

GENERAL PURPOSE STANDING COMMITTEE No. 5

Friday 9 June 2000

Examination of proposed expenditure for the portfolio areas

**INFORMATION TECHNOLOGY, ENERGY,
FORESTRY, AND WESTERN SYDNEY**

The Committee met at 9.30 a.m.

MEMBERS

The Hon. R. S. L. Jones (Chair)

The Hon. Jan Burnswoods
The Hon. R. D. Dyer
The Hon. D. J. Gay

The Hon. M. I. Jones
The Hon. A. B. Kelly
The Hon. C. J. S. Lynn

PRESENT

The Hon. K. M. Yeadon, *Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney*

Department of Information Technology and Management
Mr W. Watkins, *Director-General*

Ministry for Energy and Utilities
Mr P. Lee, *Assistant Director*

Sustainable Energy Development Authority
Mr Fogarty, *Executive Director*

State Forests of New South Wales
Dr R. Smith, *Chief Executive Officer*

Office of Western Sydney
Ms M. Ryan, *Executive Director*

Sydney Water Corporation
Mr A. Walker, *Managing Director*
Mr R. Quill, *General Manager, Transwater*

Minister's Office
Ms L. Baumgartner, *Senior Policy Adviser*
Mr P. Payne, *Liaison Officer*

CHAIR: I welcome you to this public hearing of General Purpose Standing Committee No. 5. First, I wish to thank the Minister and the departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio areas of Information Technology, Energy, Forestry, Western Sydney and Sydney Water. Before questions commence, some procedural matters need to be dealt with. As you would be aware, part 4 of the resolution referring the budget estimates to the Committee requires the Committee to hear evidence on the budget estimates in public.

Under Standing Order 252 of the Legislative Council, this Committee has resolved to authorise the media to broadcast sound and video excerpts of its public proceedings held today. The Committee's resolution conforms with the guidelines governing the broadcast of proceedings adopted by the Legislative Council on 11 October 1994. The attendant on duty has a copy of those guidelines.

I emphasise that only members of the Committee and the witnesses before them may be filmed or recorded. People in the public gallery are not considered to be part of the proceedings and, therefore, should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, as with reporting the proceedings of both houses of Parliament, you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee.

While there has been provision in previous years' budget estimates resolutions for members of a Committee and substitute members to refer directly to their own staff at any time, there is no such provision in the current resolution. Members and their staff are advised, therefore, that any messages should be delivered through the attendant on duty or the Committee clerks.

For the benefit of members and Hansard and the effective operation of this Committee, it is very important that departmental officials identify themselves by name, position and department or agency before answering each question. There is wide latitude allowed in the asking of questions on any of the budget estimates and related documents before the Committee. However, where a member is seeking information in relation to a particular aspect of a program or a subprogram, it will help the Minister, the Committee and Hansard if the program or subprogram is identified.

The Committee has agreed to the following format for the hearing. Specific time blocks of time will not be allotted to individual parties or members. Members will be provided with the opportunity to pursue specific lines of questioning until such time as they have exhausted the questions relating to that issue. I will endeavour to ensure that this process is as equitable as possible and that all members are given an opportunity to ask questions.

As you would be aware, a period of two hours has been set aside for today's public hearing. If at the conclusion of the hearing members have not exhausted the questions to which they require answers, the Committee may decide to hold additional hearings before it is required to report on 23 June 2000. I understand that the lower House is sitting today, and the Committee has decided that members will continue to ask questions if the Minister is called to a division so that this hearing is not interrupted.

Mr YEADON: Mr Chairman, do you have the authority to ensure that I do not attend divisions?

CHAIR: No. You may attend the division.

Mr YEADON: The Committee will continue to deliberate while I attend to the division. I misunderstood. Thank you for the clarification.

CHAIR: You are here at your pleasure. I declare the proposed expenditure open for examination. Are there any questions? A number of school captains of high schools from all over Australia will be here shortly, Minister. We will welcome them when they arrive.

I have a question of Alex Walker, the Chief Executive Officer of Sydney Water. What commercial provisions have been made for a major class action against Sydney Water or the Government in the event that your expert advice regarding potential health risks to Glenaeon schoolchildren from the Scotts Creek vent should prove to be incorrect? What commercial recourse have you negotiated with the Department of Health for such an eventuality in the memorandum of understanding between your two organisations? Do you have a similar commercial underwriting of risk with other advisers, such as Professor Kerr and Holmes Air Sciences?

Mr WALKER: Mr Chairman, there is no commercial provision for any such action. No such action is anticipated. There is no specific commercial arrangement with the Department of Health—that is not covered by

our memorandum of understanding—and there is no commercial arrangement with any of the expert witnesses who were involved in the inquiry into the Scotts Creek vent under the Waterways Advisory Panel or directly through the mediation process with the community.

CHAIR: Are you aware of legal advice that the school may indeed be forced to close because of the health risk posed by the vent, and that if it were forced to close it would then take action against Sydney Water?

Mr WALKER: I am not aware of that, Mr Chairman.

CHAIR: What would you do if that were the case?

Mr WALKER: That is a hypothetical question. The advice that I have, which was confirmed by the findings of the Waterways Advisory Panel and also in writing from the Department of Health, is that there is very low risk associated with the vent and that all of the advice that Sydney Water has is that the viability of the school, if anything, should be improved.

CHAIR: By pollution?

Mr WALKER: By removal of the sewage overflow point, which is in fact closer to the school than the proposed vent.

CHAIR: Are you aware of just how close the vent is to the school?

Mr WALKER: It is approximately 80 metres, I understand.

CHAIR: And are you aware of the geographical conditions of the area where the vent is situated?

Mr WALKER: I have read some of the relevant reports.

CHAIR: Have you visited the site yourself?

Mr WALKER: I have.

CHAIR: Are you aware of the upset at the school, and of the concern of parents and teachers about the proposed vent?

Mr WALKER: Yes, I recently received a delegation from the principal of the school and two of the parents.

CHAIR: Are you aware of an alternative proposal to vent those gases at the Manly sewerage works?

Mr WALKER: I am aware that through the mediation process—and, I understand, also under the Waterways Advisory Panel's inquiry—various alternatives were considered and evaluated, both from a technical and commercial point of view, but that they were all ruled out in favour of the proposed solution.

CHAIR: Do the parents, teachers and children of Glenaeon school look forward to having a vent 80 metres from the school?

Mr WALKER: I cannot comment other than from the point of view that was put to me recently by the delegation.

CHAIR: Have you costed the alternative of installing a pipe to transport the gas through to Manly?

Mr WALKER: Estimates have been made of that proposal, yes.

CHAIR: Were they serious estimates?

Mr WALKER: They were certainly serious estimates and they were, as I understand it, accurate enough for the purpose.

CHAIR: Is it true to say that the cost of that would be about \$16 million?

Mr WALKER: It is of that order, I understand, yes.

CHAIR: Are you prepared to expend that money to avert the possibility of Glenaeon schoolchildren breathing in polluted air?

Mr YEADON: I think that is a false premise.

Mr WALKER: That is not the advice that has been given to me by the Department of Health.

CHAIR: What if your advice is wrong?

Mr WALKER: I accept the advice that I have been given, Mr Chairman.

CHAIR: If in time that advice proves to be incorrect, would you then instal the pipe?

Mr WALKER: I have to repeat, I accept the advice that I have been given.

Mr YEADON: Perhaps I might comment, Mr Chairman.

CHAIR: Please do.

Mr YEADON: I think you have to look at this situation in the broader context. The Northside storage tunnel will, in fact, improve the existing environmental situation. What needs to be understood is that when sewage overflow events occur on the north side of the harbour at the present time, and they occur somewhere around a dozen to perhaps 15 or 20 times a year, raw sewage diluted with stormwater flows freely into Scotts Creek and in fact deposits in very close proximity to the school to which you made reference. I emphasise the fact that it is raw sewage.

The northside storage tunnel proposal will rectify that situation to around 90 per cent, which will ensure that there is not raw sewage overflow. I understand that there is already a vent—admittedly, of a much smaller capacity—contained virtually within the school grounds. As Mr Walker has indicated, this vent is a greater distance from the school. The advice that we have received from numerous sources—academia, the Department of Health and experts in this area—and also the experience that we have gained from many years of sewage treatment plant operation, and from workers active in these locations for lengthy periods of time, verifies the fact that the proposal for the northside storage tunnel vent at Scotts Creek is the best possible solution.

We are certainly aware of the concern of local residents, and particularly of the principal of Glenaeon school at Scotts Creek and the parents of the schoolchildren. We have gone to extraordinary lengths to address those concerns. As Mr Walker has indicated, a very, very lengthy period of mediation and re-examination by the Waterways Advisory Panel, and all of the bodies concerned have indicated that this is the proper and appropriate approach.

CHAIR: How have those concerns been addressed if the vent is going in and the pollution is coming out?

Mr YEADON: We have tried to address their concerns by demonstrating to them from numerous sources of expertise and authority confirms that the advice concerning this proposal indicates that is safe and the best possible proposal that can be put in place. Addressing their concerns does not mean that you agree with them at the end of the day. We have endeavoured to go through this issue with them in detail through a whole range of sources, and all of the information that we have provided to them verifies the fact that this is the best possible solution.

CHAIR: Mr Walker, what detailed supporting information do you have, in addition to the letters from Professor Kerr and the New South Wales Department of Health, to accurately validate their assertion of acceptable risk to the schoolchildren and residents of Scotts Creek? Did you design this health research process to include formal written peer review by independent and community experts?

Mr WALKER: I cannot answer the question in full at the moment. May I take that question on notice and make sure that all of the information is provided to you. I have simply satisfied myself that the available expertise has been brought to bear on this issue, and the community, through the mediation process, were given

the opportunity to bring forward experts in this field to put their point of view. Sydney Water established that mediation process in consultation with Willoughby Council. We shared the cost of the mediation process with Willoughby Council. We have undertaken to cover the additional costs of the community and the school, and we refused no expert advice.

CHAIR: The mediation process has failed the people of that area. The mediation process simply has not worked and they are totally dissatisfied.

