needs to be considered around this is that during the period from 2000 to 2010 there was a major drought that impacted on agricultural product production. Therefore, there may well have been an increase here, depending on when one takes the commencement of statistics. I would like to take that question on notice and we will come back to you in relation to that one.

The Hon. JEREMY BUCKINGHAM: Sure. Minister, what is the number one food commodity exported from New South Wales by value?

The Hon. Dr PETER PHELPS: She has already said that.

Ms KATRINA HODGKINSON: I have just labelled the top three.

The Hon. JEREMY BUCKINGHAM: But what is the number one?

Ms KATRINA HODGKINSON: The first one, from memory, was wheat.

The Hon. JEREMY BUCKINGHAM: The number one by value is wheat?

Ms KATRINA HODGKINSON: That is what I said a moment ago when I read out that report to you.

The Hon. JEREMY BUCKINGHAM: That is wrong, but anyway I would like to move on to coal seam gas.

The Hon. Dr PETER PHELPS: Is it cotton?

The Hon. JEREMY BUCKINGHAM: It is meat; processed meat.

The Hon. Dr PETER PHELPS: For Jeremy it is cotton, obviously. He is the Milo Minderbinder of this Parliament.

The Hon. JEREMY BUCKINGHAM: It is processed meat and I am surprised the Minister does not know that.

Ms KATRINA HODGKINSON: It is actually wheat for grain.

The Hon. JEREMY BUCKINGHAM: In relation to recommendation No. 4 of General Purpose Standing Committee No. 5's coal seam gas inquiry, it was recommended that the New South Wales Government progress as a priority the project being undertaken by the Office of Water to assess the potential volume of produced water from the coal seam gas industry. Has this assessment been completed? What are the results of this assessment?

Ms KATRINA HODGKINSON: I might defer to the Commissioner for Water for a moment.

Mr HARRISS: Thank you, Mr Buckingham. We have not had an overarching investigation, but we assess every application on a site-by-site basis on its merits.

The Hon. JEREMY BUCKINGHAM: There has not been an assessment done of the potential volumes of water that will be utilised or produced from a coal seam gas industry in New South Wales?

Mr HARRISS: No. In terms of production, it varies between site to site. What we have is a high-level policy setting, which means that under investigations there can be no more than three megalitres per annum taken without a licence. Then following any investigations of exploratory activities, any production capacity will have to be assessed independently for its potential water use and that will have to be licensed. All of it will have to be licensed.

The Hon. JEREMY BUCKINGHAM: But you are not doing any planning like a cumulative assessment of impacts on groundwater?

Mr SCOT MacDONALD: Point of order: I think the member is confused. There is produce water and there is water used by the industry. Produce water comes under the Environment Protection Authority. It does not come under this department.

The Hon. JEREMY BUCKINGHAM: Is there a point of order?

CHAIR: Order! There is no point of order. It is up to the member to clarify his question so that the Minister and her advisers can answer accurately. Mr Buckingham, would you care to clarify?

The Hon. JEREMY BUCKINGHAM: No, I would not care to clarify. I just asked a question about whether or not the assessment had been done. I understood that there was a project being undertaken by the Office of Water to assess the potential volume of produced water from the coal seam gas industry. My understanding from the answer is that that is not happening.

Ms KATRINA HODGKINSON: Can I just make a few comments about that, please, Mr Buckingham?

The Hon. JEREMY BUCKINGHAM: Certainly.

CHAIR: Yes, Minister, you may.

Ms KATRINA HODGKINSON: Thank you, Mr Chairman. We now have the most stringent water regulations in the country in relation to coal seam gas extraction. As the commissioner said, from 1 July 2011 we introduced a three megalitre per year rule. We capped the volume of water that can be taken for exploration without a water licence to three megalitres a year. Before that, there was absolutely no limit. That was a temporary policy. We went on to develop quite an incredible aquifer interference policy by Rob O'Neill and the Office of Water. That was released in September 2012. It applies to all coal seam gas activities, both exploration and production, anywhere in the State. It sets out the requirements to assess the impacts of aquifer interference, activities and water resources. Water taken from a groundwater source as a result of coal seam gas production or exploration needs to be accounted for and, apart from a very limited number of exemptions, requires a licence. It also requires that a proponent analyse the risks that could occur and develop mitigation strategies to ensure that our water resources are protected.

The Office of Water does monitor groundwater level and quality right across New South Wales. It has information from 3,500 groundwater monitoring sites right across New South Wales. Bore data from over 300 of those sites is available on the website, which is a real-time website. The Office of Water currently is undertaking a drilling program to construct new monitoring bores in the sedimentary rock where coal seam gas is found. It is anticipated that by the end of 2013 there will be nests of groundwater monitoring bores established in the Hunter Valley and also in the Gunnedah Basin. Mr Buckingham, I have six fact sheets relating to water and coal seam gas that have been developed by the New South Wales Office of Water. If the Committee is interested, I am very happy to table these.

CHAIR: Minister, are they on the website?

Ms KATRINA HODGKINSON: They are. There are six fact sheets.

CHAIR: There is probably no need to table them.

The Hon. JEREMY BUCKINGHAM: That is the Australian Petroleum Production & Exploration Association [APPEA] website or the Government's website?

Ms KATRINA HODGKINSON: The New South Wales Office of Water [NOW] website.

The Hon. JEREMY BUCKINGHAM: Thank you. Minister, are deer and foxes declared pest animals under the Rural Lands Protection Act?

Ms KATRINA HODGKINSON: Yes. I am sorry: What was the question? Deer and foxes? No, foxes are not. Foxes are pests, yes.

The Hon. JEREMY BUCKINGHAM: That is incorrect, but anyway will your Government commit to declaring these pest animals so that appropriate control methods can be put in place?

CHAIR: The question was, Minister, declared pests.

Ms KATRINA HODGKINSON: Oh, declared pests.

The Hon. JEREMY BUCKINGHAM: They are not.

Ms KATRINA HODGKINSON: No, they are not declared pests.

The Hon. JEREMY BUCKINGHAM: No, they are not.

Ms KATRINA HODGKINSON: But they are pests. They are bloody annoying.

The Hon. JEREMY BUCKINGHAM: That is right—a bit like myself. Will you commit to declaring them as pests under the Rural Lands Protection Act?

Ms KATRINA HODGKINSON: I am going to defer to Mr Christie for a moment.

The Hon. JEREMY BUCKINGHAM: And if not, why not?

Mr CHRISTIE: They are not declared as pests under the Act, the reason being that they are widespread but the sorts of things that we can do to control them need to be undertaken by everybody for the purposes of removing them. They are not pests because they are not easily controlled, usually, as pests. Under that Act, declaring them as pests is not going to allow them to be controlled any more than they are now.

The Hon. JEREMY BUCKINGHAM: Is that the determination that you use? I thought wild dogs were quite hard to control.

Mr CHRISTIE: They are easier than foxes.

Ms KATRINA HODGKINSON: They are non-eradicable. It is very difficult to eradicate foxes, which is the problem. While everybody wants to eliminate foxes—you know, if I have a fox on my property I certainly do not want it there and I want to get it taken care of as quickly as possible; I certainly do not want any risk to any of my domesticated animals or my neighbour's domesticated animals either as a result of a fox—they are non-eradicable. We know they are a big problem and we just try to get rid of them as a matter of course anyway.

The Hon. JEREMY BUCKINGHAM: That is an interesting answer, thank you, Minister. The New South Wales mining and coal seam gas communications project was funded through the Office of Agricultural Sustainability and Food Security—an office you would be very familiar with—within the Department of Primary Industries. The current project was announced last year and funding ran out at the end of June, but I understood it was going to run for two years. There is no mention of it in the budget papers. Can you confirm that funding for this project is continuing and outline what the time frames are?

