

GENERAL PURPOSE STANDING COMMITTEE No. 5

Friday 9 June 2000

Examination of proposed expenditure for the portfolio areas

AGRICULTURE, AND LAND AND WATER CONSERVATION

The Committee met at 3.30 p.m.

MEMBERS

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

The Hon. R. T. M. Bull
The Hon. D. J. Gay
The Hon. M. I. Jones

The Hon. A. B. Kelly
The Hon. Janelle Saffin

PRESENT

The Hon. R. S. Amery, *Minister for Agriculture, and Minister for Land and Water Conservation*

New South Wales Agriculture

Dr K. Sheridan, *Director-General*

Mr A. Gleeson, *Executive Director, Administration*

Mr D. Harris, *Executive Assistant to the Director-General*

Mr S. Griffith, *General Manager, Rural Assistance Authority*

Mr T. Ely, *Financial Controller*

Mr I. Hallett, *Corporate Services*

Department of Land and Water Conservation

Dr B. Smith, *Chief Executive Officer*

Ms S. Kemp, *Deputy Director-General*

Mr M. Sheather, *Director, Corporate Finance*

CHAIR: Welcome to the public hearing of General Purpose Standing Committee No 5. First, I wish to thank the departmental officers for attending, and I will thank the Minister when he turns up.

COMMITTEE CLERK: He is in Committee stages of the dairy deregulation.

CHAIR: We will continue anyway. We will begin by asking questions of departmental officers. At this meeting the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio areas of Agriculture, and Land and Water Conservation. 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 copies of these 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 the reporting of 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 therefore advised 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 a wide latitude allowed in asking 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 the program or a subprogram, it will help the Minister and the Committee if the program or subprogram is identified.

The Committee has agreed to the following format for the hearings. The Committee has agreed not to allow specific blocks of time to individual parties or members. Members will be provided with an opportunity to pursue specific matters of questioning until such time as they have exhausted 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 equal opportunity to ask questions. As you are 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 their 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 this afternoon.

The Hon. A. B. Kelly: Mr Chairman, I do not think the Director-General is here.

CHAIR: The Committee will continue, whether or not the Minister is here during a division or any other discussion or debate in the House. I declare the proposed expenditure open for examination.

The Hon. R. T. M. BULL: The first question is: Have any existing departmental charges been increased and, if so, what are they?

Dr SHERIDAN: As you are aware, in the estimates Committee hearing last year we mentioned that we were looking at increases in revenue, and there has been a slight reduction in the level of revenue that we are required to achieve this year. But we have increased charges. We have looked at all the avenues where we provide testing services of a private benefit nature, both in the animal area and, starting on 1 July this year, in the plant area. When there is a public benefit services are still provided as free services, but when private benefit exists services are being charged for.

The Hon. R. T. M. BULL: Is that across all your fee-for-service areas?

Dr SHERIDAN: When we provide testing services. We are still providing extension services free of charge, as we have done for many years.

The Hon. R. T. M. BULL: The Minister stated during last year's estimates hearing that the department would be looking at increasing the commercial income earned from a wide range of cropping and livestock enterprises conducted by the department's 26 agricultural institutes on research and field stations. Can you advise if you have implemented these increases?

Dr SHERIDAN: As you are probably aware, over the past 100 years that we have been involved in plant and animal breeding, new varieties, new species, have been made available to the general community free of charge, in a sense. In recent years the trend has been that in order to protect intellectual property, amongst other things, arrangements have been made with private companies for the commercialisation of varieties and collection of royalties, and that is definitely one income stream we are looking at.

The Hon. D. J. GAY: Dr Sheridan, bovine Johne's disease [BJD] is not mentioned in the budget. Is that because the department does not consider BJD to be an issue, or is it placed elsewhere in the budget?

Dr SHERIDAN: Bovine Johne's disease is sort of picked up within the general recurrent funding in the budget because it has been a situation we have been handling for a number of years, whereas specifically there has been an enhancement for ovine Johne's disease [OJD], as you are aware. As I say, it is just covered in the normal recurrent funding. I must say that there has been no reduction in the attitude or the endeavours of the department in moving towards achieving on-farm freedom of BJD in as many areas as possible, and I think you are aware that that situation is going extremely well around the countryside, with some small zones left.

The Hon. R. T. M. BULL: How many boards or zones are still in control status?

Dr SHERIDAN: I cannot give you exact figures on that at this stage.

The Hon. R. T. M. BULL: Has there been a reduction?

Dr SHERIDAN: There has been a reduction because, as you are aware, all boards are moving very rapidly to assemble their resources to achieve the lowest status possible.

The Hon. R. T. M. BULL: Dr Sheridan, in respect to ovine Johne's disease, there has been quite a bit of publicity in recent weeks about the poor response to the voluntary levy from producers of \$100. I think you might have been quoted—excuse me if I am wrong—that you thought that was a reasonable response. What is the next stage in the departmental or government response to what I would have thought was a fairly low response?

Dr SHERIDAN: As all members may recall, special legislation was put through for collecting the monies for ovine Johne's disease and letters did go out requesting the voluntary contribution of \$100, but part of that legislation allowed for a compulsory levy to be imposed if the voluntary levy was not forthcoming. I sent a letter to all producers who had not contributed to the voluntary levy in recent days and they have till 30 June to pay the voluntary levy. I anticipate that the voluntary contributions will rise enormously over the next month, but if they do not we are required to collect the compulsory levies. One has to remember that this is not a New South Wales program. It is a national program, and it was a decision by industry that industry contribute. So it is not an imposition by the New South Wales Government to collect the levy; it is the Government assisting the industry to run a program nationally.

The Hon. A. B. KELLY: Do they pay goods and services tax on it if they do not pay by 30 June?

Dr SHERIDAN: I cannot answer that. One would assume yes.

The Hon. R. T. M. BULL: Do I understand then that the rural land protection boards will then be responsible for collecting the remainder of the levies based on ratings?

Dr SHERIDAN: We are negotiating with them about exactly that at the moment. The collection responsibility is ours. They are assisting us. We are negotiating with them at the present time about exactly what that relationship is going to be. They want to take a bigger role.

The Hon. R. T. M. BULL: Is that funding sufficient to meet the needs of the OJD program in New South Wales at this stage?

Dr SHERIDAN: If the levies come in, yes. One has to remember that this level of funding was determined by the industry.

The Hon. R. T. M. BULL: And recommended by the advisory committee?

Dr SHERIDAN: Yes, which is industry.

The Hon. D. J. GAY: Dr Sheridan, the budget papers indicate a decline of \$80,000 from \$380,000 to \$300,000 for funding going to livestock producer groups involved in addressing flock health issues. Does that include groups that are involved in OJD issues?

Dr SHERIDAN: The OJD program is a separate program. As I said, it is a national program and is funded nationally. The component that we were talking about collecting within New South Wales is a component of the national program, so it is a separate fund for the national program.

The Hon. D. J. GAY: What does this money that you have just cut quite substantially actually do?

Dr SHERIDAN: I think we would have to take that on notice; I cannot give it to you off the top of my head.

The Hon. R. T. M. BULL: With respect to the OJD program there has been some pressure from various control areas to move to some support for affected farmers. Is that something that the department has under consideration at this stage?

Dr SHERIDAN: Mr Chairman, I think we are getting into a policy issue which I would rather leave for the Minister to answer.

The Hon. D. J. GAY: Will the district agronomists continue in their existing role as in the past, or are there moves to decrease their numbers?

Dr SHERIDAN: I can say quite definitely that there is no move to decrease their numbers. In terms of their role, I think their role has been progressively changing for about the past ten years. Prior to a decade ago district agronomists provided most of the production advice that was provided to farmers. Since that time a great number of private agronomists have come on to the scene. For example, within Orange itself, where we live, there are probably about 23 private agronomists providing production advice as well. So while there are a lot more, it is not competitive. However, because of the huge pressure that is coming on for one reason or another in the natural resource area, our agronomists are providing much more assistance in the natural resource area than they ever did in the past, but I can assure you there is no reduction. In actual fact, overall in terms of extension officers on the ground there has been a 40 per cent increase in the past five years.

The Hon. D. J. GAY: Will there be a move for these agronomists to charge for any service they provide to producers?

Dr SHERIDAN: In the normal extension services, no. If there is a consultancy service—we put out a brochure recently in the horticultural area—if a particular producer wants a much more specialised service there would be consideration of a consultancy charge.

The Hon. R. T. M. BULL: If I could just return to ovine Johne's disease, I understand the program is all about evaluation for three to six years and the department has been undergoing some quite substantial trials with respect to destocking, vaccines and so on. Are you able to enlighten the Committee as to the early results of some of those trials?

Dr SHERIDAN: The vaccination trial is probably a good place to start. The vaccination trial is using a Spanish vaccine. That has only really just commenced. There has been a bit of an extension of the use of the vaccine into particular flocks where there have been large losses. I think it is going to be several years before we actually know the results of those vaccine trials. In terms of destocking and the timing of destocking, although we initially thought that a two-year destocking period, two summer periods, would be required, there are indications at this stage that we may get by with one year, but that needs to be well and truly determined before we would make a recommendation that it will be a one-year program.

The Hon. D. J. GAY: That is a huge change.

Dr SHERIDAN: It is a huge change. The indications are good at this stage of the game. It is interesting that the ovine Johne's disease program is very similar to the national tuberculosis and brucellosis

campaign that was in place for many years. When we started that program the testing available was pretty poor, and one argument about going to an OJD experimentation program was that the testing was relatively poor. The research that has been done at our institution at Camden has come up with the pooled faecal culture test which is much more accurate, so the program is moving along very well. Knowledge of the disease is increasing tremendously. Some facts and figures have been put with what was anecdotal evidence at the start that two years was required. As I said, we are very hopeful that it will be a one-year program, but we will not know that for a couple of years.

The Hon. R. T. M. BULL: There were approximately 100 positions in New South Wales for people to be part of the official destocking program, after which they would get restocking assistance. What was the take-up rate? Did New South Wales actually get its full quota of participants?

Dr SHERIDAN: I understand—I cannot give you the exact figures—that that was taken up very well because of the restocking assistance that was available at the end of it. There are a great number of people that this disease has affected, and they were as keen as everybody else to be involved, to see if the various technologies work. Of course, if you are involved in an experiment and it is done on your place and it works, you are the first out. So it is going along pretty well.

The Hon. D. J. GAY: As you know, I live in the middle of a remote OJD area and a lot of my friends and neighbours are quite concerned about this. How long will it be before you are able to give us a more certain comment on the one season rest?

