

GENERAL PURPOSE STANDING COMMITTEE No. 5

Thursday 16 October 2008

Examination of proposed expenditure for the portfolio areas

PRIMARY INDUSTRIES, MINERAL RESOURCES

The Committee met at 2.00 p.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. R. L. Brown
The Hon. A. Catanzariti
The Hon. R. H. Colless

The Hon. M. R. Mason-Cox
The Hon. E. M. Obeid
The Hon. H. M. Westwood

PRESENT

The Hon. I. M. Macdonald, *Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development*

Department of Primary Industries

Mr D. Hocking, *Acting Director General*

Forests NSW

Mr N. Roberts, *Chief Executive*

Department of Mineral Resources

Mr A. Coutts, *Executive Director*

NSW Food Authority

Mr G. Davey, *Director General*

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**

DOUGLAS HOCKING, Acting Director General, Department of Primary Industries, and

GEORGE DAVEY, Director General, NSW Food Authority, sworn and examined:

CHAIR: I welcome Minister Macdonald, his staff and company officials for their attendance. I declare this inquiry open to the public. The General Purpose Standing Committee No. 5 inquiry into the proposed expenditure of the portfolio areas of Primary Industries, Forestry, Fisheries, Agriculture and Mineral Resources is now open. Minister, the Committee had some debate on how to run this Committee. We suggest that we start with Agriculture, then Forestry, then Fisheries. We will allow 1½ hours for Agriculture, an hour each for Forestry and Fisheries, and Mineral Resources after that. Is that of assistance to your staff?

The Hon. IAN MACDONALD: Yes, it could be. So, 1½ hours for Agriculture.

CHAIR: Yes, and then take a 15-minute break, and then Forestry and Fisheries for an hour each.

The Hon. IAN MACDONALD: Any questions for the Food Authority?

The Hon. ROBERT BROWN: That would be part of Agriculture.

The Hon. IAN MACDONALD: Not strictly.

CHAIR: There was some difficulty in trying to not have every one sitting through the whole hearing.

The Hon. IAN MACDONALD: Yes, I agree with that.

CHAIR: If that is the case, the Food Authority can have half an hour during Agriculture, questions will then continue with Agriculture. Mineral Resources will commence 3½ hours down the track, if that is okay.

The Hon. IAN MACDONALD: Terrific. I have another four hours tomorrow.

CHAIR: You and I both. I instruct the media that they are not to film or record members of the public in the public gallery, but only those participating in the inquiry. This hearing room copes with three microphones on at any one time, so please remember to push it on and off as appropriate. We will commence with questions on Agriculture.

The Hon. RICK COLLESS: Minister, can you provide details of the \$335 million that you claim has been expended by the Government for drought relief since 2002?

The Hon. IAN MACDONALD: Yes, we have issued material on this many, many times. I do not have a break-up of each individual item with me, except to say that some of the key ones include a large figure that has gone as part of our 10 per cent of the exceptional circumstances payments. Firstly, under the Commonwealth-State arrangement we are required to provide 10 per cent of the funding into New South Wales of the business support program. That now totals more than \$50 million, for sure. I do not have the exact figure with me. Secondly, all versions of the transport subsidies are well over the \$100 million figure, then areas items such as payroll tax deductions and the programs that we have in relation to the farm family gatherings, the drought support workers—all total considerable sums of money six years on since the commencement of the program. I am happy to provide the Committee with further details on notice.

The Hon. RICK COLLESS: How much has been spent on wages?

The Hon. IAN MACDONALD: These figures include wages, as I understand. That is my understanding of how they are calculated; they are sums of money that are outlaid.

The Hon. RICK COLLESS: Have any departmental officers working in the background on those programs funded within the \$355 million?

The Hon. IAN MACDONALD: Not to my knowledge. I will deal with that in detail when I give the answer on notice.

The Hon. RICK COLLESS: What has been the total expenditure in the past 12 months?

The Hon. IAN MACDONALD: I do not have a figure of total expenditure. It is less than previous years. For instance, over last summer we had considerable rain across many parts of New South Wales and the drawdown over summer, which was anticipated to be high, was quite low due to the conditions. We did gear up for considerable payments in late winter, because of a bit of a dry spell that occurred in September there has been some good rainfall in parts of the State. I do not have the actual figure of the drought funding over the past year, but I will get it for you.

The Hon. RICK COLLESS: Thank you. With respect to the drought support workers, what is their situation with their contracts from here on? Are they to be continued, and if so until when? What is their future program?

The Hon. IAN MACDONALD: My understanding, from memory, is that they have been approved to the end of this year. As I have made clear throughout the period while New South Wales is in drought, they will continue to be funded under the program. As you would be aware, we do a three-month rolling assessment of the situation. Throughout the past six years it has been rolled over every time. I would anticipate that given as of this date 72 per cent of the State is in drought I do not think there will be much change in the next figures, which are to be released very shortly. There will not be much change to that. I assume that in the next month or so we will make a determination. I imagine there will be a rollover scenario.

The Hon. RICK COLLESS: I am sure you understand, Minister, that just because we have a change in seasonal conditions that does not necessarily spell the end of the drought or the impacts of the drought, even though the conditions may well have turned around. How long would you anticipate keeping those drought support workers on in order to help those farmers come out of the effects of the drought after the drought effectively has finished, whenever that may be?

The Hon. IAN MACDONALD: One thing I have learned in this job over the past six years is not to predict the weather. I would not like to speculate for how long or what precise role the drought support workers would be involved in once the drought finally lifts. They have done a magnificent job across New South Wales. Their work, particularly with the family gatherings, has been absolutely magnificent. Tens of thousands of people have attended those gatherings and they have been very supportive for the communities. The actual figure is 117,000 participants in 2,120 different activities. They have also played a role alongside the mental health workers, working with communities and affected individuals who are struggling with the circumstances. They have my full support. There is no doubt down the track we would be looking for a longer-term role for some of these workers. There is no doubt about that, but again I am not going to predict precisely how or what will occur once the drought ends, although I do see a follow-up role for a time in helping people through the transition from drought to more normal circumstances.

The Hon. RICK COLLESS: So, in your future estimates and budget considerations, has that been included?

The Hon. IAN MACDONALD: No. What we do with the drought and with disaster relief—after all, in effect, drought is a form of disaster—we do not have a figure in our budget as such.

The Hon. RICK COLLESS: So where does the money come from?

The Hon. IAN MACDONALD: The money comes from the Treasurers Advance, and always has come off our specific budget. It gets added in at the end but is allocated on a rolling basis according to the needs. Over the past six years the needs have been there; the drought has continued.

The Hon. RICK COLLESS: What flexibility is there in allocations for transport subsidies? For example, dairy farmers who have spent their allocated \$20,000 on transport subsidies and are then forced to close their operations, when some of their neighbours have not used their allocation due to feeding their stock on failed crops?

The Hon. IAN MACDONALD: Yes, the \$20,000 limit per business has been in place for six years. That has been raised with me perennially throughout the period. We have not made a determination that we will alter it from the current structure. Once you start to get well beyond that figure the sums of money could be quite significant and beyond our means. I would think that if people are forced to close their businesses because

they are not getting enough in that transport subsidy, one would have to question whether they were really viable in the current circumstances, where that makes such a difference. I think it is a good policy and a pretty fair one. I cannot see a lifting in that threshold in the current financial circumstances through the State.

The Hon. RICK COLLESS: Is the livestock to slaughter subsidy able to be used to take cattle, in particular breeding herds, to agistment?

The Hon. IAN MACDONALD: Within the transport subsidies there is an agistment transport subsidy. So, you would utilise that to take your herd to agistment and to return.

The Hon. RICK COLLESS: But if he was fully allocated—that comes out the \$20,000?

The Hon. IAN MACDONALD: That is the threshold.

The Hon. RICK COLLESS: So, there is no provision for that livestock to slaughter subsidy to be utilised to take stock to agistment and return, where the \$20,000 is fully allocated?

The Hon. IAN MACDONALD: I will take that on board and come back to you about it.

The Hon. RICK COLLESS: The other issue that has been raised with us on a number of occasions is the rural lands protection board rates and local council rates, as well as other State and government charges, for drought-affected farmers who have been declared exceptional circumstances by the Federal Government. What facility is in place or do you have any plans to put anything in place for the Government to pick up some of those charges or to waive some of those charges?

The Hon. IAN MACDONALD: Are you talking about areas that have been removed from exceptional circumstances?

The Hon. RICK COLLESS: Yes.

The Hon. IAN MACDONALD: So when the National Rural Advisory Council declares the area—I do not know if it uses the term drought free but it believes the conditions are sufficient that they should not be receiving exceptional circumstances?

The Hon. RICK COLLESS: Yes, even though they are still affected.

The Hon. IAN MACDONALD: Well, where people still have some residual impact from the drought? No, we have not considered extending our policy in that way. But I would be quite happy to listen to a case being made to us in relation to it.

The Hon. RICK COLLESS: Can I turn now to the potential locust plague New South Wiles is facing. What plans do you have in place to address that?

The Hon. IAN MACDONALD: You might recall that earlier in the year considerable attention was brought about in the south of the State over the number of locusts laying eggs, particularly around the Wagga Wagga area. At the time we asked farmers to be vigilant and report that. I think we had something in the order of 90 or so reports of egg laying activity. We put that on the database and that is part of our plan. The response plan is now fully in place, given that a number of these egg beds are hatching, and we have asked farmers to report. We have issued a lot of media statements to that effect. As of today, or yesterday, 317 properties notified activity on their farms. We are concerned because there is a significant gap between the reporting of the laying activity and the hatching activity. That is why we are making a lot of public activity to try to get farmers to check their paddocks, because we have—as you would be aware from our experience in the spring 2004 episode of widespread locust activity in New South Wales—a window of opportunity to be able to limit the damage that could be caused by the locusts. We are asking farmers to report.

We have set up our central command in Orange and we have a number of forward posts, particularly in the Riverina and other areas where they have been announced. We are still trying to get farmers to check their farms as quickly as possible. We have enough chemical to treat 31,000 hectares and we have plans for rapid access if we need more than that—heaven forbid, I hope we do not need more than that. We are already off and

running with ground-based spraying. Further aerial survey work is also being done. We have a lot of experience in this area due to the 2004 spring episode, and it is well and truly in swing.

The Hon. RICK COLLESS: I understand you said 317 separate outbreaks have been reported at this point?

The Hon. IAN MACDONALD: Yes.

The Hon. RICK COLLESS: What is the total area of those 317 outbreaks?

The Hon. IAN MACDONALD: I would have to give that on notice. We have seen hatchings in the order of from 1.2 kilometres to 400 metres wide.

The Hon. RICK COLLESS: I think they are expected to expand by a factor of 10 once they take to the wing, are they not?

The Hon. IAN MACDONALD: That is why we have to beat them now.

The Hon. RICK COLLESS: So, that 31,000 hectares that you are anticipating will be enough, is that ground-based spraying?

The Hon. IAN MACDONALD: No, I did not say it is enough. I said that is what we have on hand for rapid response, and we have a system in place to be able to rapidly get further supplies.

The Hon. RICK COLLESS: Is the department meeting the cost of the chemical?

The Hon. IAN MACDONALD: I have not got information on the costs of that. I will come back to you later on that?

The Hon. RICK COLLESS: What is the cost of the chemical per hectare? Do you know?

The Hon. IAN MACDONALD: No, I do not have a costing per hectare.

The Hon. RICK COLLESS: Could you find out what assistance is available because it is my understanding that the cost of the chemical was to be met by the department or the authority?

The Hon. IAN MACDONALD: We have made available \$250,000 worth of the chemical so far.

The Hon. RICK COLLESS: And that is being distributed as is required, is it?

The Hon. IAN MACDONALD: Yes, and we have purchased \$600,000 worth.

The Hon. RICK COLLESS: I turn now to the equine influenza issue. Can you advise details of the amount raised from the Grays Online auction of the surplus stock from the equine control centre?

The Hon. IAN MACDONALD: I do not have the details but I will get that for you.

The Hon. RICK COLLESS: Can you also advise what happened to the stock that was not sold through that auction?

The Hon. IAN MACDONALD: Sure, not a problem.

The Hon. RICK COLLESS: You might also include the original cost of those items and why you thought there was a need to sell those items?

The Hon. IAN MACDONALD: Right. The policy of the assets disposal process was conducted. A private auction company was to organise the sale of items, which I understand is the usual process. All items were advertised and members of the public were invited to bid on each item. The price achieved for each item was the best price offered on the day of the public auction and Grays Online conducted that. A small number of

remaining assets were expected to be offered for auction by Grays Online in the last week of August 2008. The asset disposal would then be complete.

The department will meet its obligations under the emergency animal disease response agreement in regard to dispersal of funds generated by asset sales that require: "the proceeds of any sale or equipment valuation will be distributed to the parties in the same proportion as the contributions actually made". Does that roughly meet what you are asking?

The Hon. RICK COLLESS: Yes, that is fine. I am just wondering why you would suddenly jump to conclusions and dispose of those items when we had another very close call again the other day. Would you have to turn around and re-purchase all of that equipment to refurbish the office again?

The Hon. IAN MACDONALD: We did not get to that point, fortunately.

The Hon. RICK COLLESS: No, we did not, thankfully.

The Hon. IAN MACDONALD: The department's speedy and rapid assessment was able to conclusively prove that it was a false alarm.

The Hon. RICK COLLESS: And I bet you breathed a big sigh of relief when that was confirmed?

The Hon. IAN MACDONALD: There is no question about that, especially with the spring carnival coming on.

The Hon. RICK COLLESS: With respect to rural lands protection boards, did you or your department have any input into the report prior to that report being published?

The Hon. IAN MACDONALD: I had a discussion at one point with the consultant. I did not make any formal submission. They had had a number of discussions with stakeholders across the State. You are asking about me personally, are you not?

The Hon. RICK COLLESS: Yes, you or the department?

The Hon. IAN MACDONALD: I had a discussion. That was my role in it, if you like, and the department also had some discussions. Mind you, they asked heaps of people. There were discussions right across the State.

CHAIR: Mr Brown will have 10 minutes.

The Hon. ROBERT BROWN: Just continuing on from the question of the Hon. Rick Colless regarding rural lands protection boards, the recommendations were to reduce the boards from 47 to 14, I think, or thereabouts. Are you satisfied that there would be no reduction in farm gate services available to our farmers and graziers or any shopfront closures as a result of that readjustment?

The Hon. IAN MACDONALD: I am glad you have asked that question because it gives me an opportunity to say a few words about it. The core function of rural lands protection boards is to maintain animal health and pest management in New South Wales. The boards have demonstrated their value with respect to a number of significant emergency disease and pest outbreaks in recent years. Of course, equine influenza was a pretty high point in which they worked effectively with us.

The boards also contributed to a massive effort to manage plague locusts, which we have already dealt with here in earlier discussion. Unfortunately, landholders are currently facing another outbreak of locus and boards are again playing a significant role in controlling this insidious pest. Similarly, the involvement of boards in the State's response to the outbreak of avian influenza at Tamworth in 1996-97, the outbreaks of Newcastle disease in poultry at Mangrove Mountain in 1999 and Horsley Park in 2002 are all major examples of their value to primary industries in New South Wales.

These examples show the tremendous value of the system. A range of changing circumstance, this such as climate variability, increasing demands from ratepayers and the ongoing record drought, will continue to put pressure on the current system. These changes, along with the changing regulatory environment, have seen an

increase in administrative costs. Without action these costs would continue to rise, reducing the ability of boards to continue to deliver quality services to landholders in New South Wales.

The Hon. ROBERT BROWN: Minister, I do not mean to be rude and interrupt you, can I ask that you provide the rest of what is obviously a prepared answer on notice. I only have 10 minutes to ask questions.

The Hon. IAN MACDONALD: Yes, sure, no worries.

The Hon. ROBERT BROWN: I understand from the press that some scientists talk about the potential loss of biodiversity and this sort of carry on in relation to the stock routes. Roughly how large are the travelling stock routes in total in New South Wales?

The Hon. IAN MACDONALD: They are considerable, and play a very important role in a whole range of policy areas. As part of the reforms to the system, the Department of Lands data shows that the total area of land reserved for travelling stock in New South Wales is approximately two million hectares. The total area of travelling stock reserves under the control of the boards is about 700,000 hectares, with the remaining land reserved for travelling stock being primarily located in the Western Division and under western land leases.

The Hon. ROBERT BROWN: When have you required an answer to be given from the rural lands protection boards on the determination of the board's ability to manage the stock routes, that is, those boards that want to hang on to them? When will they be reporting?

The Hon. IAN MACDONALD: We are looking at them on a statewide basis. I would think it would be months before we make some final decisions in this area. I think we were looking at later next year for determinations being made there. The aim is, I believe, to try to evolve a more efficient system for the maintenance of these travelling stock routes. They do play a key role, particularly in two aspects: first, a survival lifeline, if you like, for the farming communities during drought; and, second, they have a lot of significant environmental benefit factors, which means that in many areas they maintain some good stands of trees and native vegetation.

The Hon. ROBERT BROWN: Finally, you confident that the model being put forward and developed, that is reducing these boards from 47 to about 14, is the right model?

The Hon. IAN MACDONALD: Yes, I have pondered this at some length and took the decision to essentially back the process. I went up with the Hon. Rick Colless to face—

The Hon. RICK COLLESS: Face the music. You had to face the music.

The Hon. IAN MACDONALD: —face the music; several hundred up there, I think it was Coffs Harbour, which was a very welcoming event indeed. I thank Rick for his comradeship and walking into the place with me.

The Hon. RICK COLLESS: I had to protect you, Minister. I do support it, very much so, because I believe that in the end we have to drive the level of efficiency and an administrative responsibility which I think will come from much stronger organisations than 47 boards, which I believe undermines the ability to create the sort of intellectual power of having people grouped together and stronger organisations. In the end, if you look at the IMC report, clearly it is getting very much in the direction of the CMAs, for instance, where you have 13 CMAs across New South Wales, strong organisations, and bring them into line with that. I hope that through further synergies over time we will have a lot more co-locating of these agencies that look after effectively land and resource management, and that includes the Department of Primary Industries.

The Hon. ROBERT BROWN: I return to my question on the travelling stock routes. I understand from what I have been able to read that the net cost to the boards as a whole of maintaining them was about \$3 million a year, is that correct?

The Hon. IAN MACDONALD: Yes, that would probably be right. Most of them are not collecting enough money to sustain the work you need on them.

The Hon. ROBERT BROWN: The cost of maintaining those areas was about \$4 a hectare on my simple calculation. That compares pretty well with \$42 a hectare for national parks, does it not?