Dr SHELDRAKE: Perhaps I will answer the question, Mr Buckingham. The funding you referred to came through a national partnership program. The intent of the program was that it would be a two-year program. The second year is subject to negotiations that are occurring within the Commonwealth Government. The New South Wales Government signed off. We are anticipating that the second year of funds will flow, but it is with Commonwealth officials.

The Hon. JEREMY BUCKINGHAM: Minister, what is the salary of the Land and Water Commissioner and what is the total budget for that office?

Ms KATRINA HODGKINSON: It is a very specific question. I have it here.

Dr SHELDRAKE: It is a Senior Executive Service position that Mr Laurie holds. The budget is managed through the Office of Agricultural Sustainability and Food Security. It is a relatively small budget. The Commissioner reports directly to Mark Paterson but we can take that on notice and give you the expenditure allocated to Mr Laurie's salary and the functions that he carries out.

Ms KATRINA HODGKINSON: I add to that: The Commission's office is a small team. The Commissioner has dedicated clerical support, but for broader support can and has called on the NSW Chief Scientist and Engineer, the Division of Resources and Energy, the Office of Coal Seam Gas, the NSW Department of Primary Industries, Agriculture NSW, the Office of Agricultural Sustainability and Food Security, the NSW Environment Protection Authority and the Department of Planning and Infrastructure. The office's budget in 2012-13 was \$1.56 million plus \$4.78 million in project funds. The projected budget for 2013-14 is \$1.8 million plus \$3.6 million in project funds.

The Hon. JEREMY BUCKINGHAM: How many times have you met with the Land and Water Commissioner in his role as the Land and Water Commissioner and are you aware of any advocacy work that the Land and Water Commissioner has done in his time in this role?

Ms KATRINA HODGKINSON: It falls more properly under the Deputy Premier, and the Director General will also answer on this as well. But the last time I had a meeting and discussed this matter with the Land and Water Commissioner was in the first half of this year. It would have been in April, I think.

The Hon. JEREMY BUCKINGHAM: That was an official meeting?

Ms KATRINA HODGKINSON: It was not an organised meeting, but we did discuss his duties.

The Hon. JEREMY BUCKINGHAM: So have you had an organised meeting in his official capacity?

Ms KATRINA HODGKINSON: A formal meeting?

The Hon. JEREMY BUCKINGHAM: A formal meeting.

Ms KATRINA HODGKINSON: A formally set up meeting with the Land and Water Commissioner? No, I have not but I have met him several times and we have had several conversations.

Dr SHELDRAKE: Perhaps, Mr Buckingham, it is worth noting that the Commissioner has met with me on, I think, three or four occasions at formal meetings where we have sat down and formally recorded the issues that he has been confronted with, with the communities that he has been meeting with. A series of actions has come out of those meetings and they have been implemented. One was the issue around having good publicly available material on coal seam gas. They are the items that are on the website that the Minister raised with you a moment ago. That is just one example.

Ms KATRINA HODGKINSON: I would also like to add that he meets with my Parliamentary Secretary, Troy Grant, the Chairman of the Land and Water Advisory Panel—and a very good one too.

The Hon. JEREMY BUCKINGHAM: I hope you get a chance to meet him soon as well.

Ms KATRINA HODGKINSON: I know him very well. I have known Jock Laurie for years.

The Hon. JEREMY BUCKINGHAM: In terms of the Government's Strategic Regional Land Use Plan, do you believe that there are any other critical industry clusters in New South Wales in the agricultural sector, other than the equine industry or the vignerons, in your opinion?

Ms KATRINA HODGKINSON: This was a decision that was made through the Minister for Planning and Infrastructure and other Ministers. There has been an intergovernmental committee set up to deal with issues such as this. The final determination was that there would be critical industry clusters established and that the equine industry and the viticulture industry would be part of those critical industry clusters. My personal belief is that all agriculture is extremely important. Obviously I am a person from a farming background. But the critical industry clusters, it was deemed, should be those two particular industries. Importantly, we have now set up the Aquifer Interference Policy, which is designed to protect agricultural lands. Agricultural impact statements have also been introduced requiring proponents to undertake an agricultural impact statement for all new State-significant mining and coal seam gas development applications that may impact agricultural resources. An agricultural impact statement will also be required for mining and coal seam gas exploration activities, as part of the review of environmental factors. They are just two new policy areas that were not there under the former Government that we have introduced to protect agricultural lands.

The Hon. JEREMY BUCKINGHAM: So you do not believe that there is a place for, say, cotton or poultry to be included as critical industry clusters in any future or existing strategic regional land use plan?

Ms KATRINA HODGKINSON: Other industries could make a claim for critical industry cluster if they see fit and they would be considered. I understand the Director General wants to make an additional statement.

Dr SHELDRAKE: The reason that the equine and viticulture industries were identified was not to say that every other industry is not critical. The critical things about those two industries were the structures and the other infrastructure that was there that created those as critical industries. For example, in the equine industry it was the number of studs, the number of veterinary centres and the investment that went into spelling businesses, for example. In viticulture it was around tourism, hotel development, restaurants and also the vineyards. That is what made those two industries different. The Strategic Regional Land Use identified, based on soils, water and soil fertility, the strategic regional land areas. The Government has tried to identify industries that have considered other investment in creating those two industry clusters.

The Hon. JEREMY BUCKINGHAM: In terms of the agricultural impact statements that you alluded to, how many agricultural impact statements has the department provided advice on since their introduction in November 2011?

Ms KATRINA HODGKINSON: We will take that on notice.

The Hon. JEREMY BUCKINGHAM: Based on the agricultural impact statements, on how many occasions has the department given advice that the project that the agricultural impact statement is being prepared in relation to, should not proceed?

Ms KATRINA HODGKINSON: I will take that on notice.

The Hon. JEREMY BUCKINGHAM: Minister, what percentage of land in New South Wales is foreign owned?

Ms KATRINA HODGKINSON: New South Wales has a strong position on encouraging investment to develop agricultural industries, market opportunities and value-added industries. This investment will rely on both local and foreign investment. The positive business environment in New South Wales and the competitiveness of New South Wales' agricultural enterprises means that New South Wales is well positioned to explore further trade and investment opportunities and that ultimately means more jobs in New South Wales. New South Wales' families are still the major investors in New South Wales' agricultural enterprises, including land, but I have written to the former Prime Minister seeking the development of a national register of foreign ownership of agricultural land.

However, I note that the United States-based agricultural company Archer Daniels Midland has recently made a takeover bid for the Australian agricultural company, GrainCorp Limited. That bid is subject to various corporate and regulatory examinations. I note that the Australian Senate inquiry entitled Examination of the Foreign Investment Review Board National Interest Test released a report in late June 2013 and included the recommendation that a national register of foreign-owned land be developed. I look forward to seeing how this and other recommendations of the report will be further developed.

The Hon. JEREMY BUCKINGHAM: Would you have a coal seam gas well on your property?

Ms KATRINA HODGKINSON: I am not concerned about coal seam gas wells. I am confident in the Aquifer Interference Policy that we have in place. I am confident with the agricultural impact statement that is in place at the moment. I have been out to inspect several wells, some at Camden and some at the Elizabeth Macarthur Agricultural Institute. They have been there for years and years. The Director General might be able to fill us in as to how long they have been there. You cannot even see them. You do not notice them. You would think you were driving past a telephone box really—a large telephone box. I am not overly concerned about it.

The Hon. JEREMY BUCKINGHAM: Are you aware that The Nationals leader and Deputy Premier, Andrew Stoner, in an interview earlier this year said he would not want a coal seam gas well next to his home?

Ms KATRINA HODGKINSON: Yes, I am aware of those comments.

