

# **GENERAL PURPOSE STANDING COMMITTEE No. 5**

**Friday 22 June 2001**

## **Examination of proposed expenditure for the portfolio areas**

### **AGRICULTURE, AND LAND AND WATER CONSERVATION**

**The Committee met at 4.00 p.m.**

#### **MEMBERS**

The Hon. Richard Jones (Chair)

The Hon. John Johnson  
The Hon. Janelle Saffin  
The Hon. Ian Macdonald

The Hon. Malcolm Jones  
The Hon. Richard Colless  
The Hon. Duncan Gay

---

#### **PRESENT**

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

#### **Land and Water Conservation**

**Dr B. Smith**, *Director-General*

**Mr M. Sheather**, *Director Corporate Finance*

#### **Agriculture**

**Dr K. P. Sheridan**, *Director-General*

**Dr R. F. Sheldrake**, *Deputy Director-General*

**Dr A. C. Gleeson**, *Executive Director (Administration)*

**Mr T. Ely**, *Financial Controller*

**Mr C. Begg**, *Public Affairs Officer*

**Mr I. Hallet**, *Senior Project Officer*

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

---

**CHAIR:** I welcome you to this public hearing of General Purpose Standing Committee No. 5. First, I wish to thank the Minister and the departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of Land and Water Conservation, and Agriculture. Before questions commence, some procedural matters need to be dealt with.

Part 4 of the resolution referring the budget estimates to the Committee requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines for broadcasting are available from the attendants. I point out that, in accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee.

There is no provision for the members to refer directly to their own staff while at the table. Witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks. For the benefit of Committee members and Hansard, could departmental officials identify themselves by name, position and department or agency before answering any question referred to them. Where a member is seeking information in relation to a particular aspect of a program or a subprogram, it would be helpful if the program or subprogram is identified. The Committee has agreed to the following format for the hearing: one for Land and Water Conservation and one hour for Agriculture. I declare the proposed expenditure open for examination. Are there any questions?

**The Hon. RICHARD COLLESS:** Thank you, Mr Chairman. Minister, reports back from irrigator representatives on river management committees and groundwater management committees suggest there are major concerns about the ability of the department to provide the necessary resource and technical information, flow modelling data, and so on, that are required for these committees to make their decisions on water sharing plans in the bulk access regimes. These committees have to make recommendations back to you by 31 August this year and will result in the establishment of rules and conditions that will be in place for ten years once they are signed off by yourself in December. An amount of \$11 million has been allocated to meet implementation costs associated with the Water Management Act 2000, according to Budget Paper No. 3, Volume 1, page 3-9. Are the DLWC resources adequate to deal with the deadlines currently proposed? Secondly, what actions has the DLWC taken to address the concerns of irrigator representatives? Thirdly, will the allocations in this budget allow you to adequately implement the other areas of the Water Management Act 2000 within the required time frame?

**The Hon. RICHARD AMERY:** First off, as far as the allocations are concerned, the department has indicated to us, right through the budget committee process leading up to the budget, that the allocations are sufficient to meet theirs. The Water Management Act has been designed specifically to provide that security for the water users you referred to, and of course the confidence for business development. Essentially the bulk access regime process and the reports are the water sharing rules that determine how much water is to be available for extraction in a particular area by licensed water holders. It will form the major component of the water sharing plan and will be in place for a ten-year period.

The water sharing plan will specify environmental water provisions as well as the various rules on how the system operates. The first step is the Government is committed to ensuring the regimes are in place in priority rivers and groundwater systems and the priority river and groundwater system will include all of those for which the water sharing planning has already commenced. The existing water management committees have been asked to make the recommendations for high priority rivers and aquifers and in this regard I provided specific terms of reference to the committees this March.

I can say through the whole budget committee process I heard a lot of concerns by irrigator groups on committees and so on. The Director-General might want to make comment about the resources. The advice I received leading up to the formulation of the budget is that the funds you referred to are sufficient to meet that. So, I have no particular concerns. Unless the DG wants to add anything to that.

**Dr. ROBERT SMITH:** No; I concur with that.

**The Hon. RICHARD COLLESS:** I would like to refer to Budget Paper No. 3, Volume 1, page 3-38, subprogram 22.1.1, Rivers and Groundwater. Given that service and groundwater irrigation licence allocations are in the process of being reduced and the budgeted revenue listed as income from water operations is to increase by \$4.5 million dollars, what is the real increase in the price per megalitre for groundwater and surface water irrigators?

**The Hon. RICHARD AMERY:** As you know, on pricing the Government is committed to the Council of Australian Governments water reform process, which means we have to meet full cost recovery by a certain period of time. The process for that, which has received some consideration, has been for a lot of people, organisations and interest groups, including the Department of Land and Water Conservation, to put in submissions on what is the full cost recovery component. You will have noticed from media comment that the Department of Land and Water Conservation submission is generally a far more rigid process where they actually claim the full cost recovery component is much higher than deemed by the Independent Pricing and Regulatory Tribunal. IPART will set the price. They set them in the various components around New South Wales and they will do that after taking into consideration submissions by everybody, including my own department.

In the past I think IPART has come down with a pricing structure lower than that submitted by the Department of Land and Water Conservation, as their modelling or their determination of full cost recovery is obviously different to what the department believes it is. That really shows that the pricing process in New South Wales is truly independent. This is not a case of the Government making up a price behind closed doors. You have a situation where a department is claiming triple A and they are getting a double A recommendation from IPART.

In relation to the price component, you are asking about water allocation reductions in relation to increasing costs. I suppose that is reflected in the fact that we are planning an increased amount of money from water charges each year. Bob, do you want to add anything to that aspect of the process? Do we have a timing on the last round of pricing.

**The Hon. RICHARD COLLESS:** We would like some idea of the dollars per megalitre increase.

**The Hon. DUNCAN GAY:** Further on that, at points 36, 35 and then 40 this year, if you take into account that the numbers are down, that is heading towards a 15 to 20 per cent increase. It is quite substantial.

**Dr. ROBERT SMITH:** Bob Smith, Director-General, Department of Land and Water Conservation. The prices determined by IPART, built in as an increase each year on IPART's pathway, have been in the order of 10 to 12 per cent each year. That is incorporated in it. In addition, IPART in each of their determinations include more water in their bulk pricing regimes, so there is additional revenue because they are putting additional categories in each year. There is a component of that. It is also an estimate of the revenue. It does not mean the department actually collects that revenue; that is dependent on the water season.

**The Hon. RICHARD COLLESS:** Minister, I would like to address the issue of staffing in the DLWC. The annual report refers to the position of Deputy Director-General, Natural Resource Management, and I understand that Mike Lee held this position from July 99 to January 2000, a period of just less than six months?

**The Hon. RICHARD AMERY:** Yes.

**The Hon. RICHARD COLLESS:** As I understand it, Robert Simpson filled the position after Mike Lee left, and the *Government Gazette* of Friday 15 June refers to the removal under section 42Q of Robert Simpson as from 25 May 2001. Minister, how can the DLWC be recognised as a leader in resource management, as the budget paper claims, when the position of Deputy Director-General, Natural Resource Management, cannot be filled for any length of time?

**The Hon. RICHARD AMERY:** Firstly, the Department of Land and Water Conservation is a leader in natural resource management, and it has no relationship to whether and for what reasons people select various positions and then leave. The position of Deputy Director-General has been refilled a couple of times. The point is taken. It has been part of a restructure and some other reasons given there. The Director-General will give you some more detail, what could be appropriately given to the Committee, as to why these vacancies have occurred.

**Dr. ROBERT SMITH:** Mike Lee was actually on secondment from the Commonwealth. He served his two years then went back to the Commonwealth. Mr Simpson was recruited, unfortunately there was separation, he

decided to leave the organisation and we are in the process of recruiting, over the next couple of weeks, a replacement.

**The Hon. DUNCAN GAY:** He left, he was not removed?

**Dr. ROBERT SMITH:** There was an agreed separation.

**The Hon. RICHARD COLLESS:** He is no longer employed by the department?

**Dr. ROBERT SMITH:** No.

**The Hon. DUNCAN GAY:** What are you doing to fill this position?

**Dr. ROBERT SMITH:** We are in the process. I am looking at a couple of recruits now, both internal and external to the public sector, and I expect to make an announcement in a couple of weeks time.

**The Hon. RICHARD COLLESS:** Getting on to salinity, Minister, we all agree that is a very important issue. As the New South Wales Government has a vital role to play in the Federal Government's \$700 million national action plan for salinity, how will the \$13 million ear-marked for salinity in the 2001-02 budget be spent on the New South Wales salinity strategy? And when will the Minister officially sign off and allocate the \$198 million, being this State's funding contribution, to the national action plan for salinity?

**The Hon. RICHARD AMERY:** First, addressing the last part of the question, I suppose we did anticipate that the members of the Committee would be asking when will the State be signing off on the national action plan. The Prime Minister announced that in October 2000. The Commonwealth Government has committed \$700 million to that over seven years, with matching contributions coming from the States. It is likely that up to \$200 million of the investment will be made in New South Wales and we are very happy with that.

The Commonwealth has signed an intergovernment agreement [IGA] with Queensland, South Australia and the Northern Territory and is in the process of negotiating bilateral agreements with those governments. New South Wales has recently concluded negotiations with the Commonwealth over a set of interpretive principles that will underpin the application of that IGA. I have not got the exact date, but I anticipate the Prime Minister will sign the IGA in the near future.

The next step will be the IGA between New South Wales and the Commonwealth that will produce the bilateral agreement. Although that national action plan is a worthwhile initiative that is consistent with the priority to be given to the problem here, it has a number of features that are of concern. These include a somewhat arbitrary and politically weighted selection of 20 priority catchments across Australia, and unaccountably two of the high priority areas identified in the New South Wales salinity strategy—Western Sydney and the Hunter Valley—are not included in that plan. Other States report that the Commonwealth has ignored their priority problem areas yet is insisting on the inclusion of regions where water quality and salinity problems are slight by comparison.