Mr WALKER: I can understand it from the point of view of the parents. They failed to establish a case. They might well be disappointed, but the fact was that all of the advice was considered. It was considered also by the Waterways Advisory Panel, and the advice that I have is that the venting proposal is safe.

Mr YEADON: I would add to that, Mr Chairman, that Mr Walker has made a very important point that the Scotts Creek school group failed to establish its case. I think that that point needs to be recognised. It is not the fact that the mediation process was a failure. I understand their disappointment, but they failed to establish their case.

CHAIR: Sydney Water has failed to establish its case, Minister, to the satisfaction of the residents. That is the truth of it.

Mr YEADON: That is not so.

CHAIR: Now I ask a question of Mr Ron Quill, if I may. Mr Quill, were you a participant in the mediation process and did you sign the final report of Sydney Water?

Mr QUILL: Yes, I did.

CHAIR: Who paid for community participation in the mediation?

Mr QUILL: The costs were shared between Sydney Water and the community, Mr Chairman.

CHAIR: Did the mediation process agree to seek engineering or operational alternatives should the panel of experts not be able to form a consensus view of risk or safety?

Mr QUILL: I assume you are referring to the health experts. A panel of experts was consulted by the mediation group. It concluded that there was a health risk at Scotts Creek, but was not able to quantify the risk.

CHAIR: I understand the community ran out of money whilst you were both working on alternatives and that the alternatives acceptable to the community were outside your current budget approvals. Is that correct?

Mr QUILL: No, Mr Chairman.

CHAIR: That is not correct? Given that you formally agreed in writing during mediation with this community to seek an engineering or operational alternative to the exhaust vent as currently designed, regardless of any Health Department advice, what process are you now following to ensure that an acceptable solution is designed, budgeted and implemented prior to the Olympic Games?

Mr QUILL: Well, Mr Chairman, I think to some extent that question has been answered. We sought advice from our own experts and from the Department of Health. The Waterways Advisory Panel also considered the matter and our advice is, and it is consistent advice, that the health risks associated with the operation of the vent are insignificant.

CHAIR: Are you perfectly sure about that?

Mr QUILL: I am confident, Mr Chairman.

CHAIR: If you are proved to be wrong, what then?

Mr QUILL: I am confident in the advice that we received.

CHAIR: If, eventually, there is a problem with it and it is proved that the pollution will affect the children, what will you do?

Mr QUILL: I can only restate that we are confident in the advice we have received. The advice has come from eminent experts in the field, and we have no reason to believe that that advice is at fault.

CHAIR: Sydney Water has tabled documents that show budget variations of around \$13 million to rearrange works at Tunks Park, as a result of specific community concerns. There is now no venting of gas at Tunks Park. From a perspective of probity, would you explain the widely different investments and dramatic imbalance of environmental air impact between the two communities of Scotts Creek and Tunks Park? How would you satisfy the Committee that there have been no improper dealings between Sydney Water and these two communities?

Mr QUILL: I find the last part of the question difficult to answer and I may have to take that on notice, but I will attempt to answer the first part. Simply from the point of view that there were costs associated with establishing the site at Tunks Park, the site was moved from an area at one end of the park to the waterfront. We looked generally at the cost differences between the original site and the current site, and there is not a great deal of difference in those costs. So, there is, therefore, no disproportionate allocation of costs at Tunks Park.

The Hon. D. J. GAY: Mr Chairman, may I indicate that the Opposition has a series of questions relating to water that it wishes to ask. Given that we have used up almost 20 minutes of allocated time and have three subjects to deal with, we may approach the Committee to deal with this aspect at another time. We have to move on to the other areas of information technology and western Sydney.

The Hon. C. J. S. LYNN: In the foreword to the Western Sydney Budget Statement for 2000-01, projects totalling \$4 billion are listed as highlights of expenditure for western Sydney. Those items belong to the education, health, community services, transport, roads, housing, water and environmental portfolios. Why did you not have the Ministers responsible for each of those portfolios sign off on the Western Sydney Budget Statement?

Mr YEADON: I think it is important to recognise that I am not a substitute Minister for a whole range of other portfolios. It is without doubt that western Sydney, in one form or another, has all elements of government activities as you would expect, given its size and the community and economic activity that occurs in that region. The objective of the Western Sydney Budget Statement is to provide much more qualitative information to the community of western Sydney so that the community knows where money is being spent and where it may be spent on funding programs in the future. In other words, qualitative information so that gaps in service delivery, infrastructure and the like, can be identified. We put that document together for that purpose.

We had a great deal of assistance and co-operation from other Ministers and their departments in compiling that document. It is an ongoing, dynamic process. We acknowledge that in respect of the first year the document it was basically a break-up of programs and the like. What we are seeking to do in the longer term in this process, which will take about five years, is to continue to drill into agency budgets to identify specifically the money that is going to western Sydney in all its shapes and forms—for example, money that is spent on wages for police, teachers and so forth—so that we end up with a document that is really quite qualitative in terms of its information, and its ability to guide future policy development and future government funding. In that sense, there is no requirement at all for other Ministers to sign off on that document. It is not that type of document, if you like, but I would suggest to you that the information contained within it is of a high degree of accuracy.

The Hon. C. J. S. LYNN: I am not disputing that, Minister, but you would agree that your signature on it would give the impression that you are personally responsible for each of those areas?

Mr YEADON: Certainly not. If you were engaged in the type of networks we have developed in the region of western Sydney you would know that the approach being adopted by my office and the Office of Western Sydney is that of co-ordinator in western Sydney—to facilitate collaboration. The approach that is being adopted is to look at models that have been put in place or been developed around the world that have been successful in relation to economic and social development, such as Silicon Valley in California on the west coast of the United States.

If you look at that over a number of decades, you will see that what really produced the extraordinary economic dynamism and the technological advances was close collaboration with a whole range of players from

various backgrounds to bring their particular expertise to bear on an overall project or approach. That is what we are endeavouring to do in western Sydney. We are doing that in a very successful way. The community of western Sydney—local government, the broader community and, particularly, business—have recognised what we are doing. They have fallen in with us and are supporting us in an extraordinary way.

The Western Sydney Industry Awards have been an amazing success. In fact, we have had trouble finding venues to accommodate all of the people who wished to attend that function. Similarly, we have had trouble finding accommodation for the number of people who wanted to attend the Western Sydney Budget Breakfast that we hold. They understand that our objective is co-ordination. It is not a matter of taking over responsibility for other portfolio areas but, as I have tried to explain to you, to try to identify how we can maximise our economic potential. I act as facilitator in that regard. As concerns, ideas or approaches are put forward by various players in western Sydney, I approach other Ministers, their departmental officers to see how they can bring their resources and expertise to bear in relation to the project or initiative under consideration.

That is really being applauded by regional organisations such as the Macarthur Regional Organisation of Councils [MACROC], the Western Sydney Regional Organisation of Councils [WSROC], and the Greater Western Sydney Economic Development Board. If you look at the foreword to the recent Western Sydney Budget Statement you will note that I explain in detail how this collaborative model is working.

The Hon. C. J. S. LYNN: What was the cost of conducting the 2000 western Sydney business awards?

Mr YEADON: I will give you the precise figure in a moment, but the important point to recognise about the Western Sydney Industry Awards is that they are conducted through sponsorship. The Office of Western Sydney has a sponsorship program. It ranges in ranking from platinum through to gold, silver and the like, matched to the various levels of contribution in terms of sponsorship.

That money is used to conduct the Western Sydney Industry Awards. The sponsorship figure for 1999-2000 totalled \$330,000, a very successful sponsorship attraction I might say. I take the opportunity to congratulate Margaret Ryan on her excellent work in regard to bringing that event together, including attracting sponsorship.

The Hon. C. J. S. LYNN: Are you be able to provide the break-up of that sponsorship between private business, government corporations and the Office of Western Sydney?

Mr YEADON: I will take that question on notice and provide you with that break-up.

The Hon. C. J. S. LYNN: How many staff are dedicated to the organisation of the annual western Sydney business awards?

Mr YEADON: Two staff members from the Office of Western Sydney have primary carriage of the Western Sydney Industry Awards, but I emphasise that that is not their only task. Certainly, as we are coming up to the final event of the awards each year, their level of concentration on that particular task increases. There are two full-time staff members, but that is not their only function.

The Hon. C. J. S. LYNN: If a business or industry were to criticise the Government over a particular policy area, for example, the failure to honour a promise to lower payroll tax, would that have an impact on the assessment of its suitability for an award in that particular category?

Mr YEADON: Absolutely not. I really need to emphasise that no government or political players are involved in the assessment of businesses in western Sydney, although there is one exception. I must identify one exception. The Federal Liberal member for Parramatta, Ross Cameron, was involved last year as one of the judges. That is the only political presence that has ever been involved. This year he was not a participant. The Office of Western Sydney's sponsorship agreement and policy were developed with advice from legal counsel in the former forests and marine administration, which I had under my ministry at that time, and also on advice from the Independent Commission Against Corruption [ICAC].

ICAC has advised the Office of Western Sydney that its sponsorship agreement and policy have been placed on the commission's best practice database. The awards are also overseen by a steering committee of which a majority of members represent the private sector. Membership includes individual companies through a large peak employer organisation, such as the Australian Industry Group. Sponsorship, judging and application

arrangements are governed by clear policy and guidelines developed by the Office of Western Sydney. Judges are also selected from advice received by the steering committee and award category committees.

As I indicated, Ross Cameron, the local Federal member for Parramatta, has been the only political figure involved on the committee, but certainly not on sponsorship. I again commend all of the judges and the people involved in assessing the Western Sydney Industry Awards. We like to think that we are extraordinarily innovative in developing these awards. I think that is one reason they have been so successful. We have picked up the criteria of what we regard as the new economy to assess these organisations, and that is basically the emerging view of business in needing a triple bottom line. In other words, if they are not socially and environmentally responsible, then their financial bottom line will suffer. So the triple bottom line is for businesses to be financially successful, socially conscious and environmentally aware.