Dr SHERIDAN: Talking to our people, it will be at least another couple of years. It would be nice to be able to say much earlier than that, but for people who go through destocking and then are involved in the restocking program, for us to say at this stage of the game that we are pretty sure it works and then to find that it is longer than one year and the disease has not been eradicated would be disastrous.

CHAIR: I have a question on milk deregulation. Is it true to say that many milk producers will be forced into intensive grain-fed production? If so, what impact will that have on pollution, for example, of surrounding areas and treatment of the cows?

Dr SHERIDAN: It is being debated in the lower House at the moment. It is interesting that the people who are going to survive in the dairy industry are going to become extremely intensive. I think that while a lot of grain feeding is going on at present for dairying—that is a normal part of dairying—the need to increase production, to increase herd size, will inevitably lead, I would imagine, to greater grain and concentrate feeding. To anticipate that there would be an increase in the pollution levels, I could not agree to that because of the controls that are in place and the demands that are placed on people in the development of large dairies, intensive dairies. I anticipate that one could see a progressive reduction as they get bigger because they are much more closely monitored and audited.

CHAIR: So there will be a program to deal with the increased pollution that will inevitably result—

Dr SHERIDAN: Well, it is just a continuing program.

CHAIR: What is going to happen to those farmers who cannot proceed to intensive milk production? What will happen to their land? What will it be used for?

Dr SHERIDAN: As I mentioned, most of the farmers who will survive are going to get bigger.

CHAIR: Do you mean that they will gobble up the small ones?

Dr SHERIDAN: To a certain extent that will occur. You have the intensive pressures on the coast, of course, for urban population, so I think you will see both occurring.

CHAIR: If dairy farmers are going to intensive grain-fed production surely there is bound to be a lot more land available for other purposes?

Dr SHERIDAN: No, I think you will see that the number of cows in particular herds will increase fairly dramatically to maintain their production levels at the lower price.

The Hon. A. B. KELLY: Did you say maintain their production levels or maintain their income levels?

Dr SHERIDAN: Well, to maintain their income levels, yes, they have to increase production and increase herd numbers.

CHAIR: The Animal Research Act is currently being reviewed. How many submissions were received in relation to this review, if you have any idea? If you have no idea, take the question on notice. What number and proportion of total submissions were opposed to the use of animals in research? Again, maybe take it on notice. How will the revised Act respect the very high level of concern in the community regarding animal-based research? What action is being taken to ensure more detailed information and greater accountability to the community? For example, will the public be informed about the number of experiments which cause significant suffering to animals and the details of infringements and breaches of the Act?

Dr SHERIDAN: A wide-ranging review of the Animal Research Act 1985 is in process, as you mentioned, with extensive input and submissions from members of the community, from the research industry and from animal welfare groups. Whilst the review is being undertaken under the auspices of the national competition agreement, the review of the Act is much broader, giving members of the public, the animal welfare lobby and the animal research industry an opportunity to comment on the operation of the current Act. As you are aware, an issue paper was released in April last year and five public meetings were then held in regional and metropolitan New South Wales to promote discussion of the issues and to encourage written submissions. Over 470 submissions were received. In addition to public meetings, in the course of its deliberations, the review group has also met with members of selected peak organisations representing both the research and the animal welfare sectors.

The review is dealing with public accountability and regulatory issues arising from the operation of the current Act, as well as the implementation of regulatory best practice and fulfilling the New South Wales Government's commitment to the competition principles agreement. The review is also taking into account recommendations of the regulation review committee's report on the Animal Research Regulation 1995. The review group, which has representation from animal welfare groups and research interests, is now close to completing its task and is expected to report by the middle of the year. The availability of that report is a matter that would need to be addressed to the Minister.

CHAIR: Will the new Act specifically promote improvements in achieving a reduction in the number of animals used; replacement of use of animals with alternatives and refinement of procedures to ensure less suffering to animals? Hopefully, it will.

Dr SHERIDAN: I think that matter should be addressed to the Minister.

CHAIR: Do you agree that the inclusion of crustacea under the Prevention of Cruelty to Animals Act recognises that they are capable of experiencing pain, and will they be in the Animal Research Act?

Dr SHERIDAN: I think that is a policy issue that would need to be addressed to the Minister.

CHAIR: Are you aware of reports regarding the Casino pound that veterinary care has not been provided in a timely fashion for puppies in great distress and dying of parvovirus? Are you aware of reports regarding Casino pound that at least one dog has died of heat exhaustion in the pound and that in winter, as well as summer, cages are hosed down while animals are in them leaving them soaking and sometimes very cold? What action has been taken to launch prosecution proceedings against the operators of this pound, and what will you do to ensure that such abuse of animals does not occur?

Dr SHERIDAN: Can I take it on notice, Mr Chairman? I cannot give you an answer off the top of my head.

The Hon. M. I. JONES: What measures are taken for noxious weed control? On what basis do local government authorities receive funding?

Dr SHERIDAN: As you are aware, there has been an increase in noxious weeds grants this year. Local government in New South Wales is responsible for co-ordinating weed control under the Noxious Weeds Act 1993. Councils and public authorities are also responsible for ensuring that noxious weeds do not spread from their land. Noxious weed grant funds are provided to assist councils and public authorities, such as rural lands protection boards, to control noxious weeds. The grants for 1999-2000 total \$6.536 million, an increase of \$128,000 on 1998-99. The funds are to assist councils and authorities to provide a network of competent weed

control co-ordinators to systematically survey and inspect the lands for new weeds, to provide the infrastructure for rapid identification and control of new weeds and, more importantly, to minimise the spread of weeds from one council area or region to other areas of the State.

Funds are specifically provided to ensure regional co-operation by local government and stakeholders to develop and implement regional weed control management plans, to assist councils to employ weed officers to co-ordinate weed control by all landowners and to address new and spreading weeds such as alligator weed and parthenium. Assistance is provided up to \$1 for each dollar provided by councils; however, as the requests greatly exceed available funds most councils receive substantially less than \$1 for each dollar they contribute. Funds are allocated on the advice of the Noxious Weeds Advisory Committee, and the Noxious Weeds Advisory Committee evaluates each of the submissions put to it and allocates funds on a priority basis in determining the probable success of the project they are wishing to undertake. Because the funds, while increasing, are still limited, it is a never-ending problem. Unless you prioritise the grants we would not get the most effective break-down for the department.

The Hon. D. J. GAY: Recently I visited a council in the southern part of the State whose noxious weed funding amounts to between \$15,000 and \$20,000 per annum, and the general manager showed me how the council had to apply for funding; and by the time it had put the document together it was a quarter of an inch thick, and it had taken a considerable amount of time. The council estimated that the time put in in its area was between \$5,000 and \$6,000 to apply for one of these grants. It was almost getting to the stage that it was not viable, but it still was. As a former general manager, Mr Kelly would agree with me on that.

The Hon. A. B. KELLY: I have prepared them, and it is a lot less than that.

The Hon. D. J. GAY: Can something be done about that? Would you bring the Minister's attention to that?

Dr SHERIDAN: We will certainly undertake to have a look at it. We have had a look at it in the last couple of years.

The Hon. D. J. GAY: It is still bad.

CHAIR: Could one application cover several years?

Dr SHERIDAN: No, it has to be annualised funding.

The Hon. M. I. JONES: I turn once again to the dairy farmers' deregulation problems. What has been formulated by the department for the survival of dairy farmers following deregulation of the dairy industry, such as retraining, resettlement, new opportunities for employment, or new use for dairy farmland? I understand the debate is going on downstairs at the moment, but I assume you have very rapidly put plans in place, assuming the passing of the legislation?

Dr SHERIDAN: The New South Wales dairy industry, in line with all Australian States, will enter the deregulated milk market on 1 July, as you are well aware. The new deregulated market environment will be one of fluctuating milk prices, and milk receivables will be graded according to processor requirements. This market will be a major change for producers who have operated in a marketplace characterised by the certainty of fixed prices and quotas for fresh market milk. So a massive change will occur. To assist dairy farm businesses adapt to the impending marketplace reform, the Minister has appointed a ministerial committee. The committee has commissioned and is overseeing a program to assist dairy farmers consider the options available to them in the deregulated marketplace.

The Dairy Do It program has three component parts. The first, known as Dairy Assist, provides an advisory assistance role to dairy farmers in their need to access the Commonwealth Government's \$1.7 billion Dairy Structural Adjustment program. This component works closely with the Dairy Farmers Association and utilises the network of various government service agencies and milk processing staff to support the interpretation of the structural adjustment program requirements. In other words, that program is to ensure that they get their correct entitlements out of that \$1.7 billion. The next part of the program is known as the Dairy Family, and this program acknowledges the emotional and psychological impact that a changed marketplace will inevitably bring to all those involved.

To deal effectively with the deregulation impact, trained counselors are being appointed who will assist dairy farmers with the acquisition of new skills and abilities in dealing with stress, and with effective

communication both within the farm family and with those who service the business. A third component is known as Dairy Check. This provides an opportunity for dairy farmers to assess their business as a physical and a financial entity. After initial assessments, informed decisions can then be made by farmers, working through a range of likely price and production parameters. These what if outcomes can provide considered decisions for dairy farm families facing the options of leaving the industry or continuing in the deregulated marketplace. Those programs are in place now.

CHAIR: Some of these farmers may well be at risk of suicide. Do you have any sort of help line available or any support team? Are you ready for that sort of situation?

Dr SHERIDAN: I think that is a question I will leave to the Minister.

The Hon. M. I. JONES: Just following that line, there are going to be winners and losers—it is hard to see many winners—with the small farmers who will go out of business. What can be done for those unfortunate people?

Dr SHERIDAN: I do not think you necessarily want to think it is only the small farmers. What you have got to think about is the level of equity in the property right now. Some of the big farmers have got such debts levels that they are going to be more affected than small farmers. There are quite a lot of small farmers who are looking ahead and who will stay in the industry. They are going to restructure their own situation. They understand what they are facing, and they understand their business opportunities. Some farmers do not. So I think you are going to see a range of farms of all sizes.

The Hon. M. I. JONES: Maybe the bankers are going to move into the dairy industry.

CHAIR: Like vultures.

Dr SHERIDAN: One of the things that you have got to keep in mind with the dairy industry, is that while the number of dairy farms has progressively gone down over the last fifty years, the level of production has increased. I think what you are going to see is that the level of production will still increase because of the opportunities for dairy products worldwide. So you are going to see bigger farms, more efficient farms, but it does not necessarily mean that they are all going to be huge farms. There will be a lot of very intensive small farms that are very productive.

The Hon. R. T. M. BULL: May I ask you a question about the three programs you mentioned. What is the Government's funding commitment to deal with these three programs for the next financial year?