The Hon. IAN MACDONALD: I do not think I will comment on national parks; that is outside my jurisdiction. It has been fairly efficient management, yes, in terms of the rural lands protection boards.

CHAIR: Minister, I think you contend having a balance in multidimensional approach to emissions reduction measures. Could you discuss that in light of \$1 million in research funding being committed to quantify soil carbon sequestration, compared with the \$100 million to the Clean Coal Council Fund?

The Hon. IAN MACDONALD: This depends a lot on how you evaluate issues. 92 per cent of New South Wales' power is generated through the coal-fired power stations. It represents a substantial investment in New South Wales—in fact, a huge investment. As I have said to you on a number of occasions, if we can crack and bring into economic viability technologies that can essentially provide a cleaner coal outcome—whether by sequestration or other methods, for example, carbonation and the use of algae, all of which work is being done at the moment in New South Wales—that would be a very important part of our contribution to, over time, reducing our carbon imprint.

I do not think that the analytical work I have seen suggests that somehow coal is going to go away tomorrow and that we are going to somehow transfer to some other technology in a short period of time. Most of the work I have seen, in fact, says something the opposite, with increasing demand globally for coal for one reason or another. For instance, when I was in Italy a few years back they were moving their policy away from oil and gas towards coal and proposing to lift their amount of coal usage from 11 per cent to 20 per cent as a component of their power industry. I also note that Holland or Denmark, or one of those countries, has just announced that it is going back to creating some coal-power generation. In fact, also the United Kingdom is proposing to reintroduce more coal-fired power.

Given those circumstances, and given other countries use of it, such as India and China, I believe it is imperative that we concentrate on finding ways to reduce the carbon imprint of coal-fired power. So I am with you in the objectives of reducing our carbon imprint; I have no difficulty with that. I have no difficulty with reducing any of the other greenhouse gases, or any other reduction of gas or pollution into the air. I want to see that reduced. But if you ignore doing major work on the coal industry, you are going to effectively create over time—and it would not be a very long time—the continuation of carbon into the atmosphere that you will not be able to cope with, whilst at the same time not having a viable alternative strategy.

I agree and am happy with all the demand-side people working on that, and I agree with boosting alternative strategies, but in the end coal is going to be important and it is acknowledged by just about everyone that it will be around for some time. In my view cracking clean coal and trying to find strategies that reduce coal are imperative, and I do not see any difficulty with those figures you read out.

CHAIR: The point of those figures was the comparison between research into clean coal and the relatively minute research into soil carbon sequestration, and the failing methods, with the potential to achieve great steps within the agricultural sector. You might like to take this on notice. What are we dealing with in the coal industry in terms of carbon output, pollution, and what are we dealing with in the agricultural industry in terms of failing practice? One of the massive hidden issues, I would suggest, is the release of carbon through forest clearing, farming practices, et cetera, that are very significant. Can you give us a comparison between that and the coal industry?

The Hon. IAN MACDONALD: I do not think the \$1 million figure is necessarily an accurate one, but I will get you the appropriate figures. You might recall that earlier this year I launched the National Centre for Rural Greenhouse Gas Research. That is a partnership between the University of New England and ourselves; it is based in Tamworth and Armidale. We are now already into a series of research projects looking at some of the issues you are talking about. But broader than that, we are looking at adaptation due to reduced rainfall, the increased incidence of hot days, and drought frequency. We are also looking at methane production in ruminants. We have a number of projects that have received publicity in recent times. Also, we are looking at these issues of soil carbon and, going forward, how we will be able to better address the retention of soil carbon, the tilling systems we will need in the future, and the plants we will need in the future. So I do not think it is fair to say we are not looking at that; we are in fact looking at it.

CHAIR: We would like to think you are looking at it.

The Hon. IAN MACDONALD: The project is underway. The project is reducing methane, as I mentioned. Quantifying soil carbon in agriculture is important. We need to understand that, in terms of the decision that agriculture goes within the CPRS by 2015, a decision made in 2013. We have to be ready for it. With regard to quantifying carbon in forests and forest products, significant work is being done by the Department of Primary Industries in this area, particularly on the forestry side. Technologies for abusing ethanol from woody biomass, biochar sequestered carbon improved yields, downscale climate projections for industries and region, precision-support tools for farmers to manage increased climate variability and breeding plants and animals for new climate. So there is a whole range of research activities being conducted across the department in this area and I will get a better quantity on that for you.

CHAIR: I appreciate that. Can we look at it from the point of farmers and graziers? If there is encouragement for them to adopt carbon pollution reducing management techniques, is there any opportunity in terms of financial reward for these conservation farmers or carbon farmers, if you like, by an appropriate market mechanism?

The Hon. IAN MACDONALD: I think—

CHAIR: Well, you would agree that there is a huge role to play?

The Hon. IAN MACDONALD: I understand. My belief, in terms of how we deal with reducing carbon in the future, was more like our GGAS system—that was more of an "incentivation" system—

CHAIR: That is a Howard term.

The Hon. IAN MACDONALD: Where you give incentives to people to do the right thing as distinct from a more punitive system that sets targets in a sense of the current cap-and-trade system.

CHAIR: Minister, how about a voluntary soil-carbon trading scheme?

The Hon. IAN MACDONALD: I think they are the sorts of measures farmers will have to look out to be able to take advantage of any benefits that might accrue from adopting best practice.

CHAIR: Given the environmental productivity and eco-service benefits of organic farming, and the expanding market demand for organic produce, what financial commitments or research assistance is the Department of Primary Industries providing in this area?

The Hon. IAN MACDONALD: I am glad you asked that question. On Monday morning last I launched three new manuals—and I sent them up to your good friend the Hon. Richard Jones—plus the new PROfarm program that we will be offering. We have done a pilot program on organic farming. Of the three manuals one is on organic farming, there is one on livestock, and the third is on cropping. They are extremely comprehensive pieces of work and I believe they will be spread widely across the State enabling those farmers who wish to look at organic alternatives the means to do so. I believe our PROfarm course will be very popular.

As well as that, we have established our centre for organic work and research at Bathurst. We have already put in an organic vineyard as a teaching, research and development tool and we will be providing more information on that in the future. Organics is a rapidly growing area of 10 per cent to 15 per cent. Nationally we believe the latest figure on organic production is in the order of \$623 million. There is a large importation of organic food into this country and, as a consequence, there is the potential for considerable import replacement work to be done by farmers who adopt organic methodology. New South Wales is a leader in it, with 44 per cent of organic beef farms, 40 per cent of organic vegetable farms, and 39 per cent of grain farms. So we have a considerable interest in it. In the last three years, since the formation of the Organic Ministerial Advisory Council, we have made great strides. In fact the department will send you a copy of all the materials I have referred to.

CHAIR: Thank you. Minister, appreciating what you say, do the reports that you have just launched make provision for investigation into ecosystem improvements derived from organic farming practices?

The Hon. IAN MACDONALD: I think it tells you how to grow organically but as for that specific question—

CHAIR: Specifically those improvements?

The Hon. IAN MACDONALD: I will have to come back to you on that.

CHAIR: Would an option for agriculture similar to what is proposed for forestry be a more effective driver of research activity and investment compared with government-funded research activities to establish the necessary methodologies to measure soil-carbon sequestration?

The Hon. IAN MACDONALD: Yes, but it is going to require a considerable amount of work to quantify some of those effects and therefore put baselines for the establishment of how you could both research it and trade in it eventually.

CHAIR: Have you made any representations to the Federal Government on that?

The Hon. IAN MACDONALD: We have made some comprehensive recommendations—

CHAIR: On that?

The Hon. IAN MACDONALD: Let me just answer this. At the recent meeting of the Primary Industries Ministerial Council in Canberra we established a high-level working group to look at some of these issues within the context of carbon. We established a high-level official working group that will be looking at all of these issues relating to mitigation, incentives, and how after 2015 agriculture will fit within the framework of the carbon pollution reduction scheme [CPRS]. All of that sort of work would be considered by that high-level working group to prepare the sorts of framework that we would need to be able to have a proper effective system working within the context of CPRS. I will send you the communiqué.

The Hon. RICK COLLESS: Following on the topic of carbon sequestration—which is something I have a great deal of interest in also—would you agree that in the whole issue of carbon dioxide management in the atmosphere there has been a lot said about clean coal technology, and about geo-sequestration and so on, which would indicate that is more of an engineering-solution problem rather than a biological problem? How do you see it, Minister? Do you see it more as a biological issue or a geological issue?

The Hon. IAN MACDONALD: My view of clean coal is probably a more basic analysis that I tried to impart to our Chair before. I think it is a good thing to limit our production of carbon. I see clean coal technology as only one strategy. I have always made that clear that it is only one strategy. That is why the department has a research endeavour, and an expanding one—hopefully in partnership with the Commonwealth it will be a greatly expanding one—in terms of all of the steps we need to take to resolve all of the issues generated through agricultural processes to limit carbon. I see that as valuable and important.

I also see clean coal is important because people are going to continue to use coal for the foreseeable future, particularly in the eastern seaboard and if you look at how Western Australia, which had developed a strategy to rely on and build up its gas-fired energy production, fell apart with the explosion in the north-west and also the incredible price rises that occurred there for electricity on the back of decisions to go to world parity pricing in gas, we saw it lift about 300 per cent. Not one of these issues is more important than the other. We need to work on biological solutions as well in relation to agriculture to make sure that we reduce our imprint with carbon. That is why research is directed into that area but, at the same time with such a large carbon contribution coming from the energy sector, we have to deal with that and deal with it effectively. I do not see it as either or.

The Hon. RICK COLLESS: In terms of the research funding that goes into the geo-sequestration versus biological sequestration that you have been talking about, where is the balance? What is the budget for the geo-sequestration compared with the budget for cell-carbon research?

CHAIR: The Government has announced that early in the year the Clean Coal Fund will receive \$100 million—

The Hon. RICK COLLESS: Which is the geo-sequestration process?

The Hon. IAN MACDONALD: Well, that will be one of, but there will also be carbonation projects looked at and the usage of carbon to generate algae growth so it can be harvested for biodiesel. That is a project that is being conducted here and also in New Zealand.

The Hon. RICK COLLESS: But that is not actually a reduction in carbon; that is a recycling of the carbon that is already in the energy system, is it not?

The Hon. IAN MACDONALD: Yes, but it has benefits in total overall.

The Hon. RICK COLLESS: I understand that. What I am more interested in is how much money your department is going to spend on research into soil carbon sequestration in the next year, two years, five years.

The Hon. IAN MACDONALD: I would say an increasing amount.

The Hon. RICK COLLESS: Compared to the \$100 million you have just nominated?

The Hon. IAN MACDONALD: I would not compare it to that. But it would increase substantially because the Commonwealth authorities have assigned considerable money to this area. As you might know, there will be a determination, say, for the CRCs to have sustainability factors as quite an important part of that research. That will inevitably lead to the sort of research we need. We need this research to be able to quantify a proper system that can operate for farmers.

The Hon. RICK COLLESS: I could not agree more. I am worried that not enough emphasis is being placed on it, given the importance of the potential for soil carbon sequestration not only to meet the 20 per cent Kyoto protocols, or whatever it is, we are expected to meet but to completely neutralise Australia's carbon footprint.

The Hon. IAN MACDONALD: I think Australia has met its targets under the original Kyoto agreement. In terms of the relative amounts of money, I cannot quantify for you here at the moment, but it will be substantial. It has to be substantial because the decision in terms of whether agriculture enters into the CPRS [carbon pollution reduction scheme] in 2015 has to be made at that time and we will have to have systems in place that reduce the carbon.

The Hon. RICK COLLESS: It is not a matter of whether or not agriculture enters into it. The point is that agriculture must be part of it. Agriculture up until now has been accused of being a 14 or 15 per cent emitter, something of that order, where in fact it has the potential, and good farms now are doing it, to be a gross sequester of carbon to such an extent that it could well be the solution to this problem of anthropogenic global emissions.

The Hon. IAN MACDONALD: I am not arguing with you, Rick. All I am saying is that the driver that will lead to more and more research dollars is the time ticking to get the research together to be able to effectively make those decisions. We have been doing it for years, in effect, with minimum tillage and trying to get pasture species.

The Hon. RICK COLLESS: Minister, we have not been doing it for carbon reduction reasons. We have been doing it for good agricultural reasons.

The Hon. IAN MACDONALD: That is correct, but it has had the effect.

The Hon. RICK COLLESS: I am concerned that given the importance of this technology your department is not placing enough emphasis on it, there is not enough research and there are not enough advisory officers showing farmers how to change their ways.

The Hon. IAN MACDONALD: I disagree with you. I believe most of our extension officers and our agronomists are really into this topic big time.

The Hon. RICK COLLESS: I want to ask you a couple of questions about the structure of the department, given the Premier's direction that all senior executive service [SES] personnel have to be reduced by 20 per cent. How many SES appointees are in your department and how many vacancies are there at present?

The Hon. IAN MACDONALD: There are 22.

The Hon. RICK COLLESS: How many of those positions are vacant at present?

The Hon. IAN MACDONALD: I do not think there are many—three or four. No, they are full. There is not one vacant. Aren't we good?

The Hon. RICK COLLESS: What processes will you put in place to offer the redundancy packages for the four that have to go out of your department?

The Hon. IAN MACDONALD: I think I will deal with this question in relation to the mini-budget.

The Hon. EDDIE OBEID: He has already got 20 per cent. Can't you add up?

The Hon. RICK COLLESS: He said they were full, Eddie. You were not listening.

The Hon. IAN MACDONALD: Maybe my initial answer was wishful thinking.

The Hon. MATTHEW MASON-COX: In a similar vein, if I can focus on the department and staffing issues, does the department have a media and communications section?

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: Could you give the Committee details of how many employees are in this section?

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

The Hon. MATTHEW MASON-COX: And the budget of that section?

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: Could you give us a feel of exactly what that section does and the roles it performs?

The Hon. IAN MACDONALD: Yes, I will take that on notice. We are very good with our answers.

The Hon. MATTHEW MASON-COX: Could you break that down and give a general feel? Obviously it has a public relations role—

The Hon. IAN MACDONALD: I can give you some general information now.

The Hon. MATTHEW MASON-COX: That would be good.

The Hon. IAN MACDONALD: The media and communications section of the department plays a substantial role. I will give you an example: the equine influenza outbreak last year. Crucial in the containment, management and then eradication of that particular outbreak was getting to horse owners across the State rapidly and effectively. The media department played, I think, a pretty major role in getting that information out to farmers and assisting me in doing what I have to do and also other officers of the department. The manager of the media section of our department, Brett Fifield, has just won some very significant awards for that campaign. In fact, he was awarded a national award in Perth on, I think, Wednesday night for that campaign and he received a previous one for his sterling work a few weeks back at Luna Park at an awards ceremony. Also the media and communications section plays similarly major roles in the grasshopper and locust campaigns that we have had in getting information now locally. I might do a certain amount of it, but the media and communications area has to do quite a considerable amount.

The Hon. MATTHEW MASON-COX: They interact with you on a regular basis?

The Hon. IAN MACDONALD: They would supply information on issues. They would gather that information, yes.

The Hon. MATTHEW MASON-COX: Has that section of the department increased over the past couple of years?

The Hon. IAN MACDONALD: Do you want a breakdown?

The Hon. MATTHEW MASON-COX: Yes, a breakdown over the past three or four years.

The Hon. IAN MACDONALD: We will give you a breakdown of the last few years. I do not think it has appreciably increased but I will give that to you.

The Hon. MATTHEW MASON-COX: Would you also in that breakdown nominate or give a feel of the areas in which each of those groups of employees work? Obviously some would work in public relations, the production of documents, managing media issues, tracking media issues. Things of that nature would be useful.

The Hon. IAN MACDONALD: Yes, I will give you that. When I mentioned those manuals before, they do that sort of work. All those sorts of things are done. There is a huge information role for the department in communicating with farming and rural communities.

The Hon. MATTHEW MASON-COX: That sort of information would be very useful.

The Hon. IAN MACDONALD: They are not spin doctors. I am just anticipating your line.

The Hon. MATTHEW MASON-COX: To understand precisely what their function is would be useful.

The Hon. IAN MACDONALD: No worries, Matthew.

The Hon. MATTHEW MASON-COX: How many spin doctors, to use your terminology, are there in your own office?

The Hon. IAN MACDONALD: I will take that on notice. I do not think I have any spin doctors. What do you mean?

The Hon. MATTHEW MASON-COX: Media and communications.

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

The Hon. MATTHEW MASON-COX: People performing media and communications functions.

The Hon. IAN MACDONALD: Yes. As I said, and I repeat, I do not have spin doctors.

The Hon. MATTHEW MASON-COX: You do not?

The Hon. IAN MACDONALD: No, I do not. We deal in truth always.

The Hon. MATTHEW MASON-COX: The ministry of truth; we are back in the Orwellian days already. It would be most appreciated if you could you give us a breakdown of precisely what those media and communications people do in your ministerial office.

The Hon. IAN MACDONALD: I think I am fairly well known for communicating with the public of New South Wales. I produce probably more press releases than just about any other Minister and the Opposition together.

The Hon. MATTHEW MASON-COX: Obviously you are supported by a lot of media and communications employee.

The Hon. IAN MACDONALD: Hardworking and dedicated employees.

The Hon. EDDIE OBEID: Make sure you do not give him the trade secrets.

The Hon. IAN MACDONALD: Don't worry, Eddie, you can check the words.

The Hon. MATTHEW MASON-COX: Do you think you have adequately taken into account the concerns raised by ratepayers and the rural lands protection boards in relation to the report that has been handed down?

The Hon. IAN MACDONALD: Yes, I think so. The State Council has been very supportive. Based on their discussions with the boards across the State they have made a number of changes, recommended those to me and we have made a lot of those changes: we have adjusted boundaries, and what have you, to meet a lot of the needs.

The Hon. MATTHEW MASON-COX: So you think you have done enough on that front?

The Hon. IAN MACDONALD: It is always one of those things where you listen to people, and I have been listening to people on these issues right the way through. I do note, of course, that the Opposition has given strong support to the report and to its adoption. Mr Andrew Fraser has made it clear to me personally and publicly that the Opposition supports the overall direction that the Government has adopted following the RMC report.

The Hon. MATTHEW MASON-COX: How many boards have you met to discuss their concerns?

The Hon. IAN MACDONALD: I do not have an instant memory as to what boards—

The Hon. MATTHEW MASON-COX: Have you met boards?

The Hon. IAN MACDONALD: I have met certainly with quite a few of the boards at the State Council meeting.

The Hon. MATTHEW MASON-COX: Have you met with them since then?