There has been a whole range of recent incidents where companies have suffered as a result of not paying attention to two of those triple bottom lines. One you might recall was Nike shoes, which were the best selling shoes in the youth market in recent times, but when information reached the public arena about alleged exploitation of workers in third world countries, that organisation's sales simply plummeted in the youth market. It was not due to any decline in the quality of the shoes or the manufacturer's quality of product but simply was a reaction within the community as a result of that company being negligent in relation to its social bottom line.

We are really leading the country and are at the cutting edge in world terms in assessing these firms. You will see the benefit of this type of activity emerging in western Sydney. There is a whole range of clusters of industries that are shifting into the new economy, doing traditional things like sheet metal and so forth. Advanced Metal Products at Ingleburn is really putting digital and information technology right into the fundamental level of its business, and is experiencing extraordinary export growth and financial success. It will really be a good news story, and western Sydney will be a fundamental part of that success story as we move through the next decade.

The Hon. C. J. S. LYNN: Minister, given that the organisation of business awards is not a core government function and the fact that there are private business organisations that specialise in organising business award-type functions, why do you not put the western Sydney business awards out to private tender?

Mr YEADON: It comes back to the partnership and collaboration approach that I spoke about earlier. It is not a matter of the Government saying, "Look, you need to go and get yourself together and work on being successful." It is truly a partnership, and that is very much recognised and welcomed by business. Indeed, a number of successful award winners have indicated that when they are abroad, particularly in Asia, the fact that the New South Wales Government is associated with these awards and is recognised as being part of the award process in fact gives them much greater prestige and much greater integrity when they are operating in those markets and trying to sell themselves as successful businesses. Privatising the awards would remove one of the major advantages that business themselves in western Sydney see as a component of these awards, and that is the reason why they are not farmed out or outsourced.

The Hon. C. J. S. LYNN: Speaking of partnerships, according to chapter 2 of the Western Sydney Budget Statement, your office works with business, industry associations, the three levels of government, the University of Western Sydney, community organisations and other key institutions as part of a coherent strategy to assist the economic, social and environmental development in the region. Are you aware that the Greater Western Sydney Economic Development Board, which is funded by a separate government department and represents the business, government and community interests of 12 local government areas, regards itself as the voice of employment growth and economic development for greater western Sydney? Chapter 2 of the Western Sydney Budget Statement states that the Office of Western Sydney provides regional leadership across western Sydney. The Industry Development Strategy for the Greater Western Sydney Economic Development Board states that in Greater Western Sydney, the goals are many and different, leading to the formation of many powerful organisations with different objectives. It goes on to state that although many of the groups have similar objectives there appears to be no single expression of objectives that is accepted as the regional objective, requiring regional leadership; and that Team West has prepared a regional agenda which recognises the board's position as regional leader for economic development. My question is: Would you not agree that if we have two government-funded organisations in western Sydney claiming a leadership role for economic development, one of them is superfluous?

Mr YEADON: No, absolutely not. I think you fundamentally misunderstand the situation, if I can say that. The Greater Western Sydney Economic Development Board is not a government body. It receives some

funding from government, like all other regional economic development organisations and economic development boards around the State, but we work through the Office of Western Sydney, as we do with a whole range of other players. You have nominated some of them—MACROC, WSROC, the Australian Industry Group.

We work in a collaborative way with the board. We are certainly not out there to displace the board's role or to duplicate its role. In fact, the opposite is the case. We have a very specific approach and agenda, which is about partnering and collaboration, and the board is one of the partners. The Office of Western Sydney is certainly a government agency. The board is a community organisation funded by, amongst others, the Department of State and Regional Development, but that is only one source of its funding.

The Office of Western Sydney takes a broad strategic focus on issues in western Sydney, specifically covering jobs and economic development, social services and the environment. The Greater Western Sydney Economic Development Board is focused on only one of these issues, which, of course, is economic development. There is a great working relationship between the board and the Office of Western Sydney. For example, the board was a gold sponsor for the 1999-2000 Western Sydney Industry Awards.

In addition, the chief executive officer of the board, who is the Regional Manager of the Department of State and Regional Development, meets with the Executive Director of the Office of Western Sydney on a regular basis: but there is a much broader role in the Office of Western Sydney. It also develops new models for service delivery, as I am sure you are aware, being a western Sydney advocate and resident. You seem to be intent on demolishing the great momentum that is being built up in western Sydney at the present time in relation to driving its economic, social and environmental agenda forward. I do not know if people will applaud you for that.

The Hon. C. J. S. LYNN: My question related to duplication of resources. I want to see the resources used to the maximum impact, not duplicated.

Mr YEADON: Yes, and I have been at pains to point out to you that they are not duplicated. As I was going on to say, you will be familiar with Corporate Partners for Change, which is run by the Office of Western Sydney. It is an innovative model for providing training and jobs for young people, which begins with the immediate needs of businesses that want to employ young people. These young people receive industry and company specific training. The companies, in turn, agree to provide a specified number of jobs, traineeships or apprenticeships to successful trainees.

In summary, the Office of Western Sydney identifies priority issues in western Sydney, helps to develop innovative solutions to those issues in conjunction with a whole range of other players and works in partnership with business, local councils, the community and academia. The board receives a small amount of funding for programs, but the office does not get funding from the State Government Office of Western Sydney.

The Hon. C. J. S. LYNN: How many staff do you have in the Office of Western Sydney?

Mr YEADON: Thirteen staff.

The Hon. C. J. S. LYNN: Given that the roles as published in the Greater Western Sydney Economic Development Board Industry Development Strategy and the Western Sydney Budget Statement are almost identical, if you were to privatise the annual western Sydney business awards, your office would not really have an effective role. In other words, it is nothing more than a taxpayer-funded shop front.

Mr YEADON: Mr Chairman, the honourable member simply does not understand what is occurring in western Sydney. It is interesting to note that people purport to be advocates for that area clearly do not understand what is going on out there. I have been at pains to point out that the Office of Western Sydney is not just simply about conducting those awards. It has a whole range of other functions. I have been at pains to point out to the honourable member that there really is an extraordinary momentum occurring in western Sydney.

The line of questioning would suggest that it is becoming too effective and that the honourable member is most concerned about the breadth and depth of networks that are being developed by the Office of Western Sydney. In other words, virtually everybody who is anybody in western Sydney is involved in some way or another in this overall partnership initiative. I can understand that the honourable member is not too fussed about that because it ultimately reflects well on the State Government.

CHAIR: What return is expected by Sydney Water on the proposed sale of 8.3 hectares of surplus property at 356 Old Windsor Road, Seven Hills? Considering that much of the site supports the habitats of endangered ecological communities referred to in the Threatened Species Conservation Act. Will Sydney Water forgo the sale of this environmentally sensitive site and grant it to the people of Parramatta as a special nature reserve on the historic Toongabbie Creek corridor?

Mr YEADON: I am afraid that is a very specific question, Mr Chairman. I will have to take it on notice?

CHAIR: What budget does the Office of Western Sydney give to further the Parramatta River Foreshores program upstream of Lennox Bridge, Parramatta, for cycleway and ecological enhancements consistent with the principles of ecologically sustainable development.

Mr YEADON: The Office of Western Sydney provides no money to that program. That question would be more appropriately directed to the Minister for the Environment, Mr Debus.

The Hon. C. J. S. LYNN: With regard to information technology, are you aware that the Clinton and Blair governments are committed to connecting all classrooms to the Internet? When do you propose doing the same? You said that the Coalition's information technology policy outlined during the 1999 election campaign would be unrealistic and too expensive. How many classrooms in New South Wales have Internet access?

Mr YEADON: I could not tell you the number of classrooms that have Internet access. You would more correctly direct that question to the Minister for Education and Training. I can tell you that every public school in this State has a connection to the Internet. I might also say that New South Wales was the first State—not only the first country but the first State—in the world to achieve that remarkable outcome. The United States is still not there. Canada is still seeking to get there. Sweden is probably the closest to us.

I acknowledge that Sweden has had Internet connections to a range of schools for around a decade, but they have been in the more populated areas. Sweden is now just getting to the point where it is rolling out Internet connections to the more remote and difficult to reach areas. New South Wales is the first place in the world that has an Internet connection to every public school under its jurisdiction, and this Government is extraordinarily proud of that achievement.

The Hon. C. J. S. LYNN: What percentage of government services are online, specifically transactions such as bill payments, form lodgements, bookings, et cetera?

Mr YEADON: I cannot give you a total breakdown in percentage. The Government has indicated that by the end of 2001 all appropriate services will be online. I have to urge caution a little bit, and say that we have never claimed that we will put all services on line; it will be only those that we believe appropriate to be on line. Therefore, to look at what services are on line against the total number of services delivered by government would be a futile exercise, because there will be a range of services that simply will not, at least in the short to medium term, suit themselves to Internet delivery.

The Hon. C. J. S. LYNN: Are you able to give the Committee an indication of the services that will not be online by the end of 2001?

Mr YEADON: No, I cannot.

The Hon. C. J. LYNN: What progress is being made with the roll-out of the Government Service Network?

Mr YEADON: The Government Network Service [GNS] has been developed over the last couple of years in respect of a business case and tender documents. That went to tender, if I recall, late last year. The New South Wales Government is taking what I believe to be a very sensible approach in relation to the roll-out of the Government Network Service, unlike a majority of other States. I cite South Australia as perhaps the most telling example, where information technology services and/or networks have simply been contracted out to one proprietor.

New South Wales takes the view that, because this dynamic area is moving rapidly and the ground rules are changing in such a regular way, is not in the State's long-term interest to enter into a long-term contract

with one proprietor. In so doing, one runs the risk of being driven up a dry gully, if you like. In other words, one could end up off on a tangent and out of the mainstream of further technological development. As a result, the New South Wales Government tender for the GNS was awarded to six different proprietors or contractors, so that each of those players could bring their particular expertise, knowledge and skills to the roll-out of the Government Network Service.

We will be seeking to use the best possible technology approach to deliver the greatest bandwidth for the Government Network Service, depending on the particular geographic location. If I could give an example of that, fibre optic would be the preferred medium in an area such as the Sydney metropolitan area where the network is being rolled out to government offices. But for remote areas, LMDS or CDMA or, indeed, even ADSL will be more appropriate technologies to be applied, and I believe the six players that we have awarded the contract to will be able to bring a suite of technologies that will result in the best outcome for both costs and bandwidth on the GNS.