Dr SHERIDAN: Can I take that on notice and provide that to you?

The Hon. R. T. M. BULL: Would that be part of budget allocation for the Rural Assistance Authority, or would it be in general revenue?

Dr SHERIDAN: There is a fair bit of money coming through the industry as well for some of these programs, through the DIDCO program.

The Hon. R. T. M. BULL: Some of that would come from the Commonwealth, through the \$1.7 billion?

Dr SHERIDAN: Some of it is through the 1.7 billion, and also a restructuring of some of our programs as well, particularly in the dairy check areas.

CHAIR: I have a question about this proposed village at Inverell. A village with 80 homes, and apparently 320 to 400 people, is being planned with a supportive industry and recreational infrastructure on land zoned Rural 1(a) prime agricultural land at Inverell. The site in question has been classified by the Department of Agriculture Regional Environmental Office, North West Region, as 70 per cent to 80 per cent prime agricultural land, and directly adjoins a working farm property. Under State Environmental Planning Policy 15 (Rural Land Sharing Communities) the maximum prime agricultural land permitted for such development is 25 per cent. If this development proceeds and it adversely effects adjoining landowners and the rights of other farmers in the community to carry on agricultural activities, due to, for example, the limited water available being taken up by the village, who is going to compensate them?

Dr SHERIDAN: I was going to say it is a matter for local government.

The Hon. A. B. KELLY: It is a planning issue, and they rarely make sense.

The Hon. R. T. M. BULL: Dr Sheridan, the actual zoning is something the department has control over. Prime agricultural land, as against lesser quality land, is something the department advises the Department of Urban Affairs and Planning on, or the local government authority. Mr Jones' question was based on that, I think.

Dr SHERIDAN: I think the point needs to be made that we provide advice to local government and the planning authorities, and it is based on a land use classification. I do not think there has been much query about that land use classification, but the determination is actually made in a place other than the Department of Agriculture. We provide advice.

The Hon. D. J. GAY: Dr Sheridan, in the Agricultural Services Department, why has Farming for the Future been excluded from the budget? Perhaps it could be taken on notice.

Dr SHERIDAN: I can only comment that it is a federally funded program, and that is probably why it has been excluded. Of course, as you are aware, next year Farming for the Future is rolled into FarmBis totally, and in a sense the principles of Farming for the Future become part of FarmBis as of 1 July 2001. The only reason I can give you is that it is a federally funded program.

The Hon. R. T. M. BULL: Dr Sheridan, with respect to the Rural Assistance Authority [RAA], there are some pretty fantastic numbers recorded here with respect to investing activities. There is an increase of \$9 million in advance payments received. What were the investing activities, and what percentage was returned on the investment?

Dr SHERIDAN: I might ask Steve Griffith to answer that.

Mr GRIFFITH: Sorry, Mr Bull, could I just have that question again?

The Hon. R. T. M. BULL: Yes, in the RAA cash flows from investing activities, there is an increase of \$9 million in advance payments received. What were the investing activities, and what percentage was returned on the investment?

Mr GRIFFITH: The advance payments received are funds advanced to us from Treasury for on-lending to farmers. There is no investments in terms of the normal interpretation of investments. We do not of our own accord have any funds on investment; they are funds advanced to us by Treasury produced by farmers.

The Hon. A. B. KELLY: Are they all loaned at the same rate?

Mr GRIFFITH: Yes, we charge the farmers the same rate that the New South Wales Treasury charge us on those funds.

The Hon. R. T. M. BULL: So one would expect the \$24.6 million, which are the advance repayments received, to be distributed to farmers in the next financial year?

Mr GRIFFITH: No, I am sorry, the advance payments received are the repayments from farmers to the authority that are returned to Treasury. That is projected to be \$24.6 million. If we go down the next few lines in the cash flow statement, the proceeds from borrowings in advance are what are projected to be advanced to us from Treasury for on-lending to farmers.

The Hon. R. T. M. BULL: Which is the \$9 million.

Mr GRIFFITH: The repayments of \$24 million include not only the normal projected scheduled repayments on a loan, but often properties are sold and change hands, in which case the total loan is repaid, and it may be in advance of what the normal repayment schedule would have been.

The Hon. R. T. M. BULL: Can I ask a general question in terms of the level of indebtedness of farmers? Has there been an increase in applications and support given to farmers in the past 12 months? Can you give me an indication of any trends in that respect?

Mr GRIFFITH: Yes I can. The current loan portfolio to the authority is approximately \$78.3 million. Over the past 12 months the loan balances have increased by approximately \$6 million. That is a net increase of \$6 million. We have made approximately \$16 million of new loans available to clients, and approximately \$10 million was repaid. So the net increase has been \$6 million but the total new advance to the farming community was approximately \$16 million in the 12-month period. That has comprised approximately 50 per cent under the State Special Conservation Scheme, and approximately 50 per cent for natural disaster loans, principally as a result of the flooding in the north-west of the State.

The Hon. R. T. M. BULL: The biggest proportion of loans are for the natural disasters?

Mr GRIFFITH: Within the last 12 months the principal proportion of new advances has been for natural disaster loans. The special conservation scheme has an allocation each year of about \$7 million, and that is usually fully expended. Natural disasters, as you will appreciate, tend to fluctuate up and down quite a lot. The third impact on that is that under early rural adjustment schemes loans were available; loans are no longer available under those schemes. Although we still have some residual loans, there are no new loans under those schemes.

The Hon. R. T. M. BULL: So it is only conservation and natural disasters?

Mr GRIFFITH: Yes.

The Hon. D. J. GAY: I will ask you a question about the Rural Assistance Authority as well. I understand that you have just taken over control of the outstanding debt of the Far Western Electricity scheme. Is that correct?

Mr GRIFFITH: That is correct.

The Hon. D. J. GAY: Within the budget is there an allowance for an extension of the loans to farmers, or are they still under the same conditions and simply being collected by a different authority?

Mr GRIFFITH: The transfer of administration was from Minerals and Energy to the authority. The contracts with the farmers remain on the same terms and conditions. There is no indication that that will be revised. However, I think one of the reasons the Government went ahead with the transfer was that there is, I believe, a recognition that the Rural Assistance Authority is fairly well placed to understand the unique circumstances of farmers. While the loans repayment schedule will remain the same, we are certainly writing to each of the borrowers indicating to them that if they wish to approach us to revise the schedule to better suit their circumstances, we will investigate that. If they are suffering from short-term cash flow difficulties, as many of those clients are, we will try to come up with a program that is acceptable to them to vary the schedule of repayments.

The Hon. D. J. GAY: But they have not given you any extra money or leeway?

Dr SHERIDAN: Not at this stage.

CHAIR: How many fruit growers have been given low-interest loans to install flying fox deterrents and netting?

Mr GRIFFITH: To date there have been nine of those loans approved for a total amount of just under \$500,000.

CHAIR: Have any others applied who have not received those loans?

Mr GRIFFITH: There have been only two that have been refused loans.

CHAIR: How many others would be eligible to apply for those loans? Have you any idea at all? Surely there must be at least 50 or 60.

Dr SHERIDAN: One would anticipate it would be of that order, but until we actually get the applications and assess them and determine their eligibility it is hard to give you an accurate figure.

CHAIR: How is the scheme being promoted? Do they all know that they have these loans available to them?

Dr SHERIDAN: Yes, I think so. It is well known in the areas where the scheme is operable that they are available. A number of them have looked at their eligibility. The ones who believe that they are eligible have applied.

CHAIR: What is the interest rate being charged?

Mr GRIFFITH: It is 5 per cent. That interest rate is fixed for the term of the loan. It is not like a normal bank loan where it may vary. They know fully on the day they have the loan approved that the rate is fixed.

CHAIR: What is the usual term of the loan?

Mr GRIFFITH: It is usually 10 years.

CHAIR: They have to repay the principal bit by bit, annually?

Mr GRIFFITH: Yes.

The Hon. A. B. KELLY: Unless their circumstances change.

CHAIR: They should improve if they have netting.

The Hon. D. J. GAY: So presumably these would be part of the Natural Disaster Fund?

Mr GRIFFITH: Yes.

The Hon. A. B. KELLY: They might sell the property.

CHAIR: The loan does not go with the property. It has to be repaid if they sell the property.

Mr GRIFFITH: The loan is to the individual, because the individual's circumstances determine whether the loan is repayable. So it has to travel with the individual rather than with the property.

CHAIR: Everybody has had the opportunity to take up these low-interest loans, presumably, so there should be no excuse for them to apply for shooting flying foxes in this coming season?

Dr SHERIDAN: I think we will leave that one for the Minister to answer.

CHAIR: I have a question on solid waste landfill. The proposal for solid waste landfill at Ardlethan, 90 kilometres north-west of Wagga Wagga, was rejected by the Minister for Urban Affairs and Planning on the grounds that it posed too great a threat to agriculture. Are there any other landfill proposals in New South Wales that pose a similar threat to agriculture? Is the proposed Corrabrin landfill at Wilga, for example, also situated in an agricultural area? Does your department oppose this and other landfills proposed in agricultural areas, and do you advise the Minister for Urban Affairs and Planning to reject them?

Dr SHERIDAN: We assess each one, and there have been a couple, as you are probably aware, in the Hunter Valley as well. We assess the risk potential to the agricultural industry. In the Ardlethan situation we were particularly concerned about fruit fly. You would be aware that the fruit fly situation in the southern area has become quite critical in the past 12 months. Consequently, as a result of fruit fly we lose our area freedom and our ease of international trade.

When we considered proposals in the Hunter Valley region we were particularly concerned with phylloxera, an aphid that causes great destruction in grape vines. If one has ever been down to the Barossa Valley and the Claire Valley, one would have been confronted by signs stating "Beware of phylloxera" almost ad nauseam as one drives around. It is a tremendously devastating pest. Again we were concerned that the technology that was available and the use of that technology in reality still posed a risk to the viticulture industry, which is one of the real success stories in Australia. We advised the Minister in that vein. We would deal with each case on its merits.

The Hon. R. T. M. BULL: It is nice to see that the drought transport subsidy still gets a line item, even if it is only \$5,000.

Dr SHERIDAN: They are the residuals.

The Hon. R. T. M. BULL: I will not ask you what it was for. Safe food production is obviously in its infancy and requires quite a bit of funding; \$4.5 million is allocated in next year's budget. Is that going to be ongoing support or is it simply seed funding?

Dr SHERIDAN: I cannot really answer that. I would prefer to leave it to the Minister. The budget for safe food comes through the department. It is really a transport through. I would much prefer him to answer that, rather than conjecture.

