

GENERAL PURPOSE STANDING COMMITTEE No. 5

Monday 24 October 2011

Examination of proposed expenditure for the portfolio area

PRIMARY INDUSTRIES, SMALL BUSINESS

The Committee met at 11.15 a.m.

MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. J. Buckingham (Deputy Chair)
The Hon. R. H. Colless
The Hon. G. J. Donnelly

The Hon. S. MacDonald
The Hon. Dr P. R. Phelps
The Hon. P. T. Primrose

PRESENT

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

Department of Primary Industries

Dr Richard Sheldrake, *Director General*

State Regional Development and Tourism

Mr Barry Buffier, *Deputy Director General*

Small Business and Regional Development

Mr Michael Cullen, *Executive Director, Enterprise*

NSW Office of Water

Mr David Harriss, *Commissioner*

Forests NSW

Mr Nick Roberts, *Chief Executive Officer*

Sydney Catchment Authority

Mr Michael Bullen, *Chief Executive Officer*

Ms Yasmin King, *Small Business Commissioner NSW*

Transcript prepared by Pacific solutions

MICHAEL BULLEN, Chief Executive, Sydney Catchment Authority, affirmed,

BARRY BUFFIER, Deputy Director-General, Department of Trade and Investment, sworn,

RICHARD SHELDRAKE, Director-General, Department of Primary Industries and Acting Director-General, Department of Trade, Investment and Regional Infrastructure and Services, affirmed,

MICHAEL CULLEN, Executive Director, Enterprise, Small Business and Regional Development, Department of Trade and Investment, affirmed, and

NICK ROBERTS, CEO, ForestsNSW, sworn, and

DAVID HARRIS: Commissioner of New South Wales Office of Water within the Department of Primary Industries, affirmed and examined:

CHAIR: I declare that the proposed expenditure for the portfolios of primary industries and small business open for examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition. The questioning will be 20 minutes, 20 minutes and 20 minutes and we will rotate that until we run out of time.

The Hon. STEVE WHAN: Dr Sheldrake, when was the last time an area of New South Wales was officially in drought without fodder and stock transport subsidies being made available?

Dr SHELDRAKE: In terms of a period when it was not available it would be a considerable time ago and in terms of exact date I probably cannot provide that, the direct answer to that question, so I will take that on notice.

The Hon. STEVE WHAN: Minister, has your department made any officers in Grafton redundant recently?

The Hon. KATRINA HODGKINSON: There was an officer who applied for a redundancy as a result of a family situation and I believe that the director granted that. I might ask Mr Roberts to answer that question.

Mr ROBERTS: We had an officer based in the Grafton office who had been struggling with some family circumstances, a fairly severe incident affecting close family relatives. The individual had spent quite some time away from work and had requested a redundancy some time ago and on the basis of compassionate grounds we put the proposal forward and the officer was offered a voluntary redundancy and took it.

The Hon. STEVE WHAN: Minister, is that the only officer in Grafton? I have been informed that four were recently made redundant; is that correct or not correct?

The Hon. KATRINA HODGKINSON: My understanding is there was only one position in Grafton that I have been informed. If the Director of Forests has more information he is welcome to expand, but my information is that there is that just that one which was on compassionate grounds.

The Hon. STEVE WHAN: Minister, overall have any staff in the Department of Primary Industries been made redundant in the past six months and, if so, how many and in what sections?

The Hon. KATRINA HODGKINSON: Under a memorandum of understanding between DPI Science and Research and ForestsNSW, ForestsNSW provides funding for forest related research. In 2007 ForestsNSW commenced a benchmarking review of its research requirements. The benchmarking review found that ForestsNSW was contributing significantly more funds to forestry research than its industry counterparts. What has been clearly identified in recent times is that there needs to be a move to research that is more on demand so outcomes can be directly applied to ForestsNSW business needs and ensuring sustained timber

supply into the future.

Results of the benchmarking review showed that it is appropriate to make and rearrange some funding so that the science and research funding unit can be restructured to reflect on demand needs. As a result, 11 research positions were identified as being excess. Nine of these excess positions were located at West Pennant Hills and two field staff were located at Eden. These staff have been managed under the NSW Government policy Managing Excess Employees of June 2011.

On Wednesday, 28 September, 10 positions were declared excess. All 10 staff accepted offers of voluntary redundancy and most will have their last day of duty this Wednesday, 26 October.

The 11th staff member is now on maternity leave and as per DPC guidelines, her excess declaration has been put on hold until she returns to work. Let me be clear about this. The NSW Government is maintaining forestry research and will continue to have some of the best researchers working in critical areas.

ForestsNSW will refocus its efforts on delivering those critical services. Two new positions have been created and recently filled, A forest ecology research officer and a forest ecology technical officer. At total of \$1.5 million from ForestsNSW and an additional \$800,00 from a variety of external funding bodies will continue to be spent on forestry research programs within the Department of Primary Industries, will involve 22 scientific staff.

Other research funds will be spent on organisations outside the department, again a need that was recognised in the benchmarking report. For example, over the past four years ForestsNSW has commenced paying a voluntary levy to Forest and Wood Products Australia. The industry funds were matched by the Commonwealth funds for research nationally.

The Hon. STEVE WHAN: Minister, I am sorry to interrupt you because we have limited time, but I am happy to hear some of those details. Can you confirm, to short circuit the rest of that, that those forests staff are the only staff in the Department of Primary Industries overall that have been made redundant in the past six months?

The Hon. KATRINA HODGKINSON: Thank you, Opposition. As I was leading into, we also have two from water in the past six months who were excess staff.

The Hon. STEVE WHAN: In the budget papers it appears to show that ForestsNSW plantation levels for this year are dropping in terms of the projected number of trees being planted. Why is that the case and what is the reasoning behind that, or is that the case and what is the reasoning behind it?

The Hon. KATRINA HODGKINSON: I can assure you that the New South Wales Liberals and Nationals Government is investing in the State's timber industry by planting trees to increase wood supplies. New South Wales is fortunate to have 530 state forests, which covers an area or around 2.2 million hectares. Of this, about 220,000 hectares is pine plantation and 50,000 hectares is hardwood plantation. We are constantly looking to the future and that is why we have embarked on a massive planting program this financial year.

ForestsNSW is growing 12 million trees across our State this year, which will support local economies. This is a significant investment in our long-term future. These seedlings ensure an ongoing timber supply to our customers and a bright future for communities, especially in regional New South Wales, which depend on the timber industry.

The 12 million seedlings comprise 9.2 million softwood trees planted around Bathurst, Batlow, Blaney, Bombala, Glen Innes, Nundle, Tumbarumba, Tumut and Walker; 1.6 million eucalyptus hardwood trees planted in Coffs Harbour, Grafton, Newcastle and Taree; 750,0 trees for retail nurseries and customers including farmers, local councils and catchment management authorities and 450,000 warm climate pine trees for public and private plantations on the north coast near Bonalbo, Grafton, Urbanville et cetera. These seedlings which are produced by ForestsNSW at the Tumut, Narrandera and Grafton production nurseries will have a flow on effect for regional communities across the state, providing important jobs and products for the local timber

industry.

A large crop planted this year also means more jobs for people working in the industry and our nurseries. Around 85 contract planters were employed this year to plant the seedlings across the State. In addition up to 40 casual staff were employed at the Tumut nursery to help with the massive lifting program. The cost of the program, including growing these seedlings, preparing the site and planting the trees is worth \$14 million.

The plantation re-establishment process is vital to the sustainability of the forestry industry which supports more than 20,000 jobs, about half from New South Wales. Pine seedlings will be grown for about 30 years before harvesting for building houses and making timber products. ForestsNSW has been working to improve operations at its Tumut nursery, investing in a \$3 million development program over the last four years to introduce container stock into the nurseries. It is currently reaping the benefits of this expansion program and is now in an excellent position to capitalise on the growing demand for pine seedlings state wide. The move to container stock as opposed to seedlings has given ForestsNSW more establishment flexibility. It is now a much bigger window of opportunity where seedlings can be planted earlier, later or even the following year, depending on the conditions. The move to containers has helped to drought proof the nurseries during especially dry years.

State of the art production facilities have also been introduced, including a new \$120,000 mechanised sowing line and \$180,000 of associated infrastructure which has fully automated a large number of manual tasks. Tumut nursery is now able to produce the best possible seedling in the most efficient and effective way possible. This year's massive planting program is an important investment for our state's timber supplies for regional New South Wales. It also means that our customers will have the confidence to rely on the State's 270,000 hectare plantation estate that stretches from Queensland to the Victorian border.

The Hon. STEVE WHAN: Minister, how does that figure compare with last year's allocation for plantations, or Mr Roberts might prefer to reply.

Mr ROBERTS: There would be a small reduction from last year's total number of seedlings.

The Hon. STEVE WHAN: What is the reasoning for that?

Mr ROBERTS: The reason is just balancing out the area available for replanting, so the strategy for this year will be to be replant every hectare with the equivalent of every hectare that we harvested last year.