The Hon. C. J. S. LYNN: Has the GNS facilitated increased access to network services by business and community groups in rural New South Wales, as promised when the GNS was first mooted?

Mr YEADON: As I indicated, the tender was awarded recently. It has not yet rolled out. These things take time. What the Government is intent on doing, given that access will continue to be a problem, is to bandwidth in rural and remote areas or, at least, a range of rural and remote areas in the foreseeable future. With all networks, of course, you build in some capacity, some potential future capacity. You do not simply instal a network that is going to serve your needs today and not be able to accommodate your requirements tomorrow. As a result, some additional bandwidth will be available in various areas on that network for an undefined period of time. The Government is seeking to get the best bank for its buck, if you like, so that when that network is rolled out and there is spare capacity, and a need for access in a rural or remote area can be accommodated, then we will seek to provide bandwidth to those communities through the Government Network Service. That, as I say, will be a short- to medium-term solution.

We will ultimately begin to use up that bandwidth, but I would suggest that in the meantime other commercial solutions will be rolled out to those regional and remote areas. In that sense, it is a very worthwhile filler mechanism and one that will achieve the best return for the people of New South Wales. The Government will have an intranet that is first class and will ensure that we can deliver optimum services right around the State. At the same time, in the short to medium term we hope to provide a range of bandwidth services to be used as a community resource.

The Hon. M. I. JONES: Minister, \$18.5 million has been allocated to the connect.nsw project. It is stated that this is a whole-of-government electronic service delivery strategy. What is the Government doing about funding for development of its information technology content, and why is this funding focused only on access?

Mr YEADON: I am not sure that I understand your question. Unlike what might be regarded as dot.com players that are trying to develop content, government already has content. It has records, files, and information on a whole range of things of interest to the community that it has compiled over a long period of time—such things as environmental data and services under my broad portfolio, including the Land Titles Office, cadastral information and the like. The creation of content is not the issue for government that it may be for a range of other commercial players. Our task is to take the content that already exists within government on a range of legacy systems that are really quite varying platforms, and bring them together into a seamless one-window presentation for our community.

That window or portal has already been developed. It is called *nsw.gov.au*. I might say that my attendance at a recent international conference, where some 42 to 48 countries were represented, provided me with the opportunity to benchmark the type of activity that we are undertaking in the information technology area in New South Wales. Our portal, our one-window entry into government services and information, is simply the best in the world. Another area that may be as advanced or comparable to New South Wales is the State of Pennsylvania in the United States of America. Whilst they have a range of services and are regarded as one of the forerunners in the United States, even Pennsylvania representatives acknowledged to us when we were at this government leaders conference in Seattle, United States of America, that our portal was, indeed, first rate and outstanding.

The reason is that we have designed it so that it can be used intuitively. When people enter the website, they do not have to understand the labyrinth of government and how it is structured because the website is not

laid out in that way. That is in stark contrast to the way it is done in Pennsylvania. The website has details such as life events, life information, getting a driver's licence, becoming 18 years of age, births, deaths and marriages, and so forth, so that people can readily identify the information that they seek. New South Wales is really world class in the development of that portal. We are making great strides in terms of bringing those legacy databases that I spoke about earlier into a seamless proposition for delivery through that government portal.

One of the great benefits that exists now is that the middleware to bring all of these legacy systems together so that they can understand each other is now becoming much more available in off-the-shelf products, as they are called in the industry. There is no need to have an army of systems engineers to develop a particular proposal for you. That will allow us to be a very early adopter, but at a reasonable cost to the people of New South Wales. I would add that that is in stark contrast to Victoria under the Kennett Government who rolled out the Maxi system. Whilst I acknowledge that it is a good electronic service system, it cost the people of Victoria an arm and a leg to put in place. New South Wales will pay far less and we will have a comparable system.

The Hon. M. I. JONES: Why have staffing levels decreased, considering the increased levels of user agencies on the network, telecommunications contract agencies with websites and agencies using websites?

Mr YEADON: I am afraid I do not understand your question. Perhaps you could rephrase it or reiterate it.

The Hon. M. I. JONES: Is it correct that you have reduced staffing levels? I refer you to line item 50.3.1. You may take the question on notice if you prefer.

Mr YEADON: I am sure you are talking about the changes in structural formation that we are making within the property area generally. There has been no reduction in staff. What is occurring is a restructure to bring that agency up to a modern, digitally based land information provider. On 1 July 2000, the land property and valuing functions of the New South Wales Department of Information Technology and Management will be integrated into a new government business enterprise called Land and Property Information New South Wales, or LPINSW for short.

LPI will manage land and property information services across the Government, providing seamless electronic service delivery to business clients, the community and other government agencies. It will encompass services previously provided by a range of land-based agencies, that is, the Land Titles Office, the Land Information Centre which incorporates the Surveyor-General's office and the Valuer-General's Office. LPI will utilise advances in information technology to improve service delivery to clients.

CHAIR: Minister, I am not sure that that is precisely the information the Hon. M. I. Jones was seeking.

Mr YEADON: As I said, there will be changes in staffing responsibility as a result of the changes that are taking place under the LPINSW. A lot of people do not understand that to provide services electronically or to be engaged in e-commerce or e-business does not merely involve buying a computer, popping it on the table, connecting it up and away you go. If you are going to do it properly and achieve the sorts of efficiencies that can be achieved in this area, it is necessary to restructure these processes. It is not feasible to leave everyone in the positions they occupied prior to the introduction of this sort of technology. We are going through that process at the LPI.

CHAIR: I have two questions relating to Sydney Water, possibly for Mr Walker. The Waterways Advisory Panel report recommended that Sydney Water make water quality at Manly Lagoon a priority. Will the estimated \$17 million to fix the overflows and ex-filtration which pollute the lagoon be included in this year's capital works budget? If not, why not, and when will Sydney Water undertake this long overdue work?

Mr WALKER: I will have to take that question on notice, Mr Chairman. I do not have the detail.

CHAIR: Right. What is the estimated cost of retrofitting a pipeline in the northside storage tunnel to carry sludge from North Head? What is the cost to date of barging the tunnel spoil from Little Manly Point to White Bay?

Mr WALKER: I am afraid I do not have the detail of that either, Mr Chairman. I will have to take that question on notice also.

CHAIR: Will you be able to provide it to the Committee within a few days?

Mr WALKER: Certainly.

CHAIR: I now have a question in a number of parts relating to the use of activated carbon filters for filtration of the proposed sewage gas discharge at Scotts Creek, Middle Cove, just 40 metres from the Glenaeon school boundary. Can Sydney Water provide the following information proving their suitability for this type of installation including the following: What hydrogen sulphide measurements have been made at the inlet to the North Sydney ocean outfall system [NSOOS] scrubber at the North Head sewage treatment plant? Has the inlet air to the scrubber ever exceeded the clean air limits for hydrogen sulphide, and by what amount? Do you want these questions all together or individually?

Mr WALKER: I do not think I will be capable of answering them off the top of my head, Mr Chairman.

CHAIR: I will ask them. Perhaps you will tell me which ones you cannot answer. Can you provide copies of these measurement records? Have hydrogen sulphide measurements for the sewer atmosphere within the NSOOS and for the inlet to the NSOOS scrubber at the North Head sewage treatment plant been provided to the proponent's consultants for review? If so, could details be provided? Have hydrogen sulphide measurements for the sewer atmosphere within the NSOOS system and for the inlet to the NSOOS scrubber at the North Head sewage treatment plant been reported to the Department of Urban Affairs and Planning [DUAP] to assist in the assessment process?

Has the proponent sought performance guarantees from suppliers of activated carbon filters? Could Sydney Water name the suppliers, if any, who have offered to guarantee the maximum concentrations of hydrogen sulphide and odour that would be achieved for the maximum concentrations of hydrogen sulphide and odour that have been observed within the atmosphere of the NSOOS system and at the inlet to the NSOOS scrubber? Are details of the performance guarantees available?

Mr YEADON: I will just interrupt briefly, Mr Chairman, to say that I propose to attend a division and will return forthwith.

[The Minister withdrew to attend a division.]

The Hon. R. D. DYER: Mr Chairman, a point of order. That question is clearly highly technical in content.

CHAIR: Indeed.

The Hon. R. D. DYER: You, with respect, are wasting the time of the Committee. You ought to place such a question on notice.

CHAIR: Mr Walker is here today and he may well be able to answer some of the questions. He has detailed knowledge of this particular system by now, I would imagine.

Mr WALKER: Well, I can give you a general answer, Mr Chairman, if I may, and that is that I am assured by the people who are expert in this area that the hydrogen sulphide content of the Northside sewer is managed, is taken into account in the design of the filtration system on the Northside storage tunnel, but the detailed answers to your questions will have to be taken on notice.

CHAIR: I understand from discussions that have been undertaken with local suppliers of carbon filters that the equipment proposed for Scotts Creek is nothing like the fine carbon filters found in hospitals. How would such an error of fact combined with new evidence about legionella colonies thriving in moist carbon beds such as that proposed for Scotts Creek affect your view of appropriate safety? What process would you undertake to address the matter properly on behalf of the schoolchildren at Glenaeon and their surrounding community?

Mr WALKER: I am unaware of any such discussions, Mr Chairman, or any such error in fact. I can only reiterate that the design of the filter will be in accordance with the approval for the project and will satisfy the health outcomes.

CHAIR: In that case I will put the question to the Minister. There have been many compromises made in the design of the northside storage tunnel to meet one of the objectives to have it fully operational by the time of the Sydney Olympics. Given that you have only 98 days to run on this project, can you assure this Committee that all components of the northside tunnel will in fact be fully operational by 14 September 2000 as originally proposed in the environmental impact statement?