The Hon. D. J. GAY: Have all the teaching positions been filled at Murrumbidgee College of Agriculture [MCA]?

Dr SHERIDAN: Where possible, yes. We are still one short. We have not had any suitable applicants for that particular position, but we are filling the requirements of the teaching role with our extension people.

The Hon. D. J. GAY: You may not have this information, though I know you are close to the MCA, but how many students are there?

Dr SHERIDAN: We had 79. We have had to dismiss three, so we are down to 76.

The Hon. R. T. M. BULL: What percentage is that of your peak intake?

Dr SHERIDAN: Peak intake at MCA has been about 83, or 85, so we are quite happy. In Tocal, on the other hand, it has always been around the 110, 120, and we are up at that level. We had a bit of a shortfall the year before last, with the fluctuation of incomes in the rural area. We are on the right side of the ledger at the moment, so the students are there this year.

The Hon. D. J. GAY: In the same area, agricultural crops change with different economic circumstances. Are there any figures available on the number of orange trees, especially Valencias, which have been bulldozed in the Murrumbidgee Irrigation Area in the past 12 months?

Dr SHERIDAN: I am sure there would be. We can provide those figures. If they are available, we will provide them to you.

The Hon. A. B. KELLY: To follow on from that question, do you have available any figures relating to the number of apple trees that have been bulldozed recently?

Dr SHERIDAN: I am sure we have, yes.

The Hon. A. B. KELLY: With the current problem down there, I am interested in the figures.

Dr SHERIDAN: Yes. Of more concern to the apple industry are the potential imports from New Zealand, and a decision is due to be reached very shortly.

CHAIR: The Advancing Australia Agriculture package was underspent in 1999-00. Will these funds, as part of the three-year program to end in 2001, be spent in the 2000-01 financial year? If not will the State Government allocate these funds towards the new integrated FarmBis Property Management Planning program, which begins in July 2001?

Dr SHERIDAN: I think I can answer the first part of your question in the affirmative. We set up the triple-A FarmBis program by requiring that all providers be accredited through VTAB. That has taken quite a while, because we wanted to ensure that the programs that were being offered were competent, professionally run programs. Consequently, that took a little longer than has occurred in other States. The request for FarmBis funding is increasing dramatically at present. I can assure you that the funds will probably be fully expended in this coming financial year. Of course, in 2001 the level of funds will increase because the Farming for the Future is rolled into FarmBis in that year.

The Hon. D. J. GAY: In relation to the budget papers, again there is a listing of \$14.7 million from the sale of property, plant and equipment. Can you supply details to the Committee on these sales?

Dr SHERIDAN: Yes, we can. As you are aware, we produce a lot of agricultural produce on our properties. Surplus machinery is disposed of and housing, particularly in the Western Division and in the tick areas, that is progressively disposed of. That is the make-up of it, and we can provide you with the details of the income. It is not enough.

The Hon. D. J. GAY: It never is.

The Hon. R. T. M. BULL: Is the \$200,000 funding cut for the Acid Soil Action program due to the Government's claimed success in tackling the issue, or are farmers paying for this adjustment?

Dr SHERIDAN: I think it is just a reduction in funding. The original three-year program for acid soil action terminates on 30 June 2000. The Government has approved the continuation of this important environmental project for an additional two years with an annual budget of \$2 million. The budget for 1999-00 was \$2.350 million, which included \$350,000 carry-over funding from 1998-99. The budget for 2000-01 is \$2.150 million, which includes a further \$150,000 carry-over funding from 1998-99. So the base allocation for the project has always been \$2 million per annum, which is to continue to 30 June 2003. So it is carry-over funding.

The Hon. R. T. M. BULL: I have a question that I would have preferred to ask the Minister, but he is not here. Are you be able to enlighten the Committee as to how a floor price plan could work for milk in a deregulated environment?

Dr SHERIDAN: I think that is a question you would have to ask the Minister.

CHAIR: I have a question you may be able to answer.

The Hon. R. T. M. BULL: I do not think anyone could answer that one.

Dr SHERIDAN: And I am not going to attempt it.

CHAIR: Why are frequent and large amounts of money being granted to the Rural Land Protection Board to undertake cruel and largely useless poisoning of wild dogs, foxes and other non-indigenous animals? How much money has been allocated in this year's budget for this program? What community and expert consultation was undertaken before these programs were allocated funding? What alternatives to dog poisoning and fox baiting, et cetera, were considered before these programs were allocated funding?

Dr SHERIDAN: I think you are definitely in a policy area and it needs to be addressed to the Minister.

CHAIR: That is what I was thinking, actually. There is one more question that perhaps you can answer. We will give it a try anyway. Have you been talking to other director-generals in other States about the phasing out of hen batteries?

Dr SHERIDAN: That is definitely a policy question that should be addressed by the Minister.

The Hon. R. T. M. BULL: Dr Sheridan, has any provision been made in the budget for funding for radio frequency tags for livestock?

Dr SHERIDAN: No.

The Hon. D. J. GAY: How many areas are still quarantined because of fruit fly outbreaks?

Dr SHERIDAN: I can provide you with that information. Too many—far too many.

The Hon. D. J. GAY: Is financial assistance available to those farmers who are quarantined and unable to sell to the market because of the quarantine restrictions? If so, how much?

Dr SHERIDAN: They can apply through the Rural Assistance Authority, as all farmers can. There is no specific allocation through the Department of Agriculture budget for that purpose. But one must remember that the Government has made available almost \$1 million for undertaking the eradication campaign, and additional funds will be sought into the new year.

CHAIR: The Committee will now deal with the Land and Water Conservation portfolio area.

The Hon. D. J. GAY: Mr Smith, I am sure you will tell us if you feel we are moving into policy areas. It has been indicated that the Government will soon announce details of a salinity strategy. How does the Government, or in your case the department, propose to fund this strategy when only \$5 million has been allocated in this budget? Is it not the case that the publicly funded section of whatever is announced in the strategy will remain largely unfunded for at least the next 12 months?

Dr SMITH: In this year's budget \$5 million has been allocated for salinity. The Minister has indicated that that is seed funding and the department is currently preparing bids as part of a development of a salinity strategy for additional funding, which will be funded this year as part of the adjustment to this year's budget, so the Department of Land and Water Conservation will expect supplementation.

The Hon. D. J. GAY: So there will be an adjustment?

Dr SMITH: That is what the Minister said in previous announcements.

The Hon. D. J. GAY: You would have a good idea of the cost of that strategy at this stage, given that the strategy would be either finished or virtually finished. Can you tell us what that supplementation would be?

Dr SMITH: No, I cannot because the figures are still actually being put together. The strategy is still being developed at officer level and has not been considered by the Minister yet.

CHAIR: Given that literally hundreds of weirs have been identified by the Department of Land and Water Conservation and New South Wales Fisheries as being in urgent need of fishways, how much of the water infrastructure works budget has been allocated to the infestation of fish ways? Can you outline what the rest of this allocation is to be spent on and in what percentages? Does this include an allocation for the removal of weirs and old dams?

Dr SMITH: Yes, it does. It is not an exact amount, but there is a target of about \$1 million for the management of our weirs. Currently, there is a program for trying to identify what weirs are required to be kept, which weirs need to be adjusted in terms of fish ways and which weirs need basic maintenance. The department probably has six or seven weirs that have been identified on a trial basis that should be removed. There are about another seven weirs that fish ways have been identified, and they are in the process of being put in place with the Department of Fisheries.

CHAIR: Do you have any idea how many old dams will be removed?

Dr SMITH: There is a big classification issue between a weir and a dam but initially we would like to remove about seven around the State just to see what the environmental impacts are of removing those structures. A lot of the structures we wish to remove are very old and no longer required for their original purpose.

CHAIR: What resources and staff have been committed to remedying the fact that there is no cap on extractions from the Barwon Darling River, despite the Government's commitment to a cap in June 1995?

Dr SMITH: On the Barwon Darling a lot of work is going on taking place with the community and what the options are to bring the Barwon Darling back to cap. A number of options are being considered. The Minister has informed the Murray Darling Basin Council that he will prepare a report or give a report at the next council meeting, which is in November, on the options he proposes to implement.

CHAIR: The cap will be at about 60 gegalitres, will it?

Dr SMITH: Sorry?

CHAIR: Currently the correction rate will be reduced by 60 gegalitres?

Dr SMITH: Yes, that is the proposal. The Minister has stated publicly that the Barwon Darling will be brought back to cap.

The Hon. M. I. JONES: What are the details of the \$200,000 expenditure for the Wild Dog Destruction Board, given the proliferation of wild animals on Crown land and the destruction they cause?

Dr SMITH: That is an issue for the Wild Dog Destruction Board; it is not actually managed by the Department of Land and Water Conservation.

The Hon. M. I. JONES: Approximately \$3 million is needed for suppression and containment programs in the Kosciuszko National Park and \$10 million to retrieve non-parkland from wild dogs. The Kosciuszko National Park region has lost between \$4 million and \$6 million in sheep trade from just 43 enterprises. Does the department have any plans to remedy this?

Dr SMITH: Again, the department actually puts money in for the management of feral animals and inappropriate flora on Crown land. Essentially, that issue should be handled by the Wild Dog Destruction Board. That is the board's role; it is not our role.

The Hon. M. I. JONES : That is not your department?

Dr SMITH: No.

The Hon. M. I. JONES : I visited the geoprocesses administration plant for saline processing technology and salinity control at Kerang in Victoria, a project proposal for linking this technology with a solar-operated desalination plant, which has been presented to the New South Wales Government. I think this is your department. What action is in place to capture this technology, which could have significant benefits, particularly for urban salinity hot spots in New South Wales?

Dr SMITH: The company has made a number of representations to the Government on funding, as it has done to the Victorian Government and to the Commonwealth, in addition to the Murray-Darling Basin Commission. At the moment the New South Wales Government is considering the company's proposals, as is the Murray-Darling Basin Commission, and I expect a decision on that within the next two to three months.

The Hon. R. T. M. BULL: The budget papers show that the Department of Land and Water Conservation staff will be cut by a further 53 this coming year. This represents a reduction of almost 300 since 1997-98—read large loss of personnel. What services have been cut as a result of these lost jobs?

Dr SMITH: No services have been cut. The adjustments this year are required to pick up the voluntary redundancy program from last year. Also, to allow us to live within our budget, they have been built in. It is not proposed to decrease any levels of service. We are trying to do things more efficiently. The overall reduction figures you quote are correct. That has been imposed on us through the budget process, and we have delivered.