A second major concern that New South Wales is addressing in negotiations is the potential for Commonwealth interference in the State's area of responsibility, leading to duplication, unnecessary complexity and a waste of public money. Our objective in negotiating the principles for interpreting the IGA and the bilateral will be to maximise the accreditation of existing State processes for natural resource planning, water and salinity management. The Government policy framework for catchment planning, vegetation management and water salinity is the most advanced and accountable in Australia, as far as we are concerned. Community-government collaboration is a key feature of the development of plans and targets for water and vegetation salinity.

Once that particular agreement is successfully concluded New South Wales will benefit from a massive infusion of State and Commonwealth investment in the vital task of managing salinity and those related water quality issues, and regional investment decisions will be driven by strategic catchment plans, prepared by the catchment management boards and approved by the Government. This more strategic approach represents an advance over the National Heritage Trust process for selecting projects for funding. A very familiar theme is coming up here: selecting projects for funding in the current political environment. Apart from the environmental benefits, the National action plan will boost employment in rural and regional areas and will improve the sustainability of the agricultural systems that are vital to it.

In relation to the first part of the question I have some details which I have released in relation to the money. The 2001-02 budget includes a number of projects. It includes \$12.336 million for New South Wales Agriculture and the Department of Land and Water Conservation to implement the range of the \$52 million New South Wales salinity strategy. You mentioned the \$13 million, which is part of that process. This includes the \$9.995 recurrent and \$1.55 million on capital expenditure within DLWC and \$701,000 recurrent and \$90,000 capital expenditure within the Department of Agriculture. These funds will be spent on—just going through a number of them—salinity and mapping work, and I know that mapping has been a contentious issue with a number of groups, particularly conservation groups.

Support for catchment management boards to implement salt targets, which are critical to the way we manage the landscapes within our catchments, was a key component or recommendation of the salinity summit. There is the funding of six permanent salt action teams which will support other front-line advisory staff in high priority areas and help communities and industry groups to apply for research information on salt solutions and on-ground works, upgrade information to help the salinity management, continue with the research to develop solutions to salinity for farmers, and continue to provide information to land-holders, local councils and other key organisations.

Capital expenditure on more equipment to measure and monitor salinity is part of the recommendations coming out of the summit. I am also pleased to advise you in this area that some time ago, early this year, we signed an MOU with local government about being jointly involved with planning the salinity problems within the State. So overall quite a lot of projects are going on. I think in the area of salinity, interrelated to the water management debate and also to the land clearing debate, we are going to be seeing a lot of activity coming on as a result of the substantial resources we are putting into it. I think we will sort out our problems. There are obviously some politics involved with the methodology and allocating the salinity funds coming out of Canberra, but that is probably a product of the timing we have with the Federal elections coming up.

**The Hon. DUNCAN GAY:** Minister, I turn to the second part of the question, about the national action plan and the \$198 million. I followed you on ABC Broken Hill two weeks ago when you intimated to the people of Broken Hill and surroundings that this would have happened at the COAG meeting that day. We are now two weeks further on. The Queensland Government and the Victorian Government, neither of them conservative governments, have both signed off on it, but we have not seen your money. When we will see it?

**The Hon. RICHARD AMERY:** Yes, I think there was a COAG meeting. I anticipated at that time most of the problems might have been sorted out. They obviously were not, and I am not in a position of believing that the Prime Minister or the Premier of this State was listening to ABC Broken Hill and heard my words and rushed out and signed all the documents. It is quite obvious that some of the issues about how it is going to be funded, how it is going to be allocated and where it is going are yet to be resolved. I understand from my own briefing on the matter from the department that we have now got down to—I am not going to put a fine date on it, having missed out before thinking it was going to be fixed up. I do not know how many more days away that is, but I do not think there is any situation where we will not be signing it.

The other component to this and the reason why the negotiations went on for some time is that you recall your previous question was about the \$52 million salinity strategy in New South Wales and you made some reference to this year's budget about that. We want to make sure that our salinity strategy and our contribution to it is seen as a part of our State's contribution to the national strategy. I think all the States have some work up, I think that has been accepted by the Federal officials. It comes to the last day, but I have not had a briefing on the last 24 hours. Do you have any later information? I think it is a matter of working through the processes. If you take into account what I said a little while ago, there are some difficulties about how this money is going to be spent. I will not be tacky enough to think that in an election year that money might be targeted to those seats which might be most advantageous to the Federal Government. I am trying to be restrained for this responsible Committee we have here.

**The Hon. RICHARD COLLESS:** I would like to ask a question about country towns water supply and sewerage schemes. In Budget Paper No. 3, Volume 1, on page 3-9 the estimated allocation is \$66.8 million yet on page 3-38 it is \$68.4 million. Can you tell us which is the correct figure?

**The Hon. RICHARD AMERY:** I thought it was \$68.4 million.

**The Hon. RICHARD COLLESS:** Does this increase in funding accommodate the announcement made in March this year?

**The Hon. RICHARD AMERY:** The Hon. Duncan Gay asked me numerous questions on this point last year and I was anticipating one or two this year. Yes, if you are referring to the announcement made by the Premier in what was publicly stated as his mid-term report. You might recall, as the Hon. Duncan Gay will—

**The Hon. DUNCAN GAY:** It was in October, which was two-thirds of the way.

**The Hon. RICHARD AMERY:** Last year at the estimates committee hearing, I suppose in a tacking sort of move, he asked me questions about the amount of money allocated by the Government, which in last year's budget was \$52 million, give or take a couple of hundred thousand, and he believed that was insufficient and was delaying many projects. I was most indignant at that misleading question and pointed out, on numerous occasions, that we were spending a million dollars a week on getting these projects up. I think Country Labor can take a lot of credit for a campaign on the corridors, but if the Hon. Duncan Gay wants to take credit for this wonderful situation we are in at the moment, I will have to share in that light.

Through the year I think some of the councils that were delaying some of the projects did come to us. I have quite a number of projects here, and I continue to open many of them around country New South Wales. I think the members of the Opposition recall that through the year we had a special supplement from the Treasury of \$5 million to add to the \$52-odd million we had last year. That helped us to finalise a couple of commitments we had given.

Obviously the fact that so many councils are now coming to the Government with projects that relate to re-use, perhaps after pressure from the EPA on load-based licensing, is again a rod for our own back that we made when we added the small country towns that were referred to last year. In 1997 we added country towns with a population of 1,000 or less to the list. To a great extent we have added opportunities for far more country councils to apply.

For a lot of reasons they have been applying to us and that put a lot of pressure on the budget and a number of letters went out to councils saying that their projects or commitments given were going to be delayed. When the Premier announced the extra one which was \$60 million over four years—I compliment my colleagues in the Government who lobbied on behalf of the department—that brought the general figure of 52 to around the 66.4 or whatever it may be. That is what it is at the moment.

I could go through quite a number of towns that together will have about 18 new sewerage and water supply projects to start construction this year: Brungle, Hat Head, Millthorpe, New Brighton, Candelo, Conargo, et cetera. There is extra money for the Coraki series scheme and I have allocated some money to Coffs Harbour again, which is a very big scheme. The member for Lachlan, Ian Armstrong, has been making representations about Lake Cargelligo and I think we are moving along pretty well there. I think you will find with the extra 15 on top of what we expected to get over the next four years we are going to meet many of the projects.

**The Hon. RICHARD COLLESS:** Just following on from that, the total program of the country towns water supply and sewerage scheme is some \$850 million over ten years, commencing in 1995. We are now over the halfway mark in that program and the Government is at present at least \$170 million behind in the funding. Do you stand by your statement of last year: "I think we are pretty well on target"?

**The Hon. RICHARD AMERY:** I think we are doing much better this year than when I was sitting here last year. What you are referring to is that prior to the Coalition Government's decision I think it was very much as the applications came in the approvals were made, whether through Treasury or departments and so on. In the last couple of years of the Coalition Government they capped the program; they set a cap and period of time. I could be corrected by some of my historians around the table, but I do not think that applied prior to that time. It was a ten-year program, and I know it will feed into what your political position has been.

In the last budget I think before this Government came to office there was an allocation of \$85 million, which you and National Party members use as a benchmark as to what should be allocated each year. That was a breakdown of a \$850 million dollars program, divided by ten years, to \$85 million each year. We have not restricted

it to the ten-year process because we have added a large number of smaller towns to it. We do not believe that we will be able to meet all of those, say, within the ten-year period, unless of course the number of applications starts to wind back or we get some other efficiencies in the system. We have a situation at the moment, as I mentioned, in that we are getting more applications because of the smaller towns we added to the list. Load-based licensing is making more councils concerned, and that has given us more on the list as well.

We are also seeing on some of the very big projects, Coffs Harbour, Tamworth and Mittagong, that the estimated project cost is getting above what we initially thought. It is not an easy one, but if we could say we will cap the allocation from the initial estimate, we could be keeping to that program. The reality is that whilst many small towns have been added to it, many of those really big projects—and there are others than Tamworth, Mittagong and Coffs Harbour—have gone over-budget and we are committed to keep providing extra funds to them. That also puts a lot of pressure on this particular one. At the end of the day it still is the project, with a substantial increase in funds, which is probably the most active one for the Government.

Certainly it gets me, as the Minister, opening up more projects and unveiling more plaques than any other project I am involved in. It is very good one for the Government and we see it as very important, not only for providing good service and good water quality for country towns, but as an important part of the water reform process by improving water quality in our river systems. It also gives farmers an opportunity to re-use sewage effluent in some cases in some parts of the State. There are many prongs and benefits to the scheme and we will have to agree to disagree on whether we are going fast enough or not. Recognise the fact that there are a number of big projects which have gone well over budget and we are now funding smaller towns which were not part of your Government's original scheme when it was announced in 1994-95.