Mr WALKER: I cannot give the Committee that assurance right at the moment, Mr Chairman. I can report that the very last of the four tunnel boring machines has approximately 400 metres remaining to complete the tunnelling project. It is working in very difficult ground. No compromise whatsoever is being made, in particular with safety. The tunnelling is proceeding on a very cautious basis for that reason. I am unable to give any firm assurances about the completion on time, but that is still the objective, and we anticipate that that will be the case; that the project will be complete and operational by the Olympics.

CHAIR: What will be the date of the ribbon-cutting ceremony?

Mr WALKER: It is not anticipated at this stage that we will have a formal ribbon-cutting ceremony, Mr Chairman.

[Short adjournment]

CHAIR: The Committee will now deal with Energy.

Ms BAUMGARTNER: Could we wait until the Minister returns from a division before we start on a new area?

The Hon. D. J. GAY: I have questions on energy I can ask that I do not wish to direct to the Minister. How many bills remain outstanding following the continual problems with Integral Energy's billing system?

Ms BAUMGARTNER: That is a question for Integral Energy and not something that necessarily relates to the budget papers.

The Hon. R. D. DYER: Mr Chairman, in case the witnesses are not clear about the matter, would you advise them that questions seeking a matter of detail can be taken on notice, if necessary?

Ms BAUMGARTNER: We can take it on notice, over 70 days but our latest advice is that the number of bills outstanding has been reduced to below 20,000, which is a 28 to 30 per cent reduction since the Minister intervened.

The Hon. D. J. GAY: In monetary terms, what has been the cost to the company of being unable to issue bills on time or with the correct information?

Ms BAUMGARTNER: We would have to take that question on notice.

The Hon. D. J. GAY: Is the CSS billing system going to be GST ready by the end of the month.

The Hon. JAN BURNSWOODS: As the Minister said last night, acronyms are a problem. What does CSS stand for?

The Hon. D. J. GAY: Customer service system, I think, or words to that effect. It is a well-known term within the company.

Ms BAUMGARTNER: I am not clear exactly what CSS stands for, but I understand what the honourable member is referring to.

The Hon. D. J. GAY: Could I say that it is the latest billing system that has been put in place.

Ms BAUMGARTNER: Yes, it is. I understand that Integral is working towards it being GST ready on time. At this stage they are on target, and there do not appear to be problems.

The Hon. A. B. KELLY: What is your position?

The Hon. JAN BURNSWOODS: Ms Baumgartner is from the Minister's office.

The Hon. A. B. KELLY: I think it is inappropriate, Mr Chairman, to ask questions of a member of the Minister's staff.

CHAIR: She is apparently able to answer.

The Hon. A. B. KELLY: We should not ask questions if there is no-one available to answer them. A question should be asked of a specific bureaucrat or the of Minister.

The Hon. A. B. KELLY: Next we will be asking questions of the tea lady!

The Hon. JAN BURNSWOODS: I do not think we have them any more.

The Hon. D. J. GAY: Is Mr Lee here?

Mr LEE: Yes, I am here. I am not in charge of Integral Energy, the Minister is—sorry, the Minister is not, either.

The Hon. D. J. GAY: Mr Lee, you are the Assistant Director of the Ministry for Energy and Utilities.

Mr LEE: Yes, but we do not regulate Integral Energy.

Ms BAUMGARTNER: These are specific questions for Integral Energy. There would have been an opportunity for the Committee to request the CEO to attend, but no request was made. If there are any other similar questions, we could take them on notice.

CHAIR: We will go on to Forestry and come back to Energy later. With regard to the wood supply to the proposed charcoal plant at Gunnedah, can you show that the supply of fuelwood to this development will conserve and utilise the timber supplies to the best advantage of the State?

Mr PAYNE: That question should be directed to the Minister.

The Hon. A. B. KELLY: Or put on notice.

The Hon. JAN BURNSWOODS: Mr Chairman, we have discussed this before. A question with that level of detail would surely have been more appropriately placed on notice.

CHAIR: I have asked a very general question.

The Hon. JAN BURNSWOODS: The amount of charcoal available in Gunnedah?

The Hon. M. I. JONES: Mr Chairman, I would suggest because of the level of argument across the table that we patiently wait for the Minister's return and make alternative arrangements about having our two hours with the Minister.

CHAIR: We can do that, but in the meantime maybe Mr Payne could answer some questions. Can you guarantee that no sawlog material will be burnt in the charcoal plant?

Mr PAYNE: I can only reiterate my earlier answer, that that question should be directed to the Minister. We can take that on notice. However, that is a matter of government policy.

CHAIR: Can any questions be answered today?

Mr PAYNE: You may address questions of a factual nature to the Chief Executive Officer of State Forests. However, anything that impacts on government policy should be directed to the Minister. I am more than happy to take that on question on notice, however.

CHAIR: The chief executive surely could answer those two questions. I cannot understand why you say he cannot answer them.

Mr PAYNE: Because it is a matter of government policy.

CHAIR: No, it is a matter of whether sawmill material will be burned. That is not a matter of government policy, surely.

Mr PAYNE: The issue of wood supply agreements of that nature are subject to the Minister's approval. It is, therefore, a matter of government policy.

CHAIR: We are not talking about actual agreements; we are talking about whether sawlog material will be burned.

Mr PAYNE: That is a matter of government policy.

CHAIR: Do you mean to say that the Minister will decide whether or not sawlogs will be burnt? Is that what you are saying?

Dr SMITH: Could I just clarify that, Mr Chairman? Under the integrated forests approvals process, there is no option, no proposal and no approvals to actually burn sawlog material. Sawlog material is sold and is processed by sawmills. There is no intention to move outside that approach.

CHAIR: You are able to answer the question, apparently. Can we go back to the other question. Can you demonstrate that the proposed supply of fuelwood in this development will conserve and utilise timber supplies?

Mr PAYNE: I will take that question on notice, Mr Chairman.

CHAIR: Or reduce them? Have you any idea what price the charcoal plant will pay for the timber it uses?

Dr SMITH: There are still negotiations going on in a whole-of-government approach, Mr Chairman, but those issues are still being negotiated with the company, as is the overall project.

CHAIR: Can you give broad parameters, then?

Dr SMITH: From State Forests' point of view, it would actually be a commercial contract.

CHAIR: We are talking about public forests, are we not?

Dr SMITH: Yes.

CHAIR: Public forests.

Dr SMITH: Well, some of it is public; some of it could be private. That is up to the company.

CHAIR: Will the timber haulage to Gunnedah be subsidised?

Dr SMITH: From State Forests' point of view, no.

CHAIR: Will all the timber going to Gunnedah be processed at a sawmill beforehand?

Dr SMITH: Negotiations are continuing with the company into a number of areas associated with its proposed development, not only at Gunnedah but also at Lithgow. Under the current proposals, the preference is that all material will be processed at a sawmill.

[The Minister returned.]

Mr YEADON: That was a lengthy division.

CHAIR: We are talking about the wood supply to the proposed charcoal plant at Gunnedah. We have asked a few questions so far. The Committee was unable to elicit an answer to the first question in your absence,

so I will ask it again. Can you, Minister, demonstrate that the proposed supply of fuelwood to this development at Gunnedah will conserve and utilise the timber supplies to the best advantage of the State?

Mr YEADON: Mr Chairman, I am aware that Australian Silicon Pty Limited plans to develop a silicon smelter in the Minerals Processing Park at Lithgow. Australian Silicon Pty Limited is 90 per cent owned by the Australian mining company Portman Mining Limited and 10 per cent by Boral Mineral Industries Limited, so it is a home-grown show. The Government is considering the development of the project and is in negotiations with the company. The most recent meeting on that was yesterday, I believe.

The silicon smelter would provide over 300 direct jobs in three proposed areas of operation. That would be, firstly, the quartz mine at Cowra, a charcoal plant at Gunnedah, as you correctly identified, and the smelter itself, which will be located at Lithgow. A further 200 jobs would be created in construction of the smelter, but it is acknowledged that that would simply be for a period of time. There will be a significant injection of jobs—300 direct, ongoing, long-term jobs—in those regional areas that I have nominated. Proceeding with the project will bring a total investment in New South Wales of about \$150 million, so it is a very substantial project.

I am aware that the proposed mine and silica smelter are undergoing the environmental impact assessment process. Of course, my colleague the Minister for Urban Affairs and Planning is the consent authority. Charcoal is required as a carbon reductant in the production of silicon. The Government is currently working with the company to examine all potential sources of charcoal, including dedicated timber plantations, not native forests but plantations, wood waste and coal. Wood residues for charcoal production could be derived from the State's north-east forest regions—you will be familiar I know with those, the upper and lower north-east—where it is important to recognise that Regional Forest Agreements [RFAs] have been completed following a Comprehensive Regional Assessment. In other words, we are fully apprised of the sustainability requirements of that region.

Sourcing of wood residues from these regions—and I emphasise, Mr Chairman, that they are wood residues; there would not be the need to cut down a single tree expressly for the purpose of charcoal production—would be consistent with the integrated forestry operations approvals granted under part 4 of the Forestry and National Parks Estate Act, 1998. Let me remind the Committee that the Premier has given a commitment that the hardwood timber in the Pilliga and Goonoo State forests will not be logged for the specific purpose of charcoal production. I want to make that statement clear. The Pilliga and Goonoo State forests will not be logged for charcoal. That is not to say that there would not be some other sort of timber production process there at some future time.

CHAIR: You are saying that no tree will be chopped down specifically for charcoal? That is what you have said just now?

Mr YEADON: Absolutely. No tree will be cut down specifically and only for the purpose of charcoal production. As I emphasised to you, it is about using residue, sawmill and forest production residue. It is about using timber plantations. I acknowledge that they would need to be developed over time, but that is a very positive approach to that type of development because if the plantation is grown in a dedicated way for that project, it is sequestering carbon from the environment that would ultimately be used in a charcoal process so that what you have is a greenhouse gas neutral equation, which is a very positive thing.

The residue would also be a greenhouse gas neutral equation because if we did not use it in this process, it would remain as does now, stacked in large piles alongside sawmills or rotting on the forest floor. When it does that, it emits greenhouse gases into the atmosphere. I say that a better proposition is to use that product in an actual process. You end up with a product for the same rate of greenhouse gas emissions because those greenhouse gas emissions would occur on the forest floor, or on the woodchip or woodwaste pile that sits alongside a sawmill. It is a really smart use of resource.