The Hon. D. J. GAY: I refer to the long-awaited appointment of the 18 catchment management boards that have recently been announced. Is it a fact that representatives on these boards had to sign a form of declaration?

Dr SMITH: There is a declaration that is signed by all boards to ensure that there is no conflict of interest. It is just a declaration of their potential conflict of interest; that is the only declaration that I know they have signed. That is common policy across all our committees, not just catchment management boards.

The Hon. D. J. GAY: Could you make available a sample declaration form to the Committee?

Dr SMITH: Very much so, yes.

CHAIR: I turn now to administration of the Native Vegetation Conservation Act. Can you advise how much funding is dedicated to investigating suspected breaches of this Act, that is illegal land clearing? How many prosecutions have been commenced since commencement of the Act? How many successful prosecutions have occurred? Is it true that since the commencement of this Act there have been no successful prosecutions whereas prior to the commencement of the Act there were in the order of 20 successful prosecutions undertaken by the Department for illegal land clearing? In other words, does this Act work at all?

Dr SMITH: On the last part, I think the Act works but I think it needs to be placed in context. In terms of your first question regarding expenditure, we spend about \$1.5 million a year on compliance across the State. Since implementation of the Native Vegetation Act we have had about 350 reported breaches which we have investigated; from memory about 120 of those 350 have shown to be not illegal clearing or within exemptions. There has been further action taken on 109 in terms of warning issues, letters, et cetera, remediation worksm, and we still have 108 under investigation.

In terms of no prosecutions to date, a couple of prosecutions are currently in the pipeline that have been recommended for prosecution. We are awaiting on advice from the Crown solicitors. In terms of no prosecutions to date compared to State Environmental Planning Policy 46 [SEPP 46], under SEPP 46 the only remedy we had was prosecution; there could not be negotiation with the land-holders. As part of our compliance, now that we have that tool, we are actually trying to work with land-holders on remediation processes. In a lot of cases we get a better result with remediation and negotiation than we do with a court judgement.

CHAIR: We note the Minister's announcement that they are heading towards a no net loss of native vegetation in New South Wales. When do you think we will get to that stage?

Dr SMITH: I cannot answer that. Hopefully, it will be within 18 months to two years. There are a lot of definitional issues about what replaces what.

CHAIR: What it is being replaced by?

Dr SMITH: Yes. We would consider within two years. If there are broader government policy decisions on greenhouse gasses, that will certainly drive much quicker replacement of areas which are cleared.

CHAIR: So we certainly can look forward to the time when we will not be losing bushland, having a net loss of bushland in New South Wales, for the first time in 200 years.

Dr SMITH: Hopefully.

The Hon. D. J. GAY: The shadow Minister has made me aware of a case which he indicates is reflective of many others, where a person was advised in early April that it would take less than two weeks to process a simple urban subdivision through the Land Titles Office, only to be told after that time that because of staff shortages the processing time had blown out to possibly six weeks to two months. What steps are being taken to rectify this situation?

Dr SMITH: I am not sure. If they are land title issues they are not within this organisation. As a result of the last administrative changes the Land Titles Office was transferred to the Department of Information and Technology.

The Hon. D. J. GAY: Who has that now?

Dr SMITH: Minister Yeadon.

The Hon. D. J. GAY: I bet you are glad of that.

Dr SMITH: You are right. There was no fight over that one.

The Hon. R. T. M. BULL: Can I ask you about the recent Kerin report on the Western Lands Act? What is the Government's likely response to the recommendations in that report? Do you envisage changes? If so, what sort of changes?

Dr SMITH: The report is currently out for further consultation. The Kerin report in its totality is out there. I cannot comment on what the Government will decide. However, the Minister has said that he favours the majority of the recommendations in the Kerin report in terms of institutional structures, maintenance of the Western Lands Act, those types of issues, and also bringing the western lands under other common administrative processes with the rest of New South Wales. So you would basically have an umbrella Act, and West 2000 would be introduced as part of the structural adjustment activities which can occur in western lands. Basically, it is a package approach and the western lands review needs to be put in that context.

The Hon. R. T. M. BULL: The West 2000 funding ought to be available for farm buy-up of neighbours in the main?

Dr SMITH: Yes, it is at the moment. It has been extended with both the Commonwealth and the State, and one of the programs in that is basically exit payments.

The Hon. R. T. M. BULL: Would exit payments more generous than other payments?

Dr SMITH: I do not know about the detail because it is handled by a board, but I know that the Commonwealth in particular is looking to actually have more sympathetic and clearer rules in terms of neighbour buy-outs.

The Hon. R. T. M. BULL: Are there likely to be any changes to farming or clearing under the Kerin proposal?

Dr SMITH: No, the proposal is to bring the western lands under the Native Vegetation Conservation Act, which it is now anyhow, so those processes are already in place. I am not aware of any proposal for the Government to change that.

The Hon. D. J. GAY: The budget papers show that over the past two years almost 300 jobs have been lost in the Department of Land and Water Conservation. You indicated earlier that you were pleased to have lost some problems with the Land Titles Office, but the loss of many of these 300 jobs have been in the area of Crown or State land management. Is that not putting stress on your employees in that area?

Dr SMITH: I do not know about stress, but what we are trying to do with Land New South Wales and in land administration is to make it much more modern than it is and to remove some of the long drawn out administrative processes we have had in the past. We have developed and implemented major productivity gains through the implementation of technology such as CLID, which allows us to save a lot of time on billing and day-to-day administration. We consider that we are able to service that area to the required levels through better use of technology.

The Hon. D. J. GAY: I am informed that the processing time has blown out because of this loss of staff.

Dr SMITH: That is not my experience, and I certainly do not get a lot of complaints about Crown land administration across my desk. I do in other areas but not in that area.

The Hon. D. J. GAY: Do you have a comparative indication? Is there a benchmarking type document that you could produce to the Committee to show how the present situation compares with the situation before the loss of staff?

Dr SMITH: We can certainly give you the activity reports which give an indication of the processing levels and the timing over a couple of years. We will provide those to the Committee.

CHAIR: How does the department plan to ensure effective maintenance of the catchment management boards and the ongoing water reform process when the 2000-01 budget reveals significant departmental staff and resource cuts across New South Wales? The white paper on water reform indicates that water management committees will have a finite life, until about 2003. How do you plan to ensure that there is effective management of water reform if the water management committees are cut? Who will manage the ongoing review and implementation of the management plans?

Dr SMITH: This area is up for debate. What you said about the white paper is correct: the water management committees would have a finite life and would do a plan to share the resource between the various users, environment and the bulk water users. Cabinet is currently considering future management arrangements, the timing for water management committees and who will do the monitoring. That involves some consideration of the ongoing role of the catchment management boards. This area is an evolving area.

CHAIR: How much money is the department putting towards researching the vital area of groundwater dependent ecosystems in each groundwater management area across the State?

Dr SMITH: I cannot give you the exact amount but this year we propose to increase our effort internally quite substantially in that area, particularly with the better use of technology. There have been some recent advances with electromagnetic and magnetic imaging which allows us to much better target and identify groundwater resources. It is something like \$8 to \$10 a hectare. If that proves to be correct, with the Bureau of Sciences, that will give us a lot of scope to improve the base information in this area.

CHAIR: Can you explain why no groundwater management plans have been put in place by the department in the past two years?

Dr SMITH: It is an interesting phenomenon within the department that previously plans could be produced in a very short period, but now that there is a broader committee involvement and people want to take time to have a look at what is in a plan and debate it, the plans are now taking much longer. Also, the final plans that are produced are much more useful. It is also important to realise that in the future the water management plans will have a big impact on people's use of water, so consequently there is much broader interest in what is in the plans than in the past. Consequently, the consultation time has blown out.

CHAIR: Are you able to outline the budget allocation for the four groundwater management plans indicated in this budget?

Dr SMITH: I cannot. I would like to take that question on notice.

The Hon. D. J. GAY: The Government or your department is currently spending \$51.8 million on the Country Town Water Supply and Sewerage Program. That is the same as last year, and it is \$25 million less than was spent in 1995. Why are you cutting this in real terms when the Government, particularly the Minister for Local Government, or certainly the previous Minister, seemed so concerned about the problems with on-site sewerage?

Dr SMITH: Again I am simply outlining what the Minister announced. The current program of \$855 million is still the Government's target. It is funding that on a yearly basis, and the current effort is \$51.8 million. That funding is sufficient to meet our current commitments, and that is about all I can say. In terms of why it was determined at \$51.8 million, I think the Minister needs to respond to that, Mr Gay.

The Hon. R. T. M. BULL: I have some questions about the Snowy River: Can you advise the Committee on the negotiations about the possibility of extra flows into the Snowy?

[The Minister arrived from the Legislative Assembly.]

Dr SMITH: I cannot give you the exact details but I know that there are negotiations. I might hand that to the Minister.

Mr AMERY: First of all, I want to apologise to the Committee. Some of the colleagues of people around this table have had me pinned down in the Legislative Assembly with debate on the Dairy Industry Bill and numerous divisions.

The Hon. R. T. M. BULL: I was asking a question about extra water for the Snowy. What is the current situation on the negotiation with other stakeholders?

Mr AMERY: The negotiations have been led from the New South Wales Government's point of view by the Special Minister of State, the Hon. John Della Bosca, working with my office and the agencies. I have some prepared notes and I want to give those to you. Right through the early stages of that discussion I think there was some dispute between the Victorians and New South Wales about who was going to contribute all the water for the environmental flow, and I think John Della Bosca has made some public statements or statements in the House in general terms about that. That is probably why the negotiations in the early stages took a fair bit of time. I will just give you some prepared notes I have.

The New South Wales, Victoria and Commonwealth governments were involved. They established an inquiry to provide government with a range of costed options to address the environmental issues. The rivers include the Snowy, as well as the Eucumbene river flowing to the east and the Tumut, the Murrumbidgee, the Tooma, the Geehi, Swampy Plain and the Murray rivers flowing to the west. The inquiry ran an extensive and transparent community consultation process—I am sure it is probably stating the obvious; I think you would be aware of that—and there were some 600 submissions. The inquiry presented its report to the Government back in October 1998.

Option D included increasing flows in the Snowy River below Jindabyne Dam from the current 1 per cent—if members have seen that, quite frankly it looks like a stormwater drain—to 15 per cent of pre-Snowy scheme flows, as well as additional flows in the upper Snowy, upper Murrumbidgee and Geehi rivers. This option is designed to have minimum impact on agriculture and that is where we have been coming from. We were very concerned about the impact. We certainly agree that something needs to be done with the Snowy River but we were worried about the economic impacts of that on agriculture, and also the suggestions about what impact that would have on the use of potential water efficiency savings of 140 gegalitres.