The Hon. IAN MACDONALD: I have met with a number of people associated with it. I would have to check back on the record.

The Hon. MATTHEW MASON-COX: If you could take that on notice and provide us with those details? Why do these changes have to be implemented before January 2009? What is the rush in that regard?

The Hon. IAN MACDONALD: I think that it is important that major reform as proposed in the RMC report be adopted and I do not see any reason for considerable delay. I believe these reforms to be ones that will modernise the rural lands protection boards. It can be done within this period. I think there are very viable timelines in place and it can be completed. I do not see any reason—if you get State Council on board you get the Opposition on board, the Government is on board—for any dillydallying. I say to Andrew Fraser and the Opposition: Thanks for your support. We will get it done as quick as we can.

The Hon. MATTHEW MASON-COX: Do you intend to meet with any more of the boards?

The Hon. IAN MACDONALD: My door is always open.

The Hon. MATTHEW MASON-COX: So if you were to receive a request from particular boards then you would be happy to meet with them?

The Hon. IAN MACDONALD: Indeed.

The Hon. RICK COLLESS: Minister, in relation to some of the boundary concerns that have been expressed by the boards, have those issues been resolved?

The Hon. IAN MACDONALD: I think by and large. The council has put forward a number of changes and I have generally agreed with what they have put forward. I do not know if they are actually

finalised; I would have to come back to you on that. They might have another one or two or something, I am not sure, but my understanding is it is pretty well resolved.

The Hon. ROBERT BROWN: Minister, let us talk about River Red Gums. You are obviously aware that the National Parks Association has recently put a complaint to the Federal Government claiming that State Forests NSW are, in their terms, illegally logging forests in the River Red Gum areas, particularly in Ramsar areas. I normally do not give much credence to some of these claims by some of these so-called conservation organisations but could you just answer whether you believe that State Forests has been carrying out any illegal logging?

The Hon. IAN MACDONALD: Certainly not. The Ramsar Convention, which in May 2003 added 84,000 hectares of River Red Gum to its list has been, in my view and the department's view, logged on a very selective basis and in a very environmentally sensitive way, legally. In a sense the Ramsar Convention provides for, amongst other things, forestry and grazing activity to be conducted within areas that are so designated. I do not see any difficulty with that. The situation is that last year, after considerable discussion, the National Parks Association and the Department of Primary Industries and Forests NSW entered into a court ordered arrangement to look at these issues by way of an assessment conducted under the Environmental Planning Act in New South Wales. That process is very clearly underway and we believe that the logging activity in that area is being conducted sustainably.

Of course, you have to remember that there are many hundreds of workers associated with that industry; it has been engaged for over 100 years and a number of those rural towns are very much dependent on the sort of income that that industry earns. But the process is underway and we believe the logging is being conducted legally.

The Hon. ROBERT BROWN: With all due respect, Minister, there are also a lot of people involved in the logging in the Gwabegar region too. Does your department have an assessment of what the net public benefit is of the management of the, I think it is about, 110,000 hectares you manage for forestry, of which I am told only about 4 per cent is harvested in a year? Are there any figures available as to the net public benefit of keeping those as active forests, and, if there are not, could I be provided with some figures please?

The Hon. IAN MACDONALD: I think there has been some work done in this area and I will be happy to supply them to you.

The Hon. ROBERT BROWN: I understand that the industry supports about 400 full-time jobs.

The Hon. IAN MACDONALD: That is correct.

The Hon. ROBERT BROWN: In relation to the New South Wales Food Authority name and shame website, which is a favourite subject of Dr Kaye in the upper House, which went live back in July, what impact has it had and will it continue?

The Hon. IAN MACDONALD: I think this is one area where the Government has really done a lot of work to put a better system into place. As you would recall, the Government looked at this area last year and came to the conclusion that it needed a better system for being able to give people in New South Wales a clear idea of the performance of food outlets, whether they be restaurants or food industry businesses. We take a very strong view, through the Food Authority, that its mission is safer food and clearer choices. So the name and shame fits within that. It is pioneering; there is no other State that has anything like it. It was proclaimed on 3 May this year and enables the publication of details of food premises that receive penalty notices from the Food Authority and councils for serious food offences. The information is easily accessible on the website; in fact, it has been one of the most popular websites for the Government, other than perhaps the RTA.

In terms of pages, it is up around one million pages that have been accessed on the site. We have very large numbers: there are 200 businesses on it. That means that in New South Wales you can look on that website and find the businesses that have been fined, prosecuted for food safety offences, and you can then make the relevant choice about whether you want to frequent that business. It has been on the basis of without fear or favour because some rather well known chains of businesses are on that list, where they have been inspected and have had their business found wanting in terms of food safety and we have confidence that people will make good choices based upon what they see on that website. This is a proactive policy. I think it is one that eventually in various forms will be rolled out across Australia.

The Hon. ROBERT BROWN: I refer to the melamine contamination in products originating from China. My wife told me that the manufacturer of those products in China also markets products here in New South Wales. Have any of those melamine-contaminated products been imported into New South Wales? If so, is the department doing about it?

The Hon. IAN MACDONALD: This is an important question because obviously it involves potentially serious threats, particularly to children.

The Hon. ROBERT BROWN: I have a brand new grandson and that is why I am asking the question.

The Hon. IAN MACDONALD: Exactly. The source of the contamination that had such a widespread impact in China was milk powder to which melamine had been added to falsely increase the protein content. This practice is deliberate adulteration and is not permitted by any country. Members may be aware that melamine is a chemical associated with plastic manufacture, which, if consumed in high levels over a long period, can lead to kidney disease and kidney stones in some people.

As soon as the New South Wales Food Authority was aware of the contamination in infant formula, officers were dispatched to check supermarket shelves. While the Australian Quarantine Inspection Service had assured the New South Wales Food Authority that infant formula is not imported into Australia from China, given the serious nature of the issues there was a need to ensure no illegal importation had occurred. As the contamination was in the milk powder, it soon became obvious that other products may be contaminated and the Food Authority was the first Australian agency to respond by collecting a range of other products that contained milk powder made in China, and immediately sent these for testing. Officers continued to source additional products, and within two days 49 items were sent for testing. To date only the samples of White Rabbit Creamy Candy submitted by the authority have come back as positive for melamine. This is consistent with results from other countries and the product has been withdrawn from sale in New South Wales. Officers from the Food Authority continue to undertake targeted surveillance of supermarket shelves, particularly when alerted to contaminated product.

The New South Wales Food Authority is participating in a national incident response group, which includes other State and Territory regulators, Commonwealth agencies and New Zealand. It is also involved in the risk-management strategy designed to deal with this contamination. The State has actively contributed to the development of a national consumer advisory on the melamine contamination. A great deal of work has been done. We believe that we have this very serious situation contained and under control. We remain committed to ensuring the elimination of this product. We have tested more than 80 products in New South Wales and other States and Territories.

The Hon. ROBERT BROWN: Including baby formula?

The Hon. IAN MACDONALD: Australia-wide, test results to date have detected the presence of melamine in only three of those products—White Rabbit lollies, Lotte Koala Biscuits and Kirin Milk Tea, which were all made in China.

CHAIR: The melamine issue has highlighted a potential disaster. Rather than looking at that as one product line that has had a massive impact in the country of origin, can you comment on how fragile it makes the import of foodstuffs from other countries? It is a little like asking someone to find a needle in a haystack to expect that food authorities, customs agents and so on are able to oversight effectively all sorts of substandard food coming in that would not have a chance in the Australian production context. I refer to the pesticides used. There is no guarantee that they are not using pesticides that are banned in Australia. Can you comment on that in terms of the global food trade?

The Hon. IAN MACDONALD: First, the responsibility in this area lies with the Australian Quarantine Inspection Service, which has a clear-cut role. It is that agency's job to do testing, and I understand that it does considerable testing. It is interesting that this has been raised, because I was disturbed about the reports of studies done in Victoria—and the New South Wales Department of Primary Industry participated those studies—into incorrect labelling of olive oil. It was found that most foreign manufactured olive oil labelled as extra virgin olive oil was not and was rancid or heated, or both. The manufacturers are misleading the consumers of Australia. However, following testing of the three or four brands manufactured in Australia,

including Cobram Estate olive oil—which is a popular local brand—it was established that they delivered on the quality designated on the label. Labelling is a concern.

Let us hope that the Australian Quarantine Inspection Service has the resources to protect us. I have been in discussions with the Commonwealth about improving our labelling laws and compliance actions to try to improve the situation in this area. What you are saying is correct and we should be concerned about this area and resources should be provided to deal with it.

CHAIR: Do you not think there is a contradiction between the push for global trade in food and the guarantee of clean food in the domestic market?

The Hon. IAN MACDONALD: I do not believe that each State in the world can become an island. The global trade in food has existed forever and will only continue. We need an active agency such the Australian Quarantine Inspection Service resourced to inspect foods in such a way that we can be confident that we are not getting the sorts of the product that the melamine example highlighted. I have dealt with this issue several times over the years, particularly imported prawns and the doubts about their quality.

CHAIR: There have been scares at different times about imported prawn products. Those concerns have related to the environment in which they have been grown or condition in which they landed. What guarantees does the Sydney consuming public have about prawns from various South-East Asian and Indian sources? I am sure you have been to some of the areas in which those prawns are grown. The environment would seriously fail Australian health standards.

The Hon. IAN MACDONALD: I have been concerned about this issue for many years. I can say two things: First, we need a well-resourced agency to inspect these products. The Australian Quarantine Inspection is that agency.

CHAIR: Prawns are readily available at the Sydney Fish Markets and in shops and people are often not aware they are getting an imported product. Prawns are a good example because of the way they feed and their origin. Can consumers be assured that those imports are fit for human consumption?

The Hon. IAN MACDONALD: I cannot vouch for every batch of prawns that comes into Australia, or any batch of food. I buy New South Wales prawns where possible.

CHAIR: I appreciate that.

The Hon. IAN MACDONALD: That is the best pre-emptive strategy.

CHAIR: We used to eat them in Parliament until your former Treasurer knocked off the catering system.

The Hon. IAN MACDONALD: There are better days are ahead.

CHAIR: Perhaps you could provide further information on this interesting subject and also of the problems existing in the New South Wales fisheries industry, and the problems they have of surviving because of imports—and the imports are not taking into account the potential health risks?

The Hon. IAN MACDONALD: Yes, I am happy to give the Committee a briefing on that. It will be by way of separate briefing rather than trying to put it all into an answer on notice. The Food Authority will look at this issue and give the Committee a briefing.

CHAIR: Thank you, that is appreciated. Given the pressure on the rural lands protection boards to manage travelling stock routes [TSRs] as a business in the adoption of the Integrated Marketing Communications' [IMC] report recommendations, how will the rural lands protection boards ensure that the nature conservation values of the ground cover and shrub layers be maintained, and not gradually lost through pest animal or weed invasion, pasture improvement or inappropriate grazing regimes such as regular grazing in good seasons as well as droughts, which come from overstocking problems?

The Hon. IAN MACDONALD: I have covered this a bit already. All I can add is that we are doing an environmental assessment of the TSRs and that will be completed by September next year, or about that time.

No decisions are proposed in relation to it. The disposal issue that people are talking about is not the objective of anything in relation to this. The Government will maintain a high level of stewardship delivered by the boards for those TSRs managed by the Department of Lands, which has a pretty good record in this area. The Department of Lands is very aware of establishing a process to effectively and consistently assess those areas prior to any decision being made about its future use.

CHAIR: Can you describe what budgetary measures are being taken to secure agricultural land in the Sydney Basin in face of the world's food shortages and rising fuel prices, and given that the Sydney Basin is potentially the biggest agricultural sector in New South Wales?

The Hon. IAN MACDONALD: Yes. Many people do not realise that about \$1 billion of agricultural output comes from the Sydney Basin. It is important that we protect that basin. We have a number of programs from the Department of Primary Industries assisting the growers of various products within the basin. As you would be aware, we have officers who advise the horticultural industry and the fruit and vegetable industry within the basin as well as the dairy and beef industries that are here. We believe that the Sydney Basin is important to our future produce. It is good to have that produce being produced so close to the city; on the issue of food miles, it gets a big tick that it is so close.

Following discussions I have had with the industry, the Department of Primary Industries will organise a forum in December to discuss these issues. It is a very important issue. To highlight that, one problem we have is the rural decline in acreage, or the farming decline in acreage, brought about by urban encroachment. It has meant that some industries are under stress due to problems from residents who have moved into the area such as the poultry meat industry and the egg industry in western areas. I have the very strong view that we need to maintain a strong agricultural base within the Sydney Basin and green space around our city.

CHAIR: We are well aware that the recent Minister for Planning has left us with that capacity. Have you had more fruitful negotiations on that matter concerning planning and urban encroachment?

The Hon. IAN MACDONALD: I am a very positive person. I believe we will do reasonably well in this area. I suggest you consider turning up to our forum in December.

CHAIR: It is good to hear that you are so positive. What fiscal measures has your department undertaken—

The Hon. IAN MACDONALD: Fiscal? You mean programs.

CHAIR: No, fiscal measures. What fiscal measures has your department undertaken to address these problems?

The Hon. IAN MACDONALD: As you would be aware we advise on whether rural lands should be transferred to development land. Over the years we have been fairly ferocious on this issue. I will not go into particular details. I will get an answer to you on our efforts in this area.

CHAIR: I said "fiscal", but looking at programs as well. That is two questions.

The Hon. IAN MACDONALD: Yes. I will give you a list of what we do in this area to enhance and protect our farming-based industries in the Sydney Basin.

CHAIR: The Committee will take a short break at this point and resume with an hour of Forestry questions, and then an hour of Fisheries questions.

[Short adjournment]

NICK ROBERTS, Chief Executive Officer, Forests NSW, sworn and examined:

The Hon. MATTHEW MASON-COX: Minister, will you advise the Committee of the Government's intention or plans to sell or privatise New South Wales State forests, including softwood and hardwood plantations and native forests?

The Hon. IAN MACDONALD: My total understanding is there are no plans to sell either plantations or native forests.

The Hon. MATTHEW MASON-COX: So you can confidently rule that out in the mini-budget?

The Hon. IAN MACDONALD: I am not going to rule anything out in relation to the mini-budget, but there are no plans. They have not been discussed with me.

The Hon. MATTHEW MASON-COX: Do you know whether a valuation of State forests has been sought?

The Hon. IAN MACDONALD: We have always done valuations, year in year out. It is part of the annual report.

The Hon. MATTHEW MASON-COX: What is the value of the State forests?

The Hon. IAN MACDONALD: I will take that on notice, but it is considerable.

The Hon. MATTHEW MASON-COX: Can you confirm that the Plantations and Reafforestation Act is currently being reviewed?

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: When will this review be completed?

The Hon. IAN MACDONALD: Do you want me to give you the long answer or the short answer? By the end of June 2009.

The Hon. MATTHEW MASON-COX: Are you aware that industry is concerned that the Act will contain a roads levy?

The Hon. IAN MACDONALD: That has not been particularly raised with me. I do not know whether that would be part of the process, but I will come back to you with that.

The Hon. MATTHEW MASON-COX: In that regard, can you provide us with any guidance as to what the scope of the review of the Plantations and Reafforestation Act is? What issues will be considered in that review?

The Hon. IAN MACDONALD: Yes, okay. The statutory review of the Plantations and Reafforestation Act commenced by the former Department of Natural Resources has been continued by the Department of Primary Industries. The review has involved consultation with key government agencies and stakeholders. Cabinet has approved the drafting of a bill to amend the Act to improve efficiency and effectiveness. Cabinet has also noted the proposed amendment to the code. It is anticipated the exposure draft will go on public exhibition during November-December and the amendments will be implemented by the end of June 2009. So, it is to go on public exhibition and you will get your chance to look at it very shortly.

The Hon. MATTHEW MASON-COX: You are not sure about the scope of that review but you are willing to take that on notice?

The Hon. IAN MACDONALD: Yes, but it will be in the public domain very shortly.

The Hon. MATTHEW MASON-COX: You are not aware that there is any recommendation or any idea that it will have a road levy inserted?

The Hon. IAN MACDONALD: I cannot give you comfort on that. That will be part of the public exposure. It has to go out publicly in November-December.

The Hon. RICK COLLESS: Just a follow-up question on that, if I may. Does the current Act override the Native Vegetation Act, the Threatened Species Conservation Act and the Soil Conservation Act?

The Hon. IAN MACDONALD: I will have to take that on notice and give you a full detailed answer.

The Hon. RICK COLLESS: I will tell you why I am asking. A couple of very large-scale developments are being done in the Tenterfield district, on country that is in excess of 18 degrees of slope, which would mean it is in breach of the Soil Conservation Act. It is an area where there is a known koala habitat, which means it would be in breach of the Threatened Species Conservation Act, and there are large areas of native vegetation being bulldozed and burned in order for this development to go ahead, so it would appear to be in breach of the Native Vegetation Act.

The Hon. IAN MACDONALD: If you give me the specific instances, I will look into them and give you a reply.

The Hon. MATTHEW MASON-COX: If I may take you to a few questions about Willmott Timbers Pty Ltd Bombala softwood mill, which I know you are very familiar with.

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: As you would be aware, it is a \$60 million investment expected to be completed in the second half of 2009 and which will create 130 new jobs. What infrastructure support has your Government provided to this project?

The Hon. IAN MACDONALD: I think it is to be completed in 2010. I do not have information in relation to the infrastructure support we have provided to it. I know, for instance, a new hospital has just been opened in the area or recently opened in the area. The planning provisions in relation to it are underway at the moment. I am not sure what their infrastructure needs will be, but my door is open to them at any time to discuss with us and to discuss with Forests New South Wales what commitments may be required. But they have not put anything formally to me in relation to this.

The Hon. MATTHEW MASON-COX: Mr Roberts, are you aware of what the infrastructure needs might be for that mill, that processing plant?

Mr ROBERTS: Not specifically. Previous developments have been proposed for Bombala in different locations in the town. They have had some roading implications. Since the last of the proposals for Bombala we have been completing roadworks within the forest estate. Some of those would have been included in the early requirements for the previous plant. So, at this stage, we are not sure exactly what they are likely to be, no.

The Hon. MATTHEW MASON-COX: Are you waiting for Willmotts to come to you to put a proposal to you in relation to the scope of infrastructure works required and perhaps an appropriate contribution that might be considered by the Government in that regard?

The Hon. IAN MACDONALD: It is up to them. If they come and knock on our door we will have the appropriate discussion. They have not raised it with us so far. They certainly have not raised it with me as far as I can recall.

The Hon. MATTHEW MASON-COX: Have you been to Bombala to inspect the site?

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: What did you find when you went there?