The Hon. STEVE WHAN: Minister, can you confirm or can you give an assurance that the Government has no plans to privatise State Forests plantations?

The Hon. KATRINA HODGKINSON: Yes I can. The Government has no plans to privatise ForestsNSW. The NSW Government is considering a number of options in regard to the management of forest but I can emphasise once again privatisation is not an option that is being considered. ForestsNSW is a public trading enterprise and, as such, is charged with making an return on investment to the people of New South Wales. Under the auspices of NSW Government's Better Services and Value Task Force, KPMG recently recorded on an assessment of ForestsNSW that the organisation had a relatively poor financial performance and there is a need for improved Government structures. Whilst ForestsNSW has been making concerted efforts to improve its financial performance, progress has been slow and further improvements are needed as a priority to improve the financial position and performance of this major New South Wales asset. A Steering Committee has been established to review options for the management of ForestsNSW. I reiterate there are no plans to sell off ForestsNSW plantations, as was mooted in The Australian on 20 September this year.

The Hon. STEVE WHAN: Minister, have you written to or made any submission to the Federal Minister for Environment or any responsible agency, asking to review the endangered species status of grey headed flying foxes?

The Hon. KATRINA HODGKINSON: In relation to flying foxes, I can advise that I did write to the

Federal Minister, Tony Burke. Is that what you are referring to?

The Hon. STEVE WHAN: Yes.

The Hon. KATRINA HODGKINSON: I did write to the Honourable Tony Burke, the Minister for Sustainability, Environment, Population and Communities, seeking to fast track the methodology for conducting a census of grey headed flying foxes to help inform future management of the species. The Federal Minister has responded favourably and also advised of work currently under way with all stakeholders to assist local communities to conduct dispersal activities that meet national requirements. The Minister has written to the Federal Treasurer, the Hon. Wayne Swan, seeking support from the Australian Tax Office to assist growers with increased depreciation schedules for installation of flying fox netting.

You would be aware that there is a \$5 million flying fox netting program in the Sydney Basin at the moment. The funds available for this program are \$2 million this financial year, \$2 million in 2012-13 and \$1 million in 2013-14. The fund provided to the Rural Assistance Authority by the Environmental Trust of the Office of Environment and Heritage is needed to meet approvals to individual applicants, subject to funding upper limits. To date the authority has received two applications for assistance. However, there have been no payments made to date. The authority has received some telephone enquiries from prospective applicants.

The honourable member would be aware that the recent hendra outbreaks have further highlighted the issues regarding camp dispersal and flying fox control and you might be interested to know also that the Elizabeth Macarthur Agricultural Institute is leading a \$900,000 study to examine how animals, including horses, dogs and cats respond to the deadly disease.

The Hon. STEVE WHAN: What date did you write to the Federal Minister? You can take that on notice.

The Hon. KATRINA HODGKINSON: It was some time ago. I will take it on notice.

The Hon. STEVE WHAN: Minister, what figure have you put to the Federal Government as being an acceptable outcome for reductions in diversions as part of the Murray-Darling Basin Strategy? A brief answer would be much appreciated.

The Hon. KATRINA HODGKINSON: Has anybody ever tried to be brief in relation to the Murray-Darling basin?

The Hon. STEVE WHAN: I simply wanted, if possible, to get an idea of the quantities that you are looking at as being acceptable.

The Hon. TREVOR KHAN: I think the Minister is entitled to answer the question as she thinks is appropriate.

The Hon. PETER PRIMROSE: But there is a request being made.

CHAIR: Order. Allow the Minister to answer the question and then we can judge whether or not she is answering it properly.

The Hon. KATRINA HODGKINSON: I do respect the question but I would also just point out that the Murray-Darling Basin plan is quite enormous.

The Hon. STEVE WHAN: I am well aware of that.

The Hon. KATRINA HODGKINSON: It does have the potential to have significant impacts on rural water users, particularly the New South Wales agricultural industry. Indications to date that we have received of the basin plan will require a reduction of 2800 gigalitres across the basin of current water use to meet the new

SDLs and New South Wales is going to have to bear more than half of that reduction. Quite clearly, as the honourable member would be aware, when the plan was first brought down on 8 October last year, the NSW Liberals and Nationals rejected the plan outright. We said there must be a complete rewriting of this plan. We also suggested that it be expanded out to 2019 commencement date and also there be a triple bottom line approach to that, looking at the community, looking at businesses and also looking at the environment. We have not wavered from that approach but it is important to note that Craig Knowles' report is due in November and that will go out for community consultation.

That is the short answer. I can give you a longer answer than that if you would like.

The Hon. STEVE WHAN: No. What I really want to know is have you expressed a view to the Federal Government on whether or not that 2800 is acceptable to the NSW Government, or have you expressed an alternative figure?

The Hon. KATRINA HODGKINSON: The Commissioner is offering to make a comment so I will allow him to.

Mr HARRIS: I would like to point out that the basin plan is a Commonwealth plan, produced by the Commonwealth Government and tabled in the Commonwealth Parliament. At the moment we have been asked for information. We have provided information and technical support, but it has been made perfectly clear to New South Wales and the other jurisdictions that they can only provide that information and it is a decision of the Commonwealth Government what the particular numbers will be in terms of the asset requirements or in terms of the volumes that have to be recovered from actual consumptive use.

In discussing with the Commonwealth, and this is without prejudice at all, we have suggested that there are two things to consider, that when we started the national water initiative a number of years ago, the New South Wales contribution was to say that we had our water sharing plans in New South Wales and we had what was called a risk assignment framework, which was legislated for in New South Wales, which meant that at the end of any 10 year period the maximum volume of water that could be taken back from irrigators was three percent and anything over and above that would have been cost shared between the Commonwealth and the State.

It was generally agreed at that stage that the maximum would be about five or six percent. We suggested that to Craig Knowles, who was the Minister who legislated that risk assignment framework. In more recent times we have also suggested, and this is nothing formal because it is a Commonwealth plan, but we have suggested, given the turn around in the environment in the Murray-Darling Basin and the need to consider socio-economics as well, the Commonwealth might consider looking at a range of numbers, rather than a single number. We can only provide information.

The Hon. STEVE WHAN: Have you suggested that range?

Mr HARRIS: No, we have not. At the moment the Commonwealth Murray-Darling Basin Authority is starting to look at modelling runs at 2800, at 2400 and at 3200 to get some sort of indication about the differences that you will get from that.

The Hon. STEVE WHAN: Minister, as part of the restructuring of the department, how many staff are moving from Bathurst and you can take the second part on notice if you want, which positions are moving and are there any redundancies being offered or positions being deleted as part of that structure? From the old lands section is my understanding.

Dr SHELDRAKE: The question is probably directed to the wrong Minister. The staff in Lands are now with the Department of Finance and Services. Just to add to that, Minister Hodgkinson is responsible for Crown Lands, which came out of the former Land and Property Management Authority. The Land and Property Information Service went to Minister Greg Pearce, the Minister for Finance and Services.

The Hon. KATRINA HODGKINSON: Thus the blank looks.

The Hon. STEVE WHAN: I am just going on what staff were telling me. I always found them very reliable when I was Minister. Minister, how much of the overall bio-security budget is allocated to monitoring and management of the Queensland fruit fly and has there been an increase on recent years?

The Hon. KATRINA HODGKINSON: I can reassure the Member that bio-security is a key priority for the NSW Liberals and Nationals Government and is at the heart of our growth strategy for the primary industry sector.

Queensland fruit fly is established along coastal New South Wales and is a serious pest affecting a range of horticultural crops. The fruit fly exclusion zone was established in 1996 to optimise access opportunities in fruit fly sensitive domestic and international markets. In a normal year up to three to five outbreaks may occur in the New South Wales part of the exclusion zone. New South Wales DPI responds to these outbreaks according to the nationally accepted code of practice for the management of Queensland fruit fly, in consultation with industry and other state and federal regulators.

Due to the exceptionally prolonged wet 2010-11 season the New South Wales part of the exclusion zone included 160 Queensland fruit fly outbreaks during this period. It is likely that the exclusion zone will experience similar fruit fly outbreaks in the 2011-12 season. New South Wales DPI is working closely with industries in the Riverina and other parts of the exclusion zone to establish a co-management approach, where affected industry parties take greater ownership and responsibility for managing fruit fly.

Quite interestingly, I went to Ourimbah the other day to open a new DPI facility there and they have an extraordinary amount of research going into that Queensland fruit fly there. They are doing some amazing work, so there is quite a lot going on in that area.

The Hon. JEREMY BUCKINGHAM: Minister, regarding the strategic regional land use plans and planning, will you explain the role your department is playing in the development of the strategic regional land use plans for the Hunter and Gunnedah areas?

The Hon. KATRINA HODGKINSON: The strategic regional land use policy is about maintaining and, where possible, enhancing sustainability of agricultural New South Wales. This overall intention is being balanced with developing strategies to manage the projected growth of the coal and coal seam gas industries, to effectively deliver reliable energy in a carbon constrained economy. The Government acknowledges that there is a tension between agricultural interests and the need of the state for mining and petroleum exploration and production.