**The Hon. DUNCAN GAY:** Minister, I understand your enthusiasm for the scheme. The Opposition shares that enthusiasm and I applaud you on adding the extra towns to the scheme, but given your enthusiasm and the fact that you have added extra towns, how can you feel happy resting with a figure that (a) is less than the projections from when we were in Government and (b) should be more. Is that an indication that you have no influence with the Treasurer? Have you been fighting hard enough, or do you need me to fight harder so you can get more money?

**The Hon. RICHARD AMERY:** Before I answer that very detailed question, I might say that since March 1995 this Government has allocated \$407 million inclusive of the 2001-02 allocations, so we are marching along pretty well there. In relation to whether I have any influence with the Treasurer, you had better ask the Treasurer that. I should point out to the Committee that last year's allocation was \$51.8 million or thereabouts. I think the forward estimates were the same for this year and the next couple of years.

**The Hon. DUNCAN GAY:** Ours was 85 back in 1995.

**The Hon. RICHARD AMERY:** I will come back to that interjection. In this year's allocation, whilst we were expecting to get \$52 million, we have received \$66.4 million. That may be an indication whether or not I have any influence.

**The Hon. RICHARD COLLESS:** That is still \$50 million in 1994-95 terms.

**The Hon. RICHARD AMERY:** Let me say that we can compare it to the Lagos dollar too if you like. We were talking about \$52 million last year. You were not saying it was good enough. We have added \$5 million and you are saying it is not good enough. If I said it was half a billion, I am sure some members of this Committee, not all, would say it is not good enough and you would find some town which was still waiting. That is the nature of the scheme and the lead time involved with it.

Harking back to the 1995 allocation of \$85 million, which the Opposition conveniently uses as a benchmark, let me make this point: they said in 1995 that it would go for 10 years. I mean, it is hypothetical. They did not get re-elected in 1995. We are never going to know what the Minister of the day, had a Coalition Government been re-elected, would have done at each individual budget committee process year after year.

However, we should point out that the \$85 million and the promise of a 10-year scheme was made in the year before the 1995 elections. Certainly not from our side of politics, but I know that some of the other sides of politics might use an election year for things which I can only term as pork barreling and I can only assume that the

1995 figure of \$85 million, plus the promise of 10 years, was nothing more than an election promise and no doubt would have been reviewed by subsequent Governments, whether they be Coalition or Labor, depending on the financial implications of the situation at the time. It was a hypothetical. You did not get re-elected in 1995.

**The Hon. DUNCAN GAY:** In this area a pork barrel is not an insult. It is a badge of honour.

**The Hon. MALCOLM JONES:** Minister, you have stated regarding the cancellation of the Hawkesbury-Nepean Catchment Trust that it was a very expensive exercise compared to the catchment boards. Can you give an example of like-for-like catchment board expenses, compared with the Hawkesbury-Nepean Catchment Trust?

**The Hon. RICHARD AMERY:** Let me say that I think there are only two catchment trusts which have administration costs similar to Hawkesbury-Nepean. That would have been, of course, the former Hawkesbury-Nepean Trust and, correct me if I am wrong, that would be the Hunter Trust. The Hawkesbury-Parramatta Trust is a flood mitigation trust.

To give you a history of two of them, the Hawkesbury-Nepean Trust was set up during the term of the Coalition Government and was funded out of the budget allocation to the Department of Land and Water Conservation. The trust that actually operates in Parramatta which deals specifically with flood mitigation projects is funded, apart from various funding sources—they get funds from State and Federal Governments for various projects—by collection of a rate or levy from the local government landholders in the catchment. Councils like Holroyd, Parramatta, Baulkham Hills and part of Blacktown collect a rate, as part of the land rates, to fund that particular project. Likewise, the Hunter Catchment Trust is also funded by a rate.

Let us go back and deal with a couple of points on the three trusts. First off, the Parramatta trust could take this Committee out there tomorrow. It would take them nearly all day to show you the various projects they have done to improve flood mitigation within the Parramatta catchment. As shadow Minister for Water Resources, in the first year of it being formulated I was very critical of the Parramatta trust and promised, as an Opposition spokesman, to abolish it. I promised to abolish it because nearly all of its money was going into administration and not into the various outcome projects which I thought it was established to do.

As some time went on, and it was a couple of years later before we got into Government, the equation about its administration costs, its red tape costs, as opposed to the actual outcome money, changed. It was initially set up for a 10-year period and we have given it an extension of time to finish a number of important projects. I have to say now, even having said in Opposition that they were spending too much of ratepayers' money on administration and that it should have been abolished, that we have changed our view because it got a lot of outcomes.

The Newcastle trust, which collects funds from the State Government, the Federal Government, the National Heritage Trust and all those other sources of funding, also has a very strong record of outcomes. I have inspected it myself. They have had a lot of outcomes. They are also doing a lot of work with the Hexham Swamp and are involved with the buying back of property to return that particular property back to as healthy a state as possible.

With the Hawkesbury-Nepean Trust we have had a discussion on this matter. I had seen in 1995, as Minister for Agriculture, in looking at the catchment and dealing with the Weeds Council, that the monies given through the Weeds Council were being spent on on-ground works, but as an observer to the process, and I was the Minister for it in those days, I could see, and people in the Weeds Council and people in the community were telling us, that there were very few outcomes coming out of the Hawkesbury-Nepean Trust.

In 1997 when I became the Minister I launched one of their strategic documents. I remember saying to them at the time that the way in which the organisation is going to be assessed in the future is whether the community can identify it with various projects within the catchment. I said at the time that it was about time the organisation, after many years of drawing funds from the taxpayer, got its shovels dirty. A couple of years ago I asked my office to give me a list of the successes of the organisation. Whilst they may have been considered to be important in some aspects, in effect it was two or three pages of reports of strategic documents and so on. I read them out in the Legislative Assembly in the no confidence motion debate I participated in the other day.

In comparison we have catchment management boards, river management committees, native vegetation committees and groundwater committees. The Hawkesbury-Nepean Trust had a CEO, a good man, who was



getting something like \$140,000 a year, a chief executive officer for what, in effect, was a catchment coordinating committee, and a chairman on \$30,000 a year plus a motor car. The chairman was excellent and I have reappointed him to one or two other organisations. He is currently serving on one or two other organisations. It is no reflection on the individuals, but the cost of the administration of that organisation could not be sustained.

Since 1993 over \$28 million had been spent on this organisation and I think an application had come in for another \$400,000. This year, if one of the other members of this Committee had asked how could I justify \$4.1 million going on an organisation and had asked me for their list of achievements, you would have had me cold, because I do not believe that was good value for money. There are a few other processes in place and I can read them out if you want more detail. I have outlined them in the House, one being about a local government forum looking at environmental flows.

The Hawkesbury-Nepean has more organisations policing it than any other catchment in the State. My whole strategy for it is to get more of that money into ground works. I have said that publicly and you have probably heard that. Down the track when we have more outcomes on environmental flows and so on, and we have got some other projects together, we will probably look at something like a catchment management board. I want these other processes to finish before we do that. No catchment management committee should have the bureaucracy and the overheads that this organisation had. It was not money being well spent.

**The Hon. RICHARD COLLESS:** Did they have the opportunity to review their own activities prior to being dismissed?

**CHAIR:** We are having an inquiry into this matter.

**The Hon. RICHARD AMERY:** I think the environment committee of the Legislative Council is looking at this aspect of it. It is an open process. The Director-General just reminded me of their own reappraisal, and the Hon. Kevin Rozzoli, the member for Hawkesbury, highlighted that fact in the debate that he moved in the Legislative Assembly. It is not so much a criticism of the individuals or personalities on the committee, but the structure of it was basically a very expensive coordinating committee. The Hon. Duncan Gay and other members here often ask us about outcomes and various committees and environmental flows and so on, and that is what it is all about. When an annual report comes out to me and I am told that \$68,000 was allocated to local community volunteer groups to spend on on-ground works and they spent \$69,000 on running meetings, and double that for a salary of one person, I start to realise that this is not good natural resource money being well spent.

**The Hon. MALCOLM JONES:** I should know the answer to this, Minister, but does the Healthy Rivers Commission come under your jurisdiction?

**The Hon. RICHARD AMERY:** Not directly. It does impact on our portfolio but its line item is in the Minister for the Environment's portfolio. Our department contributes to its reports and studies and I get involved with deputations from its chairman from time to time. Full ministerial responsibility lies with Mr Debus.

**CHAIR:** Minister, your no net loss of native vegetation policy will become operative in about two weeks. Can you detail to the committee how you expect to implement this policy? If, for example, offsets are required by those wishing to clear land, does it mean that land-holders will be required to revegetate an equivalent area of similar habitat, ? How will the offsets work?

**The Hon. RICHARD AMERY:** That is a very involved question, Mr Jones, because it involves quite a lot of strategies so far as native vegetation is concerned. I am actually committed to the principle of no net loss. Now, if someone is going to nail me on a date, I am sure next year's Committee will say if I have met it or not. It is our principle that we get to no net loss. I do not know exactly whether we will make it to the exact day. I do not know how close we will get to that. I do not think there is any chance of us being able to get up and say we have the data in place to actually say that we have achieved that. That is our goal.

I want to speak about the native vegetation debate, which I know the Hon. Richard Jones has been heavily involved with. SEPP 46, under the Native Vegetation Conservation Act, from 1998 onwards has, to state the obvious, been politically contentious. I am pleased that this morning I was able to talk to a conference of the Nature Conservation Council and repeat some of the words that I gave to the Parliament yesterday and that is that so far as

the native vegetation clearing is concerned you might say from time to time, and people from the conservation movement might say from time to time, that we are still clearing far too much.

The Hon. Duncan Gay and members of the National Party would say that we are holding up development and it is too stringent, too hard to work with, and the like. We did a report between 1995 and 1997 which showed that the level of clearing of woody vegetation, being defined as three metres and canopy cover of 20 per cent, was about 28,000 hectares per year between 1995 and 1997. We have been criticised by the conservation movement because we used that model this time when we did the second Environmental Regional and Information Consortium [ERIC] Report on the same type of clearing. The reason we argued that was necessary was to get a direct comparison of land clearing. We wanted to use the same model, the same type of canopy cover.