The Hon. JEREMY BUCKINGHAM: What is your view on the Government's draft State environmental planning policy [SEPP]?

Ms KATRINA HODGKINSON: I do not think I would want a wind turbine.

The Hon. JEREMY BUCKINGHAM: Why does the Government's draft SEPP regarding coal seam gas support buffer zones for urban dwellings but not rural dwellings?

Ms KATRINA HODGKINSON: That is a decision of the Minister for Planning and Infrastructure, I believe.

The Hon. JEREMY BUCKINGHAM: Have you had any input into that SEPP or do you have a view on the exclusion zones applying only to urban residences and not rural residences?

Ms KATRINA HODGKINSON: This is a planning matter and it is not my portfolio area. Yes, I am responsible for agriculture and water, but that is a planning matter.

The Hon. JEREMY BUCKINGHAM: So you do not have a view on the exclusion zone applying only to urban areas and not rural areas?

Ms KATRINA HODGKINSON: I have many views on many things, but it does not make me the Minister for everything.

The Hon. JEREMY BUCKINGHAM: What is your view on the exclusion zone applying only to residential areas?

Ms KATRINA HODGKINSON: As I understand, that was a wish of the planning Minister.

The Hon. JEREMY BUCKINGHAM: And your view of that is?

Ms KATRINA HODGKINSON: It has happened.

The Hon. JEREMY BUCKINGHAM: No, it is a draft.

The Hon. RICK COLLESS: Point of order: It is not appropriate for the member to consistently question the Minister on her views and opinions. She is here to give the facts of her portfolio, not her opinions and views of other portfolios.

CHAIR: Order! I uphold the point of order. Questions should relate to the Minister's portfolio.

The Hon. JEREMY BUCKINGHAM: What is the total budget for the Wild Dog Destruction Board?

Ms KATRINA HODGKINSON: Just one moment. We have notes.

The Hon. JEREMY BUCKINGHAM: Has there been a net increase or decrease in funding? If so, why?

Ms KATRINA HODGKINSON: We will have to take the question about the total budget on notice, I think.

The Hon. JEREMY BUCKINGHAM: I am quite happy for you to take that on notice.

Ms KATRINA HODGKINSON: I will refer to the Director General for a moment.

Dr SHELDRAKE: I do not have the total budget for this year, but it is self-funding and based on the properties serviced by the Wild Dog Destruction Board. We will be able to provide you the information required. We will take it on notice.

The Hon. JEREMY BUCKINGHAM: Minister, on 4 July it was announced that the Game Council would be abolished. Given the \$4.3 million budget allocation for the Game Council outlined on page 8-12 of the budget papers, where will this money go, particularly with the split of roles between DPI and National Parks? The \$4.3 million was an increase from \$2.5 million. Does this reflect additional roles under the national park hunting arrangements? Will this amount go to National Parks?

Ms KATRINA HODGKINSON: The transfer of all of the Game Council staff and assets will go to DPI.

The Hon. JEREMY BUCKINGHAM: The entire \$4.3 million will be transferred across to DPI?

Ms KATRINA HODGKINSON: I will defer to Mr Christie for the moment.

Mr CHRISTIE: The amount is a total that comes partly from DPI and partly from the licences that were derived. We are unsure at the moment what licences will continue—whether people continue to buy licences. At the moment we are getting \$2.6 million across to look after the transfer of the Game Council staff to DPI.

The Hon. JEREMY BUCKINGHAM: With the formation of Local Land Services [LLS] there has been a reduction in staff involved in agriculture and biosecurity service delivery. For instance, staff assigned to aquatic biosecurity have had a total change and the previous personnel redeployed elsewhere in DPI.

Additionally, full-time equivalent numbers have been reduced across the biodiversity unit. Consequently, many now are doubling or tripling up on commodity groups. How is New South Wales going to maintain its existing biosecurity with the staff cuts? What contingency is there if a pandemic, such as Avian Flu, Newcastle Disease or Hendra, occurs?

Ms KATRINA HODGKINSON: One of the great things about LLS is that we are actually streamlining three separate agencies, which have all ended up within the one agency—DPI. We will be able to have greater focus and greater collaboration between the agencies, as the one agency it will become. I am sure Mr Christie wants to add to anything I say in this space, but from 1 January next year the transitional arrangements will be over and we will be in the full swing of LLS focussing very much on the very things that those government agencies focus on today. Funding for the agencies will be quarantined for the purposes for which they are currently delivered but, of course, we will be streamlining a lot of the administration and a lot of the directors' positions et cetera by just having the 11 boards around the State rather than 25 separate boards between catchment management authorities and livestock health and pest authorities. Obviously, biosecurity is an extremely important issue for us and we have made that very clear.

We have one of the leaders in the whole field of biosecurity sitting at this table in Mr Bruce Christie. He is joined by such experts as Dr Ian Roth and others in his department doing an outstanding job. I do not believe that we are facing any concern when it comes to a biosecurity risk. We have the new \$57 million Elizabeth Macarthur Agriculture Institute up and running. I have inspected that a couple of times. It is an absolute state-of-the-art facility close, of course, also to the airport if we need to bring in people from overseas. It has easy access to do that. I will defer to Mr Christie, if he would like to make additional comments.

The Hon. STEVE WHAN: Camden?

Ms KATRINA HODGKINSON: Did I say Camden?

The Hon. STEVE WHAN: No, which airport?

Ms KATRINA HODGKINSON: Badgerys Creek.

Mr CHRISTIE: The demonstration of the improved efficiencies comes through the new biosecurity strategy we have put in place, which is a whole-of-government approach. What we have tried to do within DPI is better focus the resources we have. Obviously, we have had to meet the requirements of the cuts across the department in general, but as I said earlier to Mr Whan, we have been able to achieve that through better efficiencies, for example, better utilising technologies. We also very much tried to focus on where can we get the best result by having some generic areas where we can then be supported by technical specialists. We have three specialist areas—animals, plants and invasive species—to be supported by biosecurity operations, compliance, strategy and research.

We are now in the process of recruiting additional staff, having made that restructure occur. We have just hired the new director of the Elizabeth Macarthur Agriculture Institute and that person is coming from the Foot and Mouth Disease Laboratory in Purbright, England. Positions are now being filled. On top of that, with the additional staff that will be available through the amalgamation of the catchment management authorities and livestock health and pest authorities into the LLS with the agricultural staff, we see LLS has a bright future in delivering those operational areas. We have more staff to be able to respond to emergencies. Similarly, the efficiencies will be there looking at having core staff who are generic and can work across emergencies and biosecurity, and having additional technical staff to oversee how those core staff work in the particular emergencies.

The Hon. STEVE WHAN: Minister, what response did you make to representation from the member for Bega earlier this year regarding forest corporation charges for groups such as the Bermagui Dirtsurfers Mountain Bike Club and other not-for-profit mountain bike and cycling clubs?

Ms KATRINA HODGKINSON: Thanks for the question. I get many representations from the member for Bega. I will seek further information on that one, unless Mr Roberts would like to make a contribution.

Mr ROBERTS: We get a number of applications from different kinds of organisations, be they charitable organisations or schools. We have a set schedule of fees for different kinds of organisations. Where

there is a charitable organisation, we will endeavour to allow those people to access and use the forest for free. Where there are larger groups and somewhat more complicated arrangements we endeavour to cover the cost of our administration.

The Hon. STEVE WHAN: What is the fee for the Bermagui Dirtsurfers Mountain Bike Club going to be in 2013/2014 and are you aware it has gone up by 300 per cent in the past few years?

Mr ROBERTS: I do not know the figure as at today. I can take the question on notice. In respect of an increase, I would suggest that relates to the fact that on previous occasions when they have used the forest we have probably given them a holiday on the rental or the access fees and they would have gone up.