They key component of the policy is the development of strategic regional land use plans. The Government is currently in the process of developing plans for the Upper Hunter and New England North West. These plans will identify strategic agricultural land and outline the mechanisms the Government proposes to ensure that the inherent production capabilities for these lands are protected into the future.

The plan will help to improve certainty for investment, not only for agriculture and mining, but also for the industries that support them. The plans will also improve the outcomes for local and regional communities that rely on these industries for employment and social and recreational values and future prosperity.

Once the drafts are completed the plans will be exhibited for public comment and a full consultation process will be undertaken. As an interim step the Government has prepared a guide to the preparation of an agricultural impact statement, or AIS. The AIS will be required by proponents for all new mining and petroleum State significant developments. The purpose of an agricultural impact statement is to ensure a focussed assessment of the potential impacts of mining, petroleum or coal seam gas projects on agriculture resources or industries.

Based on the advice provided by the proponent, a merit based assessment will be undertaken to

determine a few things, including the value of the agricultural resources and associated enterprises to be impacted, the impact of the project on agricultural resources and enterprises where the impacts can be effectively managed or minimised, or whether the impacts are unacceptable and therefore should be avoided.

The Hon. JEREMY BUCKINGHAM: The Budget Papers state that as part of the planning department's key initiatives that it will be spending \$2.4 million on delivering regional land use plans for the Upper Hunter and New England North West. How much money has been allocated by your department to work on these plans and is this new money or is it a reallocation from within your budget?

The Hon. KATRINA HODGKINSON: The budget includes \$2.6 million for DPI to develop a land use agricultural mapping policy. The NSW Government was elected on a commitment to introduce its strategic regional land use policy which was built on the premise that mineral and petroleum resource industries can and do co-exist with agricultural production and environment protection. The mapping of agricultural land resources is also reflected in the State plan. To achieve this commitment the NSW Liberals and Nationals Government has established the Office of Agricultural Sustainability and Food Security, which reports to the Director-General. One of the first tasks of the director of this office will be to determine the allocation of this funding and recruitment action is currently under way.

DPI is however already working with Resources and Energy, Department of Planning and Infrastructure and the NSW Office of Water to map strategic agricultural land and contribute to regional land use plans for priority regions of the Upper Hunter and the New England North West. AgricultureNSW has allocated 12 staff to the task of mapping agricultural lands and developing this policy.

The DPI is currently piloting a new consultative mapping approach that will progressively identify and map agricultural land resources. I have been to inspect the project in Orange and I have to say it is proceeding very well.

The Hon. JEREMY BUCKINGHAM: Regarding the Hunter strategic land use plan and, given the Bylong Valley is part of the Hunter River catchment, what is your position in relation to including the Bylong Valley in that plan.

The Hon. KATRINA HODGKINSON: That is quite specific. I will ask the Director General to answer.

Dr SHELDRAKE: The Bylong Valley was not included in the Upper Hunter piece of work. The two pieces of work under way are the Upper Hunter and the New England North West. There has been a request for the Bylong to be included. The Bylong will be included in the very next piece of work. The first two will be done and are under way and are almost near completion and Bylong will be the very next. The intention is that Bylong and the Central West will be undertaken effectively in the early part of next year.

The Hon. JEREMY BUCKINGHAM: Does this Government support Orange City Council's proposed Macquarie River pipeline?

The Hon. TREVOR KHAN: Is that on strategic lands? After all you go on, is that all you are going to ask about strategic lands?

CHAIR: Order. He is allowed to ask whatever questions he wants within the ambit.

The Hon. TREVOR KHAN: We are waiting for the killer punch.

Mr HARRIS: The Orange Macquarie Valley pipeline was funded jointly with the Commonwealth, the council and New South Wales. It was under drought management funding, emergency funding. Whilst there is still no emergency left over, that money is still available and currently it is in the hands of the council whether they wish to proceed with the project or not. I believe there is a fair bit of local concern about the long-term operations and maintenance.

The Hon. JEREMY BUCKINGHAM: My question was does the Government actually support the project?

Mr HARRIS: I do not know that we actually support it in as much as we provide the information upon which the council can make its own decisions because they are ultimately the ones left with the ongoing operation and maintenance costs. We did provide those funds under emergency response, as we did for a whole range of towns around New South Wales. That money is still available should they continue. As with other pipeline projects like Goulburn, the drought had finished before it was completed. Those projects have been concluded without pulling up stumps.

The Hon. JEREMY BUCKINGHAM: Does the Government oppose the use of this water from this proposed Macquarie River pipeline for mining activities?

The Hon. KATRINA HODGKINSON: I might ask the Commissioner as well.

Mr HARRIS: We might take that on notice.

The Hon. KATRINA HODGKINSON: We will take it on notice. I think that was for review by Orange Council a couple of weeks ago.

Mr HARRIS: It is still under negotiation with Orange Council.

The Hon. JEREMY BUCKINGHAM: Recently, Minister, you would be aware that there has been a number of pollution incidents in the Macleay River in northern New South Wales from the Hillgrove Antimony mine. The Minister for Environment was on ABC TV last week telling the public that testing had been done on dead fish which had allegedly been poisoned by this alleged incident in the Macleay River, downstream from the Hillgrove gold mine. Is this actually the case? Has the testing been done by the Department of Primary Industries, as suggested by the Minister for Environment?

The Hon. KATRINA HODGKINSON: I wrote to the Honourable Member recently and I will quote part of that letter:

"I am informed by the Department of Primary Industries that over the past three weeks it has received several calls reporting of a fish kill of catfish in the Upper Macleay River. The reports allege that the fish kills were the result of recent uncontrolled discharges from the Hillgrove mine site on 29 August and 9-10 September 2011. The number of dead catfish in reports has ranged from four to several hundred and as most of the reports have been based on second-hand information determining the actual scale and location of the fish kill has been difficult. I am advised that officers from the department have spoken to a number of local residents, including a local Australian bass fishing tour operator, who is continuing to regularly fish the river, to determine the facts behind the reports made.

The advice received from first-hand observations is that the fish kill consisted of approximately six dead catfish around the junction of the Apsley and Macleay Rivers, occurring around 10 September 2011. The fish were described as being dead for some time and shrivelled. No other species of fish nor any other sick or dying catfish was observed. Unusual weather conditions, severe cold weather with sleet and an associated drop in water temperature have also been reported during this time".

The Hon. JEREMY BUCKINGHAM: Minister, sorry to interrupt, are you reading from a letter you sent me?

The Hon. KATRINA HODGKINSON: Yes.

The Hon. JEREMY BUCKINGHAM: I appreciate that. I did read that letter. The question was the Environment Minister has alleged that there has been testing done on those fish. That has been contradicted by

the Department of Primary Industries. Can you please clarify the situation?

The Hon. KATRINA HODGKINSON: The Director-General is pointing to the point where it says in your letter,

"As the fish were very decomposed they were unsuitable for laboratory analysis to determine the cause of death".

The Hon. JEREMY BUCKINGHAM: So they have not been tested?

The Hon. KATRINA HODGKINSON: I am advised that the department did not refuse to conduct tests on the fish, rather they have been unable to get further fresh samples of sick, dying or recently deceased fish for analysis as the fish kill has not been ongoing in the area. Can I also advise that NSW Health, Macleay Council and the Office of Environment and Heritage are monitoring the levels of heavy metals in the Macleay River.

We have a supplementary answer to an earlier question.

Dr SHELDRAKE: Mr Chairman, I want to add information to Mr Whan's question regarding the relocation of staff from Bathurst. I have been advised that there are some positions, about 12, within corporate services, which is not the Department of Primary Industries, it is the Department of Trade and Investment and those positions have been or are being considered with a view for relocation to Orange.

CHAIR: Thank you Dr Sheldrake.

Dr SHELDRAKE: They are not Department of Primary Industries, they are Department of Trade and Investment.

The Hon. STEVE WHAN: Primary Industries, structurally within the Government is part of the Department of Trade and Investment.

CHAIR: Order. You are eating into my time at the moment. Just for future reference, I think we will put supplementary answers on notice, if you would not mind.

Minister, is the Government supportive of the goal of the Game Council to become self-sufficient funding-wise, eventually?

The Hon. KATRINA HODGKINSON: I might take that one on notice, Mr Chairman.

CHAIR: Minister, are you aware of the positive correlation between advertising by the Game Council and licence sales?

The Hon. KATRINA HODGKINSON: Yes. Game Council New South Wales runs an annual advertising campaign known as the awareness and advisory campaign to promote the sale of game hunting licences and to enhance public understanding of the environmental impact of game and feral animals. The annual advertising campaign is funded on a formula used to fund all Game Council functions, a third funding from revenue, licence fees, merchandise et cetera and two thirds recurrent funding from Government. Game Council advertising is primarily directed at print media, specifically suburban newspapers, ethnic media and hunting trade magazines.