That showed this last term that on a rolling average, a three-year period, the clearing rate had dropped to just over 14,000 hectares per year of that category of native vegetation, recognising it does not include native grasses, grasslands, clearing of woody weeds, removal of willow trees from river banks and so on. It might be of interest to the committee to say that it does include, I think, New South Wales forestry operations. The perception that the public has is that bulldozers are cutting through pristine forest. I think we have shown through this process of native vegetation management that we are reducing that, and that the type of forest that the public think we are clearing amounts to only about 1.3 per cent of all clearing in the State.

In principle, the idea of controlling land clearing is our contribution to reducing greenhouse gases and so on. It is something which I see as a working document and we are committed to no net loss. I want to say that we are heading in the right direction on the native vegetation clearing rates and I know that some people are saying that we need more resources for science and mapping. There is \$2 million in a line item in this year's budget for extra mapping and that will give us more data.

I ask the members who are concerned about the clearing rates to compare our woody vegetation clearing rate of 14,000 over the last three years with the Queensland Government's clearing rate, on the same type of model, same type of vegetation, of 425,000 hectares of woody vegetation each year on average. We are getting there. We are heading down a path and I recognise we have a long way to go to make sure we are getting the data in place, the mapping and so on, and eventually I hope that our processes will pick up grasslands and all other types of clearing activities which are not brought up in the satellite imagery work that we do at the moment.

**CHAIR:** In a practical way, how do you intend to implement it? You have talked in the past about offsets. Is that part of the policy still?

**The Hon. RICHARD AMERY:** There are a couple of projects coming up at the moment. First off, the policy that we are going to announce on 2 July will be calling for a sort of a trading arrangement, I suppose, best regarded as a research project. We are going to call for expressions of interest from 20 property owners around New South Wales, five on the coast and 15 from the inland. The Government is going to pay for a lot of environmental work, looking at a trading credits sort of arrangement, and that will be a trial project where the Government will be working with those particular farmers who are the successful tenderers, particularly in the area of a salinity project.

We will be able to evaluate that and I believe that will be an important component which we are giving our farmers to manage their properties, to allow clearing, so long as that clearing is offset by environmental outcomes so far as salinity is concerned. That will lead, down the track, to a trading market in salinity credits and the like. Regarding the offsets issue, we have others to come to Cabinet shortly and I can say that so far as clearing legislation and the number of different projects coming out of the land clearing component, it is a watch-this-space. We have a number of projects coming up to Cabinet as well, looking at other aspects of land clearing which will be announced in some months ahead.

**The Hon. DUNCAN GAY:** Is that last project you mentioned a government or private enterprise project?

**The Hon. RICHARD AMERY:** You are referring to the 20 properties project. It basically will be asking 20 property owners, so that part of it is private. We will be working with them. Mr Bob Smith can give some information about the mechanics of it.

**The Hon. DUNCAN GAY:** The funding of it is what I was concerned about.

**The Hon. RICHARD AMERY:** That is coming through our own salinity strategy. I do not know if we are getting, in the early stages, any private money, at this stage of the game. We have a couple of other irons in the fire about commercial projects to do with salinity and so on, but this particular one is a straight-out Government funded one.

**Mr SMITH:** The model has been designed, Mr Gay, to actually pick up private sector investment and there are a couple of private sector investors who have shown initial interest. It is a matter of how we package it.

**CHAIR:** Minister, have you given any thought to talking to the Treasurer about what I would call a reverse land tax, in other words, a land tax paid by those who have a number of valuable properties to provide monies to those who wish to protect vegetation? In other words, pay people to protect native vegetation on their properties, because otherwise they lose money having this vegetation on it, which they are essentially conserving for the public good. Is there any possibility of implementing something like that?

**The Hon. DUNCAN GAY:** That is a good idea.

**The Hon. RICHARD AMERY:** I think you have got me. No, I have not had a discussion with the Treasurer about such a policy. It would be an interesting concept, I think, but we have the Native Incentive Fund involved paying farmers to do fencing and the like and I have been involved in a couple of presentations involved with them putting aside vegetation. As a matter of fact, we are doing extremely well in that regard and quite often they are tied up with a conditional approval of clearing on their land. In many cases farmers are doing a property agreement with the Department of Land and Water Conservation. That is how we have been allocating money at this stage of the game, looking at those sorts of incentive projects. You asked me about some sort of tax.

**CHAIR:** Reverse land tax.

**The Hon. RICHARD AMERY:** I will defer to the Treasurer. That might be a popular tax that he can implement in that regard. I have not come up with such a proposal yet and I do not know that I would be game to go to him with such a new tax scheme.

**CHAIRMAN:** The net land tax should be much less than it was at one time. We are getting far more land tax now than we expected to get, so in a sense there is a surplus there which should be fed back to the land in a manner of speaking.

**The Hon. RICHARD AMERY:** I am sure the Treasurer will argue that it is. That is part of a wide range of Government revenues which go into the Consolidated Fund and are then distributed out to the various departments. In relation to incentives, in one scheme which has been handed to me in this year's budget, in a line item I am sure you are all happy about, there is an extra \$5 million for an incentive fund to give farmers money to provide for fencing and the locking up of native vegetation as part of the agreements they are doing with us, open property agreements and also approvals to clear land. Actually directing a land tax into land management is not the way that they allocate taxpayers' money, but we would argue that land tax money does get back to land management in one form or another.

**CHAIR:** What role will water management committees have after their August deadline?

**The Hon. RICHARD AMERY:** I will ask the Director-General to talk about some aspects of that.

**Mr SMITH:** The role of the committees will be a continuing one. They will have a role in auditing and also a role in the preparation of the full plan. The current concentration is on the water sharing plan for the bulk access regime specified in the Act and then they will go on and complete the full plan which will have other components in it besides the bulk access regime.

**CHAIR:** Are water quality issues, including pesticides, nutrients, faecal contamination, salinity, oxygen and temperature, being addressed as part of the environmental water rules in water sharing plans?

**The Hon. RICHARD AMERY:** I think all of those. One of the important issues that is coming through these water management plans is that they are looking at the bulk access regime, which is a term to do with allocating the water available for extractive use. There was a substantial debate I understand, in both Houses of

Parliament, certainly in your House, when the Water Management Bill went through. This was seen as a review of the environmental flows, which I suppose, in effect, it is. The environmental flows were set up a couple of years ago. They had a five-year time span. In getting the Water Management Bill through the Parliament there was, I believe, a campaign of amendments moved by the Opposition to lock in the previous environmental flows for another 10-year period as part of the new 10-year plans that were coming in.

We resisted that because environmental flows only had a couple of years to run before they were up for review, whether we changed the legislation or not. Those river management committees will be looking at the environmental flow aspects, which flows on to issues like water quality. You would be aware, as I mentioned earlier, that the catchment management board in the area of salinity is setting those targets and that will have an impact on the decisions they make, in that once a catchment gets a target, an EC at the end of a catchment by certain times, you are going to have to go back through the catchment and look at the policies on water, land clearing, development applications, water quality, sewerage projects, all of those projects which contribute to water quality, but particularly salinity levels within the river system, so there is a lot of work coming in that regard.

**CHAIR:** Has the groundwater dependent ecosystems policy been finalised? If not, when will that be?

**The Hon. RICHARD AMERY:** I have been informed that there is no date for it. We understand that it is in the final stages of being completed, but I cannot give the Committee an exact date today. Perhaps I will get back to you on that.

**CHAIR:** What resources are going into compliance and monitoring of Water Catchment Management Board plans?

**The Hon. RICHARD AMERY:** That is going to cover quite a few pages. I might take that on notice because I will have to give you a breakdown. I have about 14 items here to do with allocations of resources and compliance issues. I will take it on notice.

**CHAIR:** When will the Estates Water Management Outcomes Plan be finalised and implemented?

**The Hon. RICHARD AMERY:** Again, it is a general answer to the Committee. I will have to get back to you. There is an estimate from the department towards the end of August, so that is the ballpark sort of date I can give you. I suppose the best way to answer that is to say that we will take it on notice if you are asking for a final date.

**CHAIR:** What resources has the Department of Land and Water Conservation spent on water licence compliance in the last 12 months?

**The Hon. RICHARD AMERY:** I will take that one on notice. You have to realise that these programs are funding programs within the department. Water compliance is broken up within the different regions and the Sydney catchment and so on. Even then it will take a quite bit of work for the department to break down what part of the compliance work is in relation to licensing alone. Again, it is one question which should be given a full answer on notice and it will probably be some time, I would say.

**CHAIR:** I have a number of questions, Minister, which could be put on notice if you will accept them.

**The Hon. RICHARD AMERY:** Are you going to read them out?

**CHAIR:** I will give them to you later. We will organise that when the Committee hearing concludes.

**The Hon. J. R. JOHNSON:** How many are there?

**CHAIR:** Not that many actually.

**The Hon. J. R. JOHNSON:** Not like last year when there were 200 or 400.

**CHAIR:** About 12 or 15.

**The Hon. RICHARD AMERY:** If you have the weekend we will sit through and have a go at them.

**CHAIR:** Many of these are related to each other anyway, so they are multipart questions in the main. Will you advise how much the Department of Land and Water Conservation is spending on the conservation of a wetlands throughout New South Wales, outside New South Wales protected areas, including expenditure on mapping, establishing conservation status, preparation of wetlands management plans, grants to the community for management plans, grants to the community for on-ground works, and grants to the community for education and awareness, and will you advise how much the New South Wales Government will be spending on acid sulphate soil mitigation in 2001-02? The question should be on notice presumably.

**The Hon. RICHARD AMERY:** What an extremely easy question. There is a little information required on that and I have not got it, so I will take it on notice.

**The Hon. RICHARD COLLESS:** I refer to the Auditor General's report judging performance from manual reports, released in November 2000. That report was highly critical of the DLWC's reporting methods, and I quote:

Neither the efficiency nor the effectiveness of the department's programs can be assessed from the information provided in the annual report.