The Hon. IAN MACDONALD: Pretty good. A mill that is operating quite well at the moment within its limited scope. I think it is producing garden timbers. The development plan will take it to an entirely new level, and it is an exciting project.

The Hon. MATTHEW MASON-COX: So, you would agree it is an absolutely key industry in a regional area, worthy of support?

The Hon. IAN MACDONALD: No question.

The Hon. MATTHEW MASON-COX: In regard to a related project, although perhaps more speculative, I refer you to the Bombala to Eden monorail proposal. Are you aware of that?

The Hon. IAN MACDONALD: No, it has not been brought to my attention.

The Hon. MATTHEW MASON-COX: Let me bring it to your attention. It is a proposal for timber transport from the expansion of Wilmot's mill to the woodchip mill at Eden put forward by a consortium. You are not aware of that at all, Minister?

The Hon. IAN MACDONALD: No, but I think I will have to talk to Laurie Brereton. He has a lot of expertise in monorails.

The Hon. MATTHEW MASON-COX: I understand that an American technology company, International Innovations, has presented the Bombala Shire Council with some details in regard to this proposal. It is a serious proposal.

The Hon. IAN MACDONALD: No, I have not heard about it but if they forward a copy of it to me, I will have it considered.

The Hon. MATTHEW MASON-COX: Have you heard about it, Mr Roberts?

Mr ROBERTS: I have heard some speculation about a possible monorail down there. I guess from the perspective of Forests New South Wales, we have invested a lot of money in the Imlay and Edrom roads, which go down to access the port, so we would have to consider the implications on the capital invested in that road network as part of any proposal that might come forward.

The Hon. MATTHEW MASON-COX: How much have you invested in that road network?

Mr ROBERTS: I could not tell you.

The Hon. MATTHEW MASON-COX: Would you provide us with the details?

The Hon. IAN MACDONALD: That is no problem.

The Hon. MATTHEW MASON-COX: Related to timber or forest infrastructure projects, are you familiar with the Gocup Road upgrade, Minister?

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: In particular, can you indicate the level of New South Wales Government support for the upgrade of that road?

The Hon. IAN MACDONALD: This issue has been raised with me on numerous occasions over the years. I have met with Visy in relation to it on a number of occasions, both in Sydney and at Tumut. This matter is a Roads and Traffic Authority related issue. From a Forestry perspective, I have certain views but I think it is really within the province of the Minister for Roads and any questions you have in relation to Gocup Road should be addressed to him.

The Hon. MATTHEW MASON-COX: In relation to your responsibilities so far as Primary Industries are concerned, are you supportive of the New South Wales Government providing funding to upgrade this important road?

The Hon. IAN MACDONALD: There is no doubt that over time the road will have to be upgraded. It will also require Commonwealth funding as part of the overall package. In terms of the specific question about this happening, you should refer your questions to the Minister for Roads at the appropriate moment.

The Hon. MATTHEW MASON-COX: You are aware that the Federal Government has committed funding of \$11 million to the upgrade of the road?

The Hon. IAN MACDONALD: I am aware that the Commonwealth has made statements along those lines.

The Hon. MATTHEW MASON-COX: Are you aware that the local councils have committed significant funds to assist with the upgrade of this road?

The Hon. IAN MACDONALD: As I have tried to indicate to you, this is a matter for the Minister for Roads.

The Hon. MATTHEW MASON-COX: I am just understanding your appreciation.

The Hon. IAN MACDONALD: I have whole-of-government views.

The Hon. EDDIE OBEID: With so many portfolios you ought to.

The Hon. IAN MACDONALD: I have not got Roads. You are not being very helpful, Mr Obeid.

The Hon. MATTHEW MASON-COX: Are you also aware that Visy is also going to commit significant funds to the upgrade of this road?

The Hon. IAN MACDONALD: Let me put it this way: I am aware of most matters relevant to this. I have spoken to the proponents on numerous occasions, I have spoken to the council, but the matter lies within the province of the Minister for Roads.

The Hon. MATTHEW MASON-COX: Just to close the loop, you are aware that the local councils and local industry have been waiting for about a year for your colleague the Minister for Roads—the guernseys change from time to time—and your existing colleague is new to the job but the industry, local councils and the Federal Government; we have all been waiting for a decision that the New South Wales Government is going to make an investment in a very important road piece of infrastructure. Are you aware of that, Minister?

The Hon. IAN MACDONALD: As I said, my view is that the new Minister is a very capable person and I am sure he will listen to those views.

The Hon. MATTHEW MASON-COX: Hypothetically, if we were to imagine you around the Cabinet table, Minister, you would no doubt be pounding that table in support of such an important piece of infrastructure?

The Hon. IAN MACDONALD: I am a very strong supporter of the Visy development in that area. I believe it brings significant economic benefits to the region and as Minister for Forests, I have been supportive of all initiatives relevant to that Visy mill and its development.

The Hon. MATTHEW MASON-COX: I am very pleased to hear that. I have no further questions.

The Hon. ROBERT BROWN: I would like to start off with some questions on the Game Council, Minister. With respect to feral animal control, Minister, are you able to supply me with information on what quantity of 1080 was used in the fox abatement plan in New South Wales forest reserves during the last year and the number of programs that were undertaken?

The Hon. IAN MACDONALD: I am not fully aware of the number of programs. I will take that question on notice.

The Hon. ROBERT BROWN: Are you able to tell me what sort of success the Game Council had in feral animal control in those reserves?

The Hon. IAN MACDONALD: In our forests?

The Hon. ROBERT BROWN: Yes, in your forests?

The Hon. IAN MACDONALD: I think it has been a very important part of the control of feral animals, which is a key objective of the Game Council. The Game Council has enjoyed some significant

achievements in the past 12 months, including the declaration of 192 more State forests, totalling more than 500,000 hectares of land for voluntary conservation hunting.

The Game Council's world-standard licensing system currently has more than 6,000 restricted licensed, or R-licensed, hunters, all with accreditation in safety, animal welfare, hunting and the law, and ethics and conservation. Over the past 12 months these voluntary conservation hunters have removed more than 8,300 feral and game animals from State forests, including 4,192 rabbits, 1,159 goats, 1,127 feral pigs and 807 foxes. That is fantastic.

The Hon. EDDIE OBEID: It is not enough.

The Hon. IAN MACDONALD: It is not enough—more foxes. More than 400 deer have also been removed in that time. Game Council staff have also been involved in a number of compliance operations targeting licensing, illegal hunting, written permissions and other activities. A number of hunters have subsequently been fined, had their licences cancelled and been bailed for court appearances. The Game Council also recently introduced the Bush Alert rural crime reporting initiative currently being trialled in the State's Central West. A number of landholders have utilised this program to report alleged illegal hunting and other criminal activities. In addition, the Game Council has also coordinated a significant volunteer workforce to contribute to various conservation projects. In total, licensed hunters contributed almost 20,000 days to conservation hunting on public lands.

The Hon. ROBERT BROWN: That is really the point I was hoping you would get to—excuse the sexism, that is 20,000 man days is what you are saying, 20,000 days on the forest?

The Hon. IAN MACDONALD: Person days.

The Hon. ROBERT BROWN: I could probably do the simple mathematics, but could you provide me with some sort of an estimation of how that equates to the area of land under forestry control? In other words, I am looking at the impact of volunteer people on the management of what is public land. I am interested to compare that with the figures presented in the budget papers by your colleague the Minister for the Environment.

The Hon. IAN MACDONALD: Let me make it very clear: I did not want to get into issues of the Minister for Climate Change and the Environment.

The Hon. ROBERT BROWN: No, I do not expect you to, I just want the figures.

The Hon. IAN MACDONALD: All I can say is that within our administration, getting such a high level of voluntary activity to control pests is a very good thing. Forests New South Wales is very supportive of the work that has been done by the Game Council. Let us face it, in the past we have had to pay people to do this work—and probably not to any great extent. So, having this wonderful voluntary commitment is something we endorse and support.

The Hon. ROBERT BROWN: Minister, has your department done any calculations on the net public benefit of having the Game Council?

The Hon. IAN MACDONALD: Yes, there is work being done in relation to that. Earlier this year the Game Council of New South Wales completed a comprehensive business plan that provides a cohesive and realistic set of goals, scenarios and performance targets for the organisation. The plan provides for the consolidation of the Game Council as the licensing and regulatory authority for voluntary conservation hunting in New South Wales from 2008-09 to 2011-12. It provides a blueprint for the organisation and was recently approved by the Government.

This consolidation includes: increasing acceptance of the role of volunteer conservation hunting in managing game and feral animals; the growth rates experienced by licensing systems in other States as hunting becomes more understood and accepted; and significant increases in licence sales generated from the Game Council's recent marketing, promotional and public relations efforts to raise awareness.

A survey of licence holders in March 2008 for the business plan revealed high satisfaction with the core services of licensing, website information, booking hunts, access to public land, and conservation. This level of

satisfaction was achieved within an extremely tight budget. The completion of the business plan highlights the Government's commitment to voluntary conservation hunting in New South Wales—as is the case with all forms of voluntary activity—and is recognition of its positive benefits. Indeed, the net public benefit of the Game Council was estimated at \$3.14 million in 2007-08—a benefit of \$5.63 million versus costs of \$2.49 million. And future benefits are expected to outweigh costs, with the net public benefit potentially increasing to nearly \$10 million by 2011-12.

CHAIR: Minister, how many hunters are before the courts for illegal hunting practices?

The Hon. IAN MACDONALD: I do not have a figure for that, but there are quite a number before the courts at the moment. I could get you that number on notice.

CHAIR: I would be interested to know where the problem lies.

The Hon. IAN MACDONALD: You want numbers and general locations?

CHAIR: Yes, and perhaps the reason why they are there. You may be aware that the *Manly Daily* and the *Northern District Times* have run articles such as the one I have here, which shows a photograph of Mr Robert Borsak. Basically, it is an encouragement, understandably, to help protect flora and fauna. I show you the article.

The Hon. IAN MACDONALD: This was in the *Manly Daily*?

CHAIR: Yes, the *Manly Daily* and the *Northern District Times*. It encourages people who want to go hunting. In terms of the number of people who are before the courts, seeing this sort of advertising makes one wonder whether this is a reckless campaign by the Game Council in terms of not clearly indicating, for example, the need for licensing and proper organisation with regard to this sort of thing. We could have a spin-off of people taking that as an opportunity to go hunting in forests.

The Hon. IAN MACDONALD: I will not endeavour to answer this question in detail up front. You are really asking me for an opinion in relation to it?

CHAIR: I am asking you to look at responsible advertising. I acknowledge that the issue with regard to the number of feral animals being controlled is proper public safety, and I am suggesting that that sort of advertising could in some way further erode proper public safety with regard to these activities.

The Hon. IAN MACDONALD: The article does say, "Join me and help protect our native flora and fauna."

CHAIR: I am simply making the suggestion that there is nothing about proper licensing and the level of regulation that is perhaps needed.

The Hon. IAN MACDONALD: I will raise this with Mr Borsak.

CHAIR: Thank you, Minister. Why has not Forests New South Wales referred logging in river red gums to the Federal Minister for the Environment under the Environment Protection and Biodiversity Conservation Act 1999?

The Hon. IAN MACDONALD: We have had a process in place. You would be aware of the process, in fact. As I understood it, you played some role in advising the National Parks Association last year for the outcome that was generated in the arrangement in the courts—which I think was a very fair arrangement. We have a process in place under part 3A the Act, an environmental assessment of the river red gum. That is well and truly underway and considerable resources have been spent on it. We do not believe that we in any way contravene the Federal Act. We have referred our opinion on that to the Federal Minister and put our view, and we have not had a contrary opinion in relation to this matter from him.

CHAIR: Given that New South Wales Forests has admitted that it needs to refer logging in river red gum but that it will not do so until it has completed its State assessment, does this not represent an acknowledgement that there is illegal, or at least inappropriate, logging in the interim?

The Hon. IAN MACDONALD: No, I do not think so at all. We are, in fact, doing a substantial assessment of the forests under the court order, an agreement that was struck with the National Parks Association. Of course, once that process is concluded, obviously the matters will be considered in conjunction with the Commonwealth. We do not run the gauntlet of anyone, and we believe we have taken a very fair approach to it. It is appropriate that the Commonwealth assess the logging after this part 3A approval.

CHAIR: Is it not reasonable to say that your department has not reviewed the sustained yields for more than 20 years, that river red gum health has declined dramatically and studies elsewhere have shown declines of at least 30 to 50 per cent?

The Hon. IAN MACDONALD: We do not log unsustainably, and it is an ongoing scenario.

CHAIR: It is easily said, but has it been reviewed?

The Hon. IAN MACDONALD: We are doing a comprehensive review at the moment and it is nearing completion. There will be some changes.

CHAIR: When you say it is nearing completion, when can we expect publication of the results?

The Hon. IAN MACDONALD: By the end of the year.

CHAIR: Would you acknowledge that it is impossible to log sustainably in a degraded and stressed ecosystem, particularly given the conditions under which those forests exist at this point?

The Hon. IAN MACDONALD: I do not think we are necessarily doing what you are endeavouring to say. We assess the situations properly, we analyse the condition of the parts of the forest that are due for selective logging within the program, and we act with great care.

CHAIR: You would not agree that logging is likely to have a significant environmental impact under part 5 of the Environmental Planning and Assessment Act 1979?

The Hon. IAN MACDONALD: I do not know about the issue of part 5 of the Act. The assessment is being made under part 3A. It is my view that they are well managed. But if there are issues, we will deal with them in the course of—

CHAIR: But surely the fact that you are conducting a part 3A assessment—if there is an impact under the original Environmental Planning and Assessment Act 1979, that has triggered the part 3A assessment. Would that not be a reasonable suggestion, Minister?

The Hon. IAN MACDONALD: As I understand it the court orders take precedence in this matter, and we are conducting the appropriate assessment under that court order.

CHAIR: Minister, with regard to private native forestry, which is some 34 per cent of the forestry in New South Wales, there is great concern that there is little regulation of forestry practices on private lands, certainly compared with public land forestry and State forests. Are you satisfied that we are not seeing unsustainable practices occurring on private lands throughout the State?

The Hon. IAN MACDONALD: I have not heard any great complaints about the operation of forestry activities within native forests. I assume you are talking about native forests on private lands?

CHAIR: Native forests on private lands?

The Hon. IAN MACDONALD: Yes. We are, as you know, with the Department of Environment and Climate Change, working on a new and separate legislation to guide this industry. We recognise that it has several important features, including the fact that it supplements the income of many farmers across the State. It also supplements, if you like, the industry itself by providing further product. The four private native forestry codes currently sit under the Native Vegetation Act. The new legislation I raised before will ensure the recognition of forest industry's focus on sustainable logging. I have not heard—or it has not been reported to me—of substantial breaches in this area. I am certainly prepared to listen to incidents if they are being carried out. I am sure under current legislation, the Native Vegetation Act, they are quite capable of being determined.

That Act, of course, does not rest within the purview of the Department of Primary Industries, Forests New South Wales.

CHAIR: You would be confident that under the current schedule, acknowledging that there will be changes in the near future, that old-growth forests and rain forests are not being logged currently on private lands?

The Hon. IAN MACDONALD: I have not heard of circumstances where there have been significant breaches of the current codes by private native foresters. I often heard the term "old-growth forest" raised and then when I dig a bit deeper than the headlines in some local paper I find that in fact the forest was probably logged 15 years or 20 years ago. I have also heard reports about so-called rain forests that have had mixed views when it comes to actually putting the spotlight on it. But if there are instances that you have in mind I am sure you could report them to the Minister for Climate Change and the Environment for appropriate action under the Native Vegetation Act.

What I am saying is that at this point in reality it is not within our province. The decision of the Government is that once the legislation is in place it will be in the province of the Department of Primary Industries. We are working with Department of Environment and Climate Change but they are the lead agency.

The Hon. ROBERT BROWN: Minister, given the questions raised by the Chair in regard to criminal activity related to hunting in State forests and on other lands, can you tell me if you or your department has had any interaction with the Rural Crime Squad, farming groups or other people who are involved in rural crime, as to the positive or negative effects of the licensing program that was put in place for the Game Council?

The Hon. IAN MACDONALD: All I can say is that there have been a number of complaints that are have been made to the Game Council. Of those complaints, 10 related to the new forests declaration, 3 related to an alleged injured native animal and 2 were about the conduct of the Game Council NSW in a police compliance operation in the Illawarra. There have been a number of various claims made but, when analysed, I think you will find overall that the activities of the Game Council have been without question and the incidents have been fully investigated quite satisfactorily.

The Hon. ROBERT BROWN: Can you tell me approximately how many current restricted licence holders there are in the system?

The Hon. IAN MACDONALD: There are 6,000. I think I said that in a previous answer actually.

The Hon. ROBERT BROWN: You may have done. So we are talking about 6000 restricted licence holders?

The Hon. IAN MACDONALD: Yes.

The Hon. ROBERT BROWN: Do you have a rough idea of the number of hunting incidents that are up before the court in relation to people doing the wrong thing there? Are we talking 100, 200 or 50?

The Hon. IAN MACDONALD: There are two complaints that I know of. The first complaint was in May and involved the interception of three Port Macquarie men caught hunting without permission in the Riamukka State Forest near Walcha. In that case, New South Wales police issued several penalty notices and one of the men had his Game Council licence cancelled. The second complaint was the outcome of the major compliance crackdown in the Illawarra area that netted a number of alleged illegal hunters. Those persons are scheduled to attend court on a range of charges, including hunting without permission and possession of an illegal firearm. One charged person was also at the time of the operation a licensed commercial guide and pending the outcome of court proceedings the Game Council has suspended this licence. So it is very few incidents—two.

CHAIR: You informed the House in June this year that the development of second-generation biofuel in breaking down woody biomass into sugars to create ethanol is being explored. Can you further elaborate on the details of this project, for example, the location? I am particularly interested from a forestry perspective as to the biofuel production input source, the greenhouse gas reduction profile, the production process, and what your plans are in terms of forest resource for this type of process?

The Hon. IAN MACDONALD: I will take that on notice but one of the areas we were exploring was residue from forest and logging operations. So currently the materials used is—

CHAIR: Is that similar to the residue you use for the woodchip industry?

The Hon. IAN MACDONALD: Cogeneration. No, these are the real residuals.

CHAIR: What I am asking is, is it in the same class as what you consider goes to the woodchip mill currently as residue?

The Hon. IAN MACDONALD: They are things by and large from operations around the southern region and a necessary part of keeping the forest productive—as you would be aware.

CHAIR: Well, I have been there myself and seen where you have one log per truck. It is not always just the residue going to the woodchip mill. It would concern me if it were the same operation for this?