The intended Game Council advertising budget for 2011-12 is \$210,000. The Game Council advertising campaigns undergo all required NSW Government advertising approval processes for style, content, budget and compliance with current advertising guidelines. By increasing licence sale income the annual advertising campaign helps reduce the burden on taxpayers in funding the Game Council to carry out the functions of the Game and Feral Animal Control Act 2002.

CHAIR: Minister, can you explain then why the Game Council has not been able to get its advertising done since your Government came to power? Bearing in mind we understand there was a moratorium in advertising in the run up to the election, but in actual fact the Game Council has not been able to advertise since February this year.

The Hon. KATRINA HODGKINSON: A submission was put to the Ministerial Committee on Government Communications. I have not heard since that time so I will have to take that on notice.

CHAIR: Could you, and could you have a look at the date that it was submitted please?

The Hon. KATRINA HODGKINSON: Of course.

CHAIR: I do not have any further questions so we will move on to the Government.

The Hon. RICHARD COLLESS: Minister, could you please explain what the Government is doing to safeguard the state's animal and plant industries?

The Hon. KATRINA HODGKINSON: I am so glad you asked, because it is a really important question, especially in relation to bio-security, which I know the Honourable Member and the Chairman are very interested in and certainly for me and the NSW Government it is a key priority. In fact it is at the heart of our growth strategy for the primary industry sector. In July of this year there was a major announcement together with the Queensland Government and the Commonwealth Government for a \$12 million boost to help to combat the hendra virus, which everybody has been extremely concerned about. We committed in the 2011-12 budget a \$120 million investment in bio-security, which includes funding to control noxious weeds.

I know that the Honourable Member who has just asked that question has a particular interest in that particular area. The New South Wales Government is committed to protecting its animal and plant industries. Our bio-security measures are amongst the toughest in the world and they continue to protect our valuable industries from pests and disease. These tough bio-security measures are vital to the long-term development of our \$9 billion primary industries sector.

Our enviable global brand is built off the back of our strong bio-security reforms and these measures are fundamental in maintaining our access to international markets. Our world class bio-security measures are also critical in protecting the health and safety of our community and environment and shielding our growers from the economic shocks that so often come from pest and disease incursions.

Anybody who has ever been involved with agriculture knows the impact they can have. There are heavy consequences for getting this wrong. Take foot and mouth disease as an example. Its impact would be disastrous for the state's livestock sector and economy. A 12 month long outbreak in Australia would reduce export revenue by more than \$9 billion, decrease domestic meat revenue by \$2 billion to \$3 billion and would cost up to \$450 million in disease control and compensation costs.

The NSW Liberals and Nationals Government continues to invest in tangible and value adding measures to further strengthen our bio-security measures. These initiatives are focussed on both preventing pests, diseases and weeds from becoming established, and eradicating or managing existing diseases.

Heading up our bio-security response is a \$57 million upgrade of facilities at the Elizabeth Macarthur Agricultural Institute. Nearing completion, the EMAI will house the most modern bio-security laboratory facilities in Australia and they really are extremely impressive. I have visited the centre on several occasions now and am more than impressed with the marvelous upgrade of this facility and what is going to mean for our State, and indeed our nation, as far as bio-security is concerned.

The upgrade includes a new secure laboratory precinct that will play a crucial diagnostic and research role in any future exotic incursions, such as equine influenza. The upgrades also include new plant bio-security

facilities capable of handling a large scale emergency plant disease outbreak.

Further strengthening our bio-security focus, I recently opened a new \$6 million horticulture research centre at Ourimbah on the Central Coast that I referred to earlier in today's proceedings. The new state of the art horticulture facility is focussed on productivity, improved security and bio-security. As I mentioned earlier, the control of fruit fly. This includes protecting and promoting New South Wales' citrus industry and also improving export market access, as I said, to fruit fly susceptible produce and unfortunately pest and disease outbreaks are a stark reality for the state's farmers and fishermen.

The most critical part of our bio-security response is how we practically and sensibly work with these affected producers in times of need. We are committed to helping producers through tough times and helping them manage impacts on their business. We are also determined to work in with the state's produces to improve their own bio-security strategies and their resilience to deal with future challenges.

The recent outbreak of the deadly hendra virus has impacted heavily on the state's equine industry. This has been the biggest outbreak of hendra we have seen to date, with only one case previously recorded at a property in Murwillumbah in 2006. Since June this year the deadly disease has resulted in ten horse deaths at eight properties on the New South Wales North Coast. Our bio-security response has been swift and decisive. A local coordination centre was established in Wollongbar, supported by a state-wide centre in Orange to manage New South Wales' response.

The Honourable Member might be interested that I was receiving daily updates on where we were with hendra at the time. It was extremely nerve wracking not only for the people involved in the industry but certainly right across the State from Tweed Heads in the north to Bega in the south and everywhere in between. The New South Wales DPI and livestock and health and pest authorities worked with landholders and private vets to undertake extensive surveillance of the suspect cases. Since the first case was identified New South Wales authorities have assessed an enormous 220 properties across the State to better understand what is behind the spike cases this year.

The New South Wales and Queensland Governments have committed \$6 million of funding to ramp up vital research into the virus. The research funds have so far been allocated to five research projects looking at vital issues such as how the virus is transmitted, the vaccine's development, flying fox dispersal, transmission in dogs and testing in risk management strategies.

The New South Wales Government's MAI will lead a \$900,000 study looking at virology issues, including new state of the art testing techniques and how various animals, including horses, dogs and cats contract and respond to the deadly disease. The research projects are being coordinated through the cross-border hendra task force, which includes chief veterinary officers, chief health officers and chief scientists from both states, as well as CSIRO representatives.

As the Honourable Member would be aware, pests and diseases certainly do not respect state borders, so safeguarding our primary industries requires a nationally coordinate response. We are committed to working closely with out state and federal counterparts and practical bio-security solutions. We collaborate across a wide range of issues, including locust control, animal health issues, identification and tracing of livestock security. We also continue to fight for tough bio-security and market measures, including protecting our fruit and vegetable industries from offshore pests and diseases.

This Government is committed to protecting the State's animal and plant industries and we will continue to invest in new measures which protect New South Wales from pests and diseases and safeguard Australia's export market access and international trade reputation. I thank of the Honourable Member for his question.

The Hon. RICHARD COLLESS: Can you also inform the Committee how the Government's water policies are helping rural and regional New South Wales?

The Hon. KATRINA HODGKINSON: We believe very strongly in the New South Wales Liberals and Nationals the potential of regional New South Wales and we recognise the critical contribution of irrigated agriculture, the economies of regional and rural communities and indeed the state and national economies. That is why our water management policies are focussed on achieving true triple bottom line outcomes, balancing social, economic and environmental requirements. That is exactly what we will be requiring from the Commonwealth's soon to be released proposed basin plan, as I alluded to in an earlier question on this matter.

The Liberals and Nationals Coalition did not support the guide to the proposed basin plan when it was released last October. In fact, we called for its removal very strongly. We called for equal recognition of businesses, communities and the environment in a new proposed plan. That is a position we have continued to make clear since we have been in government. We do not support a plan that is not in the best interests of New South Wales.

The Murray-Darling Basin Authority has advised that it expects to release the proposed basin plan in mid-November for an extended 20 week consultation period. During this time I will, along with my Parliamentary Secretary For Natural Resources, Troy Grant, and the Commissioner of the New South Wales Office of Water within DPI, Commissioner David Harris, be undertaking a range of consultation activities with rural and regional communities. I want to ensure that our response to the proposed basin plan is informed to the highest degree possible by the views and experiences of NSW communities and stakeholders.

The Commonwealth Government has committed to bridging the gap between the new sustainable diversion limits set by the basin plan and current levels of water usage. Unfortunately to date however it has focussed on the wholesale purchase of water entitlements, which is removing water from sustainable production. The NSW Government does not support that approach. We believe that water buy-backs should be strategic and that there should be a much greater focus on infrastructure projects that result in water use efficiencies, while maintaining agricultural production, most importantly.

To this end, I am continuing to negotiate with the Commonwealth Water Minister, the Hon. Tony Burke, to secure the infrastructure funding that was agreed to, indeed promised under the 2008 inter-governmental agreement on Murray-Darling Basin reform. Despite the Commonwealth agreeing in principle to provide \$708 million for four NSW priority projects, we have only succeeded in gaining a sprinkling of this funding to date for some pilot projects. The Commonwealth Government needs to come good with this funding.

I spoke earlier of the potential of regional New South Wales and the contribution of irrigated agriculture. There are many other contributing industries. A successful future for regional New South Wales depends on a diversified economy which achieves the right balance between these contributing industries such as agriculture, tourism, mining and petroleum and obviously also the interests of small towns and larger towns throughout the basin. I know also the Hon. Scot MacDonald here today is very keen in relation to this.