Some community groups are concerned that these potential water efficiency savings are unlikely to be realised. Treasury engaged a water modelling consultant to investigate this matter as part of its preparation of a paper to government on the subject. Many western irrigator organisations and individuals have written to me requesting that no further water beyond that recovered for environmental flows in the Murrumbidgee and Murray rivers be taken from irrigation allocations to provide for Snowy River environmental flows. On the other hand, the peak environment groups and committees—and I have had some deputations in that regard—on both sides of the debate, have written to me advocating that there be a 28 per cent environmental flow, as recommended for the Snowy River by an expert panel in 1996. That 28 per cent recommendation went back even before the inquiry started. The Government has been considering that report, together with the many community and industry submissions received.

The process has taken time—and I know that there has been a bit of frustration by some individuals in that regard—as the environmental, social, economic and financial issues, their inter-relationship and trade-offs are very complex and very difficult. There are also a number of government agencies involved. Our Government is holding discussions at a ministerial level with the Commonwealth, Victorian and South Australian governments on environmental flows of the Snowy. However, given that these discussions are still current and the Special Minister of State is the New South Wales Minister involved in these discussions, it is not appropriate to give any details other than the sort of battle between commercial interests and environmental interests and as to where the water is actually going to come from.

In late December 1999 the Commonwealth Government commenced its preparation of an environmental impact statement [EIS] on the proposed corporatisation of the Snowy Mountains Hydro-Electric Authority. I understand that the draft EIS will be made available for comment to meet the public consultation requirements of the Commonwealth Environment Protection (Impact of Proposals) Act 1974. Overall, I suppose many people around the table know a lot about that part of it, so now we are trying to come to grips with the conflicting battle between commercial interests, irrigator groups and the conservation groups, which are pushing for a 28 per cent flow. The big battle is where the water will come from and who will be impacted, so the discussions are at a fairly crucial stage at the moment.

The Hon. R. T. M. BULL: There was quite a bit of discussion about water savings and leaking channels, in particular in the Berrigan area and probably other irrigation areas as well. Has the department done any assessment on the validity of these statements? Can those sorts of savings be made without an extraordinary cost such as piping instead of channelling?

Mr AMERY: I will ask the Director-General to comment on that as he is up to date with the latest on that assessment. There have been a number of proposals in the public forum. I think the irrigation industry has said, "Look, can't we make some savings here? Can't we do make other changes to some of the rivers?". The department has been involved in discussions with the opponents from the other side. There has been a fair bit of work going on.

Dr SMITH: As part of the Snowy Inquiry, a number of options were put up of potential savings through piping, channel lining, et cetera. There is some work going on at the moment to do the detailed engineering to see what the real costs are. The preliminary costs are about \$1,000 a megalitre in terms of capital cost to save that water and, as I said, it is now being firmed up. Also, a number of proposals have been put by the private sector to the Government about how you would make water savings through piping, et cetera.

The Hon. R. T. M. BULL: I have heard a figure of approximately 30 per cent of water being lost from headwater to the end of the river—in other words, it is never accounted for. Some of that would be evaporation. Could you give any validity to that?

Dr SMITH: Yes, that is correct. On average, that is about right. In fact, if anything, it is a bit higher in the overall system losses, but it is not uncommon for channel losses to be in the order of 25 to 35 per cent.

The Hon. R. T. M. BULL: And that is going straight into the groundwater?

Dr SMITH: Yes, it goes straight into the groundwater or is lost with spills into surrounding country and things like that.

The Hon. D. J. GAY: You addressed two uses of the water quite properly. One was the flow down the Snowy and the other was irrigation, but there is a third use, which is the generation of electricity.

Mr AMERY: Yes.

The Hon. D. J. GAY: Has there been discussion on the changed use of that generation of electricity? Many believe that this water is currently being wasted in the generation of baseload electricity. It is a very valuable resource that comes on line instantly and should more properly be used for peak and more valuable generation. It is, some say, pale green electricity that should be used for peak. Now if there were a change in electricity use there is a possibility of being more able to fulfil the needs of the environmental flow and the irrigators. Has there been a discussion along those lines?

Mr AMERY: I am probably not, off the top of my head, able to give too much up to date information of that. There has been a lot of discussion going on with the electricity players in this issue, and I think there was some criticism, not internally, but generally in the community, about the Snowy Hydro people being very conservative in the way they want the water allocated, and their retention. That is because, for obvious reasons, have to maintain a large storage to fulfill any possible commitment that may come up under the most extreme circumstances.

I understand that there has been discussions with the different governments involved on the issue of how the Snowy Hydro stores water, the amount of water stored, and the timing of its usage has been brought into question. But I cannot give the Committee any more up to date information. Bob can probably give you more information on that. I know that Treasury have been discussing some issues with John Della Bosca in relation to that matter.

Dr SMITH: As far as the hydro trading, it operates the system to maximise revenue generation, not power generation, and the majority of electricity is actually put on the shoulder of peak demand. That is where they make their money. They attempt to run it within the constraints, and the constraints they face are mainly the release of water for the irrigation industry, in terms of timing. So they must put certain volumes into out storages.

The Hon. M. I. JONES: I am the shadow Minister for Energy. I looked at the DEMCO reports of where they generate, and a large amount of water is used for base loading generation. That would be better done by coal generation rather than high value water in the Snowy. They may tell you that they are doing just the peak, but they are not.

Dr SMITH: Okay, I agree with that, but also within the constraints, if you talk to them they would actually like to change the release rules. That is what they are after, in terms of the timing. But those release rules are there to protect the irrigation industry, and that is where the tensions are at the moment.

The Hon. R. T. M. BULL: In terms of irrigation areas, I turn to the issue of salinity. As Mr Jones mentioned, there have been a lot of problems in the Kooragang area and in the Murray area, and to a lesser extent in the Murrumbidgee area. From your latest surveys and information, is this still an increasing problem, or has there been a decrease in the level of salinity?

Mr AMERY: Are you talking about generally? I think we are working on the National Salinity Audit, which paints a pretty bleak picture. We are all working, I suppose, on the assumption that things are getting worse, because the challenge to us with the National Audit was that by 2020 water would be unfit for human consumption. I think it is 2050 when it gets bowled out in terms of even agricultural production. That is the challenge put to us. Whilst I said at the Salinity Summit—and I put it on record that the Government acknowledges the Opposition's attendance at the Salinity Summit held at Dubbo on 16 and 17 March—we are working on the proposition that the challenge of salinity is that at the rate we are going things are going to get worse. I will just go through a few things. A Cabinet subcommittee has been established—I think that has been announced publicly—which will oversee the development of a salinity strategy by about the middle of this year.

That committee is going through that process now, and that will recognise and complement the national initiatives to address dry land salinity. Also, a strategy was put up by the Murray-Darling Basin Commission. The Commission is preparing a salinity management strategy for the basin for consideration by the ministerial council this August. This strategy will include interim targets for river salinity at key sites of the Murray-Darling Basin. A very important component of the work that will be done is with the new catchment management boards that have been set up. Irrigation is addressed through the Land and Water Management Plan. The New South Wales Government has already committed funding of \$57.5 million over 15 years for the four Murray land and water management plans. Four more plans are under development, with significant New

South Wales Government financial input. Salinity related expenditure across New South Wales was about \$30 million for 1999-2000.

There has been a \$5 million budget enhancement, which increases total expenditure to about \$35 million for the coming financial year. New salinity initiatives are also expected to be announced, with the release of the strategy, I think, this month. Direct expenditure on salinity is complemented by funds allocated to land managers to conserve native vegetation through the Native Vegetation Management Fund, and to farmers wishing to adopt more water use efficient management techniques through the water use efficiency incentives scheme. One important finding of the Murray-Darling Basin Commission salinity audit was that land and water salinity is accelerating at a faster rate and to a greater extent than previously predicted. That probably answers your question as to whether things are getting better, staying the same or getting worse. The audit states that they are getting worse than we all expected. The movement of salt in the landscape and into the waterways from dry land areas could double in the next one hundred years.

As a consequence, average river salinities will rise, significantly exceeding the desirable water quality thresholds for drinking and irrigation water supplies in many New South Wales waterways. The most recent study of the costs of dry land salinity in the Upper Macquarie Catchment of New South Wales calculated agricultural impacts of \$1.6 million annually. Based on this study and other work carried out in Victoria, the Murray-Darling Basin Salinity Audit suggest that total annual costs, including agricultural costs, will amount to approximately \$1 million for every 5,000 hectares of visibly affected land. Using a 1997 estimate of 120,000 hectares of salt-affected land in New South Wales, that puts the annual cost to New South Wales at \$24 million. I think that figure was put up by the Premier and me at the summit as well. The Murray-Darling Basin Audit reported that serious salinisation would be experienced in New South Wales over an area of between two and four million hectares by 2050.

Using the lower bound of this estimate, that is, two million hectares, puts the annual cost of salinity to New South Wales at \$400 million. Salinity effects are not limited to agriculture. Rising water tables also affect domestic and commercial water supplies. Those members who may have visited Wagga Wagga may have been shown, by the local council, rising water table salinity eating away at the foundations of homes and cracking roads in some suburbs of Wagga Wagga. They have installed a pumping system in Wagga Wagga. I have seen early signs of damage caused by salinity in my own electorate in western Sydney, and I do not know what the latest timing is on the release, or formal release, of some salinity maps even for Western Sydney. Overall, we will be making another strategy document available in the coming weeks.

The Hon. R. T. M. BULL: My question was actually a little bit more specific about those irrigation areas. Is the water table still rising, or has it declined? I know it was in decline at one stage, when leaky soils were identified in rice growing areas, and growers stopped planting rice.

Dr SMITH: It has decreased or stabilised. The irrigation areas, with land and water management plans, were able to target where they could apply water, particularly for rice, to stop leakages. The hydrological pressure has decreased quite substantially. So there is actually a lowering of the water table and of the mounding, which is the impact you get when there is leakage in large areas, such as rice fields.

The Hon. D. J. GAY: Minister, the question I asked Mr Smith, and he quite properly referred to you, was a policy question, which I will ask again. The Chairman of the New South Wales Coastal Council, in his latest report to Parliament, criticised the Government for not having a whole-of-government effluent management policy. Given this criticism, how can you justify spending only \$51.8 million on country town water and sewerage, which is the same as last year, and in reality is some \$25 million less than was spent in 1995, when the last good Government was in office in this State? Why are you cutting, in real terms, the State Government's contribution to upgrading sewerage works, in the face of this criticism by the Coastal Council, and given the concern of your fellow Minister, the Minister for Local Government—and certainly the former Minister—over his septic tank legislation?