The Hon. STEVE WHAN: According to the club it has received significant increases in the annual fee over a number of years. It is now up to more than \$1,200 a year from next year. Do you think that is fair for a not-for-profit mountain bike club that does its own maintenance?

Mr ROBERTS: I think that we have to recover our cost of administration. We have to recover our cost of making sure that the event can be safe for the numbers of people involved.

The Hon. STEVE WHAN: It is not a specific event. This is an annual usage charge for them to have a track in the forest.

Mr ROBERTS: I would have to take the question on notice in respect of the amount that we are charging them and get back to you.

The Hon. STEVE WHAN: Minister, do you think it is reasonable that not-for-profit cycling clubs and mountain bike clubs are seeing such steep increases in their annual fees? Is that something you feel is a good way to encourage recreational activity?

Ms KATRINA HODGKINSON: Forestry Corp is entitled to set its fees. It does try to exercise cost recovery like a good corporation should. In an ideal world, we would be able to hand out everything for free, employ millions of people and provide everything for nothing but, of course, we have to be accountable to the taxpayer as Forestry Corporation has to be accountable to its board. It would be setting its fees in accordance with its own policy for cost recovery, I am sure.

The Hon. STEVE WHAN: Minister, these groups undertake the maintenance of their tracks themselves with volunteer labour. Is that something you are willing to go back and look at and ask the Forestry Corporation to justify those fees for you?

Ms KATRINA HODGKINSON: Mr Roberts has just committed to taking the question on notice and to provide additional information.

The Hon. STEVE WHAN: Through us, I would like you to let those groups know that you will take a personal interest in making sure that you think those fees are fair.

Ms KATRINA HODGKINSON: We have already said that we will take the question on notice.

The Hon. STEVE WHAN: We do not have anyone from the food authority here, do we? You might have to take this question on notice. Are you aware of complaints by Smokey Cape Oysters over the administration of closures at the Macleay River and have you investigated those complaints, which they suggest is going to force them to close down?

Ms KATRINA HODGKINSON: Bear with me one second. I am advised that, yes, my office has been made aware of this and it is currently looking into the matter.

The Hon. STEVE WHAN: Will you give us a time frame when you will be able to respond? My understanding is that Smokey Cape Oysters are in the minority of producers on the river in wanting to open all year round but are currently saying they will have to close their business if they do not get a response soon.

Ms KATRINA HODGKINSON: I am advised that this is a matter that is in discussion with the Port Macquarie Hastings Council at this point in time. When it will be finalised is an open question at the moment, unfortunately, but we are making investigations into the matter with a view to having it finalised.

The Hon. STEVE WHAN: Minister, I know you are aware of cooperative wild dog plans in the south-east and how successful they have been over a period of time. Are you aware that farmers such as Bill Brewis, who has a farm on the boundary of Kosciuszko National Park at Numbla Vale, are now saying that the previous levels of activities by trappers in the park have dropped off and they are now seeing a large increase in wild dog attacks?

Ms KATRINA HODGKINSON: It is terrible. The number of wild dogs everywhere at the moment is awful. The numbers are dreadful. The fact is that we had a period of drought, as you would be well aware, and then we have had a few good seasons. Since then it has been ripe for dog breeding, unfortunately. There is a wild dog strategy, which I launched back in mid-2011, which Livestock Health and Pest Authorities adopt parts of to suit their own areas, but all LHPAs are extremely conscious of wild dogs. We are doing our level best to get on top of the problem. It is a very big one. We certainly encourage landowners to make sure that they report all sightings or suspected sightings.

The Hon. STEVE WHAN: Has there been any change to the number of trappers employed in the region as a result of the move to the Local Land Services structure?

Ms KATRINA HODGKINSON: I am advised that will be a local decision. The Minister's office does not particularly get involved at that micro level of detail. I can give you some statistics on what has been spent on wild dog management, education and research and so on, if you are interested.

The Hon. STEVE WHAN: Can I clarify that in the future, under the Local Land Services, it will be up to the boards of the LLS to determine how many trappers they have in their local area?

Ms KATRINA HODGKINSON: That is absolutely right. That is an important part of Local Land Services. The ratepayers and people on the ground can decide from the grassroots up what is needed in the local area. They will be able to go to the board and say, "I need another dog trapper." It might be down in the Kosciuszko, wherever it happens to be, and the board will be able to look at its budget and say, "We can afford it", or, "We cannot afford it." If they can afford it, they will be able to put the extra pair of hands on for a period of their own determination. It might be that they want somebody for three months or they might want somebody part-time for a year, whatever it is, so they will be able to manage that at the grassroots level, which is the way it should operate.

The Hon. STEVE WHAN: I have to say the successful model in the south-east was something that the State Government was directly involved in. That approach seemed to work very well there. Does it concern you that we are seeing increasing numbers? We are seeing feedback from farmers that there is not as much activity in the area surrounding that property, including the national park. Will you assure the Committee that expenditure and resources for that have not dropped away?

Ms KATRINA HODGKINSON: National parks are not my jurisdiction. I know that the national park has been viewed in the past as a breeding ground for wild dogs and wild dogs are certainly a big problem within the Kosciuszko National Park, as well as the Brindabella and in other national parks around the State, most certainly. I know that the local LHPA is doing an outstanding job under very trying circumstances. There has been an increase in dog numbers because we have had such good seasons. They are breeding and breeding. It is hard to keep on top of it, but we are committing extensive funds. I have some statistics here, if you are interested. In 2012-13, the Department of Primary Industries spent \$521,000 on wild dog management, education and research. Forestry Corporation spent \$400,000 on wild dog control. The Wild Dog Destruction Board contributed \$200,000 towards the maintenance of the wild dog barrier fence. In the 2012 calendar year, the LHPA spent \$370,000 on ground control activity. There is a lot of money being spent in the space. It is very challenging to get on top of the proliferation of dogs.

CHAIR: Thank you, Minister. The Opposition's time has expired. We will move to the crossbench. In doing so, I have decided I will ask a couple of questions. They are all fairly easy ones. In discussions on the questions related to the Cronulla site, you were asked a question about whether any private companies were on the site.

Ms KATRINA HODGKINSON: Yes.

CHAIR: Are you aware that Marine Rescue New South Wales is a private company?

Ms KATRINA HODGKINSON: I have met with Stacey Tannos. I believe it is a volunteer organisation.

CHAIR: It is a private company limited by guarantee, and it is very well run, so there is a lesson: Private companies with government partnerships, being paid government money and raising their own money, can work and work very well.

Ms KATRINA HODGKINSON: Good observation.

CHAIR: If I may, through the Minister, ask a question of Mr Christie. Mr Christie, will you advise the Committee what is the current status of deer in New South Wales? How are they defined in relation to the Game and Feral Animal Control Act?

Mr CHRISTIE: They are defined under the Game and Feral Animal Control Act as game animals.

CHAIR: Thank you. It is outside your portfolio, but are you also aware of the status for kangaroos under the National Parks and Wildlife Act, particularly red and grey kangaroos?

Mr CHRISTIE: No.

CHAIR: Ducks?

Mr CHRISTIE: Ducks under the—

CHAIR: Under the National Parks and Wildlife Act.

Mr CHRISTIE: No.

CHAIR: They are both game animals, for the record. The next question is to Mr Roberts, again through the Minister. Mr Roberts, I understand there is an industry task force that has prepared a report, and I understand that that report has been finalised and handed to the Government. I am not sure of the correct name of the task force. Will you advise the Committee as to when that report will be made available to the public?

Mr ROBERTS: I do not have a specific date as to when that report will be made available, no.

CHAIR: But the report has concluded?