The Hon. IAN MACDONALD: Some logs for varying reasons are used. There is a specific set of reasons for which they can be used but that is not the overall operation of that. The residue, for instance, could come from the plantations or non-natives, if you like. At the moment there are a number of uses for this. It could be cogeneration, for instance, which is being issued but there are a range of different types of wood that could be used to create, I think, probably better biodiesel than ethanol. I think it is worth working in this area to try and see if we can take the research and development beyond utilising food-based products for the creation of ethanol or if you go to second-generation biodiesel.

CHAIR: Could you indicate the level of funding or in-kind research assistance that the Government is providing on this project?

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

CHAIR: Is the Government guided by any particular funding constraints or sustainability criteria in undertaking this particular type of biofuel research activity?

The Hon. IAN MACDONALD: I will take that on notice. Sorry, constraints?

CHAIR: Particular funding constraints.

The Hon. IAN MACDONALD: We always have funding constraints. You can always do with more funding.

CHAIR: I am interested in relation to the sustainability criteria in undertaking research activities.

The Hon. IAN MACDONALD: Yes.

CHAIR: Minister, would you indicate to the Committee whether your department has been involved in research into downstream chemical impacts from plantation activities?

The Hon. IAN MACDONALD: I guess you are talking about atrazine and simazine and its usage in the forests. I think you have asked me this question for the last six years in one variation or another.

CHAIR: If I do not get anywhere I will keep asking the question.

The Hon. IAN MACDONALD: I am not aware of what monitoring—you are talking about waterways, for instance, is that right?

CHAIR: Yes.

The Hon. IAN MACDONALD: I am not aware specifically of what monitoring we do, although monitoring is done by other agencies. I will get an answer for you on that. I want to make the point that this group of chemicals is widely used in New South Wales. The proportion of the use by Forests NSW is very small comparative to other industries. For instance, this chemical is used extensively in the non-GM canola plantings

across this State, of which there are around 200,000 hectares currently. It should be about 270,000 hectares but we have had some downgrading because of the drought. All pesticides, including herbicides, used in Australia must be registered and we use registered product, as you know. If it were to be banned in usage in forests to prevent growth of weeds, for instance, or grasses around the seabed for the forests, you would have a significant loss of productivity in those forests. If you were to ban it in forests, I do not see any reason why you would not then ban it in the up to 270,000 hectares of canola grown in this State, which would have very significant consequences upon the productivity level of farmers who pursue a non-GM course in relation to canola. I will take it on notice.

CHAIR: I appreciate that. There are no other questions on forestry. We will now move on to fisheries.

The Hon. RICK COLLESS: Minister, are you aware that the Hastings River fishermen are facing annihilation through regulations and restrictions that have been imposed by the department?

The Hon. IAN MACDONALD: Recreational or commercial?

The Hon. RICK COLLESS: Commercial.

The Hon. IAN MACDONALD: I have heard reports of everyone along the coast facing difficulties from resource-related times through to the price of petrol. In relation to the specific issue of the Hastings River, I am happy to be enlightened.

The Hon. RICK COLLESS: When was the Hastings River closed to commercial fishing?

The Hon. IAN MACDONALD: It is some time. It has forced them into other estuaries. It was 2002.

The Hon. RICK COLLESS: The commercial fishermen up there are saying that since the river was closed to commercial fishing, the number of crab traps that are in the river now by recreational fishermen far exceeds the number that was in the river by commercial fishermen.

The Hon. IAN MACDONALD: I have not heard that specific—

The Hon. EDDIE OBEID: It is a tourist attraction.

The Hon. IAN MACDONALD: I know that the Hon. Eddie Obeid is king of the reccies but there is a commercial fishery as well. If you are able to give me some details I will pursue this issue.

The Hon. RICK COLLESS: I am surprised that your people up there have not passed this information on to you. Can you tell me why the commercial fishermen are still expected to pay for the environmental impact studies done up there even though they are no longer entitled to use the river for commercial operations?

The Hon. IAN MACDONALD: I think you will find that for many of the fishers who have been subject to river closures, that has not prevented them fishing in other areas. Just because it is closed there, if you are an active fisher those fees and charges are still appropriate. Although, I might add, we have reduced those fees and charges dramatically in many cases along the coast.

The Hon. RICK COLLESS: There has been a huge reduction in the number of commercial fishermen. Only about 3 or 4 are left on the Hastings River now, down from 25 to 30 five years ago. Most of them have left the industry altogether. The ones who remain are still required to pay these fees.

The Hon. IAN MACDONALD: To pay those fees they would have to be active licence holders. So they must be fishing in other areas other than the Hastings River.

The Hon. RICK COLLESS: Some of them have outside licences as well, but they are still required to pay the river fees.

The Hon. IAN MACDONALD: If you give me the details I will attend to that because that sounds like an issue that needs to be, on face value, dealt with.

The Hon. RICK COLLESS: That is the information I have been given. I turn now to the Stevens report on the inland fisheries. Is it correct that the Stevens report on the industry structural adjustment is under parliamentary privilege?

The Hon. IAN MACDONALD: Parliamentary privilege?

The Hon. RICK COLLESS: Yes.

The Hon. IAN MACDONALD: Why would it be under parliamentary privilege?

The Hon. RICK COLLESS: I do not know. That is the information we have been given. You have guaranteed that the restructure of that industry will be an open and transparent process.

The Hon. IAN MACDONALD: That report is being considered at the moment by the industry bodies. I know what you are saying in relation to the inland restricted fishery. There are about 20 or so, 27 licence holders. We are acutely aware that we need some source of funding to be able to take the appropriate recommendations made by Mr Stevens in his report. However, that matter at the moment, of course, is subject to the whole-of-government discussion around the mini-budget.

The Hon. RICK COLLESS: This has been going on for a long time.

The Hon. IAN MACDONALD: Yes, I know it has been going on for a long time but it is also part and parcel—the report does not deal only with the inland restricted fishery. It deals with our fisheries in general. A lot of decisions have to be made in this area that involve considerable funding. In fact, these matters are being considered by industry groups at the moment to try to find a way through to restructure, more particularly, the fisheries. I do know that the proposal is to phase out that inland fishing and to provide a level of structural adjustment, if you like, for that policy course. And that is the issue: I have to find appropriate resources to be able to take the action as recommended.

The Hon. RICK COLLESS: In the minutes of a meeting of the Inland Restricted Fisheries Industry Forum, at which your department was represented, the industry highlighted the financial implications of losing access to a series of waterways within national parks, in particular Nocolche and Narran lakes, which was going to result in the loss of \$300,000 for the inland restricted fisheries annually. One of your officers—I understand a Mr Westaway—is a fisheries officer.

The Hon. IAN MACDONALD: That is right.

The Hon. RICK COLLESS: He stated at this meeting that "when plans for the gazettal of the parks open for comment the New South Wales DPI will seek the retention of commercial fishing access to those areas", and there was a recommendation from this meeting that the New South Wales DPI was to provide some time frame for the resolution of the access to these national parks. Has that happened or not? Has there been any action on that issue?

The Hon. IAN MACDONALD: I am not aware of that. I will have to seek the appropriate information for you and I will answer it on notice.

The Hon. RICK COLLESS: I know that these people have been working out there with some of your people to try and get this stuff progressed but simply nothing has happened. So is it a fact that you have decided that no further consultation will be entered into with the industry management advisory committees on this proposed structural adjustment plan that you have in mind for this commercial fishing industry?

The Hon. IAN MACDONALD: I think I gave you a hint that it comes down to an issue of money, and that money issue has to be resolved in the context of—

The Hon. RICK COLLESS: That is exactly what these people are concerned about, because at the moment they have no income, they have no access to fishing grounds and they are not hearing anything from your department other than these extended promises that keep coming about yes it is coming but no indication of when.

The Hon. IAN MACDONALD: The mini-budget is 11 November or thereabouts.

The Hon. RICK COLLESS: The mini-budget is a recent addition to this process. These people have been fighting for this for the last two or three years that I am aware of, and probably before that.

The Hon. ROBERT BROWN: For some of these people also it is not just their livelihood, some of them have substantial infrastructure investment that is no longer of any use to them. So it is not just a question of having no income, some of these people are going to lose their houses and their assets because they cannot afford to pay for those infrastructures.

The Hon. IAN MACDONALD: I appreciate the comment. I do not have a budget for this matter at the moment.

The Hon. RICK COLLESS: That is a very disappointing position to have at this point in time. These people are crying out for help and they are not getting any help from you at the moment with respect to this issue.

The Hon. IAN MACDONALD: We are trying to find the money, don't worry.

The Hon. ROBERT BROWN: Minister, just a couple of questions related to recreational fishing, black marketing and also overfishing of certain resources. Firstly, how many recreational fishing licences were sold last financial year? How much revenue was raised? Just broadly, for what was that revenue used? Précis it if you do not mind.

The Hon. IAN MACDONALD: I think you will find that the recreational fishing arrangements and the licence are a really wonderful initiative by one of our previous Ministers in getting this through. During 2007-08, 480,000 recreational fishing fee receipts were received, raising \$10.5 million. The fee can be paid through a whole range of areas—I have announced it is going to be plastic in future to make it more convenient. We have a number of committees, one for salt water and one for fresh water, to provide advice to me on expenditure from the trusts. Some of the current projects funded by the trusts include 18 fisheries officers to maximise compliance with fishing rules—a survey of fishers prior to the introduction of the fee in 2001 highlighted fisheries officers as a key area for funding from the trust; boosting levels of fish stocking in 2007-08, with 6.4 million fish released out of New South Wales waterways; in the trust fund two managers to identify areas of significance to anglers to ensure maintenance of appropriate access for fishers; fish aggregating devices; artificial reefs in estuaries and offshore will be built to create enhanced fishing opportunities for anglers—incredibly popular.

In addition, the recreational trust has maintained core funding of at least \$3.5 million each year. In addition to this recreational trust funding, the New South Wales Government puts in another \$3.5 million each year for the management of recreational fishing; for example, \$1 million is provided each year for fresh water fish stockings in rivers and dams throughout New South Wales. So it has been an incredibly successful initiative that provides the funding base for very positive outcomes for recreational anglers.

The Hon. ROBERT BROWN: Minister, can you tell me what the Government is doing to reduce what they call shamateur—the illegal black marketing of seafood—and as a corollary to that, is the Minister aware that there are claims that commercial fishers, beach net haulers, took 18 tonnes supposedly of mackerel, supposedly in the Port Stephens area that made its way into the Sydney fish markets, and is there any truth in that rumour, and if there is, 18 tonnes probably outstrips the recruitment rate of that particular species in Port Stephens by about 3:1. Generally speaking, what is the Government doing in terms of all illegal fishing activity including the marketing of seafood?

The Hon. IAN MACDONALD: We have taken a number of initiatives in this area: we have improved our infrastructure for a start; we have new boats—we have over the last two or three years enhanced our capacity in this area; we are working with other agencies, including police and federal authorities, to target illegal activity. You might have seen recently a major bust in the abalone area that I think was very effective.

The Hon. ROBERT BROWN: I watched it on TV live.

The Hon. IAN MACDONALD: It was rather brilliant, wasn't it? And that operation was very successful. And we have done a number of rather large operations including in the lobster area—the high-value end of the market.

The Hon. ROBERT BROWN: Is there any auditing on what goes through the Sydney fish markets?

The Hon. IAN MACDONALD: That was going to be my next point. At the food level we enforce, of course, the food labelling laws and check the paperwork of many seafood businesses across the State.

The Hon. ROBERT BROWN: So there is an audit trail?

The Hon. IAN MACDONALD: There is an audit trail, that is right, and it starts right at the various fish markets and it is meant to be filled out and appropriately logged. In that way we believe we have started to clean up this area. The other area where it is problematic is these illegal fishers. Illegal fishers are selling direct to restaurants. We have had a significant number of raids that have caught people in this area, particularly with the high-end products—abalone and lobster—but also some very desired fish species.

Fishers have to produce or furnish their prescribed records on catch. So in this way we believe we are getting on top of this problem. It is a coordinated effort in general between the Department of Primary Industries, the fisheries division, as well as the Food Authority. In relation to the mackerel catch, I do not have specific information on that but I am happy to take that on notice and give you a reply in relation to that.

CHAIR: Just on a few of those activities you have raised. Could you indicate how many boats you now have in terms of surveillance and how many staff you have for surveillance of the New South Wales coastline—and perhaps you could include inland river fisheries as well—and how much has been an increase on past years, because we tend to ask that every year, I suppose?

The Hon. IAN MACDONALD: We have in the order of 80 to 90 compliance officers. I will have to supply you with the number of boats. As you will remember, our lead vessel is the *Sydney Swan*.

The Hon. EDDIE OBEID: Did you rename that?

The Hon. IAN MACDONALD: No, we bought a new one for \$800,000.

The Hon. EDDIE OBEID: Do you have a "Peter Doyle"?

The Hon. IAN MACDONALD: No, I am not going to name it the "Peter Doyle".

The Hon. MATTHEW MASON-COX: "Eddie Obeid" sounds better.

The Hon. IAN MACDONALD: I did not feel that I could make a choice between all of those eminent persons who deserve a ship to be named after them. I chose to name it after the Sydney Swans because it is an important local football team. The *Sydney Swan* is a large vessel and does very extensive offshore work. I will provide a list of the ships.

CHAIR: Mention was made of amateur or illegal fishing and black markets. Of course, abalone was highlighted as a major issue. Acknowledging the problems with black marketing and the efforts of your officers in dealing with the issue from source to market and so on, has Fisheries NSW been able to undertake assessments of the current state of the abalone stock on the New South Coast? I know that in past inquiries we have had quite a bit of discussion about the reduction in the size of available stocks and whether it will remain sustainable.

The Hon. IAN MACDONALD: That is a very good question and it has occupied considerable time and effort on the part of the department to get a handle on the sustainable level of harvest. As you would appreciate, we have a total allowable catch committee in this share-managed fishery that sets the catch on an annual basis. That has wound back dramatically over the past decade, and particularly in the past four or five years. I think we are now down to by far the lowest level of about 90 tonnes per annum on most of the coast south of Wollongong. We are concerned about sustainability and the fact that we have had a high level of poaching, sometimes involving organised crime. We work with Commonwealth agencies in tackling that. The department is also doing continuing research to establish the sustainable level. We think we have it about right, but I could not guarantee that it will not go down further if we do not get on top of the illegal catch.

CHAIR: Is there any abalone aquaculture in New South Wales?

The Hon. IAN MACDONALD: Proposals have been put to us at various times. I think it requires substantial capital investment. If a project had been scientifically verified and the proponents had the appropriate capital, we would be interested in looking at it. My understanding is that the problem is the capital involved in getting it going.

CHAIR: Last year I raised shark catches and shark finning. The department has a rule that the shark carcass must be landed before the fin is actually harvested. We spoke about shark carcasses being used for fertiliser, which is a rather tragic low-end use of the resource. Several reports have been released about the changeover of the fish effort around Coffs Harbour and other mid North Coast areas where the shark industry is replacing the offshore trapping line industry. I think they are taking far more sharks and to an extent that is unsustainable.

The Hon. IAN MACDONALD: I have seen some reports about that. We have taken a number of steps to try to control this sector. In general, commercial fishers may take up to two tonnes landed weight of shark species in any one week and up to only two sandbar sharks in any one trip.

CHAIR: Is that per licence?

The Hon. IAN MACDONALD: No, it is the total.

CHAIR: In the industry throughout New South Wales?

The Hon. IAN MACDONALD: That is the entire amount. The original figures are for all of the commercial fishers, not the two tonnes. If the total catch exceeds 60 tonnes, endorsement holders will be limited to four sharks or 200 kilograms at any one time or in any one week. Secondly, seven commercial fishers who caught sandbar sharks between July 2005 and July 2007 were given a permit authorising them to take sandbar sharks instead of other large sharks. The total annual catch of 100 tonnes per annum of sandbar sharks has been divided equally among these fishers. In addition, these fishers are restricted to taking no more than two tonnes of these sharks in any one week. This allows ongoing monitoring of the status of shark stocks.

The New South Wales Department of Primary Industries science and research section will conduct an observer-based research project to collect important biological catch and information on the sandbar shark fishery. Fishers targeting sandbar sharks are now required to notify compliance officers of their fishing operations. In addition, commercial fishers must keep a daily record of commercial fishing for sandbar sharks and provide a copy to the Department of Primary Industries within 24 hours of landing. These new management arrangements will be reviewed as more detailed information becomes available through the scientific observer program or stock status monitoring.

CHAIR: Is the department undertaking any advertising or funded effort to discourage the wasteful use of or the sale of shark fin to dampen down the demand for shark fin in the community?

The Hon. IAN MACDONALD: I do not think we have done anything proactive in that sense, but the issue is getting considerable public support. My daughter used to love shark fin soup and now will not eat it. I think many people are taking that attitude.

CHAIR: Is there adequate funding to research the abundance and movement of shark species as opposed to focusing purely on species biology?

The Hon. IAN MACDONALD: Do you mean numbers?

CHAIR: Yes, and the movement of shark species.

The Hon. IAN MACDONALD: I understand that we do that with regard to some of the major species, for instance, grey nurse sharks and white sharks. We are doing a lot of work generally on sharks. We are also doing biological work. We have recently appointed a new shark research officer.

CHAIR: What about research into the abundance, population and movement of sharks? If you are doing that, can you explain it? Perhaps you would like to take that question on notice.

The Hon. IAN MACDONALD: Yes.

CHAIR: Does the department have the qualified scientific and technical expertise to sufficiently investigate shark populations and sustainable yields?

The Hon. IAN MACDONALD: Of sharks?

CHAIR: Yes.

The Hon. IAN MACDONALD: As I said, we have just appointed another shark research officer.

CHAIR: How many shark research officers are employed by your department?

The Hon. IAN MACDONALD: I will have to take that question on notice. The new researcher is Vic Peddemors, who is a world-renowned expert on sharks.

CHAIR: Is it a fair suggestion that the approach of the department in order to fill the funding gap simply issues quotas and observes whether the quotas are filled? Could you comment on that?

The Hon. IAN MACDONALD: No, I think there is more rigour behind the department's work than that.

CHAIR: Could you give an example?

The Hon. IAN MACDONALD: Abalone. There has been a considerable amount of research into abalone and assessing it, and there has been a substantial wind back in the past three years.

CHAIR: Does the Department of Fisheries provide any funding assistance for the management of New South Wales marine parks at this stage?

The Hon. IAN MACDONALD: Marine parks have been handed over to the Department of Environment and Climate Change.