Mr AMERY: I suppose it is the angle you are coming at as to whether the Government is cutting back on programs. A number of changes have been made. The former Government kicked off with the Country Towns Water and Sewerage program. We expanded that program in about 1997. Minister Yeadon incorporated a number of very small villages with populations below a certain number. Before I respond to that political comment I will go through some of the figures. Some \$855 million was the total program, which provides financial and technical assistance, as I said. Since 1995 we have spent \$273 million on these schemes. The Government has started 89 significant water and sewerage projects, comprising new schemes and

augmentations. During 2000-01, you say it is a cutback. I do not consider it to be a cutback. The Government will provide \$51.8 million. You say "only \$51.8 million", but this is a major improvement in water and sewerage, and also capital investment, in country New South Wales.

CHAIR: Will it be completed in ten years as promised?

Mr AMERY: I think we are pretty well on target. You are saying "only", and that this is a cutback. This means that the State government is spending—

The Hon. D. J. GAY: It is \$25 million per annum less than we were spending.

Mr AMERY: We are spending \$1 million a week on country towns as part of that program. There is \$51.8 million. You say it is "only"; I say it is quite substantial. A number of projects will be undertaken this year; new water treatment plants are planned for Batlow, Corowa, Gulgong, Moulamein, Mudgee, Oberon, Port Macquarie, Tooleybuc, and villages such as Comboyne, Long Flat, Telegraph Point, Gravesend, North Star and Warialda. Some money will be used to improve sewerage systems for Culburra, Moree, Nambucca Heads and Tamworth, to pick up the coastal people at Nambucca Head, and new sewerage systems for Coopernook, Hat Head, Kew and Kendall, Lansdowne, Manning Point, Mittagong Villages—in fact, I was at Mittagong recently where we started turning the sod on a project worth about \$40 million—Moruya Heads, Nabiac and Uki. There is construction of the Shoalhaven regional effluent management scheme. I resist any suggestion that that is an "only", and that we are in some way winding it back.

The Hon. D. J. GAY: It is still \$25 million per annum less than what we were spending, and it is five years further on, no matter what you say.

Mr AMERY: We brought a lot of small country towns into the scheme. You do not have to like what I am saying.

The Hon. D. J. GAY: I do not.

Mr AMERY: I am telling you that I am very pleased about the program. Any program that goes to country New South Wales and is putting in \$1 million a week into country town water and sewerage programs, which complement—

The Hon. D. J. GAY: It is \$500,000 a week less than we were putting in five years ago.

Mr AMERY: If you think you were doing any better—

The Hon. D. J. GAY: We were; we were doing \$500,000 a week better. So much for Country Labor.

Mr AMERY: We are fulfilling all our obligations in that regard. I happen to think that the program is one of the really positive ones that are very well received by a number of the councils and the communities with which we have been involved.

The Hon. D. J. GAY: That is why you cut it back.

Mr AMERY: I am telling you that we have been meeting all our obligations in this regard.

The Hon. D. J. GAY: You have cut it by nearly one-third.

Mr AMERY: I will just go through a few more prepared statements. The funding will also see a continuation of more than 250 investigations designing construction projects throughout New South Wales. This includes work on two new dams for the Kempsey and Port Macquarie areas, and the upgrading of Ben Chifley Dam at Bathurst. A number of these projects have come back to us for additional funding, and that has always been difficult because any additional funding for one project will certainly affect the funding for another project.

In 1997— and this adds a different component to it that the former Government did not think of—the Government introduced a major initiative for small towns. That will finally give them access to affordable sewerage systems, including the environmental benefits of that, obviously. Some of those small villages have old sewage or septic tank systems. They have been polluting the ground water, and in areas of runoff it affects

our waterways. In addition to the money we are putting into our water reform process, we see this as very much an important component of it.

The Hon. D. J. GAY: But it is a smaller pie overall.

Mr AMERY: We made the project bigger by bringing in small towns that you neglected.

The Hon. D. J. GAY: You brought more people into a smaller pie.

Mr AMERY: Under the initiative 150 small towns with high or urgent needs related to human and environmental health and with only low growth potential have been given access to additional Government assistance of \$168 million to sewer their communities. The initiative is known as the Small Town Sewerage program and it provides an extra level of funding of up to 75 per cent.

The Hon. D. J. GAY: How can you be proud of this?

Mr AMERY: Under the old program the Coalition Government provided up to only 50 per cent, and for big towns only. This is 75 per cent and it helps small towns that have lower rate bases. I remember visiting a little village near Queanbeyan. Expenditure on that small town initiative has been \$22 million. I am pleased that those small villages are not being forgotten.

CHAIR: This is a long answer. Could you incorporate it in *Hansard*?

Mr AMERY: I am responding to interjections.

The Hon. D. J. GAY: You have not got near to answering the interjections. I wish you would.

Mr AMERY: Do you want some further towns? I have some great towns.

The Hon. D. J. GAY: No, I want some more money.

Mr AMERY: Let me tell you about these great communities that are receiving funds. They include Ganmain, Baradine—

The Hon. JANELLE SAFFIN: I want to know the towns.

The Hon. A. B. KELLY: Do you have a record from about 1992 or 1993 when all the councils were summoned to a meeting by Wal Murray at the Wentworth Hotel in Sydney and were told that the Government would cut all future funding for towns? Does your department have records of that meeting?

Mr AMERY: We might have to check that correspondence. I think you will find that the former Government allocated money to big towns and the Labor Government came in and responded to approaches by local government people to help these small villages that people seem to forget. Some people were saying that there has been a demise of small towns and small villages. We considered that we should improve their water supply, though there might be few people—and, I suppose, in the mind of the former Government, few voters—and therefore they did not need access to these sorts of projects.

I will take the rest of the question on notice so that I can provide the Committee with the extensive list of small country towns that have benefited from this very caring Labor Government. I will take the question on notice and give a commitment to provide that list to the Committee, including all the projects started in 1995-96 and 1996-97. I seek leave to incorporate that list in *Hansard*.

Leave granted.

ATTACHMENT A

COUNTRY TOWNS WATER SUPPLY AND SEWERAGE PROGRAM WORKS STARTING CONSTRUCTION FROM MARCH 1995

New projects started in 1995/96

- 1Coffs Harbour/Sawtell Sewerage Stage 3
- 2Scone Water Supply

- 3Kootingal Moonbi Water Supply
- 4Port Macquarie Sewerage
- 5Bowraville Sewerage
- 6Lightning Ridge Water Supply
- 7Minnie Waters Sewerage
- 8Wooli Water Supply
- 9Hastings Point Sewerage
- 10Tea Gardens Sewerage
- 11Lismore Sewerage
- 12Adelong Water Supply
- 13Uranquinty Water Supply
- 14Urana/Oaklands Sewerage
- 15Tumbulgum Sewerage
- 16Moama Sewerage
- 17Cooma Sewerage
- 18Mogo Sewerage
- 19Shoalhaven City Water Supply 2A
- 20Parkes/Peak Hill Water Supply
- 21Bathurst Sewerage
- 22Gulgong Sewerage
- 23Baradine Sewerage

Total government expenditure including all new and existing projects: \$75M

New projects started in 1996/197

- 1Kempsey Sewerage
- 2Marulan Sewerage
- 3Nimmitabel Sewerage
- 4Narrabri Sewerage
- 5Albury Sewerage
- 6Berridale Water Supply
- 7Mungindi Sewerage
- 8Dubbo Sewerage
- 9Ganmain Sewerage
- 10Macksville Sewerage
- 11Mumbil Sewerage
- 12Gunnedah Sewerage

Total government expenditure including all new and existing projects: \$62M

New projects started in 1997/98

- 1Coffs Harbour Reuse Demonstration
- 2Cowra Sewerage Phosphorous trial
- 3Delegate retarding basin
- 4Griffith water meters
- 5Albury Sewerage—Woodlot and Wetland
- 6Bulahdelah Water Supply Stage 3
- 7Wye Point Sewerage (Hunter Sewerage Project)
- 8Hastings District. Water Supply Stage 2E
- 9Humula Water Supply
- 10Callala Sewerage
- 11Jindabyne Sewerage Stage 2
- 12Bathurst Water Supply stage 2
- 13Dungowan Dam stabilisation
- 14Parkes Water Supply reservoir roof
- 15Bungendore Water Supply
- 16Rileys Hill Sewerage
- 17Bombala Sewerage
- 18Lake Cargelligo Water Supply
- 19Narrabri Sewerage – Farm

- 20Oberon Water Supply
- 21Guyra Sewerage
- 22Marulan Water Supply
- 23Murwillumbah Sewerage
- 24Shoalhaven City Water Supply 2B
- 25Tamworth Sewerage stage 2 part A
- 26Warren Sewerage

Total government expenditure including all new and existing projects: \$50m

Projects started in 1998/99

- 1Gresford Water Supply
- 2Hastings District Water Supply Stage 2F Pipeline
- 3Kempsey Water Supply
- 4Manilla Sewerage
- 5Richmond River Shire Telemetry
- 6Uki Water Supply
- 7Condobolin Water Supply roofing
- 8Eugowra Sewerage
- 9Canowindra Sewerage
- 10Moree Sewerage
- 11Yamba Sewerage - Stage 1
- 12Corinda Sewerage
- 13Stuarts Point Water Supply
- 14Hay Water Supply

Total government expenditure including all new and existing projects: \$49M

Projects started in 1999/00 to date

- 1Captain's Flat Dam Remedial Works
- 2Hastings District Water Supply Stage 2G – Dam
- 3Orange Water Supply - Water Treatment
- 4Rylstone Dam Remedial Works
- 5Uki Sewerage
- 6Warren Water Supply Augmentation
- 7Batlow Water Supply - Water Treatment
- 8Crescent Head Sewerage Augmentation
- 9Scotts Head Sewerage
- 10Comboyne, Telegraph Point, Long Flat W.S.
- 11Leeton Sewerage Augmentation
- 12Waterview - Seelands - Eatonsville W.S.
- 13Manning Dist. Water Supply - Wingham Reservoir
- 14Tenterfield Dam Flood Warning System
- 15Dungog Sewerage Augmentation
- 16Moruya Sewerage Reticulation

Total government expenditure including all new and existing projects: \$37m to date, \$51m expected for the year.