Mr ROBERTS: A number of papers have been concluded which will form up the report. Yes, that is correct.

Ms KATRINA HODGKINSON: I can add some more information on the Forest Industries Task Force if you are interested?

CHAIR: Yes, please do.

Ms KATRINA HODGKINSON: In March 2012 the Government formed a New South Wales Forest Industries Task Force to identify and report on core strategic issues and opportunities for the New South Wales forestry sector. The task force comprises 15 members who are committed to ensuring that the forest industry in New South Wales remains vibrant and internationally competitive over the longer term. Representatives on the task force include forest industry leaders, forestry professionals, forest contractors and major wood processors. I have personally met with the task force on a couple of occasions; however, Mr Troy Grant, MP, member for Dubbo and Parliamentary Secretary for Natural Resources chairs the task force—very competently, too. The task force scoped and prepared papers on a number of issues which it considered to have priority for the Government's attention. These papers have been provided to both the Minister for the Environment and me.

In addition, a review of sustaining the wood supply on the North Coast has been separately prepared under the project 2023 process and Forestry Corporation NSW is undertaking wood supply and marketing studies on the South Coast. Forest regulation also is being reviewed as part of the integrated forestry operations assessment review process. The most recent meeting of the task force was held on 22 July this year in Tumut. I understand it was very successful. One can imagine that Tumut would be an eminently sensible place to hold one of these meetings; it is a softwood capital.

CHAIR: As would Deniliquin.

Ms KATRINA HODGKINSON: Absolutely. Deniliquin is a very fine place.

The Hon. JEREMY BUCKINGHAM: There are woodchips in Eden.

Ms KATRINA HODGKINSON: Eden is hardwood, yes. As part of the meeting of the task force there was a series of tours of plantation forests and also a tour of both the Visy mill and the Hyne mill was undertaken. That gave members the opportunity to gain a greater insight into the scale of the softwoods industry and a greater appreciation of the opportunities for forestry in the area.

CHAIR: Minister, you would be aware that this Committee conducted an inquiry into the management of public land in New South Wales. I assume that there will be a Cabinet response or a whole-of-government response as a whole-of-government submission was made. Firstly, can you give the Committee some idea of the time frame for the Government response to that inquiry and, secondly, whether in considering that response you will take cognisance of the report from the task force that you mentioned earlier?

Ms KATRINA HODGKINSON: In response to your first question, the Government response is due in November this year. The recommendations of both your Committee and the task force will be given very serious consideration by the whole of government and it is a whole-of-government issue because it also involves the Minister for the Environment.

The Hon. JEREMY BUCKINGHAM: Your Government supported the Nimmie Caira water buyback in the Murrumbidgee, did it not?

Ms KATRINA HODGKINSON: Yes. I supported that.

The Hon. JEREMY BUCKINGHAM: Are you are aware that it was the largest water buyback in Australian history—the largest in New South Wales' history?

Ms KATRINA HODGKINSON: No, the Commissioner disagrees with your question.

Mr HARRISS: I am sorry, I could not say yes or no. But there were significant purchases of water from Twynham's that might exceed what has been recovered from Nimmie Caira.

The Hon. JEREMY BUCKINGHAM: It would be one of the largest though? In the top 10?

Mr HARRISS: It is one of the largest, yes.

The Hon. JEREMY BUCKINGHAM: The New South Wales Government supported one of the largest water buybacks in—

Ms KATRINA HODGKINSON: Strategic buybacks.

The Hon. JEREMY BUCKINGHAM: Your Government wholeheartedly supported that water buyback?

Ms KATRINA HODGKINSON: We did not have much choice because we have to find water recovery under the Murray-Darling Basin Plan. We have to find 2,750 gigalitres and if there is a strategic buyback that is taking place with willing sellers and willing communities able to support the project—and we have had lengthy consultations with the Commonwealth, local landholders, local councils and community groups and this was a way of us finding some strategic water to go back to the environment under the Commonwealth's plan—yes.

The Hon. JEREMY BUCKINGHAM: Have you done any social impact statements or any economic analysis on the local impact of that water buyback?

Ms KATRINA HODGKINSON: I think this has been studied to death. The Commonwealth certainly spent two years studying it. I first met the 11 landholders involved back in June 2011. They came to my office and showed me the maps; we had a good discussion about it. I wrote to Tony Burke, the Minister of the day, about it. They spent the next couple of years studying it, looking at it very closely. It was finally agreed to only late last month, from memory. Commissioner, you are welcome to add to that.

Mr HARRISS: Economic considerations were included in the business plan. As part of the business plan we put together an integrated project. It was not just about the strategic purchase of the water but also included reconfiguration of water distribution centres and looking at long-term land management arrangements. As part of that economic review we made specific provision for social offsets offered to the respective councils that are going to be impacted. In fact, I met with those councils only last week to look to progress those offset programs, which have been agreed as part of the Commonwealth agreement to the project.

CHAIR: This session of the budget estimates hearing is now closed. Minister, I thank you and your departmental staff for attending.

(The witnesses withdrew)

(Short adjournment)

YASMIN KING, Small Business Commissioner, Office of the Small Business Commissioner, sworn and examined

CHAIR: Order! We move now to the examination of the Small Business portfolio. Minister, as we stated earlier there is no opportunity for a Minister to make an opening statement so I will proceed directly to questions.

The Hon. ADAM SEARLE: Minister, do you agree with the general proposition that small businesses are less able financially able to withstand ongoing disputes with bigger businesses?

Ms KATRINA HODGKINSON: In a practical sense, you would have to imagine that that statement would probably be accurate in the majority of circumstances. Large corporations would tend to employ their own legal advisers—

The Hon. ADAM SEARLE: And have more general resources.

Ms KATRINA HODGKINSON: —we are speaking very generally here. Obviously there would be some small businesses—for example, law firms—which would have more than adequate access to their own legal advice and services. It is dangerous to be overly simplistic when it comes to small business.

The Hon. ADAM SEARLE: That being so, bigger businesses often have an incentive to keep disputes going that can financially weaken smaller businesses.

Ms KATRINA HODGKINSON: We know that is sometimes the case. I am sure there would be examples of that.

The Hon. ADAM SEARLE: And setting that right was one of the reasons for the establishment of the role of the Small Business Commissioner, was it not?

Ms KATRINA HODGKINSON: We were keen to ensure that there was low-cost mediation available for small businesses.

The Hon. ADAM SEARLE: It is important, that that mediation take place as early as possible to really resolve any dispute before it gets out of control, is it not?

Ms KATRINA HODGKINSON: If a small business contacted the Office of the Small Business Commissioner with a concern about a bigger business, or whatever it is you are leading towards in your questioning, and was after mediation then I am sure the Office of the Small Business Commissioner would take that call and provide advice. It might be possible; it might not be possible. It would be up to the dispute resolution unit.

The Hon. ADAM SEARLE: Let us cut to the chase. I want to raise a particular instance of a company called Honest Tea.

Ms KATRINA HODGKINSON: Let me just say before you do, that the dispute resolution unit so far has received more than 10,000 calls and emails from small businesses accessing the advisory service.

The Hon. ADAM SEARLE: I want to raise the particular example—

Ms KATRINA HODGKINSON: Yes, one of the 10,000.

The Hon. ADAM SEARLE:—of Honest Tea, and I note that the proprietor, Annabel Braithwaite-Young, is actually in the room with us today. This company is having some difficulty with a larger commercial enterprise called Coca-Cola. Honest Tea contacted the Office of the Small Business Commissioner in December and again in January. Despite the passage of eight months, the Office of the Small Business Commissioner has not been able to arrange any low-cost mediation. Can you explain why that is the case?