CHAIR: So, your department no longer has a role with any marine parks?

The Hon. IAN MACDONALD: We complement them with compliance. We do compliance activities and training.

CHAIR: To clarify the situation, because various agencies or portfolios have managed different marine parks, if the fiscal responsibility for marine parks falls onto the Department of Environment and Climate Change, yet the Act is based on concurrent departmental management, what is the state of play?

The Hon. IAN MACDONALD: They have gone across.

CHAIR: Despite the Act, staff have gone across?

The Hon. IAN MACDONALD: I understand that staff have been transferred.

CHAIR: Thank you. In relation to the national representative system of marine protected areas, it is noted that the Hawkesbury shelf bioregion is not represented by a State marine park. Minister, have you had discussions with the Minister for Climate Change and the Environment, recreational fishers and conservation non-government organisations about the declaration of a marine park in that area as part of the national representative system of marine protected areas?

The Hon. IAN MACDONALD: We have done very well in New South Wales in relation to marine parks, we have a substantial amount of the State base—

CHAIR: I am talking about the Hawkesbury shelf bioregion.

The Hon. IAN MACDONALD: Yes, and I will come back to that. Over the past seven or eight years we have expanded that dramatically, as you would appreciate. In relation to the Hawkesbury bioregion, the Government has no plans to have a marine park within that region at this point. I have not had discussions with the Minister in relation to this particular matter. However, as I said before, the amount of the State within marine parks is substantial, with about 34 per cent of the State being in a marine park.

CHAIR: Therefore, you have not recognised or identified any potential areas in the Hawkesbury shelf bioregion that I have suggested for consideration as a marine park?

The Hon. IAN MACDONALD: I would not say that people who have a line responsibility in this area have not looked at these issues. We have not made a decision in relation to it nor do we have any plans in relation to it.

CHAIR: You do not expect that a marine park will be declared within the Hawkesbury shelf bioregion before 2011?

The Hon. IAN MACDONALD: I would not say that. Things can change, but there is no plan as of today. That would require a considerable process and probably take two years to do well anyway. Even if you were prepared to go ahead with it, there is no plan in that direction.

CHAIR: Earlier this year I asked you about the Australian Institute of Criminology report, "A National Study of Crime in the Australian Fishing Industry". Has provision been made in the current budget for additional funding to address the theft of high-value natural resource?

The Hon. IAN MACDONALD: I cannot say whether there has been an increase in this area. We have been working quite effectively across the agencies that come within my administration, both in terms of the Food Authority and its busts, for want of a better word, of illegal operators in that area, particularly abalone and rock lobster, also within Fisheries itself with its continuing activity and concentration and work with Commonwealth and other State agencies to be able to enforce an adherence to the law in this area. Whether there is an actual increase I am not aware. I will have that checked for you. In relation to this area, I believe that we are pursuing vigorously any illegal activity and particularly that which could have any relationship to organised crime.

CHAIR: The Opposition may now ask questions.

The Hon. RICK COLLESS: Minister, when the ban on commercial fishing in Sydney Harbour was implemented, how many commercial fishermen received structural adjustment? What was the time frame between the announcement and the allocation of funds and the cheques being received by the fishermen?

The Hon. IAN MACDONALD: The Government undertook a buy-out for those fishing businesses affected by the closure. I am advised that 48 commercial fishing businesses were sent buy-out offers of which 37 accepted the offer. The buy-out offers were made on an individual basis, based on past fishing activity in Port Jackson. However, the average accepted offer was \$88,700. I am advised that fishing business owners could claim also up to \$20,000 accelerated depreciation—that was increased from the usual \$10,000 for the buy-out, given the unique circumstances—and up to \$10,000 for retraining/relocation.

I understand that some fishing business owners chose to continue to finish other entitlements held under their licence arrangements. Further, the estuary general fishery is regionalised. I understand that some fishing business owners chose to move their activity to other estuaries within the region, such as Hawkesbury and Pittwater. I am confident that the buy-out process fairly compensated those fishing businesses that were affected by the closure of Sydney Harbour. The amount of money we put into this program and related matters was in the order of \$5 million, from memory.

The Hon. RICK COLLESS: What was the time frame, from the time you decided to offer the buy-outs or close the fishery and the cheques being sent out to those who accepted?

The Hon. IAN MACDONALD: I will take that on notice. I cannot recall exactly.

The Hon. RICK COLLESS: Comparing this situation with the inland restricted fishery people—

The Hon. IAN MACDONALD: Yes, I know there is a difference.

The Hon. RICK COLLESS: There is a huge difference and most of those people do not have the opportunity to simply move up to Pittwater or the Hawkesbury to continue fishing.

The Hon. ROBERT BROWN: They will have to go to South Australia.

The Hon. IAN MACDONALD: I am aware of that, the Hon. Rick Colless, as I have mentioned before.

The Hon. RICK COLLESS: Can you give a time frame of when the fees for fishermen operating in inland restricted fisheries will be waived, as you discussed with Department of Primary Industries representatives at that annual meeting of the forum that I mentioned earlier, and as you answered in the House, in response to a question asked by me on 19 June? Still nothing has happened.

The Hon. IAN MACDONALD: I am aware that this is a problem area and I am aware that I cannot make money out of thin air.

The Hon. RICK COLLESS: Neither can the fishermen.

The Hon. IAN MACDONALD: I will continue my endeavours to find a resolution to this issue.

The Hon. RICK COLLESS: Can you provide details of the total value of the fees that have been paid by the 26 fishermen operating out of the inland restricted fisheries since you agreed to develop guidelines for the waving of endorsement fees in July last year?

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

The Hon. RICK COLLESS: Will you agree to waiving the fees or agree to back dating the waiving of fees to when you offered your assertion before the House that those fees would be waived in June this year, or indeed when the Department of Primary Industries first agreed with industry representatives to develop guidelines for this to go ahead, which was several years ago?

The Hon. IAN MACDONALD: I am happy to waive them. However, I am advised—

The Hon. RICK COLLESS: Backdated to when they were first told?

The Hon. IAN MACDONALD: I will come to that in a second. I have been advised that the fee structure is part of the Act and requires an amendment to the Act.

The Hon. RICK COLLESS: I am sure that will impress the fishermen who have continued to pay them.

The Hon. IAN MACDONALD: I am advised on the run here. That is what I have been informed is the impediment to waiving, but I say I am advised on the run here. I will doublecheck that.

The Hon. RICK COLLESS: I am sure the members of the inland restricted fisheries will be most interested to hear about the quantum of the payout that went to Sydney Harbour fishermen.

The Hon. IAN MACDONALD: I give you this guarantee. If I am able to waive them—

The Hon. RICK COLLESS: That is not a guarantee, that is a conditional guarantee—if I am able.

The Hon. IAN MACDONALD: Obviously, if I cannot do something, I cannot do it.

The Hon. RICK COLLESS: But you are the Minister. You are in charge of all this.

The Hon. IAN MACDONALD: I have to act within the legal framework. So, if I cannot do it, I cannot do it. But, if I am able to do it, I will have it done.

The Hon. ROBERT BROWN: Just quickly going on from the Hon. Rick Colless' last question but referring to the Sydney Harbour commercial fishery. If I recall, I think you said something like 37 of the 47 accepted, 10 did not and some transferred their licences to other areas?

The Hon. IAN MACDONALD: They did not have to transfer, their licence covers it.

The Hon. ROBERT BROWN: Can you give the Committee some sort of rough idea how many of those commercial fishers have an expectation that once the problems at Homebush Bay are solved they will be able to resume commercial fishing in Sydney? Do you have a rough idea?

The Hon. IAN MACDONALD: No, I would not have that information to hand.

The Hon. ROBERT BROWN: Were any promises made during the negotiations?

The Hon. IAN MACDONALD: Well, there was a public commitment by me that once the problem had been rectified, that is the incidence of dioxin in the seabed off Homebush Bay was fixed, and the levels of dioxin in the fish in that area reached internationally acceptable levels—I think it was below six on the international scale—that those bought out would get first rights to buy back in.

The Hon. ROBERT BROWN: Let us assume, if that clean-up can take place, would you envisage allowing the same captive effort, commercial effort, to go back into the harbour or would you consider perhaps proportionally putting that effort back? That is, the number of fishers times their old quota coming back into the harbour and therefore giving you the opportunity to take part of the area out for a further recreational fishing haven?

The Hon. IAN MACDONALD: At the point where you could make that assessment, I think you would look carefully at how you would balance those issues between commercial and recreational, but don't hold your breath. I do not see it being rectified in the near future. It is a painstaking job.

The Hon. ROBERT BROWN: Going again to the inland fisheries and from an environmental point of view, the IUCN, the International Union of Conservation and Nature, recently claimed that the Murray cod is critically endangered. Given the problems we have had with rainfall and river flows, what efforts have been undertaken by your department to ensure a continued existence of the cod. In particular, apart from the Murray itself have you undertaken any more resnagging efforts anywhere else?

The Hon. IAN MACDONALD: Yes. Our program addresses the issue that for many years in the mid-1800s and through to the end of that century larger woody debris was moved from the rivers. That obviously was good for boats trading up and down the river but not very good for fish survivability in our rivers. Clearly we have gone beyond this a bit. It is well recognised that desnagging has had a detrimental impact on native fish populations, and consequently the practice has been listed as a key threatening process under the Fisheries Management Act. Some of the reasons for the decline of fish populations in river reaches affected by desnagging include loss of general refuge, reduction in pool habitat, loss of essential spawning sites and reduction in invertebrate numbers and species diversity.

Our current program is designed to repair those fish habitats by resnagging, whereby woody habitats are placed in rivers to replace removed timbers or to complement existing remnant snags, so river fish, native fish, can utilise them. Resnagging aims to assist the recovery and long-term sustainability of native fish populations. We are currently undertaking several resnagging projects within Murray-Darling Basin rivers and streams. The projects utilise felled trees from development sites and road constructions. Through the Living Murray-funded Hume Dam to Yarrowonga resnagging project, New South Wales Department of Primary Industries installed 1,200 snags during the 2007-08 year into the River Murray. A total of 3,338 snags have been installed through this project.

Initial monitoring results indicate native fish, including the endangered trout cod, are utilising the new snags. Two hundred and three snags have been installed at 11 priority sites in the Barwon-Darling rivers through the course of the Brewarrina to Bourke demonstration reach funded by the Western Catchment Management Authority. Post-resnagging fish sampling has commenced after two years of baseline fish sampling. Early results indicate that native fish are utilising the introduced habitats. Also, 250 snags have been placed in the Upper Castlereagh River through the course of the Upper Castlereagh demonstration/rehabilitation project funded by the Central Western Catchment Management Authority. The New South Wales Government is

committed to ensuring the ongoing survival and health of native fish in our inland rivers and will continue inland resnagging in the River Murray, Namoi River and Darling River with funding from the Murray-Darling Basin Commission, of which we are a major contributor, Namoi Catchment Management Authority and Western Catchment Management Authority respectively in 2008-09.

The Hon. ROBERT BROWN: As part of that program do you have a captive breeding and release program too?

The Hon. IAN MACDONALD: There is no doubt. At Narrandera we have substantial breeding of native fish species, including trout cod.

The Hon. ROBERT BROWN: And you have no expectation that under the mini-budget Narrandera might be scaled back?

The Hon. IAN MACDONALD: I have no indications of any particular action being taken in relation to the Department of Primary Industries at any level. However, the mini-budget is very much a consideration. By the way, just on your previous question, our program breeds around 2.5 million native fish each year.

The Hon. ROBERT BROWN: In relation to the incident last year or the year before at Berrigan, has that area of the river that the developer vandalised been restored?

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

The Hon. ROBERT BROWN: I shift now to the marine environment, to the grey nurse shark, one of the Chair's favourite subjects. Currently a Federally funded research project is underway aimed at assessing the true number of grey nurse sharks rather than the voodoo science version. Given that there has been ongoing study of this Federally, what are the New South Wales Department of Primary Industries fisheries doing to assist in that research project? Have you allocated any funds to it or are you simply relying on Federal funds?

The Hon. IAN MACDONALD: We have a lot of work going on in relation to grey nurse sharks.

The Hon. ROBERT BROWN: I do not mean the breeding project; I am talking about the assessment of the numbers.

The Hon. IAN MACDONALD: I have a long answer to this question. Perhaps for the benefit of the Committee I can incorporate it? Otherwise I will read it for the next 10 minutes.

Leave granted.

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- I understand that in their paper titled "Isolation and genetic diversity of endangered grey nurse shark (*Carcharias Taurus*) populations Stow et. al. State that the GNS population off Australia comprises two genetically distinct populations: one on the east coast & one on the west coast.
 - They go on to say that these populations have been separated for thousands of years, possibly by a wedge of cold water known as the Bonny Upwelling off Southeastern Australia. It appears that GNS will avoid water of 14 degrees Celsius—hence the separation.
 - Further, I understand in their final report titled "Population viability of Australian grey nurse sharks under fishing mitigation and climate change" Bradshaw et al. (2008) used CSIRO models of changes in sea temperature to estimate at what point the Bonny Upwelling waters will exceed 14 degrees Celsius for 12 months of the year. That is, providing sufficient warmth and time-frame to allow potential mixing of the east & west coast populations of grey nurse shark. It was calculated that this may occur around 2051.
 - It is noted that several assumptions have been made in these models, including the assumption that these two populations would actually meet as a result of individual sharks extending their ranges with the changing temperatures.
 - I am advised that it is unlikely that Climate Change will actually greatly assist in saving the grey nurse shark.
 - Indeed the New South Wales Government isn't waiting for this possibility however great or small it may be.
 - As the Honourable member would be aware concern about the conservation status of grey nurse sharks was raised in the 1980s, resulting in the endangered species becoming protected in New South Wales in 1984.

- I am aware that the Fisheries Scientific Committee has recently made a final determination to list the grey nurse shark to critically endangered species under the Fisheries Management Act 1994.
- This upgrade was not based on any updated population estimates but follows the New South Wales Government's threatened species reforms that established new criteria to assess the eligibility of species, populations and ecological communities for listing as threatened species.
- In addition, new categories of "critically endangered species" and "critically endangered ecological communities" were created.
- The Fisheries Scientific Committee have reviewed the lists of threatened species against the new criteria and categories, and have recommended a suite of amendments.
- The upgrading of grey nurse shark to a critically endangered species aligns with its critically endangered status under Commonwealth legislation.
- As the Honourable member can appreciate, it is not simple to get an accurate estimate of exactly how many grey nurse sharks—or indeed any fish species—there are in the world's oceans.
- New South Wales DPI has conducted an extensive research program on the east coast population of grey nurse sharks over the past seven years.
- This included a detailed monitoring program to document the distribution and abundance of grey nurse sharks along the east coast, a tagging and resighting program that was used to estimate the size of the total population and information on small and large scale movement patterns of individually tagged sharks.
- The analysis of that data was published by DPI scientists towards the end of 2003 and indicated that there were fewer than 500 grey nurse sharks remaining in the southeast Australian population.
- I am aware that the Federal Department of Environment and Water Resources have recently funded a project to develop and apply a sampling protocol to estimate the abundance and trends in population numbers of the East Coast population of the grey nurse shark.
- The NSW Department of Primary Industries is assisting the successful tenderer, The Ecology Lab, in any way it can.
- Further, I am confident that the two new marine parks at Port Stephens and Bateman's Bay will provide very positive outcomes for grey nurse sharks as a number of important shark aggregation sites have been protected through the zoning process in both parks.
- It is important to remember that in addition to marine protected areas, we have also declared critical habitat at grey nurse shark aggregation sites that provide a high level of protection for the species.
- This State has 10 critical habitat areas along the New South Wales coast that are subject to special fishing and diving rules.
- More recently, in consultation with the commercial fishing industry, new restrictions have been introduced to medium and high risk commercial fishing methods in the Ocean Trap and Line Fishery at a number of sites.
- Indeed, we are not content to just protect the species but we are also attempting to recover population numbers by applying similar ideas and techniques already used in agriculture, such as AI for cows, to the grey nurse shark.
- The Government is attempting to breed grey nurse shark in a world first artificial shark uteri.
- The Honourable member would have heard me update the House recently on the remarkable steps we have taken in this exciting program to date however I will reiterate here for you today.
- Over the past 12 months, this program has achieved several important milestones.
- A collaborative project between New South Wales DPI and the Natal Sharks Board (who run the beach meshing program on South Africa's east coast) has been set up to provide vital data on reproductive biology of grey nurse sharks.
- NSW DPI has also established a major field tagging program to identify the sequence of events that occur during the reproductive cycle of grey nurse sharks.
- The SE Australian Coastal Acoustic Monitoring System (SEACAMS) has 70 acoustic listening stations located at critical habitat sites for grey nurse sharks and other reefs along the New South Wales coast. The system is fully operational and data on movements are now being obtained from 29 tagged grey nurse sharks.
- Wobbegong sharks are being used as a "model" species in the program because the early stages of their reproductive cycle is similar to that of the grey nurse shark.
- Research on Wobbegong sharks has led to further discoveries in relation to embryo development armed with this new knowledge, trials began in September 2008 to place late stage wobbegong embryos into seawater within an artificial shark uterus.

- The wobbegong shark is not an endangered species, thus enabling the necessary handling protocols to be developed for subsequent use on grey nurse shark.
- The first attempt has been very successful with 6 late stage wobbegong embryos continuing their development in the shark artificial uterus.
- This was done without using antibiotics to ward off bacterial infections.
- The embryos survived for two and half weeks in the artificial uterus prior to being born on 26 September 2008.
- The shark pups were released into large holding tanks to monitor and assess their survival rates and growth.
- The rates of growth of the pups from the artificial uterus are also being compared to the wobbegong pups that were born naturally in captivity.
- NSW scientists are the first in the world to attempt to raise shark pups in artificial uteri in order to overcome intrauterine cannibalism which occurs in grey nurse sharks.
- The next stage of this novel research will look at early stage wobbegong embryos to ensure that the artificial uterus can also function with much more delicate embryos.
- This Government has committed resources valued at \$400,000 per year to support this groundbreaking research program.
- This project has the support of Sea World on the Gold Coast, the Natal Sharks Board and the University of KwaZulu-Natal.
- The breeding program is part of a long-term State Government plan to protect the grey nurse and is the first time it has been undertaken for threatened sharks.
- The Honourable member would be happy to know that the New South Wales government is highly committed to saving the grey nurse shark population off our coast and is devoting a great deal of funding and resources to that end.

CHAIR: If you have further material you want put on the record, tell us know about it now, otherwise we will move on?

The Hon. IAN MACDONALD: Do you want me to talk about the grey nurse shark breeding program?