SUMMARY

- 1995/96 23 Projects
- 1996/97 12 Projects
- 1997/98 26 Projects
- 1998/99 12 Projects
- 1999/00 16 Projects to date

TOTAL 89 Projects \$273M

CHAIR: I have a question on the North Coast aquaculture development. Are you aware of a Department of Urban Affairs and Planning [DUAP] North Coast Aquaculture Development strategy which proposes that aquaculture development will be able to extract up to 200 megalitres of water per development without a licence? How will the department manage proposed developments that may be on embargoed or stressed rivers?

Mr AMERY: I have just been given some very helpful advice.

The Hon. D. J. GAY: It is a pity he did not give it to you for the last question.

Mr AMERY: Do you want me to repeat the last answer? I liked it. I have been told that that is a SEPP matter, which is a DUAP issue. You are talking about a proposal about the allocation of water that is going through the planning office. I can give you an assurance that our office will be watching the progress of that proposal, because how we manage and give approval for water allocation or water extraction is very important. We try to carry the whole community with us. It is part of a SEPP process that is before DUAP or the Minister for Urban Affairs and Planning at the moment.

CHAIR: But you will have some control over the water usage?

Mr AMERY: I will certainly be looking at it, yes. I will not give that away too easily.

CHAIR: Will you guarantee that the \$100,000 per annum wetlands programs will be maintained for 2000-01?

Mr AMERY: We can. I understand that is not in question. The answer to that one is a positive: Yes.

CHAIR: What budget allocation has been made for enforcing compliance with licensing conditions imposed under the Water Act? How many prosecutions were made for non-compliance with licence conditions last year?

Mr AMERY: We had a few issues about non-compliance and prosecutions which have been dealt with in the media. I will ask the Director-General to give some details on the latest prosecutions, bearing in mind that we cannot mention any names.

Dr SMITH: Water compliance is done, in the main, by the Water Licensing Office; it is part of the duties of that office. Last year there were no prosecutions for illegal use of water. A couple are currently being considered and evidence is being gathered.

CHAIR: Funds have been committed towards the rehabilitation of Hexham Swamp. When will the floodgates be opened and the real rehabilitation process begin?

Mr AMERY: That was a great win for our Hunter MPs, the latest information on the timing. We did very well. It was a long-running program. After coming to office in 1995, the Government realised that the Hunter MPs had been lobbying to deaf ears for some time to get something done about the Hexham Swamp. I recall that leading up to the 1999 election the Premier made an announcement, with the Hunter MPs, on that issue. I will give the Committee some background. Since 1995 the Government has allocated \$12 million to local councils under the Estuaries Management program. There have been 150 offers of financial assistance to 42 councils. Projects include the preparation and implementation of estuary management plans, wetland restoration, habitat protection, gross pollutant traps and foreshore improvements.

In 1999-00 an allocation of \$1.65 million was made for estuary management works, which enabled some 37 new grant offers to be made. There remains a significant backlog of demand from councils for financial assistance. We have to go through various processes with Treasury to continue that funding. For the 2000-2001 financial year estuary funding is included in the line item Local Government. Capital grants for \$31.967 million appear on page 3-44 of Budget Paper No. 3 Volume 1. That answer relates to funding and I think your question related to the timing of the opening of the floodgates. The short answer to your question is that we do not have a date for that. I seek leave to provide the Committee with extensive details on the funding arrangements. We will take that on notice. Do we have any time for the opening of the floodgates, which was the main question?

Dr SMITH: Currently, work is proceeding on the operation of the floodgates on both the Hexham Swamp and the lower parts of the Hunter system. I expect that the Government and the Minister will be in a position to make a decision within the next 12 months.

CHAIR: Referring to the regulatory review of the acid sulfate soils management, what were the outcomes and when will they be implemented?

Mr AMERY: I think that relates to agriculture.

CHAIR: It is strictly, but you are here now.

Mr AMERY: I do not know whether I am able to respond to that. It is coming up before Cabinet. I will take it on notice, because there is a Cabinet discussion going on at the moment regarding that matter. It may be better for me to get an answer back to the Committee after that process. That might be the best way of handling that matter.

CHAIR: Will you continue to fund the Wetland Action Group?

Mr AMERY: Yes. You do not have a list of every community group in respect of which you are going to ask about funding?

CHAIR: No.

Mr AMERY: The Director-General assures me that the answer is yes. The level of funding, of course, will be the subject of negotiations.

The Hon. M. I. JONES: Have you been able to resolve the issue regarding the Worrimi people's land claim over Stockton Bight?

Mr AMERY: Am I able to resolve it?

The Hon. M. I. JONES: Yes.

Mr AMERY: No. I have been told that it has not progressed. I think it will be some time away.

The Hon. M. I. JONES: It is dragging on.

Mr AMERY: Yes. I will take it on notice and see whether we have any more information, but I think you will get the same answer as I have written to you.

The Hon. R. T. M. BULL: Looking through some of the line items in the budget papers I notice a reference to rental of cottages. Are those cottages now the subject of full-time rentals?

Mr AMERY: Are you talking about the general line item? What was the question again?

The Hon. R. T. M. BULL: The rental of cottages. I am not sure which cottages are being referred to, but I want to know whether they are full-time rentals or part-time rentals of the cottages around the harbour.

Mr AMERY: They are full-time rentals. I have not stayed in any. Also, there are cottages on properties around our dams. I do not whether we have any in the Western Division; I am told we do not. The Director-General tells me that generally we get full commercial rent for them.

The Hon. R. T. M. BULL: The Murray-Darling Basin Commission attracts funding of \$20.5 million?

Mr AMERY: Yes.

The Hon. R. T. M. BULL: Does New South Wales have a say in how that is expended?

Mr AMERY: There is an agreement with the Murray-Darling Basin Commission. Whilst it is an interesting question as to whether we have a say, what happens is that the Murray-Darling Basin Commission meets a couple of times a year, the commission puts forward a budget for the ministerial council to consider and we then approve that. How the commission runs its administration is a matter for the commission. It runs its own show in that regard, but we have an input into some of the projects that may come up. There will be a priority list, and capital works projects are put to the commission from time to time. We put forward

submissions and the commission considers them. Overall, there is an agreement, and I do not know what percentage New South Wales pays. I suppose it would be a fair amount. I am told it is 34 per cent.

The Hon. R. T. M. BULL: We would attract our share of projects?

Mr AMERY: Yes. The Murray-Darling Basin Commission, by its very nature, is mostly concerned with New South Wales. Most of it is related to New South Wales in regard to river systems, catchments, water assets and so on. There have been a few debates on the Murray-Darling Basin, and New South Wales has always resisted any change in the system that in any way would see our asset diminished or stripped away. Because we have such a major stake in it, we have resisted a lot of structural changes that have been sought by some of the more minor States in that regard.

The Hon. R. T. M. BULL: We get a lot more than 34 per cent of the projects?

Mr AMERY: We do very well out of it, yes.

The Hon. D. J. GAY: The water legislation will be considered in the third quarter of this year. Is it going to have budget ramifications?

Mr AMERY: Let me just go through it. The legislation you refer to is the bill that was springing off from the white paper?

The Hon. D. J. GAY: Yes.

Mr AMERY: The closing date for submissions on that was 31 March. Only in the last week or so have we considered a Cabinet paper. There are financial implications in it. That is going before Cabinet now and I cannot give you details of it. The Legislative Assembly is not sitting next week and I hope to be taking up the Cabinet minute in the next couple of days. I propose to have that bill ready for release in the following week of Parliament. Hopefully, it will be ready by the time the Parliament resumes, so that members of the Committee will have a copy of the bill. There will be no debates on the bill in the lower House. Once the bill is tabled I intend to make a second reading speech and then it will lie on the table of the House until the start of the next session. So it will probably be closer to Christmas before we debate it. The bill will bring together all the new pieces of legislation. I have a briefing paper here which I could read, but it would take all day.

The Hon. D. J. GAY: I asked a specific question on the budget ramifications.

Mr AMERY: Yes. As you know, there are a lot of things to be considered. This new Act will not sit alongside all the current pieces of legislation relating to water that involve a number of budgetary projects. It will incorporate all the legislation.

The Hon. D. J. GAY: Do I understand that you will only incorporate it, it will not mean an addition?

Mr AMERY: It is not additional legislation.

The Hon. D. J. GAY: No, I am talking purely budget—budget ramifications.

Mr AMERY: We have the water reform budget here. We do not envisage the budget allocation that is before you being changed, but as we go through different projects there may be changes to the amount of money received.

The Hon. D. J. GAY: So this legislation will not change the existing budgetary—

Mr AMERY: It should not.

CHAIR: And there will be wide community consultation?

Mr AMERY: You asked a while ago about the Snowy River and things like that. As those sorts of changes arise, we will go back to Treasury and get other enhancements and so on. So is the legislation talking about new money? No, it incorporates all the existing legislation. It will also incorporate new aspects of the

water reform process, for example, property rights and so on. There will be cost implications as a result of the mechanics of that.

The Hon. D. J. GAY: That is what I am asking.

Mr AMERY: Yes, but your question seems to imply that there some new project or something.

The Hon. D. J. GAY: No, you are bringing through water legislation and inherent in that legislation are things like property rights, et cetera. Now if you are addressing things like that there will be budget ramifications. You tell me there are no budget ramifications, you are telling me you are not addressing those.

Mr AMERY: No, all those things are going to be addressed and whatever the cost is to address those issues will be met.

CHAIR: And there will be community consultation on it?

Mr AMERY: Yes.

The Hon. D. J. GAY: The Director-General indicated earlier that there would be extra money for salinity when the strategy is in place. Given these two major commitments, can we expect a mini budget later in the year?

Mr AMERY: No.

The Hon. D. J. GAY: How can we accept this budget if there are going to be major changes?

Mr AMERY: I ask you to accept the budget, but let me just say that I have answered questions about the salinity strategy. There is a strategy that I understand the Premier or the Government will be announcing in the not too distant future. I understand it is only weeks away, and there will be certain funding projects and so on in that.

The Hon. D. J. GAY: We would hope so because \$5 million out of \$30 billion is pretty miserable.

Mr AMERY: I do not think it is miserable.

The Hon. D. J. GAY: It is; it is ordinary.

Mr AMERY: The \$5 million project is not our response to the salinity summit. If we did not have a summit we would still be spending all this money on salinity, as we have been for years.

CHAIR: There will be community consultation on the legislation?

Mr AMERY: Most definitely.

CHAIR: There will be plenty of time to look at it before—

Mr AMERY: Yes.

The Hon. M. I. JONES: Minister, is the salinity statement by the Premier likely to be made this weekend, or is it weeks away?

Mr AMERY: I am not aware. As far as the statement is concerned it will not be the release of the strategy, but the Premier may make some statements about it.

The Committee proceeded to deliberate.