What mechanisms has the DLWC put in place to ensure that accurate information on whether activities undertaken are completed on time and within budget is included in future annual reports; secondly, to allow easy interpretation of this information by the key stakeholders; thirdly, to develop internal targets to enable reporting of achievements against those targets; and, finally, to report on community and customer satisfaction in regard to the DLWC's activities?

**The Hon. RICHARD AMERY:** Yes, I do have a fairly lengthy answer on that, and I must say that the department has taken on board the comments by the Auditor General, as would be appropriate, in his report. He stated that the Department of Land and Water Conservation's value 1998-99 report did provide very limited performance, as you said. He also said it was not possible to judge performance, again as you have correctly quoted. The Auditor General's comments on suggested improvement for future departmental reports certainly have been welcomed by the organisation, certainly by me. The department has formally responded to the Auditor General's comments and, in general, the department accepts the opinion.

The department has pointed out, however, that reporting on outcomes in an environmental agency is not a straightforward process due to the lag time between action and measurable reliable results, and unless you use it judiciously it might be misleading. You will realise with some of the issues the Hon. Richard Jones asked about land clearing, and we looked at issues like water quality and salinity, that this highlights what the department has advised me in this briefing note. When you have these sorts of projects, getting an outcome can be sometimes fairly difficult to report on, on a year-to-year basis in the way that annual reports are structured.

Recent discussions, I am advised, between the department and the Treasury have also drawn the conclusion that it would be impractical to report on environmental outcomes on that annual basis. In other words, the outcomes could be very long term. The annual reports of course, as by their very nature and by their very title, are a yearly report on the department each year.

Efforts have been made by the department to improve upon the reporting. One such example is the Service and Resource Allocation Agreement between the New South Wales Treasury and agencies where funding is tied to improved outcomes. Both agencies have agreed that it is possible to report on actions that strategically lead towards Government environmental policy and sustainability. These outcomes have been termed interim outcomes and are the basis from which the department will receive Treasury funding for its programs.

Included with the department's recently tabled annual report for 1999-2000, under each of its key result areas are performance indicators, strategies to achieve the objectives and, for the first time under the key result area, a description of the major outcomes so far as we can print that. The department also plans to explore the issue of benchmarking performers with natural resource management agencies in other jurisdictions. This will not be an easy task, again due to significant variations in legislative requirements, structural frameworks, and the environmental conditions that prevail across jurisdictions.

I think the member should at least be satisfied by the fact that the department is not resisting the critical comments of the Auditor General, but does put on record the difficulties in the clearest way of actually responding to it. We welcome his comments and are going to improve our reporting mechanisms in the future.

**The Hon. JOHN JOHNSON:** Minister, can you indicate how many questions were placed on notice last year for this department?

**The Hon. RICHARD AMERY:** I have just been informally told by some of my support staff that about 60 questions were placed on notice.

**The Hon. JOHN JOHNSON:** Did you do an assessment of how much it cost?

**The Hon. RICHARD AMERY:** No, I think it is just part of the ministerial parliamentary support budget.

**The Hon. JOHN JOHNSON:** This year, given the number of questions to you that have been placed on notice, will you give an assessment of how much they cost, at the conclusion of your answers?

**The Hon. RICHARD AMERY:** Yes; I will take that on notice. I think that is a fair comment.

**CHAIR:** Include the cost of that question.

**The Hon. RICHARD AMERY:** You put nearly 400 on last year for one department.

**The Hon. JOHN JOHNSON:** \$25,000 down the drain.

**The Hon. RICHARD AMERY:** We will do some sort of estimate, bearing in mind the difficulties in determining the hourly rate on that type of work, but we might be able to draw some ballpark figure for the Committee which we will notify by way of writing.

**The Hon. DUNCAN GAY:** Minister, my first question is to do with contaminated land. I notice the article in the *Bulletin* this week. Minister, as you are aware from correspondence, I have represented many of these people. Given that there appears to have been out-of-court settlements with all but two of the people, what has been the total cost of all legal actions and appeals? What amount of compensation in total was paid out arising out of these legal actions on the land contaminated by the former Tick Control Board? I am happy for you to take it on notice.

**The Hon. RICHARD AMERY:** I do recall just recently answering some questions on costings and legal actions but I do not know whether we are talking about the same issues. As to how much this costs—

**The Hon. DUNCAN GAY:** It was only settled last week, Minister, so your previous answer would not be contemporary.

**The Hon. RICHARD AMERY:** Can I just go through a couple of comments I have made. You realise the sensitivity of these issues. In 1992 the Government undertook to remediate a number of properties which had been built on or immediately adjacent to cattle tick dip sites contaminated with arsenic and/or in some cases DDT. To date, the Government has not been able to remediate some properties because of restrictions on the disposal of DDT contaminated soil. I think at the time when the first proposal came up there was a proposal to remove all contaminated soils and so on and then put them in some sort of storage facility. That has not legally been possible. It has been one of the difficult aspects of this whole project.

Moving on, we accept the undertaking by the previous Government to remediate these sites and remain prepared to do so when a means to do so becomes available. The Department of Agriculture has devoted considerable effort and I might say expense, and we might be able to get some budget figures for you on this over time, towards developing a cost-effective remediation technology. It is hoped this will be available—again, it is one of these ballpark figures—in the next few years. However, given the time since the original offer to remediate was made and the uncertainty about when the effective remediation process would be available, the Government has now offered to purchase a number of additional sites including several vacant blocks. In relation to the issue about some court cases, if you are referring to

what I think you are referring to, were you referring to the one that was on the *60 Minutes* program or in the *Bulletin* magazine?

**The Hon. DUNCAN GAY:** Yes, in part, but I referred directly to the *Bulletin* article because, as you would know, the *Bulletin* covers these matters not as superficially as *60 Minutes*. It was a specific question I asked; a discrete question on the money. I understand the other problems.

**The Hon. RICHARD AMERY:** I can make some comment just in relation to it, but you would understand the sensitivity of this. Since about 1928 the Government has been administering a cattle dip program. It was using chemicals which at the time were legal and appropriate and very acceptable throughout the world. As time and science moved on, I think it was in the 1960s, both of these chemicals were stopped from being used, and now, of course, we are in the courts with a number of cases which have been projected in a number of media outlets.

You asked about some of the costings involved. I will ask the department to give me some figures on these court cases and maybe that will give you an understanding. I think I know where you are coming from about the cost of this, but it is not just the cost of decisions. I am sure the legal people in the courts will explain this is not all about dollars, it is about the principle of responsibility and so on. I will let the lawyers work that part out.

**The Hon. DUNCAN GAY:** Minister, be aware I am not asking for the individual cases.

**The Hon. RICHARD AMERY:** I understand.

**The Hon. DUNCAN GAY:** I know you could not and should not supply them. I am after an overall figure.

**The Hon. RICHARD AMERY:** We will do that. I appreciate your understanding of the difficulties with the cases before court and individual evidence and so on.

**The Hon. RICHARD COLLESS:** Minister, how can you justify the funding cuts of the New South Wales Department of Agriculture from \$232 million in 2001 back to \$224 million in 2001-02?

**The Hon. RICHARD AMERY:** In relation to the budget, this year the budget allocation—you are talking about the Consolidated Fund first-off allocation to the department—I understand is \$400,000 down on last year. I make that point first, and we can all use our figures and arguments to explain budget allocations and the like. As I said in the Legislative Assembly when we debated this issue, you are talking about all industry funding as well. Let me go through the whole of it for you. I thought you were referring more to the Consolidated Fund allocation to the department.

The budget allocation of \$224.2 million incorporates industry and commercial revenue with the Government's recurrent funding. So this makes up the total budget. I think members of this Committee would be familiar with the way the Department of New South Wales Agriculture draws income—it is not just from the New South Wales Treasury. The budget focuses, through programs, on environmental issues, natural disaster control, education and training, profitable stable food production, food safety, et cetera.

The allocation of \$696,000—this explains a bit of a difference in the bottom lines of the budget—has been made in 2001-02 as a further contribution towards the establishment of Safe Food Production New South Wales. This authority will coordinate and streamline food safety and other related matters. It currently incorporates the functions of the Dairy Corporation as well as oversees food safety issues in the seafood industries. In August 2000, Food Safety incorporated the food safety role of the Meat Industry Authority, and now oversees food safety in the horticultural industries as well. The Carr Government committed \$7.5 million over a four-year period which commenced in 1998-99 to achieve these objectives.

You are not talking about a recurrent expenditure, you are talking about establishment costs which are basically a one-off program with commitment over 7.5 years to achieve the establishment cost. The overall budget allocation to the department included the initiative which will build on successes of recent years. The point I am making to you is this: last year the allocation was just over \$4 million.

**The Hon. RICHARD COLLESS:** I am somewhat confused about what you are saying. On page 3-49 of Budget Paper No. 3, Volume 1, there is a separate item for Safe Food. I am confused. Why you are bringing it into the New South Wales Agriculture budget.

**The Hon. RICHARD AMERY:** Basically I am saying our total allocation is made up of this money that was allocated last year and then, of course, a reduced amount this year. In effect, the Consolidated Fund allocation is only a difference of about \$400,000 or \$500,000.

**The Hon. RICHARD COLLESS:** So what you are saying is Safe Food was in New South Wales Agriculture last year, this year it is not, and that is the difference?

**The Hon. RICHARD AMERY:** Basically last year there was a much higher allocation. Last year's allocation was substantially higher than this year's allocation for a Safe Food component, and that explains a fair part about it.

**The Hon. DUNCAN GAY:** Have you lost out with the Treasurer again?

**The Hon. RICHARD AMERY:** No, I think I am doing pretty well actually. You did not ask me a bottom line question on Land and Water Conservation either.

**The Hon. RICHARD COLLESS:** It is in the questions on notice.

**The Hon. RICHARD AMERY:** That is another good news story. To give you some examples of what we are spending money on this year, \$2 million has been allocated to meet the second installment of a three-year \$6 million program to further address the problems of soil acidity across the State. These funds will be used to further the work already undertaken in the first four years of the program and involve a joint action by the New South Wales Government, industry and the community. An amount of \$6.887 million has been provided for the continued control of noxious weeds, again increasing it by \$161,000 on the previous year.