CHAIR: I would never say no to that—the grey nurse shark, but not the breeding program; we are all aware of the efforts with respect to the breeding program. You know, as well as I do, that my main issue is with the sustainable habit in their natural habitat.

The Hon. IAN MACDONALD: I appreciate that and I am quite happy to talk about that as well. You would be very appreciative of my efforts to extend the amount of habitat set aside for grey nurse sharks over the last few years. We now have six aggregated sites within marine parks that have protection, as well as 10 critical habitats.

CHAIR: How big are the protection zones?

The Hon. IAN MACDONALD: They are reasonable.

CHAIR: About one kilometre?

The Hon. IAN MACDONALD: Scientifically based.

CHAIR: One kilometre?

The Hon. IAN MACDONALD: I think they are about 500 metres, are they not?

The Hon. ROBERT BROWN: That sounds about right. Minister, just quickly on that, can grey nurse shark utilise man-made artificial reefs? In other words, can an artificial reef become an aggregation site?

The Hon. IAN MACDONALD: I do not have the accurate data in relation to that. There has been no scientific work, but I am sure your Chair would be delighted if we were to set one up at Byron Bay and see how we go up there in breeding grey nurse sharks.

CHAIR: They have already got their aggregation site; they just have a bit of a limitation in the numbers of the grey nurse shark.

The Hon. IAN MACDONALD: We could extend it. It is possible. These aggregation sites created through artificial reefs attract initially smaller fish and then larger fish and eventually the big predators come in, so it is probably technically feasible, but I have no evidence of it.

The Hon. ROBERT BROWN: You are probably aware that I have had some discussions with the former Minister for Water on behalf of local fishermen off Kurnell in relation to the loss of the reef area where the hyper saline outlet is going to go and concerns about the potential infestations of nematodes, leading to some discussions with the Government about what it might do in terms of providing replacement artificial reefs. Do you have any plans for artificial reefs either in Botany Bay or off Kurnell?

The Hon. IAN MACDONALD: We have a number of plans for artificial reefs and we are happy to talk to both the Game Council and the recreational fishing sector about them and, of course, other stakeholders.

CHAIR: You might as well make it a surfing reef while you are at it.

The Hon. IAN MACDONALD: We have made that up at Byron Bay. There is a reef in Botany Bay, by the way.

The Hon. ROBERT BROWN: An artificial reef?

The Hon. IAN MACDONALD: Yes.

The Hon. ROBERT BROWN: Yes, but the amount of loss of the area that was paid for by the recreational fishers to get rid of the commercial fishers perhaps needs some more reef to offset that?

The Hon. IAN MACDONALD: Okay. We will take that up with the Recreational Fishing Trust on your behalf.

The Hon. ROBERT BROWN: Thank you, Minister.

CHAIR: In the time remaining, Minister, you mentioned the fishing industry, the closure in Sydney Harbour and then proper assessment of dioxin levels.

The Hon. IAN MACDONALD: Yes.

CHAIR: Is there an adequate and proper assessment of dioxin levels of imported fish species?

The Hon. IAN MACDONALD: This would be a matter that you would have to take up with the Australian Quarantine Inspection Service [AQIS], but they do some testing.

CHAIR: How representative would that be? Does that give adequate protection, given that there are fish imports of fish grown either in aquaculture or wild caught in the Mekong Delta, for example, where there is potentially massive dioxin problems?

The Hon. IAN MACDONALD: I believe that AQIS is doing a good job.

CHAIR: It is easy to say that, but are you aware of proper attention to that issue or is that another area that has not been properly recognised? You recognised it with the local production very effectively. Let us then look at imported fish.

The Hon. IAN MACDONALD: My understanding is that the tests of vennamei prawns that AQIS have done—I am not saying in the last year but prior to that—came up clear of dioxin. You have to remember that Homebush Bay was a pretty significant site that not only had 100 years of industrial development but also

was the site of a rather major polluter in Union Carbide and had some very specific factories that contributed significantly to that dioxin. Not every part of the world had those particular types of sites. For instance, in relation to our work, we conducted 21,000 tests from 2007-08 from a total of 5,000 samples conducted for the following purposes: survey work, shellfish program samples, verification program samples, food complaints and auditing samples generally. You can see in terms of our own endeavour there is significant testing going on.

CHAIR: I appreciate that.

The Hon. IAN MACDONALD: I would imagine that AQIS is doing a significant job as well, but I cannot vouch everything that it does.

CHAIR: It is one thing to imagine; it is another thing to have proof, one might suggest. I am not being disagreeable here.

The Hon. IAN MACDONALD: I was concerned about the vannamei prawns, in particular. It was an issue that was picked up by us in relation to labelling laws, where they were being sold as fresh local prawns up and down the State. We took it on and changed the labelling laws. Now when you go into a fish shop you should see "imported prawns". At that time I sought information from the Federal Government and made public comments about the testing regime they do to the residues in those prawns. The information that I received at that time was that there were no problems in that direction. As to further testing, the quantity, where it is being conducted and on what, I do not have information following my heavy interest in it at that point, when we found so much mislabelling.

CHAIR: Thank you for that. Minister, I have a few pictures of shark nets.

The Hon. IAN MACDONALD: Good.

CHAIR: They show quite a number of harmless marine species captured in the shark nets. I also have a picture of yours truly inspecting the shark nets, just to let you know that I have been on-site. In observing these pictures, I would like you to recognise the absolutely appalling and dilapidated state of the nets, the type of species captured in them and, given that I have gone along those nets myself and had a good look at them—they sag way below the surface—

The Hon. IAN MACDONALD: They need to be below the surface.

CHAIR: —they are antiquated and are positioned so that any pelagic shark can just swim over them. Of interest you might see in one picture that the nets are adept at capturing the bottom feeders, which are harmless. We have a huge by-catch problem with these nets. As you know, I have been asking for alternative strategies. You know the arguments about the numbers of sharks caught and the fact that some 30 per cent to 34 per cent of them are caught on the way out from the nets. We have only four species of shark considered dangerous to humans. I have asked a very small ask, which is, that the nets be laid later in the year, because they are laid at a time when very few swimmers are in the water. I come from an area that does not have netting and we do not have a major incidence of shark attack. In fact, there was an incident where a shark got tangled up in the leg rope of a surfer who runs the Mad Dog surf factory, which would tempt one to say "Mad Dog attacked shark", because it ran for its life and dragged him out to sea, but he was okay. It is a vastly overrated issue in terms of human safety, yet it has devastating impacts on the ecology of other species and other sharks that are harmless.

The Hon. IAN MACDONALD: Before I answer that, could I provide clarification on the waiving of the fees. A regulation amendment to waive inland fisheries endorsement fees was done in June 2008, and charges only apply where they fish. So charges are now not applying.

In relation to the shark issue, I too am concerned that a number of sharks and other species are caught in those nets. There is no question about that. We have been working to try to limit that in recent years. For instance, we have used pingers to try to deter dolphins, turtles and so on from these nets. We are so concerned about it that we brought together some experts from around Australia and overseas in April 2008 at a Shark Summit. At that summit they considered the issues and generally came to the conclusion that there was no practical alternative at this point to the shark netting program on these very popular beaches. There are 51 of them, from Wollongong North to Newcastle. I do note that there was a death of a young kid at Ballina earlier in the year from a shark believed to be a bull shark—

CHAIR: A bull shark, at the entrance to a river in a storm situation, which is not the place to go surfing. That is very different from what we are dealing with.

The Hon. IAN MACDONALD: I would think that these nets have very strong popular support. I think recently there was a lot of talkback on the issue and a lot of support for them. We have only had one death on these beaches since 1937, that is 71 years. We had one death virtually every year for each year prior to that—

CHAIR: We are in the early phase of the season and there have not been any reported deaths. There is a window of opportunity where the nets could be set later. Currently the ocean is so cold that there are very few swimmers.

The Hon. IAN MACDONALD: The information I have is that there is a lot of movement of sharks early in the season, in the September period. It is outside the whale-moving season, so we have not had incidents such as occurred in Queensland, for example, where they keep their nets up for a large part of the time because they have difficulties in this area.

A couple of years ago you suggested we look at electronic control methodologies. We looked at that, and found that the technology is not up to it at the moment for a netting process, to do a beach. But we have an open mind on it in the future, if it can be effected. The problem is that it would cost us the same amount to do just one beach as it costs to operate our entire program. Secondly, there is a big problem with battery technology and so on at this point.

When that inevitably improves, which I believe will happen, we can look at this area in more detail. In fact, we did considerable research into the suggestion you made. We are prepared to take any sensible methods to try to reduce the bycatch, if you like, of species in these nets. We believe we have taken steps so far to try to reduce it. The nets are placed, by strategy, on the seabed. It is believed they create an enclosed sense, or a disturbed sense, within the shark to make them want to not stay and create territory in that area. So the Government's position is that we will retain this strategy, to give some comfort to the millions of people from the Sydney Basin, Newcastle and Wollongong who go swimming at these very popular beaches every year—

The Hon. ROBERT BROWN: And from overseas.

The Hon. IAN MACDONALD: —and overseas people who flock to Bondi Beach, for instance. But we will continue to work to try to find ways to reduce the bycatch.

CHAIR: As I understand it, the Government has stopped funding the fixed wing aircraft aerial surveillance between Wollongong and Newcastle in recent times. I suggest that the fixed wing aircraft, in combination with lifesavers appropriately positioned on beaches, is still the most appropriate way to protect swimmers.

The Hon. IAN MACDONALD: Well, the Shark Summit begged to differ on the issue of the fixed wing aircraft. It did draw a more favourable comment in relation to helicopter services, but they are far more expensive because they can hover and stay around an area. We have taken some other steps to improve it. For instance, we distributed a number of jet skis to surf lifesaving groups to give them more mobility to deal with this issue.

In the end, it is a matter of a difference in philosophy. My view is that there is a bycatch there that is very regrettable and we have to work to try to reduce that. But, clearly, the Government's position is that we believe there is a case for maintaining these nets and that the evidence of our scientists points towards their playing some role in making these beaches safer for the millions of people who wish to swim off our shores over the summer months. If you have further questions, please put them on notice.

CHAIR: The Committee will now deal with the Mineral Resources portfolio.

ALAN COUTTS, Deputy Director General, Department of Primary Industries and Department of Mineral Resources, sworn and examined:

The Hon. RICK COLLESS: Minister, has the Government introduced an option or tender for at least 11 exploration licences in New South Wales?

The Hon. IAN MACDONALD: Yes. This was referred to publicly about a month ago. A number of smaller areas have been put to tender. The department has notified a large number of small and medium companies of this expression of interest over these smaller and remnant sites, and a process is underway whereby companies that are interested will put in their bids and they will be determined by an expert panel with an independent probity officer.

The Hon. RICK COLLESS: In what regions are those licences and what areas in each region?

The Hon. IAN MACDONALD: I will take the details on notice but I will give you a broad response. The Upper Hunter; there are a couple of small ones, for want of a better word, in the northern part of the Gunnedah Basin; and the rest are in the western Lithgow region.

The Hon. RICK COLLESS: Can you tell us how much money you are expecting to receive from such auction, tender or whatever you are calling it?

The Hon. IAN MACDONALD: I do not have a figure against this. These resources are not of the order of the Watermark resource by any stretch of the imagination and would gain only a small percentage of that. They are smaller ones. The smaller mining companies have felt with the EOIs that we have been running on these larger resources that they have no access to bid against the major companies that are going for the bigger resources. So this is targeted to smaller companies. They are being conducted in accordance with the coal allocation policy of the State and I understand there is significant interest from the small and medium companies of this State. The process ensures that we are going to have access by the smaller and medium companies to some resources for the future and not just confined to the larger companies.

The Hon. RICK COLLESS: Will the Government receive all those funds upfront or will it take a deposit and then the balance later? If so, how much later will the balance be paid?

The Hon. IAN MACDONALD: That is up to the expert panel to determine. As you know, there is a coal allocation policy that has certain specified requirements but then it is up to the companies making a bid to work out if, whether and when they would wish to make a further contribution. It is up to the expert panel and the probity officer to then make decisions as to which bid is the best bid.

The Hon. RICK COLLESS: Where do those funds go? Do they go directly into consolidated revenue or are they earmarked for specific projects?

The Hon. IAN MACDONALD: They go to consolidated revenue.

The Hon. RICK COLLESS: Will the Government commit from those funds and, in particular, funds from the Caroon and Watermark licences, to a rail tunnel through the Liverpool Ranges that will enable the larger tonnages that will be created by the increased mining activity west of the ranges to be taken by rail to the port of Newcastle?

The Hon. IAN MACDONALD: That is a very good question and it is something I have been interested in for a decade now: that in the future we would need a tunnel through the Liverpool Ranges. We have not proposed to earmark any funding whatsoever to that. I have spoken with the Australian Rail Track Corporation Ltd. [ARTC] on a number of occasions, including David Marchant, the chief executive officer of that organisation. The attitude of ARTC is that they will look at that proposal and others in relation to the logistics chain through that region into the Gunnedah Basin on the basis of the tonnage to be carried. I would imagine if the other resources are of sufficient merit to provide the tonnage level that they need, they have stated that they would invest in it.

The Hon. RICK COLLESS: Would you also be prepared to commit funds to a safe crossing at the site of the very dangerous level crossing at Scone?

The Hon. IAN MACDONALD: It is funny you should ask that question. I have been asked that question several times.

The Hon. RICK COLLESS: I am not surprised.

The Hon. IAN MACDONALD: That could be a consideration if appropriate representations are made but I do not build crossings and I do not allocate the funding that is raised. The funding goes into the consolidated revenue pool and the budget committee of Cabinet and Cabinet itself makes decisions about it. It is not my money to spend on any particular item. Maybe I wish it was, but it is not. It is consolidated revenue and—

The Hon. RICK COLLESS: I am sure you have a big say in the Cabinet though, Minister.

The Hon. IAN MACDONALD: No, I trundle along doing a good job, I hope.

The Hon. RICK COLLESS: From the monies received from the Caroon and Watermark licences, will the Government commit to a policy of a full and independent hydro-geological study on the effect of mining on the alluvial plains of the Liverpool Plains?

The Hon. IAN MACDONALD: No, it is not the position of the Government that it will fund these sorts of studies that may be considered for a development application. That quite properly rests with the proponent, as it does with every other development application across the State. However, you might have noticed yesterday I think it was—or certainly in the last few days—the National Water Commission stated that it will be funding a major water study of that basin, including the Liverpool Plains. In that sense the Commonwealth agency will be doing work in that area.

I am aware that some groups in the local community have advocated a water study. The study is, by way of construct, a computerised model to try and determine the interaction of the water resource and the coal resource to get a three-dimensional look at that. This issue has somewhat receded a bit because BHP recently announced that it will not be long-wall mining under the Liverpool Plains, and that they are looking at underground mining within the area of the hills in that region. I have had a significant community meeting in relation to these issues and I believe they are not irresolvable. I know that BHP, despite the public discussion that has been going on, as of a few weeks ago had already drilled 94 holes in the area. They only need to complete a few more. The vast majority of landholders have in fact cooperated with them in this program. I believe the two industries: coal mining and agricultural production; can coexist because there is the technology there to protect the water sources. I think the decision, as I said, not to undertake long-wall mining under the plains themselves has gone a long way to alleviating the community concern there.

In relation to the water study, the National Water Commission is doing a study in the region. I do not believe in doubling up too much but the community may wish to add something to that with some other study and I believe they are in discussion with the proponents.

The Hon. RICK COLLESS: You just said a few minutes ago that BHP would be the organisation responsible for commissioning that independent hydro-geological study as opposed to simply a water study. There is more to it than just a water study. Would you be concerned about the independence of a study that was being funded by the people that have a certain vested interest in it?

The Hon. IAN MACDONALD: The community and BHP are discussing these issues to work out a way forward. My position is that, in terms of the development application, the Government should not be putting funds forward to do these big studies when these studies are quite appropriately dealt with at another level.

The Hon. RICK COLLESS: Despite the fact that you collected \$100 million as part of this fee?

The Hon. IAN MACDONALD: Well, \$100 million is a lot of schools, it is a lot of road infrastructure, there are a lot of other needs for this money and the Commonwealth has put money in to do a water study. What I am saying is that in the end BHP—just taking that one company—has to be able to satisfy within the development application process that it is environmentally sound, and they need the data to be able to put that together. Most of the drilling they are doing now has some relationship to the movement of water. So you can identify where the problems are and what can be done about those problems and discard certain aspects of the proposal if they cannot meet environmental standards to handle those problems in an area. I believe that the issues that concern the community are being addressed, particularly with that national water study. I understand

the proponents are prepared to look at other things that need to be done and work with the community on that issue.

The Hon. RICK COLLESS: What plans does the Government have in place to assist the communities that may be affected by these licences and future exploration licences?

The Hon. IAN MACDONALD: I think you will find that both these proposals, that is, the Watermark and the Coroona proposals, which are both located in the ranges—BHP having said it will not longwall mine under the valley—

The Hon. RICK COLLESS: They are not in the ranges. The Liverpool Plains has plains and hilly sections. They are more like sand islands rather than ranges. They are not part of the Liverpool range; they exist on the plains itself.

The Hon. IAN MACDONALD: They are in the hilly sections. I was struggling to find a word to cover it. Both of these projects, if the resources are what the geotechnical work has shown so far, are in the order of 2 billion tonnes of coal. We have a scenario where the Coroona one is projected to be 1,060 staff full-time and the Watermark would have a considerable number of staff as well. I have not seen figures as to how many but we are talking about direct employment of 2,000 in that area. The Watermark is 1,200 new direct and indirect jobs. So we are talking a significant amount of employment and, therefore, economic activity. I have spoken to a number of people at Gunnedah, Quirindi, Boggabri and Tamworth who note community concern that needs to be addressed but they are very keen to have the economic development in the area. It will drive considerable upgrades in infrastructure, public infrastructure such as schools and everything that has a flow-on effect from having more than 2,000 direct jobs.

The Hon. MATTHEW MASON-COX: Minister, what is the status of the Stein report into occupational health and safety measures?

The Hon. IAN MACDONALD: The Stein report is the province of the Minister for Industrial Relations. I suggest you direct the question to him.

The Hon. MATTHEW MASON-COX: It does require a whole-of-government response, Minister, which includes a response from you.

The Hon. IAN MACDONALD: Not the Stein report, but I do have responsibilities for mine safety. These matters, as you might be aware, are subject to the harmonisation discussion that is going on nationally under the Council of Australian Governments [COAG] framework. We are engaged in that. The Federal Minister responsible, Martin Ferguson, has raised these issues on a number of occasions and a framework is being worked through at the moment in relation to the matter.