As part of our strategic land use policy that I spoke about recently, we undertook to introduce an aquifer interference regulation. That regulation will provide clear guidance on the acceptability of mining impacts on ground water, to ensure our water resources are protected. It will apply to all development applications containing aquifer interference activities, including mining and coal seam gas extraction applications. The first stage of this regulation commenced on 30 June this year. It requires any new mining or coal seam gas exploration activity taking more than three megalitres of water per year to be licensed.

We are currently finalising a draft NSW aquifer interference policy which will be released shortly for public exhibition. I expect the final stage of the regulation will be introduced early to mid next year. In order for our regional industries to survive, we need to ensure that the natural resources that they depend on are protected and managed in a sustainable fashion.

For our rivers and ground water, it is the water sharing plans under the Water Management Act 2000 that provides this management safeguard. Around 95 percent of all water extraction in New South Wales is covered by an improved water sharing plan. Our current focus is on completion of the remaining 17 inland

water sharing plans and the staggered commencement before July 2012 around the anticipated basin plan commencement date. Five water sharing plans have commenced since we came into Government. A further 13 have been publicly exhibited in that time and we are on track to have water sharing plans in place for all New South Wales water sources by 2013.

Can I advise the Honourable Member that these water sharing plans are extremely complicated but it is important that we get it right. An enormous amount of work has gone into the preparation of these water sharing plans. All community input is taken extremely seriously and we endeavour to get these water sharing plans just right for our local communities.

I want to make it clear that we believe the placement of the NSW Office of Water within the Department of Primary Industries under the umbrella of Trade and Investment New South Wales will in no way diminish New South Wales Office of Water standing. On the contrary, we believe NSW Office of Water's inclusion within the Department of Primary Industries was a really logical step and it will ensure that the State's water stakeholders receive the best possible level of service delivery. Service delivery includes services not only to farmers, irrigators and regional communities but also to the environment.

As I said before, vibrant and prospering regional communities rely on sustainably managed natural resources. The Office of Water will continue to promote this practice in discharging its functions. We also have the catchment management authorities, Crown Lands and soil conservation services located within DPI, giving us a totally integrated natural resource management package.

I want to close by mentioning the largest ever environmental release from Jindabyne dam that has just been completed. A total of 84 billion litres of water was released down the Snowy River over a 19 day period. At its peak, which occurred over a three day period from 10 October the release was delivering 12 billion litres a day down the Snowy River. These flows will have a major and long standing impact on improving the health of the Snowy River. What is extra pleasing is that the vast majority of water recovered for the Snowy River has come from infrastructure projects undertaken cooperatively with industry and community groups.

Where water has been purchased for the Snowy it has been strategic to complement infrastructure projects. The NSW Liberals and Nationals Government will continue to work cooperatively with industry and the community to deliver the best possible water management outcomes for regional and rural New South Wales. This will particularly be the case when it comes to dealing with the Commonwealth's basin plan. I thank the Chairman for the indulgence in the length of that answer but water is incredibly important.

The Hon. SCOT MacDONALD: Can you please provide an update on what the Government is doing to deliver greater opportunities and resources for the State's one million recreational fishers?

The Hon. KATRINA HODGKINSON: Thank you very much for the wonderful question. I am proud to say that our State has some of the best fishing locations in Australia and perhaps the world. Each year over one million fishermen and fisherwomen hit the water across New South Wales, making fishing one of our favourite pastimes. That is why I am so pleased that the latest fishing hot spot created by the NSW Government is now open for fishing and many people will be pleased, particularly within the Sydney metropolitan area because this one is just off the coast.

This artificial offshore reef was deployed off the coast of Vaucluse this month by the NSW Department of Primary Industries to improve fishing opportunities for the State's fishers. This purpose-built offshore artificial reef is the first and the largest Australian designed artificial reef structure designed for fishing that has been deployed in Australia. A construction for the \$900,000 reef was awarded to a Sydney based company that specialises in major maritime infrastructure projects. It was manufactured right here in New South Wales. The reef is located approximately 1.2 kilometres off the gap at Vaucluse and 1.9 kilometres off South Head.

CHAIR: Already attracting large numbers of fish.

The Hon. KATRINA HODGKINSON: I will tell you a little more about the construction.

Waterway Constructions Pty Limited in a joint venture were selected as the preferred tenderer for the construction of the reef. Both are New South Wales based companies. The expenditure remains right here in our great State. The construction of the reef has been completed and the large steel structure was transported by road train from Scone to White Bay in Sydney where it received its final touches. The reef then made its final journey through the harbour by barge to its final resting place off the coast at Vacluse. This project has been completed well before its Christmas deadline, which is great news for fishers looking for summer fishing opportunities.

The artificial reef unit it made of steel, stands 12 metres high and weighs approximately 42 tonnes. It is designed to provide a highly complex habitat for a range of marine species. The reef structures will have a life span of over 30 years and have been specially designed to withstand the New South Wales coastal conditions, whilst minimising ecological impacts. This is the first of the three offshore artificial reefs planned for New South Wales over the next five years and is expected to greatly improve recreational fishing opportunities off the coast of Sydney.

The two additional offshore artificial reefs will be located on coastal New South Wales borders, one between the Tweed and Newcastle and the second between Wollongong and Eden. I am inviting councils to lodge expressions of interest with us. We certainly do not want them to go into an area where they are not wanted. We know that there are many councils out there who look forward to being the winners of these. This is great news, this new offshore artificial reef for fishers looking to go for a spot of fishing offshore during the summer months.

We expect that the construction of this reef will not only attract not only fish species such as snapper and yellow tail king fish but fishers from near and far. Monitoring of the deployment site and the nearby natural reef has already begun and it will be monitored in detail for three years to demonstrate the benefits of the artificial reef for the environment and fishers.

The New South Wales DPI is also developing a user guide for the reef which provides guidelines for all potential users, whether they be fishers, scuba divers or snorkellers. Artificial reefs have been deployed in up to 40 countries around the world for over three decades and were first constructed in Australia in the mid-sixties.

Funds from the NSW Recreational Fishing Trust are being used to construct the offshore artificial reefs and it is a great example of recreational licence fees being put back into the fishing community. Funds for the Recreational Fishing Trust have been used for a number of projects already.

The Hon. TREVOR KHAN: Minister, could you outline what the Government is doing to support Crown Lands and the Catchment Management Authorities?

CHAIR: One and three quarter minutes, Minister.

The Hon. TREVOR KHAN: I do not think the Minister is constrained by the timeframe that we have.

The Hon. KATRINA HODGKINSON: It is a great question and I would like to give a lengthy answer, although it might be somewhat abbreviated. I am proud to say that as part of this year's budget the NSW Liberals and Nationals Government is investing more than \$380 million in the Catchment and Lands Service Group, which is now part of the Department of Primary Industries. The group includes catchment management authorities, Crown Lands and the Soil Conservation Service. Our Government is working with local communities to find innovative ways to maximize local opportunities and deliver relevant services for CMAs and Crown Lands. Over \$230 million has been dedicated in this year's budget to the Crown Lands division, which manages 35,000 Crown reserves, over an area of 1.3 million hectares.

The NSW Government is not in the habit of making empty promises when it comes to Crown Lands. We are working with local communities to find innovative ways to maximise local opportunities and to deliver relevant services to Crown Lands. Our funding for Crown Lands includes \$10.8 million for the upkeep of

Crown reserves and parks, \$12.3 million for coastal infrastructure repairs to regional harbours, including Batemans Bay, Bermagui, Coffs Harbour, Eden, Nelson Bay, Port Macquarie, Swansea and Wollongong, \$5.9 million for processing Aboriginal land claims, including \$3 million towards finalising outstanding claims, \$5.5 million for the Tweed River sand bypassing scheme and \$1.6 million in grants for State parks.

The Soil Conservation Service environmental conservation programs are also included in this budget with \$31.5 million estimated to be spent in 2011-12.

CHAIR: Thank you Minister. Could I ask that you table the remainder of your answer?

The Hon. KATRINA HODGKINSON: Thank you.

The Hon. STEVE WHAN: Dr Sheldrake, what involvement did the Director-General of the Department of Trade and Investment have in the development of the Department of Primary Industries budget submission and budget strategy?

Dr SHELDRAKE: The department plays the normal role of providing advice on the costs that we see in our organisation, as part of the normal process in developing the budget, so we work with Treasury. As you know, the Better Services and Value Task Force, which formed a big part of the previous Government's development of a program around allocating resources across all departments, was one of those documents that Treasury relied upon and so we work with Treasury, leading up to the development of the budget, as is the normal case for all agencies across the sector.

The Hon. STEVE WHAN: Can I clarify, I am specifically talking about the Director-General of the Department of Trade and Investment and was that Director-General involved in the preparation of the Department of Primary Industry's budget?

Dr SHELDRAKE: The Director-General of the Department of Trade and Investment, Mark Paterson, commenced work at the time that the budget was nearing the end of its completion and being framed by Treasury, so largely his role in that was to play a role at the highest level in terms of submitting the document through the Treasury.

The Hon. STEVE WHAN: How can the Department of Primary Industries claim to be an independent department then if the head of the Department of Trade and Investment is submitting the budget?