Ms KATRINA HODGKINSON: I can say that the unit has handled a total of 1,852 disputes. It has been able to informally mediate 80 per cent of those matters at no cost to the parties. Some 20 per cent of these

matters were dealt with by formal mediation. Approximately 90 per cent of all matters were resolved with the assistance of the unit. During 2012-13 the total value of those disputes resolved was \$58 million. I am not aware of the specific example that you are putting forward but I am happy to defer to the Small Business Commissioner, who may be able to provide you with more advice.

The Hon. ADAM SEARLE: Is it not the fact that Coca-Cola has been stalling and has not cooperated with the organising of mediation in this matter?

Ms KATRINA HODGKINSON: I would need to refer to the Commissioner.

The Hon. ADAM SEARLE: If a large corporate enterprise does not cooperate with the mediation and stalls the process that kind of behaviour is not acceptable, is it? As Minister, do you think that sort of corporate behaviour is acceptable?

Ms KATRINA HODGKINSON: The case has not been brought to my attention. You are making a series of allegations.

The Hon. ADAM SEARLE: In general, if a company does not cooperate with mediation and refuses to engage in any discussion, that is not acceptable, is it?

Ms KATRINA HODGKINSON: You are making a series of allegations here about a case that has not been brought to my attention. I would like to defer it to the Small Business Commissioner, who probably has more idea about this particular case.

The Hon. ADAM SEARLE: Ms King, eight months have gone by. Why have you not organised a mediation involving Coca-Cola and Honest Tea?

Ms KING: I am not across the complete details of that case. I am aware that there have been several attempts to engage with Coca-Cola. Obviously, once our legislation is assented to we will be able to require Coca-Cola to attend mediation.

Mr SCOT MacDONALD: Point of order: Are we referring to legislation that is going through the Parliament now?

The Hon. ADAM SEARLE: No. I do not know if you were in the room, but it was passed.

CHAIR: What is the member's point of order?

Mr SCOT MacDONALD: I am just checking that this is not legislation that is still going through the Parliament.

The Hon. ADAM SEARLE: No, it is not.

CHAIR: Order! There is no point of order.

The Hon. ADAM SEARLE: I am glad you raised that, Commissioner. It is a fact that the Small Business Commissioner Bill passed Parliament on 2 May this year and it has a capacity for you to require the attendance of any person at a mediation of a dispute involving a small business. That is the case, is it not?

Ms KING: That is correct.

The Hon. ADAM SEARLE: But that legislation was assented to on 9 May. It just has not been brought into effect by this Government. It is not operative, is it?

Ms KING: It has had to go through the Statutory and Other Offices Remuneration Tribunal [SOORT] determination process.

The Hon. ADAM SEARLE: The legislation passed the Parliament on 2 May. We are now more than three months down the track and the one practical tool the Parliament gave the Small Business Commissioner to

deal with disputes involving small and larger businesses, the compulsory mediation, has not been commenced. Why is that?

Ms KATRINA HODGKINSON: I am sure that will happen in due course. All things take time to come to pass, as you would know, Mr Searle.

The Hon. ADAM SEARLE: That is the case, Minister, but Honest Tea has been waiting eight months for mediation. Your Government blocked my bill, passed your own bill and you have not proclaimed it. It sounds like you are having red tape problems.

Ms KATRINA HODGKINSON: Because our bill was sensible and practical and workable, and yours was not.

The Hon. ADAM SEARLE: Then why have you not commenced clause 18 so that your Commissioner can operate a proper mediation service and look after not just Honest Tea but also the 10,000 other small businesses that are crying out for help?

Ms KATRINA HODGKINSON: Can I say that your Government had 16 years to implement either a Small Business Commissioner position or legislation effecting a small business commission. You chose to do nothing.

The Hon. ADAM SEARLE: You appointed a Commissioner without any legislation and you only brought your own bill forward because you were shamed into it.

Ms KATRINA HODGKINSON: That is absolutely untrue.

The Hon. RICK COLLESS: Point of order: I know that Mr Searle is actively engaging the Minister on this matter but it is appropriate that he allow her time to answer the question after he has asked it.

CHAIR: I will uphold the point of order. The Minister should be given time to answer the question.

Ms KATRINA HODGKINSON: The fact is you had 16 years to implement your own Small Business Commissioner. You chose not to. You never introduced any legislation during those 16 years. We consulted heavily.

The Hon. ADAM SEARLE: I was not here for those 16 years.

Ms KATRINA HODGKINSON: Your Government was.

The Hon. ADAM SEARLE: You are the Minister with carriage of that legislation. It has been passed through the Parliament. Why have you not brought into effect the compulsory mediation power? It is a simple question, Minister.

Ms KATRINA HODGKINSON: Procedures will take place.

The Hon. ADAM SEARLE: In the meantime it is okay to leave small businesses hanging without access to proper mediation when big business just refuses to show up?

Ms KATRINA HODGKINSON: The legislation has passed through—

The Hon. ADAM SEARLE: That is your agenda: you are protecting big business.

Ms KATRINA HODGKINSON: What rubbish.

The Hon. Dr PETER PHELPS: Point of order—

The Hon. ADAM SEARLE: Then why have you not proclaimed the clause that allows the commissioner to mediate?

Ms KATRINA HODGKINSON: What is this? You will not even let me answer the question.

The Hon. Dr PETER PHELPS: Point of order—

CHAIR: I have already ruled on this. I have asked members to allow the Minister time to answer the question before they ask a second question or ask for elucidation. Minister, take your time to answer the question and answer the question accurately.

Ms KATRINA HODGKINSON: Thank you very much, Mr Chairman. I shall certainly endeavour to do my best. It has been a couple of months since the legislation was passed. It was a complicated piece of legislation—made more complicated by the Opposition. However, we managed to negotiate the successful passage of that legislation thanks to your good self, Mr Chairman. Under that legislation the commissioner will be able to require parties to a dispute to attend mediation prior to the initiation of a legal process. Penalties can be imposed on those who do not play ball. The commissioner also will be able to investigate allegations of unfair treatment and unfair contract terms in a neutral and independent manner and require local councils, State government bodies and businesses to provide information or answer questions if the commissioner acts upon a complaint.

The commissioner also may report directly to Parliament where there is an issue of real importance to small businesses. All things take a little while to come through and to commence. I do not think a couple of months is an unreasonable length of time for such a brand new and complicated piece of legislation to come into effect. I am sure that the Office of the Small Business Commissioner is working very hard to make sure that the i's are dotted and the t's are crossed, and the legislation can become a practical, working document that they can work within.

The Hon. ADAM SEARLE: Minister, it has been more than three months. My question is specific.

Ms KATRINA HODGKINSON: And I just gave you a specific answer.

The Hon. ADAM SEARLE: No, you have not.

Ms KATRINA HODGKINSON: I have.

The Hon. ADAM SEARLE: Why has clause 18 of the bill, which gives the commissioner the power to compel people to attend mediation, not been brought into effect? If there are procedures and things that need to be done, what are they? What is holding it up?

Ms KATRINA HODGKINSON: I have answered the question.

The Hon. ADAM SEARLE: No, give us a straight answer. You just waffled, Minister. You said procedures need to take place. What are they? Name them.

Ms KATRINA HODGKINSON: It takes time for things to commence. It just does.

The Hon. ADAM SEARLE: What things?

Ms KATRINA HODGKINSON: Whatever it is.

The Hon. ADAM SEARLE: You are a Minister of the Crown and we are asking you why you have not brought into effect a piece of legislation for which you are responsible. You say, "Things need to be done." What things? Can you name them?

Ms KATRINA HODGKINSON: I am sure the Office of the Small Business Commissioner is working through the bill at the moment to make sure that they have the right staff in place to undertake the procedures necessary. I am also very confident that the 1,852 disputes that the unit has handled so far is an admirable figure. To be able to informally mediate 80 per cent of those matters at no cost to the parties is an extraordinarily good outcome. In relation to the Coca-Cola matter that you have here, I will take that question on notice. But I really think that they are doing an outstanding job in that area overall.