The Hon. MATTHEW MASON-COX: Have you or any of the relevant government authorities received submissions on the Stein report from the mining industry?

The Hon. IAN MACDONALD: Yes.

The Hon. MATTHEW MASON-COX: Have you personally considered those submissions and are you aware of the implications for the industry?

The Hon. IAN MACDONALD: Yes, I am very much aware. We had, of course, the Wran review and we have had subsequent reports in this area. We are working within the framework of harmonisation, which is well and truly under way now.

The Hon. MATTHEW MASON-COX: Have you conveyed your views internally to the Government in that respect?

The Hon. IAN MACDONALD: Yes, I had a meeting with the Minerals Council quite recently. The same questions you have just asked were raised. I pointed out that these discussions from our perspective, that is, a Government perspective, would be dealt with within the harmonisation process.

The Hon. MATTHEW MASON-COX: Minister, I know that you are aware that not just the mining industry but generally every industry is very concerned that there has been no movement on occupational health and safety laws in New South Wales for a long time. In light of all those delays in the tabling of legislation—which was withdrawn and retabled and has not been subject to debate within the House—do you have a timetable for the changes to the occupational health and safety legislation that you can share with the Committee, from your knowledge of what those processes are within the Government and COAG processes?

The Hon. IAN MACDONALD: No, I do not. COAG is considering it. I have had discussions with the former Minister from Western Australia who is in charge of this federally. He is working on it. I would imagine that COAG will make some decision on it, but I do not have a time frame.

The Hon. MATTHEW MASON-COX: Do you think that the conditions that apply in the mining industry as to the absolute duty of care provisions in the current legislation—as seen in the tragic Gretley coalmine disaster where directors of an independent company who took over the coalmine were liable for the tragedy—are fair? Do you think that they are reasonable?

The Hon. IAN MACDONALD: I think that there are issues that need to be addressed by COAG within the harmonisation process.

The Hon. MATTHEW MASON-COX: Do you have a view on the absolute liability provisions of the current legislation?

The Hon. IAN MACDONALD: It has to rest within the national discussion.

The Hon. MATTHEW MASON-COX: Do you have a personal view?

The Hon. IAN MACDONALD: I have personal views on all sorts of things. I am sitting before you as a Minister of the Government and a member of the Cabinet that adopts whole-of-government decisions on lots of these issues. I feel that my public pronouncement should lie within that framework.

The Hon. MATTHEW MASON-COX: Given your practical approach to many matters, you would obviously adopt a practical approach to this issue as well. Is that a fair assumption to make?

The Hon. IAN MACDONALD: I am happy to give you a private briefing on some other occasion.

The Hon. MATTHEW MASON-COX: What is the current royalty rate payable on coalmining?

The Hon. IAN MACDONALD: It is 6 per cent.

The Hon. MATTHEW MASON-COX: Is it intended to increase this rate in the November mini-budget?

The Hon. IAN MACDONALD: The mini-budget discusses all of these issues, but I cannot second-guess the mini-budget.

The Hon. MATTHEW MASON-COX: I refer to Budget Paper No. 3, Volume 2, page 19-9.

The Hon. IAN MACDONALD: This is like a proper estimates Committee. That is how we used to do it.

The Hon. MATTHEW MASON-COX: Why have mining royalties increased from \$520 million in 2007-08 to an estimated \$920 million in 2008-09?

The Hon. IAN MACDONALD: An excellent question. Basically because, as I am sure you are aware, over the last two or three years there has been a substantial commodity boom. This has meant that the price of coal, which is our major export commodity of any type, has escalated in value dramatically from probably \$5 billion or \$6 billion to almost double that, probably in this financial year. Due to that marvellous growth in demand and coupled with the decline of the Aussie dollar in more recent times, the contribution of coal to the State budgetary needs and, of course, our expenditure on vital infrastructure have increased dramatically, coal contributing this year a predicted \$840 million and \$80 million in revenue from the metalliferous side, bringing

a total of \$920 million. Can I just say that a 6 per cent figure is probably the average figure. It is 5 per cent deep underground, 6 per cent underground, 7 per cent open cut. I think generally 6 per cent is the baseline figure.

The Hon. ROBERT BROWN: I have been on the edge of my chair, Minister, listening to this discussion about the value of the coal exports and I would like to bring you there for some discussion on the bottlenecks in our export system, namely, the Port of Newcastle export facilities. There was a press report in July this year that stated that New South Wales was missing out on nearly \$5 billion in coal sales each year because the port at Newcastle cannot cope with mountains of minerals piling up, and that sort of equates to a potential requirement to pump a lot more coal out through Newcastle, not even taking into account anything that may or may not happen north of the Liverpool ranges.

Given that the Government has stepped back from expansion of the port coal-loading facilities on the basis that the industry was going to take up the slack, and given the fact that the industry does not seem to be doing too much about it, and particularly given the dire straits of the New South Wales economy because of some of the other things that have happened in the world, is the Government planning to do anything more to either encourage the coal industry to expand those port facilities further or to do it yourself?

The Hon. IAN MACDONALD: I think there is a bit of a misnomer in your question because in fact the Government utilised part 3A to expedite consideration of development approvals for major upgrades to the Newcastle port facilities. With the Newcastle Coal Infrastructure Group [NCIG], which has BHP and a number of other companies in it, work is now underway for its 33 million tonne first stage that is expected to be completed in 2010, and Port Waratah itself is in an expansion phase—not as dramatic as 33 million tonnes, but certainly significant. Newcastle Coal Infrastructure Group plan to then move on with stage two, which I think brings it up to about the same—the same doubling of it to 66 million tonnes—and Port Waratah have expansion proposals that will bring probably the combined total to in the order of 200 million tonnes in the next few years. So it is not true to say that the work is not being put in here.

The issue that I think you are referring to is a discussion about how these ports will operate in terms of who will get the access to be able to shift coal overseas, and that is a very complicated issue indeed, given that Port Waratah has virtually all open access within a restrained system and NCIG in fact will be notionally limited to the six companies that are a party to it. That poses problems in the future in terms of access because the Government is concerned and appointed Nick Greiner to do a study on it. Nick came up with a pretty good plan. The one issue that the Government is concerned about is how do you provide a system whereby new entrants may have access to that port? And that is where the issue rests at the moment. It is not that the work is being done to upgrade the capacity dramatically, it is about who will then get access to those facilities and what relationship that has with potential new entrants.

I have had numerous meetings with every possible stakeholder on this issue. It is actually a matter for the Minister for Ports and he is considering this very issue at the moment and I am sure there will be a light at the end of the tunnel. I note that the coal companies have indicated that they have a revised plan that they want to put to us and maybe that will lead to some breakthrough.

The Hon. ROBERT BROWN: If I could now move on to oil and gas exploration, specifically submarine exploration off the New South Wales coast. The Government is supposedly going to soon give potentially final approval for these oil and gas exploration operations—that is between Illawarra and Port Stephens, roughly. When would they start searching for these oil and gas reserves?

The Hon. IAN MACDONALD: Energie Future Pty Ltd is the proponent. It wishes to explore for gas, in particular, offshore in the area you are talking about. It has proposed this. Uniquely, we have sort of a joint administration with the Commonwealth on this under the Commonwealth Offshore Minerals Act 1994.

The Hon. ROBERT BROWN: Is that because some of it would be in New South Wales' waters?

The Hon. IAN MACDONALD: No, this is beyond that line.

The Hon. ROBERT BROWN: I understood it was to go from roughly two to four.

The Hon. IAN MACDONALD: Part of it is Commonwealth—

The Hon. ROBERT BROWN: And part of it is State.

The Hon. IAN MACDONALD: —and we jointly administer it. The processing of these applications that have been made by Energie Future has only just commenced with the publication of advertisements informing the public of the applications. We will do the normal thing: seek comment from State and government agencies and collate any of these submissions that we receive. The Commonwealth Government will seek a comment from its own agencies. At the completion of this process the Department of Primary Industries will prepare a report for my consideration. I will then, as part of the joint authority under the Commonwealth Offshore Minerals Act 1994, make a recommendation to the Commonwealth Minister for Resources and Energy.

The joint authority has overall authority to grant or refuse the applications. It should be noted, however, that the Commonwealth Minister for Resources and Energy has veto power over any decision. Any activities under the Commonwealth Offshore Minerals Act 1994 are also subject to assessment under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999, which raised its head earlier in the discussion, as the marine environment is considered a matter of national environmental significance. Given that these applications have only recently been lodged, it is too early to be able to provide an estimate on when a decision will be made as to grant or refusal.

The Hon. ROBERT BROWN: So, broadly, could you give the Committee a guestimate as to how long that process might take?

The Hon. IAN MACDONALD: How long is a piece of string? I am not sure. There is considerable support for projects that look for gas offshore. Gas has some advantages over coal in relation to emissions and obviously if we can find some it is a good thing. This is a gasification to create gas from coal.

CHAIR: Could you indicate why subsistence management plans such as the recent Beltana Subsistence Management Plan [SMP] are only available for community viewing at the mine site or at the Maitland Department of Primary Industries office, and do you think that is adequate?

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

CHAIR: Do you have any plans to improve public access to information about mining proposals or operations in the coming year?

The Hon. IAN MACDONALD: I do not. This is the first time I have heard that there has been a problem with some plan that has been put out. The deputy director general informs me that one of the problems we have is that we cannot get all the relevant information onto the website. These SMPs have involved a huge volume of work.

CHAIR: I am surprised. I would have thought there would be ways of tailoring a website to direct people to the relevant material.

Mr COUTTS: We have a view that we should make information readily available on all applications that come before us, and we aim to achieve that. Some of these SMPs publications are so large that it is difficult to get them on the website in an easily accessible format. It has been decided that the best way to make them available is either in the local area that is affected or at our offices at Maitland. We continue to keep that under review. If there is a way to make it more readily accessible, we will do so.

The Hon. IAN MACDONALD: Sometimes there are boxes of material.

CHAIR: What exploration licences have been planned for auction or tender in the Leahy Creek area and when that will occur?

The Hon. IAN MACDONALD: I am not sure about that area. I will take that question on notice.

CHAIR: What is the status of the New South Wales Government's coal exploration drilling program in the southern Goulburn River catchment between Ulan and Denman?

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

CHAIR: Minister, do you or your department know the estimated value of damage to the Grose River in the Blue Mountains caused by contamination by the disused Canyon Colliery?

The Hon. IAN MACDONALD: The extent of the damage?

CHAIR: And the estimated value of the remediation.

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

CHAIR: How much has the current or former mine owner paid for the rehabilitation of that mine site?

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

CHAIR: What is the budget for undertaking the rehabilitation of the mine contamination of the Grose River?

The Hon. IAN MACDONALD: I do not have that figure, but I will see what we have available.

CHAIR: What is the budget for the rehabilitation of disused or derelict mines in New South Wales? Do you have a budget for that?

The Hon. IAN MACDONALD: The budget is \$1.86 million.

CHAIR: How many disused or derelict mines are there in New South Wales?

The Hon. IAN MACDONALD: There are more than 5,000.

CHAIR: How many staff does the department have to carry out inspections of disused and derelict mines?

The Hon. IAN MACDONALD: I will take that question on notice. We have direct staff and contracted staff who do that work in some instances. I will provide the number of both the direct and contract staff.

CHAIR: Has your department or anyone in the Government assessed the long-term value of food and agriculture production in the Gunnedah coalfields compared to the long-term value to the New South Wales economy of mining its coal resources?

The Hon. IAN MACDONALD: This question has been thrown at me by Lee Rhiannon and others at various times. I will use Caroona project as an example. It is a substantial underground mine. I do not believe it will have a substantial impact on grazing in those hills. At the same time, the anticipated economic value of extracting up to 500 million or 600 million tonnes of export quality coal at current prices would be enormous. If we were to multiply that out at \$120 a tonne, or even \$100 a tonne, we would be talking about hundreds of millions of dollars over the mine's 40-year life. On top of that, we must consider the impact on the Gunnedah region of 1,000 jobs, which would have a multiplier effect on 3,500 or 4,000 people directly gaining employment as a result of that project. The economic value of that project is extremely significant. In addition, the land will still be used throughout the mining project.

The Hon. RICK COLLESS: More than grazing goes on in the Watermark area. The hills around Watermark are farmed as well.

The Hon. IAN MACDONALD: I am talking about Caroona. The Caroona project will have all those positive economic impacts. Agricultural production is significant in the Liverpool Plains. However, they are not under threat and the mine would not go ahead if there were substantial potential damage to the water availability or the productive land.

CHAIR: How does the department assess future food and water security when dealing these exploration leases? Does it have a budget for this work? Are you confident that the assessments for the Watermark and Caroona exploration leases cover the concerns raised by the Hon. Rick Colless?

The Hon. IAN MACDONALD: Before these mines can go ahead they have to obtain a development approval from the Department of Planning. It will be a very extensive piece of work. There are up to 40 different types of reports required with mining applications of this scale. After that data is collected and included in an application, it would then go to the Department of Planning, where it would be subjected to a very thorough assessment. The Government is not about ruining agriculture in the pursuit of the mining and mining royalties. We are trying to balance the economic and environmental needs and the needs of different sectors of primary industries. That is an appropriate course of action. Balances can be achieved with substantial work and that is what we are aiming to do.

CHAIR: How much was spent last year assessing, investigating and improving environmental performances across the mining industry? I am referring to the budget papers page 19-2. Can you outline what that money was used for?

The Hon. IAN MACDONALD: I will take that question on notice and provide a detailed answer.

CHAIR: Have any funds been put aside for a hydrological study of the Namoi Valley to understand the potential impact of mining on the Gunnedah and Liverpool plains?

The Hon. IAN MACDONALD: As I mentioned earlier, the National Water Commission has stated that it will be doing water studies in the region. Mind you, a water study does have all sorts of potential impacts that will not necessarily be confined to a mining assessment. It could assess water usage in general.

CHAIR: Is hydrological water study a responsibility of your department?

The Hon. IAN MACDONALD: No, water studies are normally done by the Department of Water and Energy. Their expertise in the Government lies within that area. Our job is to continually do surveys of our mineral potential in the State and to issue, where appropriate, licences for companies to seek to explore for appropriate and necessary minerals with New South Wales and, after approval processes have been put in place by the Department of Planning, to then issue related mining licences and then to monitor mine safety and ensure that rehabilitation under the large fund that we have that is industry collected, to make sure there are appropriate levels of rehabilitation. Some of the problems we have with rehabilitation of mining occurred well before the massive changes in terms of the bond and what is required to do today in an on-going mine. If you go and see some of those open-cut mines in the Hunter, they are virtually restoring land as they used to—

The Hon. ROBERT BROWN: As they go.

The Hon. IAN MACDONALD: I suggest that at some stage, if you get a chance—and I am quite happy to arrange it for you—go and look at some of the mines where that is going on. They take the overburden aside, which is the topsoils, and keep them; do the mining; infill; plant. I visited one mine recently that was doing that and restoring the forest alongside it.

The Hon. ROBERT BROWN: As they go. One of the Xtrata mines.

The Hon. IAN MACDONALD: Yes. Mount Arthur. There are lots of others.

CHAIR: In the time remaining, members may ask one question each.

The Hon. RICK COLLESS: Minister, in relation to the exploration licence held by the Muswellbrook Coal Company on the Castlerock exploration site, do you know when that will expire? How long has it been in place?

The Hon. IAN MACDONALD: No, I cannot help you with that. I will take the question on notice and provide an appropriate reply.

The Hon. RICK COLLESS: It is about 10 years, I can tell you.

The Hon. IAN MACDONALD: Why are you informing me of that?

The Hon. RICK COLLESS: I thought you might know, that is all. Do you think that a decade of distressed people in that Castlerock exploration licence area is excessive? When will you advise the Muswellbrook Coal Company to make a decision to mine or to move on?

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

The Hon. ROBERT BROWN: I would be interested in that reply too.

The Hon. IAN MACDONALD: I will provide the Committee with a reply.

The Hon. ROBERT BROWN: Thank you.

The Hon. IAN MACDONALD: This is becoming a bit like a Chinese—

The Hon. HELEN WESTWOOD: Water torture?

The Hon. IAN MACDONALD: No, those Chinese sessions, committee meetings of any type, that they held during the Cultural Revolution. They had a set time and could finish the business in 15 minutes, but they had to sit there for the full hour.

The Hon. ROBERT BROWN: Relax, Minister, we have only a few minutes to go.

The Hon. MATTHEW MASON-COX: That would never happen in a New South Wales Cabinet meeting, would it?

The Hon. IAN MACDONALD: Certainly not.

The Hon. RICK COLLESS: If you and the department intend to allow another extension on the Castlerock site, will you make it a condition of the extended exploration licence that the Muswellbrook Coal Company buy out those properties in the expiration at licence area whose owners wish to sell and have not been able to because of the lack of purchasers while the exploration licence, and potentially a mining lease, hangs over those properties? That is a very important issue for those people.

The Hon. IAN MACDONALD: I will have a good look at that and give you a reply.

CHAIR: In 2008-09 of the \$138.5 million allocated to the Department of Primary Industries for science and research, how much will be spent on research related to the coal industry? What projects would that include?

The Hon. IAN MACDONALD: Very little.

CHAIR: Not even money for clean coal projects?

The Hon. IAN MACDONALD: Their research is done by the Australian Centre for Mining Environmental Research Program, an industry body. The Department of Mineral Resources and the Department of Primary Industries generally do not have a specific research capability into coal.

CHAIR: How much money would be spent on research related to the new mineral exploration?

The Hon. IAN MACDONALD: We have a program called New Frontiers. In the period prior to the commencement of New Frontiers, there was a program called Exploration New South Wales, which concluded in June 2007 and spent in the order of \$30 million. That new program, New Frontiers, is spending \$8 million and was recently extended from June 2008, in other words it commenced on 1 July 2008. Its budget is \$16.5 million over three years. This program is basically providing high-level geotechnical charter by the use of a number of techniques—airial surveying, magnetic techniques as well as standing technology that is being used to identify not resources as such but potential structures that companies may wish to look at by way of seeking an exploration licence to see if there is a prospective supply of some mineral or coal or whatever in that area.

We believe it is part of better understanding our State. A lot of this work will not lead to any mining activity but it is important that we get as much knowledge as possible of our State and what lies below it. This

material is made publicly available and has been used over the last 10 or 15 years by many companies to identify potential resources, which have turned up trumps. In fact, the Cadia Mine was found through that process.

CHAIR: Minister, thank you and your staff. We look forward to seeing you refreshed at 9 o'clock tomorrow.

(The witnesses withdrew)

The Committee proceeded to deliberate.