Dr SHELDRAKE: The Department of Primary Industries is an office of the Department of Primary Industries, within the cluster of the Department of Trade and Investment, Regional Infrastructure and Services.

CHAIR: We are out of time.

(The witnesses withdrew)

YASMIN KING, Small Business Commissioner for New South Wales, Department of Trade and Investment, affirmed and examined:

CHAIR: The cross-benches will not be asking any questions today.

The Hon. PETER PRIMROSE: Minister, the Small Business Commissioner reports to you as Minister, is that right?

The Hon. KATRINA HODGKINSON: Yes.

The Hon. PETER PRIMROSE: What is the exact budget allocation for the office of the Small Business Commissioner this year, please?

The Hon. KATRINA HODGKINSON: Currently the budget for the Commissioner is \$2.3 million, \$1.6 million for the Retail Tenancies Unit and \$ 700,000 for the Office of Small Business Commissioner.

The Hon. PETER PRIMROSE: How many staff will the Small Business Commissioner have?

The Hon. KATRINA HODGKINSON: It has not been determined at this point in time.

The Hon. PETER PRIMROSE: No suggestions, no proposals? Will the Commissioner have any staff?

Ms KING: May I?

The Hon. KATRINA HODGKINSON: I will refer it to the Commissioner, thank you.

Ms KING: Currently the Retail Tenancy Unit staff report to me, so they have simply been transferred to work with me and I am in the process of putting together the overall staffing structure.

The Hon. PETER PRIMROSE: Where is your office located?

Ms KING: Level 43 in the MLC Centre.

The Hon. PETER PRIMROSE: Can you tell us please what are the terms of appointment of the Small Business Commissioner?

The Hon. KATRINA HODGKINSON: Yasmin King, who is before you, is a respected business consultant and negotiator, and is, as we know the State's first Small Business Commissioner. As Commissioner, Ms King's role includes advocating for small and medium enterprise business sector to government, providing a central point where small to medium enterprise business concerns about unfair market practices can be addressed in a low cost and timely manner through mediation, resolving disputes between small medium enterprises and Government agencies and business to business disputes, and ensuring the impact on small and medium size enterprises is fully considered in the introduction of new regulations.

The Commissioner is also responsible for the Retail Leases Act 1994 and the Retail Tenancy Unit reports to the Commissioner. The role has been modelled on the successful Victorian Small Business Commissioner arrangements but has a wider policy and advocacy role and I believe therefore will be better here in New South Wales than it is in Victoria.

The position of Small Business Commissioner is Senior Executive Service level 4. The appointment is

for four years.

The Hon. PETER PRIMROSE: It is a lot to do with no new staff. In your budget release of 6 September you stated that the Small Business Commissioner would provide, "a simple low cost dispute resolution system that will cut through red tape". Can you please tell us the nature of this dispute resolution system?

The Hon. KATRINA HODGKINSON: I will refer that to the Commissioner.

Ms KING: What we are in the process of establishing is a mediation service or alternative dispute resolution service consistent with what is currently run by the Retail Tenancies Unit. The intention is to expand on that remit and at the moment the disputes that we have had referred we have been able to deal with informally, so they have not required formal mediation but we will simply be leveraging off the existing structure in the Retail Tenancies Unit.

The Hon. PETER PRIMROSE: What model will you be basing that on? Is there a model you will be using?

Ms KING: It is along the lines of the current arrangements that Victoria has, except that the pricing structure that Victoria uses we are in the process of reviewing and seeing what is more relevant for the New South Wales arrangements, given that there is already a mediation service in place in relation to retail tenancy.

The Hon. PETER PRIMROSE: How much do you expect it may cost?

Ms KING: At this stage we are still formulating what is going to be the optimum model.

The Hon. PETER PRIMROSE: Ball park?

Ms KING: It will be consistent with what is currently offered by the Retail Tenancies Unit.

The Hon. PETER PRIMROSE: Will it be different from what is offered by the Retail Tenancies Unit?

Ms KING: We are still in the process of formulating, so I would rather make sure that I have a complete picture of what is necessary, rather than speculate at this point.

The Hon. PETER PRIMROSE: It is fair to say it may be no different?

Ms KING: No, I did not say that.

The Hon. PETER PRIMROSE: How will it be different?

Ms KING: As I said, I am still in the process of formulating what is the optimal model and I prefer not to speculate what it is going to end up being.

The Hon. PETER PRIMROSE: You are not sure how it will be different at this stage, is that right?

Ms KING: As I said, we are currently in the process of looking at what is going to be the optimum model. I have only been the role for six weeks and I am not prepared to speculate what it should be.

The Hon. KATRINA HODGKINSON: I note, Honourable Member, as the Commissioner says, this is a recent appointment and it is a first for New South Wales so it has been welcomed very broadly but obviously there is going to be a few things to work through in order to get it right and these things will take time. We will probably be in a much better position, I suggest, after a few months perhaps has elapsed in order to answer more specific questions.

CHAIR: Next year.

The Hon. KATRINA HODGKINSON: As the Chairman says, I think next year will be the appropriate time.

The Hon. PETER PRIMROSE: Where will the dispute resolution take place?

Ms KING: We are currently using the same infrastructure as is in the MLC Centre. However, we are looking at what is going to be the optimum location for the unit, given that we do need mediation facilities and that has been done in conjunction with the overall strategy in terms of the location of the overall department

The Hon. PETER PRIMROSE: Small business in Lismore, how will they access the mediations?

Ms KING: Currently as per the Retail Tenancies Unit, where there is a small business requirement in a regional area we arrange for a mediation to take place at a place convenient for those small businesses.

The Hon. PETER PRIMROSE: Minister, what is the budget for that service?

The Hon. KATRINA HODGKINSON: It is part of the overall budget of \$2.3 million that I spoke about earlier. Just in relation to where mediation services will be conducted, there are currently a number of locations, including local government offices that are very welcoming for mediation services to be conducted within their premises. That will be part of that \$2.3 million.

The Hon. PETER PRIMROSE: I guess it is appropriate. You cannot disaggregate that because you do not know what they will be doing yet. On 2 June in your media release you stated "the reality is that the vast majority of small businesses do not have the resources to expend on expensive legal battles contesting genuine grievances of unfair practices". I note that you state that the will report to you on "impacts of unfair market practices". What is the timeframe for this report and what particular unfair market practices do you have in mind?

The Hon. KATRINA HODGKINSON: The Commissioner will report back to me on an ongoing basis any unfair market practices she sees. As someone who has been involved with small business for a significant portion of my working life I know that there are often cases that small businesses have to encounter that may be part of the day to day activities, what small business should be able to expect day to day, but then there are some, particularly with price, perhaps location of very large premises nearby small businesses and competition with particular items that can take small businesses by surprise. In some cases it is just going to be a matter of talking them through it, letting them understand that it is not just something that affects them but is probably fairly common throughout the small business field at large.

Ms King's role will be, to me, is to recognise that there are actually unfair market practices going on which are truly unfair and reporting back to me on that basis. We have already some examples of some advocacy that she has already undertaken, particularly in relation to what has happened in Oxford Street, Paddington on the infrastructure upgrade that the Honourable Member might have been made aware of.

The week after the Small Business Commissioner commenced her role on 15 August, her office was notified that small businesses in Oxford Street, Paddington had been suffering from significant financial loss due to infrastructure upgrade works being carried out by Ausgrid Energy. It is estimated that the business in one block alone had lost more than \$1.5 million in turnover from the previous week. Three days later the Commissioner attended a meeting of the Paddington Business Partnership to learn how these small businesses were being affected.

The Commissioner learnt that traders were suffering a significant loss of trade during the time the works were in front of their shops or across the road. During each segment the works the parking on both sides

of the street was removed for several blocks of Oxford Street and each segment of the works lasted between four to six weeks. Small businesses understandably were very concerned by Ausgrid's plan to continue works until the middle of December 2011 and, as you can understand, the lead-up to the Christmas trade would have seriously disrupted their holiday trading period.

I know if it had been me I would have been equally upset. Most retail business depend on strong summer and holiday trading periods to generate the cash flow that keeps them in business during the rest of the year. The busy trading period for retailers begins in mid-October. Many traders on Oxford Street were concerned that their business would fail if Ausgrid's plans were not changed.

The following day the Commissioner met with a senior manager from Ausgrid to advocate on behalf of the Paddington traders. The Commissioner's office visited and surveyed more than 50 of the small businesses in Oxford Street to better understand the impact the works were having on them. Ausgrid reviewed their plans and agreed to end disruptive day works by the end of October 2011. That is not a bad sort of an outcome.

The Hon. PETER PRIMROSE: Would the Commissioner be prepared and able to intervene in similar works undertaken by local councils?

Ms KING: I have already had a number of requests from people regarding problems with local councils. I have in each case gone out to see the council involved and tried to work out an arrangement, taking into consideration that they obviously have a requirement to upgrade their infrastructure but that they have more appropriate consultation with the traders involved, such as for example not having parking Inspectors waiting at every opportunity to ping parking fines et cetera.