The Hon. ADAM SEARLE: You cannot tell the Committee what things need to be done before you can bring the legislation into effect?

The Hon. RICK COLLESS: Have you not got any other questions?

Ms KATRINA HODGKINSON: I have answered the question.

The Hon. ADAM SEARLE: I do have other questions. Mr Chair, I am entitled to probe the Minister as to whether she knows what things need to be done.

CHAIR: Are you taking a point of order, Mr Searle?

The Hon. ADAM SEARLE: No. Mr Colless was interrupting.

CHAIR: I have previously ruled that the Minister must be allowed to answer the question. Mr Searle, you can ask the question as many ways as you like. The Minister is entitled to answer the question in whichever way the Minister deems fit.

The Hon. Dr PETER PHELPS: Including taking it on notice if she sees fit.

CHAIR: I do not need any help making rulings. Thank you.

The Hon. ADAM SEARLE: Perhaps Ms King can help us. What things need to be done before your office can handle clause 18 of the Small Business Commissioner Bill?

Ms KING: My understanding is that in order for the legislation to be proclaimed by the Governor it has to go through a SOORT determination process. There are procedures that have to be gone through for that to occur. That is all currently in play and that is in process, as I understand it.

The Hon. ADAM SEARLE: The Statutory and Other Offices Remuneration Tribunal process is essentially to work out how much to pay the Small Business Commissioner, is it not?

Ms KING: It is a process that has to be gone through. I have had no involvement with it.

The Hon. ADAM SEARLE: But, Ms King, you are already there, are you not?

Ms KING: Yes, I am.

The Hon. ADAM SEARLE: You are already being paid?

Ms KING: But I am not an independent statutory officer currently.

The Hon. ADAM SEARLE: That is right. You are a public servant currently, are you not?

Ms KING: Correct.

The Hon. ADAM SEARLE: If this is not correct please set me right. To your knowledge, the one thing holding this up is a bureaucratic process to assess how much the Commissioner should be paid. That is the thing holding up the legislation.

Ms KING: I am not aware of the way in which this whole process works. I am aware that that is one of the things.

The Hon. ADAM SEARLE: Otherwise, as far as you are concerned, you are ready to go. Is that right?

Ms KING: Yes, but we operate as though we have the legislation in place, because the overwhelming majority of businesses choose to cooperate. It is only the case occasionally—and I say occasionally—that it goes the way of the particular case you have pointed out where somebody looks and says, "What do I have to do legally? I don't have to do anything legally so I won't cooperate."

The Hon. ADAM SEARLE: You would agree that an eight-month delay in organising a mediation is a bit long.

Ms KING: Look, I do not know sufficient of the facts of the case.

The Hon. ADAM SEARLE: Okay. Forget the facts of the case, but any case; eight months to organise an informal mediation between a small business and a larger business is just too long, is it not, Commissioner?

Ms KING: Yes.

The Hon. ADAM SEARLE: In fact, to be effective the mediation would have to occur as early as possible and certainly within weeks rather than months.

Ms KING: We are able to often not even have to go to mediation by basically bringing the two parties together.

The Hon. ADAM SEARLE: Sure. But, again without putting words in your mouth, you are ready to go with this legislation as soon as it is proclaimed.

Ms KING: We have processes in place, so yes. We—

Ms KATRINA HODGKINSON: She just said she already operates as if there is legislation.

Ms KING: Exactly.

The Hon. Dr PETER PHELPS: But not the compulsory part.

The Hon. ADAM SEARLE: Excuse me. I ask the Minister to let the Commissioner finish her answer. You are not aware of any obstacles to the legislation being brought into effect.

Ms KING: Not that I am aware of.

The Hon. ADAM SEARLE: Minister, apart from these mysterious things that need to be done, can you list them—things that are holding up the legislation?

Ms KATRINA HODGKINSON: The Small Business Commissioner just mentioned the Statutory and Other Offices Remuneration Tribunal [SOORT] process.

The Hon. ADAM SEARLE: It takes three months to get a Statutory and Other Offices Remuneration Tribunal determination.

Ms KATRINA HODGKINSON: That is one. I can take the question on notice.

The Hon. ADAM SEARLE: Minister, this is your flagship piece of legislation. This is your third estimates hearing as Minister and you still have not delivered legislation supporting your commissioner, in effect, have you?

Ms KATRINA HODGKINSON: Rubbish—absolute rubbish. We have brought in legislation, which has been passed by Parliament.

The Hon. ADAM SEARLE: It is not in effect, is it?

The Hon. STEVE WHAN: It is not operable.

Ms KATRINA HODGKINSON: Oh look, it has been a couple of months.

The Hon. ADAM SEARLE: It has been over three months, Minister.

Ms KATRINA HODGKINSON: Obviously we have to sort out the Statutory and Other Offices Remuneration Tribunal process that has been outlined by the Small Business Commissioner.

The Hon. ADAM SEARLE: You do not know what you are doing, do you, Minister?

Ms KATRINA HODGKINSON: Sixteen years you had and you did absolutely nothing for small business.

The Hon. ADAM SEARLE: This is your third estimates, Minister, and you have not got operating legislation. You are a fraud.

Ms KATRINA HODGKINSON: Year after year you slashed the small business budget.

The Hon. Dr PETER PHELPS: Point of order.

CHAIR: Order! The Hon. Dr Peter Phelps has taken a point of order.

Ms KATRINA HODGKINSON: You are a fool.

The Hon. Dr PETER PHELPS: The honourable member has moved on from a reasonable questioning of the Minister to outright badgering of the Minister, and I think he should desist.

Ms KATRINA HODGKINSON: And abuse, Mr Chairman. He just called me a fraud, which I find totally offensive and which I ask him to withdraw.

CHAIR: Yes. I do not think we should have any unparliamentary language in here. I will not ask him to withdraw but I will caution all members to exercise a bit of caution in your questions and show respect to the people at the table who are witnesses. The Opposition's time has expired. It is now crossbench time. I forgo my time in favour of the Opposition, if you have more questions. Please proceed.

The Hon. ADAM SEARLE: I do, Chair. Minister, last year the budget for the small business area was \$11.5 million and I think this year it is \$13.8 million. Is that correct?

Ms KATRINA HODGKINSON: There has been a 650 per cent increase in the small business budget since you held office. Mr Chairman, did he withdraw the comment of calling me a fraud?

The Hon. ADAM SEARLE: I was not required to.

Ms KATRINA HODGKINSON: Can I ask that he does?

CHAIR: Order! I did not require him to do so.

The Hon. RICK COLLESS: He can if he wants to though, but he will not.

The Hon. ADAM SEARLE: If I upset the Minister, I apologise.

CHAIR: Order! Minister, would you like me to ask the member to withdraw?

Ms KATRINA HODGKINSON: I would, Mr Chairman.

CHAIR: Mr Searle, I ask you to withdraw the assertion that she is a fraud.

The Hon. ADAM SEARLE: I will, if she withdraws the assertion she made about me.

Ms KATRINA HODGKINSON: I will.

The Hon. ADAM SEARLE: We both will then.

CHAIR: Thank you. Please proceed.

The Hon. ADAM SEARLE: Minister, in last year's budget paper there was reference to the budget supporting a regulatory flying squad to tackle red tape encountered by small business across the State, but I note at page 8-7 of Budget Paper No. 3 this year in setting out what the \$14 million will do, there is no mention of this regulatory flying squad. Has it been abolished or discontinued?