CHAIR: Do you use pine as well?

Mr YEADON: Radiata pine is not an optimum source of timber for charcoal production. It is the eucalypt and native species that are more attractive to this organisation. In that sense, there is no big use of softwood in any way, shape or form.

CHAIR: Are you saying that no sawlog material will be burnt?

Mr YEADON: There will be no tree cut down specifically to be used in charcoal production. While softwood is not used for charcoal production, it is used in the process, to some extent, as a flux control or as a flux agent, which is a bit like flux when you are using it on a soldering job, if you want the analogy or the concept. Softwood is not indigenous to this country. It is grown purposely for timber products, so we do not see a problem with that. The Government's decision to give that assurance on Pilliga and Goonoo follows an assessment of the South Brigalow subregion of western New South Wales by the Resource and Conservation Assessment Council, better known to us all as RACAC.

I am advised that the company is keen to source as much wood as possible from hardwood plantations and has advised its willingness to proceed with plantation development generally west of the Great Dividing Range. This would link in a most positive manner with the objectives of the government to encourage reforestation in parts of the State where impacts of dry land and stream salinity are becoming increasingly evidence and are, of course, a major concern. I am sure that, as someone who is environmentally, you are familiar with our major salinity problem in western New South Wales and, indeed, right across many areas of Australia.

The great thing about this sort of project is that, if it gets off the ground, it has the ability to provide synergies. For example, a commercial operation will plant trees for its ultimate purpose—silicon production in this particular instance—but, at the same time, the growth of those trees will have a major impact on salinity restoration in western New South Wales. The benefits are enormous and wide ranging to the State. They go all the way from the efficient and sustainable use of our timber products to a very high value-added commercial product. Silica is highly sought after. It is a fundamental component in computer chip manufacture. The demand for that product certainly will not diminish.

The process that is being looked at by this company would result in the production of some of the best silicon that you could find. It is a very positive market, a \$150 million investment for New South Wales, the creation of 500 jobs, 300 of those being long term and permanent in areas that are struggling financially in terms of creating employment. I see the head of Country Labor vigorously nodding his head. That is absolutely right. These regional areas want those jobs. At the same time, we can have a commercial operation as a side benefit contributing to major salinity rectification in western New South Wales. I am sure that, as a concerned environmentalist, you would applaud absolutely that approach and the synergies that come out of that sort of project.

CHAIR: Can you guarantee then that the full environmental, social and economic costs of timber supplies to this charcoal plant have been taken into account, given that the FRAMES software used to estimate the available supply specifically and solely calculates the maximum amount of timber that can be extracted—of the value of that timber, the costs of road damage, road trauma or the significant negative social and tourism impact of some 12,000 return trips annually by log trucks in the region?

Mr YEADON: That would have to be worked through during the assessment process. In relation to this project, we are at the stage of the company developing its business case and we are looking at what is required for this project. If it is to develop further, there would need to be and would be, as you would know, a full environmental and community consultation process, which would include all impacts from such a process. Those matters would be looked at by Minister Refshauge in his capacity as the consent authority. You put emphasis on roads and the use of roads by State Forests. We are the first Government to really address that whole infrastructure issue for forestry. Legislation recently passed by this Parliament sought to put in place a regime to develop a fund.

The money accumulated in that fund will be used to assist local government in providing infrastructure like roads, the maintaining of roads, bridges and so forth if, as and when that infrastructure is required for forestry activity. So we really are looking at that as a separate issue, if you like. I am telling you about it so that you can be comfortable that that issue in general is being dealt with by this Government and by State Forests and, specifically in relation to this project, there would be full environmental and community consultation and assessment.

The Hon. D. J. GAY: The Government has highlighted the increase in plantations as an important aspect of forestry policy. Despite this, the Auditor-General's Report 1999, Volume 3, states that the targeted increase of 10,000 hectares in hardwood plantations was not met in the 1998-99 period, that is 6,767 hectares planted. In fact, the Government has not met its targeted increases in the time it has been in office. State Forests has advised that a reason for this is the delay in approvals required under the native vegetation legislation. Does

this not reveal a major flaw in the native vegetation conservation legislation that stifles the targeted increases in hardwood plantations in this State?

Mr YEADON: I would suggest that that question, at least in relation to the conduct of native vegetation approval, is one for my colleague the Minister for Land and Water Conservation, Richard Amery. In saying that, however, a range of reasons feeds into the delivery of plantation and those reasons go to such issues as the availability of land. State Forests needs to acquire land in a cautious way or in the least public way possible in relation to this project, because if there is an indication that State Forests is actively seeking to purchase land, that can get on to what is often called the bush telegraph, which may result in an escalation in price values that disadvantages the Government and State Forests, in particular, in relation to purchasing.

I acknowledge the Auditor-General's comments, but I would say to you that the Government is committed to plantations. We have certainly demonstrated that through the activity that we have undertaken, the plantation that we have put on the ground. We have doubled the plantation estate since we have been in office, which is in stark contrast to the 15,000 hectares that the previous Coalition Government left us.

One needs to look at the development of these types of issues, long-lead type developments, over a longer period of time than simply 12 months slots. We will be there at the end of the day.

The Hon. D. J. GAY: Does that answer mean you are happy with the fact that you have not achieved your targets in any year and that last year you only reached 70 per cent?

Mr YEADON: I am not overly concerned that we do not reach our targets each and every year. As I say, in the medium to longer term we will reach those targets. I have tried to explain to you some of the issues that surround achieving those targets each year. That does depend on not exposing your objective to the community so that you pay too high a price on behalf of the people of New South Wales for plantation property.

The Hon. D. J. GAY: How much money has been spent in promoting your forestry policies, the RFA process, et cetera, both prior to and since the last election?

Mr YEADON: You would have to direct that question to the Minister for Urban Affairs and Planning because he is the head of the Resource and Conservation Assessment Council [RACAC]. They deal with the public relations or public information side of our forestry process.

The Hon. D. J. GAY: But not your forestry policies? The first part of my question related to your forestry policies.

Mr YEADON: My forestry policies?

The Hon. D. J. GAY: Yes.

Mr YEADON: I would have to take that question on notice and provide the information to the Committee. That would vary to a whole range of small promotional things that we have done in regional areas right down to the sorts of promotional and public information facilities that are provided at West Pennant Hills, for example.

The Hon. D. J. GAY: I was impressed with the detail you gave in an answer on silicon but you are unable to give us any detail on simple questions about money.

Mr YEADON: You know as well as I do that a whole range of activities is undertaken by State Forests in regard to promoting policy and activity. I am a Minister, not a computer. I do not have a database of every dollar spent in that regard. I undertake to get it for you, but I do not have it now.

The Hon. D. J. GAY: Thank you. How many overseas trips have you taken since you have been Minister?

Mr YEADON: I will take that question on notice because I do not want to mislead the Committee and I would have to ensure that I include every trip.

The Hon. JAN BURNSWOODS: It is very difficult to relate it to the budget. It is a stupid question.

The Hon. M. I. JONES: Minister, in March this year you issued a media release headed, "400,000 Hectares of New Forest Reserves" in which you stated, "More than 400,000 hectares of new forest reserves to boost recreational opportunities for the people of New South Wales." Prior to that media release, how were the 400,000 hectares classified?

Mr YEADON: Classified as State forest. They would not have been under some of the reserved categories of State forest, but, by and large, State forest. Over the past five years the Government has worked towards and achieved a balanced outcome in forestry. The Government has created more than 1,400,000 hectares of new national park and reserves throughout New South Wales since 1995, as well as supported a sustainable timber industry, and we are very proud of that achievement. In addition to creating national parks and other formal reserves—

The Hon. M. I. JONES: May I interrupt you, please?

Mr YEADON: Yes.

The Hon. M. I. JONES: You have referred to 400,000 hectares of new forest reserves to boost recreational opportunities. If the 400,000 hectares were previously classified as forestry, there would have been no prohibition on their use for recreational opportunities.

Mr YEADON: Yes, but you must acknowledge that some areas of what was previously State forest with unprohibited access have now become national park and do have a range of access prohibitions on them, depending on the area.

The Hon. M. I. JONES: I am sorry, Minister, the media release says "new".

Mr YEADON: Let me explain the process, if you would, please. You have to look at this in the broader context of the Government's conservation and forestry policy. We have undertaken assessments and some areas have been identified for national park. Once that process was completed, we endeavoured to ensure that the remaining forest estate is managed in a sustainable way, and in a way that provides the maximum benefit to the community.

Areas within State forests, even though they are in State forests and not national parks, will have a range of conservation values which need to be protected and they have had protection zones placed around them. Other areas are used for timber production on a rotation basis. We identified clearly to the community the areas that they could access for recreational activities, such as picnicking, camping, four-wheel driving, motorcycling, horse riding, and the like. This has formalised that process.

It provides information to the community so that they can go into those State forest areas in the full and comfortable knowledge that they are authorised to do so, and enjoy them. So it is refining the whole process to ensure that particular areas in State forests are identified for particular uses and that information is conveyed to the community so that they can be comfortable in undertaking those uses in appropriate areas.

The Hon. M. I. JONES: I am sorry to come back to this, but the wording should therefore reflect that you have reduced the area to 400,000 hectares of old forest areas. It is totally misleading. However, I will move on. Did you authorise for green trees to be knocked over by bulldozers and left to rot on a track in Newnes State Forest? As a result, is the track now closed to all vehicles, including recreational vehicles? The track covers a 25 to 30 kilometre area along the length of what is known as the light line where the main powerlines run through Lithgow and into the back of Lidsdale.

In this State forest you need a \$15 permit to cut dead firewood off the ground—and cutting down dead trees is prohibited, let alone green trees. Did you authorise forestry workers or Integral Energy personnel to knock down those trees leaving them to rot and blocking trails? What do you propose to do with this covered track?

Mr YEADON: I am not personally familiar with the issue you have raised. I will take the question on notice and seek further details.