Noxious weeds have an impact of some \$600 million on the whole industry. Funding of \$2.6 million has been included in New South Wales Agriculture budget as part of the Government's water reform package to help farmers adopt more efficient water use techniques. This is the third year of a five-year \$170 million program that involves a number of Government departments. Funding of \$2.28 million provided in the New South Wales Agriculture 2001-02 budget will be used in conjunction with funding from the industry, the Commonwealth and other States to continue the national Ovine Johne's control and eradication program.

As part of the community strategy, \$700,000 has also been provided to the department. The key elements of it are that \$81 million is to be spent on research, advisory and regulatory services and \$66 million will be spent on providing research. I can give you more detail if you would like in that regard. In addition, \$50 million has been devoted to research, advisory, regulatory and diagnostic services, and \$27 million will be provided for education and training services, particularly with our agricultural colleges at Tocal and in the Riverina.

The assets of the ongoing capital works program of New South Wales Agriculture are an integral component, and again you will see in the budget papers the substantial amount of money being spent on the capital works component of it. For our budget this year I spoke to the department. Obviously we were negotiating through the budget committee process like we were with Land and Water Conservation. The department is very happy with the arrangement this year to provide its core role to the agricultural community.

**The Hon. RICHARD COLLESS:** Thank you, Minister. I refer now to Budget Paper No. 3, Volume 1, page 3-14, Sales of goods and services. Given the budgeted increase in revenue from sales of goods and services, in what areas of agriculture will the extra revenue be generated?

**The Hon. RICHARD AMERY:** I will ask the Director-General to comment on the breakdown of how that money is to be collected, but you would recall the big issue last year was non-public benefit, in other words commercial benefit, to primary producers. There has been a Government strategy for a couple of years to increase the revenues in that particular component as opposed to the exotic disease outbreak area, where the Government, of course, divides that sort of funding and testing in a different category. I will ask the Director-General if he wants to give a breakdown of some of the sales and services. I assume you are referring mostly to increased charges and so on.

**Dr KEVIN SHERIDAN:** As the Minister says, most of the revenue is going to be generated from about four different sources. One is charges. We have had the veterinary charges, the animal health charges, that have been in place for many years, and the plant health charge is a new charge in the last couple of years. One of the really big areas is that



we are getting royalties for plant feeding products which we never have received in the past, and it is now quite common. Our varieties are put out virtually to tender and various companies tender for them—not exactly PBRs but very much the same as that.

The other source is consultancies, like the organic waste recycling unit out at Richmond which undertakes consultancies for people trying to dispose of various waste product and assists them in doing that. The anticipated increase in the revenue is going to come from increased volumes and not from increased charges. The only increased charges will actually be for private benefit work where we are actually doing a job that is only for private benefit.

**The Hon. RICHARD COLLESS:** Would that be private benefit for individual farmers and the advisory services? Are we talking about advisory services?

**Dr KEVIN SHERIDAN:** No, we are not talking about advisory services as such. For argument sake, we have a consultancy service in water culture where we provide advice, and in our public advisory services we provide one-off advice on various individual items. A consultancy service occurs where an individual producer wants us to come in and give them the full package, right from A to Z. They come in and ask us for the full package, and that is on a consultancy basis, which is charged.

**The Hon. RICHARD AMERY:** Not much of an increase, really, when you look at some of them. Pretty modest.

**The Hon. RICHARD COLLESS:** I refer to Budget Paper No. 3, Volume 1, page 3-17, line item Other financial assets. There is quite a substantial increase in that. Could you outline what assets are included in that "Other financial assets" figure?

**The Hon. RICHARD AMERY:** I have just been told by the department that this relates to the selling of a lot of plant, equipment and assets as a result of the Government decision, taken some time ago, to sell the BCRI, that is the Rydalmere Research Station, which we decentralised to various centres around New South Wales. So I am advised by the department that most of that money is coming from that particular sale. Are there any others that you wanted to volunteer?

**The Hon. RICHARD COLLESS:** It is interesting that although the budget for that figure initially last year was \$4.7 million, you only received \$462,000 and it is expected to go up a bit slightly this year.

**The Hon. DUNCAN GAY:** So it is a \$4.3 million shortfall.

**Dr KEVIN SHERIDAN:** I think, as you realise, the sale of Government assets does not go as sweetly as we would like. The Rydalmere station was sold in, theoretically, two parts. The first part was an arrangement with the University of Western Sydney. That was the front portion which included the buildings and the laboratories. The back portion, which is—do not hold me to this—about six acres, is still under negotiation. We are currently negotiating with the vice-chancellor. We would like to sell it. It is a bit like Seven Hills, which we have been trying to sell for a long time. Hopefully we will get that through within the 12 months and that will be the difference.

**The Hon. RICHARD COLLESS:** On page 3-15 of Budget Paper No. 3, Volume 1, in the cashflow statement, grants and subsidies will suffer as a result of the cutbacks of approximately \$2.8 million in the budget for expenditure on grants and subsidies. The revised figure for that is actually down some \$7 million. The revised estimate was \$18 million, but it is back to \$11 million this year.

**The Hon. RICHARD AMERY:** Unless the department has some detail of that particular line item I will have to take that one on notice. Three major issues resulted in the net reduction in other operating expenses and in reduced funding—forget about Safe Food, that is not the issue we are talking about—and cost of living increases to some \$341,000, including guidance and support of agricultural courses of \$700,000. Again, I do not think this is answering the question that is being asked by the honourable member.

The Safe Food production grant of \$696,000 I referred to is in line with the undertaking to establish that organisation. That was last year. The funding was anticipated to be provided by the taxpayer. However, should there be a need for further Government contribution in the future this will be addressed once the details are known. Increased

Government funding has been provided to the following grant items: noxious weeds—I have already said that; rural financial counselling service—this again is not to the point; and the recurrent grants to non-profit organisations.

The item support for agricultural courses is included under this heading. The Treasury has reflected support for agricultural courses under the "Grants and Subsidies" heading in the 2001-02 budget, however this item was reflected under the heading of "Other Services" in the 2000-01 budget. So just to confuse you, we put it in a different line. This has resulted in the movement of \$700,000 between the budgets of these two categories. So apologies to the member. Some items were moved out of one line and put in another. Apparently you were getting too comfortable with the information we provided before.

**The Hon. DUNCAN GAY:** Adding up everything you just said, it is only about \$1.5 million. There is some \$7 million difference.

**The Hon. RICHARD AMERY:** I skipped over a couple. Reduced funding to Safe Food production is \$3.817 million and I told you about the higher allocation last year. Cost of living increases to some items amounted to 341,000, with inclusion of the line item Support for agricultural courses amounting to \$700,000. So I recognise the reason for the question. The reason is that we moved a couple of figures across the columns.

**The Hon. RICHARD COLLESS:** Let us look now at page 3-21, program 20.1 Agricultural Services, subprogram 20.1.2 Retained Revenue, line item Grants and contributions, at the foot of the page. You had a budget estimate initially of \$926,000. You actually spent \$50,000 and this year the budget estimate is \$933,000. Could you tell us what led to that \$876,000 shortfall for the current financial year and how you justified budgeting \$933,000 in 2001-02?

**The Hon. RICHARD AMERY:** I will read out some details that have been given to me by the department on grants and contributions. The anticipated reduction in revenue from grants and subsidies of some \$7.5 million is the direct result of the finalisation of the filing for the future project and the successful completion of a number of industry funded specific projects during the 2000-01 financial year. Industry funded projects are normally funded for a period of three years, with extension of funding if required. A number of projects have come to a successful conclusion so no further funding is required.

The department has submitted new applications for industry funded projects but it will be some time before it will know whether they have been funded. You are referring to the \$926,000 that was in 2001. The revised figure was just \$50,000 and we have put it up to \$933,000. Is that totally in the fund of the future or do we have other items that might relate to that? It is only for the future. I am advised this is in relation to movements in industry contributions. The Director-General would like to make a couple of comments.

**MR KEVIN SHERIDAN:** If I could. One of the big funders to the department is the Grains Research & Development Corporation. With the restructuring within the Grains Research and Development Corporation we are currently going through a renegotiation about total involvement with them. The Grains Research and Development Corporation no longer wants to fund individual departments all around Australia, particularly in the wheat breeding area, so they said they would have three centres.

What we have done is we have joined up with Queensland and Western Australia to form a consortium. We are currently looking at negotiating the total deal with GRDC. We would hope within about three or four months that we have a major input from GRDC but at this stage of the game there is nothing on the blocks. Once all the heads of agreements have been signed we would hope that maybe everything goes ahead very well with about \$4 or \$5 million.

**The Hon. DUNCAN GAY:** Minister, I have looked through the budget papers in your Agriculture area. I was wondering if you or the Director-General could help me find the budget line item where you have allocated money to help dairy farmers?

**The Hon. RICHARD AMERY:** Do you want to be specific about "help dairy farmers"? We have had a lot of extension officers recently down in Berry. I announced the employment of a new dairy office and so on. Could you be specific? Are you referring to some of the issues relating to the dairy deregulation? We might have that debate now, if you like, if you give me some specifics. Is it in the area of extension officers? Is it in relation to the research work that the department is involved in? But if it is in relation to the dairy deregulation I think we are going to have our usual debate.

**The Hon. MALCOLM JONES:** Minister, given the deregulation of the dairy industry, could you give us your opinion of the state of that industry right now, and are farmers leaving the industry? Are they conversant with the types of food production? I noticed on page 3-18, under "Outputs" there is the line item Dairy farms benchmarked for profit, with a reference to a number. I assume that is the number of dairy farms?

**The Hon. RICHARD AMERY:** Dairy farms. Can we go through a few figures? I will get some details while I am talking to the first part of your question on that line item. In relation to the dairy industry, it depends on what point of view you ask me to come from about how the dairy industry is going since deregulation.