Ms KATRINA HODGKINSON: No. The regulatory flying squad is in place. In relation to the budget, the New South Wales Government has allocated \$13.8 million to invest in and support the future of small businesses in New South Wales. Eight million dollars has been allocated to small business initiatives to better support the small business sector and address gaps in existing businesses. Small Biz Connect is a key part of the support of small businesses with almost 60 local small business experts delivering practical face-to-face guidance to small businesses across New South Wales. Three point eight million dollars is allocated for dispute resolution services. The Office of the Small Business Commissioner helps small businesses to find low-cost solutions to commercial disputes and retail tenancy issues including through the use of negotiation, information and/or mediation.

Under the Retail Tenancy Act 1994, interest on the trust account funds the cost of administration of the Act, including the Administrative Appeals Tribunal under the New South Wales Department of Attorney General and Justice. In funding most of these services in 2013 the New South Wales Government is undertaking a review of the Retail Leases Act 1994. Two million dollars has been allocated to the Office of the Small Business Commissioner, including small business advocacy services. The Small Business Commissioner might wish to address the flying squad in more detail.

Ms KING: I am happy to. After the first year of the operation of the flying squad we found that in order for it to be more effective we needed to have greater reach coming from businesses right across the State. It is very easy for people to say they experience red tape. It is very difficult for them to actually articulate what it is. In conjunction with the New South Wales chamber, which was a part of the red tape flying squad and with my office was providing a resource to focus on it, we agreed to restructure it so that instead we used the Small Biz Connect providers and New South Wales regional chamber members to identify the red tape issues. They are then brought through to the advocacy team in my office and we work the internal part of government so that it is adopting basically the customer-driven approach rather than us arbitrarily trying to identify what are the issues that need to be addressed.

The Hon. ADAM SEARLE: Ms King, last year you said that the breakdown of the budget was something like \$7.5 million for small business programs and \$1.8 million for what had been the retail tenancies unit, which is the core of your operation, and that there were six persons employed. Can you update the Committee as to how the \$14 million or the \$13.8 million is broken down?

Ms KING: Yes. There is some \$8 million for small business initiatives, which includes Small Biz Connect and dealing with red tape. Then there is \$3.6 million for the dispute resolution unit. That includes moneys that go to support the management of the bond scheme and paying for the Administrative Appeals Tribunal role in administering the Act, and then there is \$2 million which goes to the advocacy area.

The Hon. ADAM SEARLE: How is the \$2 million broken down?

Ms KING: That is for primarily staff and it relates to people who are involved in the submissions that we put forward across government, responding to Cabinet submissions, dealing with correspondence, dealing with working the stakeholder management and dealing with government agencies on how they can basically be more small business friendly. We have had success, for example, in a lot of the changes in the WorkCover interface with small business stemming from the year of work we did with WorkCover on the challenges that small business had in dealing with, for example, their premium renewal as well as the cost and the process.

The Hon. ADAM SEARLE: Is that \$3.6 million for the dispute resolution unit primarily for the employment of staff or mediators?

Ms KING: Yes. That is correct and—

The Hon. ADAM SEARLE: I do not want to cut you off.

Ms KATRINA HODGKINSON: It is \$3.8 million.

Ms KING: I am sorry. My apologies.

The Hon. ADAM SEARLE: Okay. Are those mediators full-time employees or are they contractors?

Ms KING: We have mediators on staff, but primarily for external mediations we use panel mediators who are engaged by us.

The Hon. ADAM SEARLE: Last year the panel mediators were only those people who had previously been engaged in connection with the retail tenancies unit. I think your evidence was that as the needs of the unit were changing, you would be engaging people with other skills outside the retail tenancies area. Can you update the Committee on what you have done in that area?

Ms KING: The director of our dispute resolution manages this process, and we have people who come to us identifying that they have particular expertise in small business or particular areas that are relevant to matters that we handle and that they have mediation training. We then put them through a process and examine whether they are able to mediate. We co-mediate with them and observe them. If suitable, they are utilised where appropriate. We have increased the number beyond what existed previously.

The Hon. ADAM SEARLE: How many were there and how many are there in the mediation space?

Ms KING: I would need to take that on notice as to how many mediators, but I established before I came today with the director of dispute resolution whether we had additional mediators on board and she indicated yes.

The Hon. ADAM SEARLE: I am happy for you to take that on notice. Pardon my ignorance, but what is co-mediate? Does that mean you have one of the mediators and someone helping them?

Ms KING: We want to ensure that the process is one that is appropriate for the types and a lot of emotional engagement of the people who present themselves to our office, and we believe that the reason we have such success in our level of mediation—about 90 per cent of formal mediations are successfully agreed—is because we are very clear on the calibre of the people who we have mediate. We want to make sure that before they are able to do a matter we have seen them mediate. That is what I mean by co-mediate. The director of our Dispute Resolution Unit will sit in with them on a mediation to see whether they have the skills that they claim. Many people say that they are able to do things but that does not mean that they necessarily can. What we want to do is to ensure that there is the highest chance of success.

The Hon. ADAM SEARLE: How does that work if they are already employed but, for some reason, it does not work out? Is that like a probation period or is this before they become employees?

Ms KING: The mediators are not permanent employees or contracted employees; they are engaged per mediation.

The Hon. ADAM SEARLE: I think that the Minister indicated there had been 1,800 mediations in the past year, or thereabouts. Is that correct?

Ms KING: That is informal and formal.

The Hon. ADAM SEARLE: What is the breakdown? I am happy for you to come back.

Ms KING: I am happy to give that information to you on notice. I prefer to take that question on notice to give you the accurate breakdown.

The Hon. ADAM SEARLE: Where have these services been provided, only in Sydney or in regional and rural places?

Ms KING: No, we have done mediations in regional and rural areas. We ask the parties where they would prefer the mediation to be held. The reality is that the majority are held in Sydney but it is not our choice; we ask the parties where they would prefer it to be held. Sometimes even regional people prefer to have it held in the city because they may be using a legal adviser and they prefer to minimise their costs by holding it in the city. However, we do hold mediations regionally.

The Hon. ADAM SEARLE: In relation to the Small Biz Connect and the Small Biz Bus, I saw an advertisement in early July inviting proposals for sponsorship of the Small Biz Connect program and the Small Biz Bus. How much are you anticipating raising through this expression of interest process?

Ms KATRINA HODGKINSON: We already have sponsors for the Small Biz Bus. Telstra and the National Australia Bank [NAB] came on board early in the piece to sponsor the first Small Biz Bus. The exact funding amount is \$100,000 each from NAB and Telstra. The Small Biz Bus has been an outrageous success. We launched the first one in December in Darlinghurst and since then it has been to more than 100 locations and had meetings with more than 1,000 small business people. That is an incredible amount of work for just the one bus. So last week I was pleased to announce and to launch—together with the Small Business Commissioner—a second Small Biz Bus in Young, New South Wales. We now have one bus able to work full time in the metropolitan area and another Small Biz Bus dedicated to the regional area.

The Hon. ADAM SEARLE: Is that sponsorship part of the \$14 million budget or on top of it?

Ms KATRINA HODGKINSON: It is sponsorship, so Telstra and the National Australia Bank are sponsoring the buses to the tune of \$200,000.

The Hon. ADAM SEARLE: I understand that but I am looking at the budget where it says there is \$14 million to support all the activities in the small business space. I was wondering whether the sponsorship for the bus and the program is included in that envelope or whether it is on top of it?

Ms KATRINA HODGKINSON: It is on top of it.

CHAIR: We are out of time. Minister, your staff and the witnesses, I thank you for agreeing to attend today. Any answers to questions on notice need to be submitted within 21 days of receipt of the official notification. Thank you for attending.

(The witnesses withdrew)

The Committee proceeded to deliberate.