The Hon. M. I. JONES: The local forestry officers in the area, after numerous attempts to obtain information, are still getting back to us. That has been the case for some months now.

The Hon. D. J. GAY: The Forestry Act 1916 requires that all reasonable and practicable steps be taken to maintain an area of not less than 3.25 million hectares of land dedicated to State forests. State Forests now holds less than three million hectares. That figure is taken from the Auditor-General's Report 1999, Volume 3. Similarly, the Act requires the commission to ensure that not less than 600,000 hectares be dedicated as exotic conifers. At 30 June 1999 State Forests had a gross area of 260,670 hectares, with 207,980 stocked, 18,365 hectares available for planting and 34,225 hectares exclusions, roads and areas not suitable for plantation. This is less than half the amount required by the Act. Does this mean that government policy is now in breach of the Forestry Act?

Mr YEADON: That Act was formulated in 1916, as you quite accurately identify. I think it is fair to say that the community's values in relation to the conservation of the environment have changed significantly over that period of time. The Government's activity in relation to its forestry and conservation policy has reflected that change in community standards and that change in community view. I acknowledge that the 1916 Act needs to be further updated to reflect that new situation.

We have done that in respect of some aspects of the Act—for example, we have identified things like carbon rights and the provision of environmental services by State Forests—but I acknowledge that the Act really does need a major overhaul to reflect the very significant activity that this Government has undertaken in conservation and forestry over the last five or six years.

The Hon. D. J. GAY: Do you plan to continue in breach of the Act?

Mr YEADON: The situation as it exists on the ground reflects current community values. It is the Act that is out of date, not the community.

The Hon. D. J. GAY: So if you do not like it, you will just ignore it.

Mr YEADON: No, we are looking to undertake a wholesale revamp of the Forestry Act to reflect the activity we have undertaken in the last five years, but I have seen it as more important to actually get results out on the ground rather than just sitting in here fiddling around with the wording of an Act.

CHAIR: The Committee will now deal with Energy. I want to ask some questions about the Sustainable Energy Development Authority [SEDA]. There were some allegations that the budget had been slashed and that the Government has a commitment to SEDA. Do you have a comment on that?

Mr YEADON: When SEDA was initially formed by the Government the objective was to use that organisation as a major catalyst and driver of sustainable energy projects, developments and information. It was to work in conjunction with the community and various industries to implement sustainable development and, indeed, over time to become a self-funding organisation. In the early years of its existence, it received a particular level of funding.

If you go back to that time and look at the budget papers, you will see a gradual decline in its funding over time, which reflects the Government's objective of seeing SEDA initially seeded with money, becoming self-sustaining financially and ultimately not relying on the injection of government money directly. That policy is still in place.

CHAIR: Is it, therefore, getting enough money from internal sources to maintain its programs?

Mr YEADON: If you look at the budget papers, you will see an allocation of \$10.9 million to the Sustainable Energy Development Authority from the New South Wales Government. That, in conjunction with money it is making from its initiatives, is satisfactory at this point in time.

CHAIR: If SEDA cannot get obtain funding from external sources, will you maintain funding to ensure it can fulfil its function?

Mr YEADON: The Government will continue to monitor SEDA's financial and, indeed, policy and objective performance over the next few years. It will act appropriately, and make decisions at the appropriate time.

CHAIR: You do acknowledge that it is doing valuable work?

Mr YEADON: Absolutely. I am a great supporter of SEDA. I think many of its programs have been world leading, extraordinarily innovative. It has been a very successful organisation in collaboration and partnership with a range of industries. To nominate just one, the building industry in its broader sense has put the building energy star rating program in place. In doing that it worked with a whole range of players from architects to builders.

Everybody was very positive about that program. It is going to provide fantastic information, or does provide fantastic information, to the community. House purchasers will know the energy rating of a house and what they will save on their electricity bills over time. The savings really can be quite substantial. So SEDA is doing outstanding work. I have nominated just one program.

In fact it is interesting to note that the sustainable development industry is one of the fastest growing industries in the State, if not the fastest. Information technology and tourism are often identified as the highest growth industries in the country or in the State, but it is in fact the renewable energy area that is the highest grower, around 25 per cent. I acknowledge that it is coming off a much lower base than those other industries, but its growth is really quite extraordinary, and I believe SEDA is a major player in producing that sort of growth.

CHAIR: Are you privatising SEDA by stealth?

Mr YEADON: I am not privatising it at all, Mr Chairman. I go back to the earlier part of my answer to this question. When SEDA was initially set up the objective that was uppermost in the Government's mind was to get an authority in place that would do the sort of valuable work that SEDA is doing, but, over time, become self-funding. That is because we believe that it is economic opportunities that need to be exploited that are going to give us the best result in relation to, at least in the short to medium term, reduction in energy use and so forth. Because of that commercial component, the Government believed at the time, and still believes, that SEDA can be financially self-sustaining. SEDA needs the opportunity to demonstrate to us that it can be financially self-sustaining.

CHAIR: Can you give me any idea of the current spending per capita in New South Wales on sustainable energy and greenhouse reduction programs? How does that compare with the spending of other States, particularly Victoria and Queensland?

Mr YEADON: I would have to take that on notice given the component of your question that refers to per capita spending. I would need to seek that fairly detailed information from SEDA or other bodies. It may not even be available, but, if it is, I will certainly convey it to you.

The Hon. D. J. GAY: The State Owned Corporations Act of 1989 sets out some specific roles for you as the portfolio Minister. Can you inform this Committee what you see as the difference between your role as the portfolio Minister and the role of Michael Egan and John Della Bosca as shareholding Ministers?

Mr YEADON: Certainly. To start with the other Ministers first, those Ministers as shareholders, and this has an analogy in the private sector I suppose, are there to really ensure that the State-owned corporation operates on a sound financial basis and produces the best outcome from a financial perspective for the shareholders, which are ultimately the people of New South Wales. The two shareholding Ministers represent that broad New South Wales community, so they are really concerned with the financial performance of a State-owned corporation.

My brief or role as the portfolio Minister is to ensure that a particular product, commodity or service provided by a State-owned corporation is in the best interests of the community, in other words, that the customers of that State-owned corporation, and often the wider community, are protected from any unconscionable behaviour and are given the sort of service that they are entitled to for the price that they are paying.

With regard to the electricity industry, in which I am involved as the portfolio Minister, it is my role to ensure that people are not being overcharged, and that they are not being improperly treated by a State owned corporation in relation to the payment of their bills. I am there to ensure the reliability of the supply they are paying for. The major mechanisms used to do that are regulatory and monitoring.

The Hon. D. J. GAY: Thank you, Minister. Given your answer, were you aware of the billing problems at Integral Energy before they were reported in the media?

Mr YEADON: I first became aware of the billing problems at Integral Energy earlier in January of this year or December of last year. I had discussions with Integral Energy at that time, who assured me that it was rectifying the problem and that it would be resolved. The matter was brought to my attention again about a month or a month and a half ago in relation to ongoing problems.

I was somewhat surprised at the problems and the magnitude in which they persisted. I made my dissatisfaction clearly known to Integral Energy and I have been monitoring the situation very closely since that time to ensure that Integral Energy is addressing this problem as quickly as possible.

It is the case that there is a technological problem with the billing system, but that is actually a service outsourced by Integral Energy, who is working with their supplier of that service to rectify the problem. However, I have made it clear, and Integral Energy has responded, that I want customers assisted through this difficulty as much as possible.

Integral Energy has responded with initiatives, such as allowing somebody who has received a late bill to have just as long to pay it as it took for the bill to arrive. In other words, if a bill has been delayed to a customer by two or three months, then that customer must be provided with a period of two or three months to pay that bill.

We have also ensured that there are increased resources in the Integral customer call centre so that inquiries and the like can be dealt with in a more satisfactory manner. Integral Energy has also ensured that resources required to rectify this problem are being brought to bear. They are working on it. I am comfortable at the present time that they are doing all they can to rectify the technical problem and are trying to assist customers through this difficult period. It is the case that Integral has apologised to its customers for this problem, and that is appropriate, and Integral is seeking to rectify it as quickly as possible.

The Hon. D. J. GAY: Part of their apology, Minister, was that they put a service charge on the customers.

Mr YEADON: No it was not. That service charge was in place before then.

The Hon. D. J. GAY: You mentioned that Integral's billing system is outsourced. Can you tell me who the outsourcing company is because it is my understanding that Integral's CSS billing system is an internal billing system?

Mr YEADON: It was outsourced to EDS, which is a major technical information company. I am sure you are familiar with them if you are familiar with the information industry at all.

The Hon. D. J. GAY: Did you request a special report from Integral Energy on the extent of the billing problem?

Mr YEADON: Yes, I did receive reports and will continue to receive reports from Integral Energy in relation to the situation.

The Hon. D. J. GAY: Did you request a special report as to the extent of its billing problem?

Mr YEADON: Yes, I did receive reports and will continue to receive reports from Integral in relation to the situation.

The Hon. D. J. GAY: So you did receive a special report?

Mr YEADON: I received a report when the issue re-emerged around a month or six weeks ago. When I became aware of that, I called for a report from Integral Energy. I have had telephone discussions and have met face to face with the chief executive officer, and I am currently receiving weekly reports from Integral Energy in relation to the management of this issue.

The Hon. D. J. GAY: Has the senior management of Integral Energy ever passed on to you, your office or your department, any of the multitude of consultants' reports prepared for that company which continually highlight the shortcomings in all areas of the business?

Mr YEADON: Your question is too general. It seems to me that your question probably should be directed to shareholder Ministers who get reports, if it is consultancies, on the financial situation of the organisation. They do not come to me.

The Hon. D. J. GAY: Do I take it that the answer is no?

Mr YEADON: I really do not know. Your question is so broad in its scope that it is difficult to answer. I have to be frank, Mr Chairman, and say that I do not know whether or not I am answering his question. It is too nebulous to get a handle on it. You can refine it further if you wish.

The Hon. D. J. GAY: I do not have to refine it. It was a simple question. Have the consultants' reports that have been commissioned in these areas been forwarded to your office?