**The Hon. MALCOLM JONES:** On the changes.

**The Hon. RICHARD AMERY:** Let me say the changes as a result of deregulation have been quite dramatic in probably all sectors, in the farming sector, the processing sector, right through. I think you are asking what impact has dairy deregulation had on farm numbers? That is probably changing by the week. There have been a couple of estimates that up to 200 and 300 farms have so far left the industry. That is changing very quickly as farmers, having received the dairy adjustment package under the structural adjustment program, are now making the decision they are going to stay in the industry. They are basing this on a couple of aspects.

First off, will they use the money to pay out debt and get out of the industry? Will they sell to their neighbour, maybe sell to another farm and so on, or will they use the money in reverse, buy a bit more property, increase their herd size if their farm can sustain that, and so on. That is what is going on in the dairy farmer side of the industry at the moment. That is resulting in some people taking the decision to leave, realising that because of their farm size, their ability to expand or their debt levels, or whatever reason they are going to leave the industry and maybe go into other forms of agricultural production or even leave agriculture altogether. These are the sort of options that are coming up.

A substantial number of farmers though are staying in, and I have been encouraged by this as I get around the State. Even one farmer the other day who spoke to me up at Tocal surprised me. He only has 100 milking cows, which by today's standards is on the smaller side of dairy farms, but he has actually decided he will stay in the industry. His debt level and other aspects of it means he is going to stay in.

Generally speaking, the trend for farmers who are staying in is to make up the difference in the margin they have lost, bearing in mind the quota price has dropped from the 50s right down to what are virtually market milk or manufactured milk prices of around the 30s bracket, give or take which contract they may be dealing with. They are actually making up that money by trying first to improve efficiency of the farm by reducing the costs of producing a litre of milk. They can do that by eliminating debt, using that structural money to eliminate debt, by looking at other ways of producing milk at a cheaper rate, or at the very base by increasing herd size and producing more litres of milk to try and maintain income level. That is one aspect of it.

New South Wales Agriculture has worked with the Safe Food Authority, the Rural Womens Network, within the department and so on. They just produced a video which I am quite happy to make sure is available to any member who would like to see it. I launched that down on the South Coast just the other week. It actually gave farmers' experiences of what they are doing as a result of deregulation. I was quite encouraged by it. I was actually at a farm that is going to survive this deregulation process. A lot of decisions are coming out of it now.

The next point: what are farmers after? Farmers are really concerned, and they should be, about just how quickly the price they have been paid by their processor has dropped since deregulation. You would have heard me, and the members here could have pulled out a press release from me somewhere, or maybe a radio grab, on ABC Broken Hill, or something like that, which will have me saying, back during the deregulation process, that the real price of milk in this State, that is the price paid to farmers by the processor, will be the price paid to a Victorian farmer plus freight, bearing in mind that before deregulation a Victorian farmer, on average, got less money than one in New South Wales or Queensland.

What really has happened is that with the exchange rate, the dollar being the way it is, and the Victorian industry being more export focused, they actually now are getting—they certainly were a couple of weeks ago anyway—more money for their litre of milk. Forget transport costs. They are getting more money, actual dollars coming in their front gate, than farmers in New South Wales and Queensland are getting. This is the problem.

**The Hon. Mr MALCOLM JONES:** Because they are exporting.

**The Hon. RICHARD AMERY:** They are on export but it is just the way they process, with different processes and so on. What the farmers are now fighting for here, and they certainly have our support, is to get some process. They are now dealing with the ACCC so that they can achieve collective bargaining with the processors. I think there has been a feeling throughout the industry that margins have been cut too dramatically too soon. I think what we are all trying to achieve—we do not have the good old regulations we used to have, the Dairy Corporation setting prices, and so on—is a situation of negotiation. I think there is an understanding now, in the other sectors, that in the farm sector the price has been cut too harshly too quickly. I understand there are some moves afoot now to increase their margins in the future.

**The Hon. DUNCAN GAY:** The ACCC got onto it.

**The Hon. RICHARD AMERY:** That is a good point. The ACCC have now come back and looked at it. There was a statement just the other day; they have now come back and started to look at it. All these people were advocating deregulation years ago and are now starting to see the impacts. It has been quite severe, particularly in New South Wales and Queensland, where there has been a high dependency on quota. A lot of the farmers are waiting to see what happens to the margins before they then make the decision whether they are going to leave or stay.

**The Hon. MALCOLM JONES:** Has there been any move from the dairies to produce powdered milk? Is there any premium in exporting powdered milk?

**The Hon. RICHARD AMERY:** No. The Victorian industry has always been 63 per cent—I think that is the latest figure—of the total Australian dairy industry. They have always had more of an export focus and no doubt one of the reasons we got deregulation was they made a decision back in the 1980s to go for an export market. But the exports now are actually a lot of products. Cheeses, yoghurts and non-fresh milk products are the main focus of their exports. New South Wales processors are also involved in that. There have been quite a few success stories of cheeses, yoghurts and those other products being exported overseas. But the Victorians have always had a strong point on it.

I have just been passed a note to remind me that there has been a shortage of drinking milk in some areas as they focus more on the export dollar where the better price is at the moment. So, yes, there is still a bit of a shake-out going on in the industry. I think a lot of the farmers will not make a decision. Some have already made a decision. But before we get that final figure, bear in mind that the Dairy Farmers Association, in their submission to the Competition Policy Review a couple of years ago, predicted that deregulation would result in the loss of 600 farms out of 1,800. I do not think we have reached the 600 yet but I think a lot of them are waiting on this final decision as to whether they will get an increase in their margin in the next month or so. That is a very important part to be added to the structural adjustment money they are getting.

**The Hon. MALCOLM JONES:** Could you advise me what these numbers represent on that line item?

**The Hon. RICHARD AMERY:** We will have to take that question on notice.

**CHAIR:** Minister, my question relates to the Future of Australian Terrestrial Ecosystems Project [FATE], reported on the front page of the Herald recently. Has the department allocated funding to the FATE Project to harvest native animals, headed by Professor Michael Archer of the Australian Museum?

**The Hon. RICHARD AMERY:** The Director-General tells me no, it is not in this budget, but can I take the whole issue on notice? Any information that the department will be able to provide you later on might be a better way of answering the question, rather than just telling you, as the department just told me, there is not a line item in here that relates to that issue.

**CHAIR:** New South Wales Agriculture has established the New South Wales Centre for Organic Farming at Bathurst and the New South Wales Organic Industry Liaison Committee. What funds have been allocated to the Centre and to the Committee? Is this level of funding ongoing? Is this level of funding considered adequate? Further, you announced in a press statement on 29 May 2001 that a further \$66 million is to be spent on providing research and advice on sustainable land use. Given the enormous potential New South Wales has to grow and market certified organic produce, which is in increasing demand locally and especially internationally, will you allocate a significant level of funding to boost the organic agriculture industry in New South Wales? Are you aware, by the way, the Bracks Government has recently announced a five-year plan for the Victorian organic industry which aims to increase the value of the industry to \$30 million per annum in five years? Do you have a similar plan for New South Wales?

**The Hon. RICHARD AMERY:** Actually, I understand the week after next I will be opening the organic centre in Bathurst. I might make sure that my office takes on board that we invite you, if we have not already done so, to that opening. I might say that in the early days of my role as Minister for Agriculture a number of people came to us in relation to organic farming, the market for it, and whether our department provides that sort of advisory work and backup work to the organic farming industry. As a result of the effort of a lot of people within the organic farming sector the department has acted quite responsibly, and the Government has responded to it. You are going to see, when we do that opening next week, quite a top class facility which is going to be part of the advisory work that the department is now very familiar with.

As you were saying, you have always spoken at every one of these committee meetings every year about the importance of the organic produce not only to our own domestic market but also to our overseas partners. The growth in it has been quite good. It has been linked to consumer awareness on health and environmental issues and the demand for clean green food using sustainable farming systems. Well before the opening I was down in Cootamundra, where I have gone for weekends for some time, and only about a year or so ago a farmer there, a beef cattle producer, spoke to me. He was proudly telling me he was an organic beef producer. There he was, down in Cootamundra, and he was keen also to talk about the advisory work that comes out of New South Wales Agriculture, I suppose very much along the theme of the question you just asked. The market for organic food in overseas western countries, the Committee might be interested to know, has increased by 20 per cent in recent years. So this is not something that is moving very slowly. There has been world-wide interest in organic farming systems.

**CHAIR:** By 20 per cent a year.

**The Hon. RICHARD AMERY:** No, in the last few years there has been an increase by 20 per cent.

**CHAIR:** About 40 per cent per year in the UK alone.

**The Hon. RICHARD AMERY:** Austrade has identified a significant market opportunity for our getting produce into Japan, another one of the great opportunities for us. The organic industry world-wide is currently valued at US\$20 billion. You can see there are some great opportunities for our producers here. By the year 2006 it is predicted that the world trade in organic product will be \$100 billion. So in five years' time we will see a five-fold increase in consumption of or demand for organic products. The peak Australian organic industry body, the Organic Federation of Australia, suggests that the present value of organic produce industry in Australia is \$250 million a year.

That has gone from virtually a boutique component, a boutique industry you might say, only a relatively short time ago to an industry worth \$250 million. No doubt we are going to follow western world trade. It is a substantial increase. So, again, the ability of our Department of Agriculture to actually get out there and meet the number of inquiries from farmers as this sort of data starts getting out is vital and it is all the more timely that we open up this centre at Bathurst in the next couple of weeks. The principles and practice of organic farming are sought after by a wide range of farmers. That is the reason we are going to be opening up that centre.

In recognition of that growth, the department has significantly increased activities to support organic and biodynamic farming systems. I have already mentioned the opening of the organic farming centre at Bathurst. New South Wales Agriculture has convened and chaired the New South Wales Organic Industry Liaison Committee. This committee provides assistance with prioritising, directing activities to support organic agriculture in the State.