The Hon. PETER PRIMROSE: In relation to, Minister, your budget release on 6 September, you state "legislation will be soon be introduced into Parliament to formalize the establishment of a statutory framework for the Office of the small business Commissioner". What is the legal source of the Minister's current powers?

The Hon. KATRINA HODGKINSON: I will take that on notice thank you.

The Hon. PETER PRIMROSE: The Government has announced a policy on cutting red tape by 20 percent during the current term of Parliament by introducing a one on two off rule for the regulations. What is the overall reduction in regulations that you have achieved to date in the Office of Small Business?

The Hon. KATRINA HODGKINSON: In line with the NSW Government's economic growth plan, for every new regulation adopted two regulations will be discarded. This requirement will apply to all departments and agencies. That means they have to think twice before introducing any new regulations. The Director-General of each cluster will report annually on the number of new regulations introduced and their financial impact as well as the number of regulations repealed each year.

Running a small business is no easy feat and the NSW Government is committed to getting on with the job or making New South Wales number one again by reducing the burden of regulation of the State's 650,000 plus small businesses. Data from the Productivity Commission revealed that the former Government, as at 30 June 2007, New South Wales had more than 1200 acts, the highest of any State or Territory and 400 more than in Victoria, which was the second highest.

Regulatory reform is the key priority for the NSW Government and through the one on two off policy initiative, we are delivering real outcomes for small businesses. Overall we are looking at having a reduction of 20 percent of regulations over the first four year term. I know that is very ambitious but that is our goal.

The Hon. PETER PRIMROSE: What have you achieved to date?

The Hon. KATRINA HODGKINSON: The overall benefit is for small business.

The Hon. PETER PRIMROSE: I understand the benefit. What have you actually achieved to date?

The Hon. KATRINA HODGKINSON: As I said, the Director-General of each cluster is going to report annually on the number of new regulations introduced and their financial impact and on the number repealed in each year. We have not yet been in office for a 12 month period. This will be occurring on an annual basis.

The Hon. PETER PRIMROSE: What regulations are you looking at targeting?

The Hon. KATRINA HODGKINSON: Many across my portfolios.

The Hon. PETER PRIMROSE: Can you name three?

The Hon. KATRINA HODGKINSON: Within the Department of Primary Industries?

The Hon. PETER PRIMROSE: No, in small business.

The Hon. KATRINA HODGKINSON: The Honourable Member will appreciate that the whole aim of this is to actually benefit small business.

The Hon. PETER PRIMROSE: I understand. I think it is a great initiative.

The Hon. KATRINA HODGKINSON: There are enormous amounts of regulations and red tape which impact negatively on small business.

The Hon. PETER PRIMROSE: I understand. Can you name three within small business?

The Hon. KATRINA HODGKINSON: Within the small business department itself, across all portfolios there will be many. The Office of Small Business was formerly under the Department of State and Regional Development. It has been tied up with different departments in the past. Now we have new arrangements in place but primarily where we are at with this is looking over the term of the Government to have a 20 percent overall reduction in regulations so, as I started to say earlier, the beneficiaries of this will be the small business operators, whether it be farmers - small businesses come in all shapes and sizes. If you are talking small business in relation to farming, there are many regulations which impact on farmers, from pesticide regulation, to OH&S, to workplace. There are so many regulations out there, 1200 acts within New South Wales under the former government. If we can do anything to simplify these regulations of small businesses I am sure they are going to be happy.

There are cases where we can streamline many regulations to have one regulation instead of having 12 or 15 and I have a number of examples within the Department of Primary Industries where that is actually happening and I am conscious of the need to reduce regulation.

The Hon. PETER PRIMROSE: Maybe if you can take it on notice to name three.

The Hon. KATRINA HODGKINSON: If you look at how many different small businesses there are within New South Wales, we have farmers who are small business people, architects are small business people, chemists, pharmacists.

The Hon. PETER PRIMROSE: Apart from providing information or advice, what actually can the Commissioner for Small Business do?

The Hon. KATRINA HODGKINSON: She is about to undertake a regional tour, I understand, of New South Wales, the first for a Small Business Commissioner in New South Wales. I might ask her to expand further on what else she is doing.

The Hon. PETER PRIMROSE: Apart from touring.

Ms KING: One of the things in undertaking the listening tour is to get first hand from small businesses what their current frustrations are in terms of the environment that they are operating with and, for example, even in the short time that I have been doing that there has been quite a number of approaches that my officers had in terms of areas where major players in a particular sector have been excluded from any consultation in the development of codes of conduct. I have had examples where people have had significant issues in interfacing.

The Hon. PETER PRIMROSE: Can I ask what you can actually do about those? I accept it is important to provide information and advice.

CHAIR: That question may have to be taken on notice if the Minister so wishes, as we are out of time. I will pass over to the Government.

The Hon. TREVOR KHAN: What is the New South Wales Government doing to boost small business confidence in New South Wales?

The Hon. KATRINA HODGKINSON: What a great question. I am glad that the Honourable Trevor Khan had asked such a pertinent question. I know the interest that the Honourable Member has in small business and I have visited his wonderful small to medium size enterprise there in Tamworth and I would like to commend him and his family on their operation and employment levels that they are adding to the Tamworth community. Well done.

The Sensis Business Index released just a month before the election in March 2011 revealed support for the Labor Government's policies amongst NSW business was the lowest in the nation. That result was not just a blip. Business confidence was the worst in the country, for all but a quarter of the past seven years, very sadly.

Businesses in New South Wales had clearly lost faith. They were burdened with higher taxes, more regulation and less support. It was enunciated more often than by their counterparts across the border. Our State's 650,000 small to medium sized enterprises rightly wondered how many more poor performance reports were going to be needed before it was recognised by Government that it had been failing small and medium enterprises. Without business confidence there is no investment, there is no employment, there is no economic growth and we know that there has been reports in the media over the past 24 hours that parts of the New South Wales economy are still facing very challenging conditions.

We are certainly mindful that different sectors of our economy are growing at different speeds. I know that even within my electorate and beyond that retailers in particular are facing very tough times. We have ever increasing numbers of shops closing their doors, empty outlets, and landlords having to admit that perhaps at some locations they are overcharging with their rents. Under the current circumstances we are facing all sorts of challenges.

Obviously our high Australian dollar and the relatively new on-line purchasing that seems to be sweeping the nation has certainly added to those concerns in that area. With the help of strong policies I am confident that we can boost small business confidence.

Within our first 100 days the NSW Government implemented three major small business policies, because the NSW Government is absolutely determined to restore the State's small business sector to the nation's premiership position. The vast majority of small businesses just do not have the resources to spend on expensive legal battles contesting genuine grievances of unfair practices. The NSW Business Chamber, as the Honourable Member would be aware, has been a consistent advocate for the establishment of a Small Business Commissioner in New South Wales but it took us to provide it.

I was determined that this was going to become a reality for the NSW Liberals and Nationals Governments and certainly within the first 100 days we came through with that policy and appointed our very first Small Business Commissioner, Yasmin King, before you here today.

The NSW Liberals and Nationals Government is committed to positive pro-jobs, pro-investment plan and we are committed to delivering this reform that we mapped out prior to the election to make New South Wales number 1 again. Ms King is serving as an independent advocate for the State's 650,000 small businesses. Her previous roles include Associate Commissioner for the Australian Competition and Consumer Commission, and principal consultant for Scott Work Australia, a negotiation skills development and training company.

As I pointed out previously just very briefly Ms King's role includes advocating for the small and medium enterprise business sector providing a central point where SME concerns about unfair market practices can be addressed in a low cost and timely manner through mediation, resolving disputes between SMEs and government agencies and ensuring the impact on SMEs is fully considered in the introduction of the new regulations.

The role has been modelled on the successful Victorian Small Business Commissioner arrangements, as she will consult with relevant private and public second door stakeholders to put any necessary arrangements in place to ensure the role meets the needs of small businesses in New South Wales in an effective manner. Within just months of being appointed Small Business Commissioner, Yasmin King has already affected real change in the realm of retail tenancy disputes. She has received a multitude of thanks from business owners who have sought her help, including some which I will read out in a moment, when they sought her help in a fight against infrastructure upgrades. The comment that came back to her was "thank you so much for acting so quickly on our behalf. We were just over the moon and felt it was a real David and Goliath victory. You are a force to be reckoned with". I wish people would say that about me. Congratulations, Commissioner. It just shows that the NSW Small Business Commissioner really means business.

Ms King has hit the ground running and has embarked on her first regional tour to meet small business owners across the State. It is going to be quite a tour. She will be visiting parts of New South Wales including Grafton, Lismore, Ballina, Albury, Wagga Wagga, Gunnedah, Orange, Bathurst, Kempsey, Port Macquarie, Maitland, Tamworth and even the hub - I am sure the Chairman will be very impressed to know that she is even going to the hub of Grenfell to hear about the challenges, the rewards and the highs and lows of running a business in this State, not just large centres but small centres as well.