Mr YEADON: In what areas and what consultants' reports? Would you help me a little bit by telling me what you want?

The Hon. D. J. GAY: To do with billing and customer service.

Mr YEADON: I did not receive reports on the implementation of the EDS system, if that is what you are asking, as that was implemented through the course of late last year.

The Hon. D. J. GAY: Since assuming the Energy portfolio, have you ever requested special reports from the boards of the other companies?

Mr YEADON: Not that I can recall. I might need you to define special reports. What do you mean by special reports? There are annual reports from these companies. There is a whole range of other reporting mechanisms. I do not know what a special report is. You might want to define it a little more. Put a name on something and I will help you.

The Hon. D. J. GAY: I am sorry to hear that because under the State Owned Corporations Act you, as the Minister, have the power to ask for a special report, and that is the special report that I am referring to.

Mr YEADON: What is this special report all about?

The Hon. D. J. GAY: You have the power to direct the company, in the public interest, to commission a special report on the matter. That is part of your portfolio responsibility under the State Owned Corporations Act. I am sorry to hear that you do not understand what you are meant to do.

Mr YEADON: As I have said to you, I have sought reports from Integral Energy on its billing situation. If you want to call that a special report you can. That is your little special report. Mine is a report on billing. Tell me what a special report is?

The Hon. D. J. GAY: I think I just did. It is your responsibility under the Act as the portfolio Minister, but if you do not understand the Act that governs how you operate as portfolio Minister that is not my worry.

Mr YEADON: I have called for a report on the billing system of Integral Energy. If you want to call that special, then call it special.

The Hon. JAN BURNSWOODS: The honourable member has a habit of asking these very general questions, apparently based on the 1989 Act. Could I, again, ask how they fit in with the budget? I know he is on a fishing expedition. Perhaps he should be on the Committee that is dealing with fisheries issues!

CHAIR: As the honourable member would know, the Committee has latitude to ask wide-ranging questions.

Mr YEADON: Mr Chairman, the question has to have some level of clarity to it so I can understand what is being put to me. I could go on to say that I have called for reports from EnergyAustralia on blackout situations in the past, and in relation to substation fires, and I can list a range of them. If the honourable member wants to nominate them as special reports, that is fine, but I do not understand what he means by special reports.

If he wants to ask me have I called for reports on blackouts or billing systems, then I can answer his questions, but it is just too broad to address when it is just referred to as a special report.

CHAIR: He is entitled to ask which special reports have you asked for.

The Hon. JAN BURNSWOODS: If the Minister were to give the kind of answer he has just described, there would be complaints about wasting the time of the Committee. Surely, Mr Chair, it is your responsibility to direct Committee members to ask questions that are at least vaguely related to the budget.

CHAIR: They have been perfectly on track to this point.

The Hon. JAN BURNSWOODS: They have not. I took the same point about an hour ago.

CHAIR: The Hon. M. I. Jones has the call.

The Hon. M. I. JONES: Minister, do you have details of the New South Wales companies that are expected to benefit from the \$4 million spent on the Energy Smart business program? Who are they and how much will they benefit?

Mr YEADON: The Energy Smart campaign includes both Live Energy Smart and Work Energy components and SEDA has spent \$1.1 million from February 2000 to June 2000. In relation to the direct recipients, we will have to take that on notice and I will convey that information to the Committee.

The Hon. M. I. JONES: Was the \$2.9 million allocated to the programs for the residential energy efficiency distributed evenly throughout the State? What were the savings to householders?

Mr YEADON: It was distributed evenly throughout the State and I will have to take the second component of the question of the amounts on notice. I will get that information for you.

The Hon. M. I. JONES: Why has the budget for education and marketing expenses been almost halved?

Mr YEADON: Because the campaigns that SEDA wanted to conduct in relation to education and so forth have been undertaken and completed. Education is not the only task that SEDA undertakes, as I indicated in some of my earlier answers.

SEDA is involved with a range of programs, and the education and promotion aspect of that varies over time, varies over years, depending on what issues and what approach SEDA has taken.

The Hon. M. I. JONES: What are the details of the investments worth around \$1.3 million that SEDA will make in sustainable energy technology?

Mr YEADON: I will take that question on notice, Mr Chairman, and convey the information to the Committee.

CHAIR: I have questions on the greenhouse gas emissions target. The electricity industry in this State has blown out the Government's target for greenhouse gas emissions every year since 1996. These emissions are rising. Greenhouse gas emissions from coal-fired electricity production rose from 7.87 tonnes per capita in 1996-97 to 8.09 tonnes per capita in 1998-99.

As a result, the board that sets greenhouse gas emission targets for electricity retailers has urged your Government to introduce penalties and incentives to reduce emissions to 5 per cent below the 1989-99 levels by next year.

Do you intend to introduce such penalties and incentives? If so when? If not, why not, and how do you expect to get the electricity industry to reduce its emissions and ensure that greenhouse gas emissions are met?

Is not Sydney already 3.2 million tonnes a year over the 2000-01 target? How can we possibly hope to be able to meet that target? Would we not need to reduce emissions by 4 million tonnes per year for the entire State to reach that target?

Mr YEADON: The Government has a strong track record in greenhouse gas emissions abatement, I believe. As Committee members will no doubt be aware, New South Wales is very much a leader in relation to other States and more particularly in relation to the Commonwealth in this regard.

We have invested considerable time, effort and money to provide tangible results for the community and for business and in the electricity industry that is no exception. New South Wales is the only State to apply

greenhouse gas reduction requirements to the licences of electricity retailers, and the Carr Government was the first to establish an organisation such as SEDA.

Indeed, others look set to follow our lead, particularly Victoria and Queensland, in emulating the establishment of a SEDA-type operation or body. Under the Electricity Supply Act 1995, electricity retailers are required to develop and negotiate strategies with the Minister for Energy for the abatement of greenhouse gas emissions arising from sales to New South Wales consumers.

As a result, this negotiation process in New South Wales now has in place electricity retailer greenhouse gas emission strategies that focus on efficiency improvements and supply from lower greenhouse intensity sources. These have the associated benefit of encouraging the development of new services and industries in the New South Wales economy.

Environmental guidelines specify how electricity retailers in New South Wales are to comply with environmental licence conditions and incorporate benchmarks for reducing greenhouse gas emissions from 2000-01. For New South Wales retailers, the principal and most important benchmark is that of 2000-01 for a reduction in greenhouse gas emissions to 5 per cent below the 1989-90 level on a per capita basis. Individual retailer benchmarks are derived by apportioning the benchmark on a market-share basis.

Members should be aware that the benchmark level for 1998-99 of 7.62 tonnes of carbon dioxide equivalence per capita was intended as a guide to retailers in monitoring progress towards the 2000-01 emissions benchmark and that 1998-99 emissions were significantly below the previous year's level of 8.39 tonnes of carbon dioxide equivalence per capita at 8.09 tonnes. While retailers certainly need to do more, there has been significant progress from the retailers in reducing their emissions, especially Integral Energy, which has exceeded the benchmark reduction by over 15 per cent through the use of coal-seam methane as a fuel and the Sithe co-generation facility at Smithfield.

The New South Wales pool co-efficient represents the greenhouse gas emissions intensity of the bulk of supply to retailers. It relates to all supply which is not specifically attributed to retailers as coming from sources with low greenhouse intensity. It depends on the emissions intensity of New South Wales conventional thermal power stations, the level of supply to New South Wales from the Snowy Mountains Hydro-Electric Scheme, net imports to New South Wales from interconnected grids and output of major coal-seam methane power generators and co-generation plant.

All of these components vary from year to year and they represent a significant uncertainty for retailers. Over 97 per cent of retail sales are sourced from the New South Wales pool. The remainder involve specific purchase arrangements between retailers and electricity generators. The New South Wales pool co-efficient fell slightly in 1998-99 to 0.878 kilograms of carbon dioxide equivalent per kilowatt hour when compared to 1997-98 at a level of 0.889. The level still, however, remains in excess of the 0.854 figure on which retailer strategies for greenhouse gas emissions abatement were based.

Strong economic growth in New South Wales over this Government's period in office that has resulted in increased electricity sales and a relative dilution of the impact of the Snowy Mountains Hydro-Electric Scheme—that is the main source of low or zero-emission electricity that is fed into the system—on the pool co-efficient have combined to increase this level. Continued strong economic performance could be expected to put further upward pressure on the pool co-efficient in future years.

To take account of issues that have arisen since the inception of this forward-looking policy, the methodology for measuring greenhouse gas emissions has also been reviewed. Greater flexibility is now provided for retailers to develop and gain recognition for a wider range of projects which will reduce greenhouse gas emissions and assist them to meet their greenhouse reduction benchmarks. Barriers to electricity retailers and generators co-operating to develop new, large-scale green projects, including co-firing at existing power stations, with coal-seam methane and renewable fuels have been removed.

The capture of waste methane from a wide range of regional and metropolitan landfill sites for electricity production with greenhouse gas reduction benefits has also been encouraged by appropriate revisions to the emissions accounting methodology. It is intended that the regulatory regime, including the appropriateness of existing emissions benchmarks, will be reviewed following the 2000-01 reporting year. The Government is, of course, continually looking at ways to improve the greenhouse performance of the energy sector.

I am also pleased to inform the Committee that following the August 1999 release of guidelines for compliance with environmental conditions for holders of natural gas suppliers authorisations, greenhouse abatement plans have been developed and submitted to the Ministry of Energy and Utilities. These plans indicate a range of initiatives across all customer classes to reduce greenhouse gas emissions. If fully implemented, greenhouse savings of up to 2 per cent of 1998-99 total emissions can be expected over the forthcoming year.

The Hon. R. D. DYER: Chair, I direct your attention to the fact that the Committee now has been sitting for two hours.

The Hon. D. J. GAY: We have hardly had the chance to ask any questions.

The Hon. R. D. DYER: That is irrelevant.

The Hon. JAN BURNSWOODS: If you asked relevant questions we might have done better.

CHAIR: The Committee has allowed members to finish a line of questions. Even though members still have questions, I will call it a day now and thank the Minister and everyone for coming.

The Committee proceeded to deliberate.