The employment of two additional full-time staff brings the total number of full-time staff dedicated to organic farming to three. We only had one but we have increased that to three. These dedicated staff complement the wide range of other research and extension activities that are relevant to organic farming systems. There will be participation in national forums to improve market access for organic produce and standards for accreditation, and an organic demonstration site is established at the Yanco Agricultural Institute.

The research activities are evaluating the environmental benefits from alternate farming systems. I know you have been keen on pesticide issues and you were earlier looking at the breeding of disease-resistant crop species, development of biological agents for weed control and development of non-chemical strategies for pest management. The department is also committed to promoting strategies that minimise the use of these agricultural chemicals, which ensures that any use is safe and has minimal environmental impacts. Many overseas markets are now demanding that products are grown according to a defined set of standards.

Again the question comes up: what is organic product? We now are getting a defined set of standards so that the old truth and labelling issue will come out of that. In addition to organic standards the adoption of formal quality assurance in environmental management systems is also promoted by the department as a way for a farmer to ensure that food is of the highest quality and that no sustainable farming systems are implemented. The adoption of recognised international standards will give New South Wales, I believe, a strong marketing advantage. The department has allocated \$400,000 annually to specifically organic farming systems.

In addition, a significant proportion of the department's research and extension budget is used on activities which could be adopted by the organic industry. I am really pleased to be able to answer that. I certainly thank you for the question. I know that long before these positive figures came to the fore quite exciting figures were coming out about world-wide growth of this product. You have been arguing for this particular issue year in and year out at these estimates committees. I certainly thank you for that question.

**CHAIR:** Just a follow-up question on that: How much of the \$21 million set aside for the Education and Training Plan for Sustainable Agriculture in the Sydney region will be used to help non-English speaking farmers convert to organic production of fruit and vegetables? They have difficulties sometimes in knowing how much pesticide to put on their vegetables and fruit. How much of that will be used to convert to organics?

**The Hon. RICHARD AMERY:** I could not give you that breakdown today. You realise, as my answer stated, there is a \$400,000 specific allocation in general to the organic farming sector. As the answer indicated, a lot of the other work involves multiskilling in the different industries. Individuals in the department deal with organic one day and another concept the next. It would be hard to breakdown the cost involved. However, the department is involved with that very important issue which received a lot of publicity recently as a result of the Premier's Department, I think, report in relation to the different languages within the Sydney catchment. The department is very actively involved with communication strategies on chemical use and the like. I will have to take on notice the component about how much advice is given on organics as an option. I suppose we are responding to them in that regard.

**CHAIR:** Richard, do you have a follow-up question?

**The Hon. RICHARD COLLESS:** Yes, a quick follow-up question if I may. Minister. I am very interested in this subject also. I would be keen to know what sort of research programs you will put in place in order to fully research the technical and scientific aspects of organic agriculture.

**The Hon. RICHARD AMERY:** The Director-General wants to make a comment on that. You will hear a lot about this when I do the official opening of the centre in a couple of weeks.

**MR KEVIN SHERIDAN:** If I can go right back to the start of this and make a comment. While organic farming is the end point in a lot of our research, for argument's sake, over the years we have been aiming to reduce pesticide inputs to horticulture by 50 per cent. All that technology is a component thereof. There are quite a lot of people in the beef cattle industry who are now organically producing beef. That is all a component of the research that has been going on. It is very hard to compartmentalise what is directly for organic farming and what is directly for all of that.

**CHAIR:** I appreciate that.

**MR KEVIN SHERIDAN:** The type of research we are going to do relates to a number of areas and this is the reason for the liaison committee, to make sure we tackle the two main problems that are feasible to achieve. There are a couple of areas that are particularly important to us. One is the accreditation process, to get a farm accredited to actually do organic production, and what is involved in that. We are going to look at that in the first place. What are the major species we should be looking at for organic production? Do we need to do anything on beef cattle because there are a lot of producers who are already there? That is going to be the role of the liaison committee.

The liaison committee has had one meeting and one phone hook-up as well. There is another meeting I think the week after next, that is the main meeting, in conjunction with the opening where hopefully the research program, the skeleton of it, is put together. I would be guessing myself at this stage to say this is exactly what they are going to do. But the idea is it will be a focus at Bathurst and it will radiate out through the department to all the people working on similar sorts of things that will all add to it, rather than saying this is just a little group that is doing organic production when in actual fact that is the whole aim.

**The Hon. RICHARD COLLESS:** I will talk to you more about that privately. I am very interested.

**The Hon. RICHARD AMERY:** If you look at the figures, it is a great opportunity coming up.

**The Hon. MALCOLM JONES:** Minister, given the big outbreak of foot and mouth disease in Europe, and that it is relatively common in Asia, why has the budget not increased allocations for quality and safety assurance programs? I am referring to pages 3-20 and 3-21 of Budget Paper No. 3, Volume 1. Do you have contingency plans for identifying and treating outbreaks of diseases such as foot and mouth in bovines and so on?

**The Hon. RICHARD AMERY:** First off, the department has been not only watching from afar the foot and disease situation. The Director-General has just come back from overseas after looking at various other issues in relation to disease management and so on. The department has also been involved with the sending over of all our management in the veterinary area, a lot of management people, to look at the operations of the control program for foot and mouth disease in Great Britain. We have had a sort of debriefing. Not only myself but Treasury, the Cabinet Office and various other agencies have had a debriefing from at least two of these people. We have another team already over there now. So a team of people is going over to Great Britain to study it, looking at what they are doing, looking at mistakes they are making and vice versa. They are learning from their experiences and successes and so on.

We are very concerned about it and we have been sending people over to watch that part of it. Moving to the next strategy: what are we doing about it? You will note I have actually put out a statement—I think it came out the day of or the day after the budget—talking about a review, in light of that foot and mouth disease outbreak, of managing exotic diseases. This involved workshops with the Rural Lands Protection Boards, and all the players, and negotiations with the Federal Government and quarantine. It is a big part of the national budget when they talk of upgrading their own quarantine areas.

I will give you some figures. Since 20 February foot and mouth has been confirmed on more than 1,500 farms in Great Britain. The figure for piggery is 300,000—I would not have thought that to be an index case in the UK. Squirrel feeding, which has been attributed to the outbreak there, is illegal in this country. I give the Committee that sort of assurance. The UK is persisting with a stamping out policy without vaccinations despite considerable opposition to the mass slaughter and the associated environmental effects in the UK and Europe.

Australia's stringent import controls and quarantine measures continue to provide the highest level of protection against this disease. AQIS is responsible for barrier quarantine. Despite some criticism from travellers, AQIS is adamant that its systems are effective in preventing virus entry through airports. It has continued its ban on the importation on horses, including shuttle stallions, from the UK. This decision is unscientific and should be overturned is one of the comments that have been made. New South Wales Agriculture, along with many agencies, has increased its foot and mouth disease awareness strategy including increased attention to the detection and elimination of illegal squirrel feeding. I have already approved the sending of six staff, as I mentioned earlier.

The value of our Rural Lands Protection Boards in New South Wales I have always highlighted. When I was asked a question on disease surveillance in the House by the honourable member for Lachlan, I highlighted the fact that New South Wales has this Rural Lands Protection Board system which other states do not have. Our State does provide and has been providing an allocation to that organisation as a result of the new legislation that went through. There is contribution to that.

Are we doing enough? There is a whole lot of internal appraisal going on about our standards. I will be making an announcement also about further consultation with industry to sort of benchmark the progress that has been made with the review process, the workshop, the dealings with the Rural Lands Protection Boards and the like. There is no line item which talks about working on foot and mouth disease. The department has redirected its resources that it has into looking at this particular situation. It is not just foot and mouth outbreaks but exotic disease outbreaks.

**The Hon. MALCOLM JONES:** Given all that activity which you just listed, and the reduction in the budget, something must have suffered to cater for that.

**The Hon. RICHARD AMERY:** Where is the line item? Can we get the line item you are referring to? As far as the management of it by the department, we spoke about this particular issue and whether extra resources were needed in this regard. It is just the way they manage their existing resources. There is no particular line item that says we need to

buy this particular machine or item which is going to improve our situation. It is all about first doing a self-appraisal of all of our programs to see whether they will meet the demands and pressure that could be placed on us.

We are looking at the programs in place to see that we can manage it. In doing that, we have these people overseas studying the program in the UK, which has been the largest ever. The other point I would like to make—I am not going to announce it today—is that there are to be some other announcements made about how we benchmark and how we internally assess the systems we have in place to keep out foot and mouth disease but also to manage it should it ever arrive in this country. Hopefully it never will.

**CHAIR:** Minister, you would be aware that councils across the State are being directly approached by Monsanto and Adventist to trial genetically engineered crops in their regions. What advice are you giving to local councils about the risks associated with trialling and growing GE crops in their regions? If no advice is being given, do you undertake to advise the councils about the risks as a matter of urgency? What assurances can you give to our major trading partners Japan and Europe, and to other countries demanding GE-free and certified organic produce, that our export crops are and will continue to be free from GE contamination? What measures will be taken to ensure identity preservation and segregation of GE, organic and non-GE crops? Is the process of segregation possible and financially viable?

**The Hon. RICHARD AMERY:** That is a very wide-ranging multiple question. We will take all those issues on notice. Looking at the time, it might be the best way. I did have a prepared answer with this. You realise New South Wales Agriculture is not the lead agency in the management of genetically modified foods but we also have a role to play in the way that it has been managed at the State level. Your answer is multipronged. I will make sure you get a very detailed answer to that in light of the time.

**The Hon. JOHN JOHNSON:** Chairman, I have one question. Minister, rather than inviting you to come back again, would you take this question on notice,?

**The Hon. DUNCAN GAY:** You have already asked the Minister this question.

**The Hon. JOHN JOHNSON:** No. I am asking it in relation to his department. Minister, will you provide the cost of answering all the questions that you are required to answer?

**CHAIR:** How much will it cost to provide that answer?

**The Hon. RICHARD AMERY:** I will take both those questions on notice to be answered at the appropriate juncture.

**The Committee proceeded to deliberate**