Successive Auditors General highlighted the inability of the former Labor Government to pay small businesses on time. It was just incredible. It was absolutely shameful. I do not know how many cases I had as a local member. It could have been the Department of Health, or whatever it was. It was usually the Department of Health, I have to say, that was not paying the local butcher, not paying the local tyre service place to get the tyres on the car for the administrative officers in the Department of Health.

The Hon. TREVOR KHAN: They should hang their heads shame.

The Hon. KATRINA HODGKINSON: As the Honourable Member says, they should hang their heads in shame. The only way Labor scraped through their 16 years in Government was on credit that was extended by small businesses. It is true. What a shame to rely on the credit of small businesses extended to them.

The NSW Liberals and National worked tirelessly to get the former Labor Government to take up our 30 day benchmark policy for the sake of small businesses, but our call fell on deaf ears.

Earlier this year I announced alongside the Premier that after 16 years of increased tardiness Government agencies will now have to pay their bills to small business within 30 days. Our 30 day benchmark policy finally brings New South Wales into line with Victoria and the Commonwealth. After almost two decades of financial limbo under Labor, agencies that do not pay small businesses within this timeframe will be hit with penalty interest. That is currently at 13 percent. The policy applies to all goods and services supplied

by small business with annual turnover of \$2 million or less which goes even further than our election commitment of just invoices valued at \$1 million. In fact it is double.

We have also committed to a one off two off rule, which I was enunciating earlier during these proceedings, which will see two regulations scrapped for every new piece of regulation introduced. The NSW Government's one on two off policy will ensure that the State's small businesses will be de-tangled from years of Labor red tape. We are determined to reduce the red tape that is stifling the growth and prosperity of small businesses in New South Wales and, as such, we have introduced this one on two off policy on regulations. I thank the Honourable Member very much for his very thoughtful question.

The Hon. RICHARD COLLESS: Can I ask you to expand on that, particularly on the regional tours that the Commissioner has been doing. I have been looking after the Grafton electorate and I think you have already been to Grafton, Commissioner. Would you like to expand and tell us a little more about that?

Ms KING: I was in Grafton last week and basically toured the whole North Rivers area and spoke to a lot of people who were from the local community in addition to local chamber representatives and it was quite enlightening. There was a lot of frustration in relation to regulation and also the way it is administered. WorkCover was one of the oft cited problems but also one of the other key areas was local council. There was a lot of frustration about the lack of understanding of the impact on small businesses of just the time it takes to get things done and no understanding of the cost factor to them for that.

There was a number who indicated that they were no longer going to consider expanding because the barriers put in their way from the local councils completely prohibited them from doing so.

The Hon. KATRINA HODGKINSON: I think it is really important that it is recognised that the Commissioner does not just stand up for those businesses here in Sydney. They are extremely important, but she recognises that small businesses in this State do not just operate from Sydney. In fact 34 percent of the State's 650,000 small businesses operate in rural and regional areas, which is why Yasmin has worked hard to see her dreams for a regional listening tour become a reality. I understand she has been on the road since last week, meeting with small business owners as part of her inaugural regional listening tour, entitled Giving Small Business a Big Say.

The events are free. They are a big win for small businesses hoping to have their voices heard and acted upon in the corridors of Government. As you mentioned, she has been to Grafton. She has already visited the Grafton, Lismore, Ballina, Byron and Tweed Heads as well as Gosford. I thank her for interrupting her regional tour to be here with us today at short notice. I understand there was to be a breakfast held at Wollongong this morning but it was cancelled.

Ms KING: It has been rescheduled for tonight.

The Hon. KATRINA HODGKINSON: Thank you for breaking up that tour. You are then off to Albury, I believe, after Wollongong tonight, so it is quite a tour. Yasmin will also visit Wagga Wagga with me this week to officially launch Charles Sturt University's first small business management course and we will then venture further back into the Southern Tablelands and into the Central West. Bookings are recommended for all small business owners and operators wanting to attend.

Those events have been organised by the New South Wales Business Chamber and are still open to all small business owners and operators. They are welcome to attend regardless of any affiliation they may or may not have. It is very important for everybody to feel included. It is a fantastic opportunity for local businesses to speak directly with the Commissioner about the highs and lows of running a business as well as the challenges they face and how the NSW Government can best assist. Whether it is retail tenancy issues, the effects of the carbon tax, internet access, skills and training, operational expenses, or workplace regulations, the Commissioner wants to hear the warts and all stories of small business in New South Wales and I know there will be quite a number of very positive stories that you will hear and interesting stories that you will hear along the way.

Ms King's appointment is a coup for small business operators in New South Wales who have been entangled in the former Labor Government's red tape for far too long. As I mentioned before I am a former small business operator in retail. I know that rural and regional communities in New South Wales can and often do feel really disconnected from the services on offer in the bigger cities. I would have relished the opportunity to meet someone like the Commissioner for Small Business in my time in small business and discussed my passion for the industry as well as the challenges I met in my day to day business life. It was often difficult to get information, try as you may.

New South Wales has some of Australia's most dedicated and dynamic small business operators. It is important that we all visit their turf to meet with them and get a better understanding of the variety of issues affecting small businesses in different parts of the State but also to make sure they have the knowledge they need to expand those small businesses into more medium and even larger businesses. If it is their dream to be able to export, then to give them the means in which to do it and the advice and support they need.

I am really excited by the appointment of the Commissioner, as you can tell. I am sorry that some of the questions we may have been a little bit vague on earlier today. It is very much early days. It has only been six weeks. We had to go through an extensive recruitment process to ensure that the right person was selected. I believe we have done well with Yasmin King and she will really take small business forward, not just in metropolitan areas but certainly right throughout the regions from the larger towns and to the smallest villages and I wish her well on her regional tour.

The Hon. TREVOR KHAN: Minister, are you able to expand further on how the Retail Tenancies Unit has been incorporated into the Small Business Commissioner's office?

The Hon. KATRINA HODGKINSON: Thank you very much for the question. It is a good one because, as the Honourable Member opposite mentioned earlier the Retail Tenancies Unit, he did have some questions about that. It has been incorporated into the Office of the Small Business Commissioner. The Retail Tenancies Unit was created in 1995. It was set up under the Retail Leases Act of 1994. The Retail Tenancies Unit has provided information and dispute resolution services to the retail leasing industry since that time. In 2010-11 the Retail Tenancies Unit received 548 calls for information and advice. It provided 1,079 instances of informal assistance by Retail Tenancies Unit staff members at no cost to the parties involved and it facilitated the formal negotiation of 217 disputes with the assistance of a commercial mediator.

The Retail Tenancies Unit was moved from Industry and Investment to the Department of Services Technology and Administration, effective 1 July 2009, pursuant to the Public Sector Employment and Management Departmental Amalgamations Order 2009. The Public Sector Employment and Management Departments and Minister Amendment Order 2011 on 2 June 2011 effective 4 April 2011, moved the Retail Tenancies Unit to the Department of Trade and Investment Regional Infrastructure Services where the Small Business Commissioner is located.

On 22 August 2011 the Director-General of the Department and Trade and Investment Regional Infrastructure and Services appointed the Small Business Commissioner as the authorised officer for the purposes of part 2A security bonds of the Retail Leases Act 1994, so that was very soon after her appointment, just a fortnight or so after her appointment that that came through.

The Small Business Commissioner now offers information, strategic advice and dispute resolution services to the small businesses of New South Wales by using the existing skills and practices of the Retail Tenancies Unit. The Small Business Commissioner is reviewing the structure of the Retail Tenancies Unit to enable the most appropriate service provisions for small businesses. I am looking forward to the progression of the office of the Small Business Commissioner in the right way and look forward to her getting fully established, complemented with staff and really up and running.

The Hon. RICHARD COLLESS: No further questions.

CHAIR: We have a couple more minutes so I might put a question, Minister, if I may. Is it expected that the Office of the Commissioner will be able to look at anti-competitive practices? For example, the Tenancy Tribunal is specifically there to look at one type of transaction, that is tenant to landlord. What about the case of individual small businesses, or groups of small businesses being subjected to anti-competitive practices? Is the Commissioner able to look at that area, or is that a matter you are going to leave to the Federal Government?

The Hon. KATRINA HODGKINSON: It is a good question. I will pass over to the Commissioner. She is going to be reporting to me on unfair marketing practice where the ACCC is concerned and the Commissioner used to work with the ACCC so she would have a greater understanding.

Ms KING: As it stands, the Trade Practices Act is specifically designed to deal with that. I am in the process of working with the ACCC on the fact the at the moment the ACCC does not offer any informal or alternative mechanisms other than very expensive legal action so the intention is to work alongside the Commission and so we are working out what is going to be the best approach so that where there is an opportunity to deal with it informally or look at mediating an outcome, then Small Business Commissioners will deal with that. However, if it is a legal case, they have already indicated to me their appetite in a number of particular areas which I have a direct line into the Deputy Commissioner at any time to advise of things that I think they need to be taking a close look at.

The Committee proceeded to deliberate.
