

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Wednesday 30 March 2005

Examination of proposed expenditure for the portfolio area

MINERAL RESOURCES

The Committee met at 2.00 p.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. T. Catanzariti
The Hon. D. Clarke
The Hon. R. Colless

The Hon. K. Griffin
The Hon. H. Tsang

PRESENT

The Hon. K. A. Hickey, *Minister for Mineral Resources*

Department of Primary Industries

Mr B. Buffier, *Director-General*

Mr A. Coutts, *Deputy Director-General, Mineral Resources*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I advise that the Opposition Whip has written to inform me that the Hon. David Clarke has been nominated as a substitute member in place of Hon. Don Harwin for the purposes of today's hearing. The standard procedures for budget estimates hearings apply today. If the Committee wishes to change any of those procedures a resolution will be required. I declare this meeting open to the public. I welcome you to this supplementary public hearing of General Purposes Standing Committee No. 5. I thank you, Minister, and your officers for attending today.

I point out that the guidelines of the Legislative Council for the broadcast of proceedings apply and are available from the attendants and clerks. There is no provision for members to refer directly to their own staff while at the table, and if members and their staff require any messages they should be delivered through the attendant on duty or the committee clerks. Minister, do you wish to make a brief opening statement before we proceed with questions?

Mr KERRY HICKEY: Yes, I do. I thank all members of the committee for the time they have given and for their interest in the Mineral Resources portfolio. I reiterate my apologies for not being able to attend the last hearing on 15 February but trust the Director-General and the officers from Mineral Resources and the Coal Compensation Board were able to assist the committee. I understand there were many questions taken on notice at the hearing and all the answers have now been supplied to the Parliament. I trust the committee has had time to study the answers.

I take this opportunity to correct false media statements by a member of the committee following the hearing. I point out for the benefit of committee members that I dispute the false allegations of the Hon. Duncan Gay surrounding the supplementary meeting as reported in the *Newcastle Herald* on 18 February. I confirm that my office advised the committee secretariat on 9 February that I was unable to attend the supplementary meeting. Urgent portfolio matters and meetings with major mining companies required my immediate attention.

Again for the benefit of members, especially the Hon. Duncan Gay, I advise that my office reconfirmed with the committee secretariat on Thursday 10 February of my inability to attend. Unfortunately the committee secretariat did not inform committee members until Monday 14 February. I have been advised by the committee secretariat that the Hon. Duncan Gay was advised that it had received my apologies in the previous week. I express my displeasure at the delay in providing members with this advice, given the subsequent lies and allegations made by the Hon. Duncan Gay. I encourage the secretariat to pass on such advice in an appropriate manner and timeframes in the future.

As all members here today are aware, I attended the full sessions of budget estimates on 16 September 2004 and since that time have supplied the committee with numerous answers derived from that September meeting. This again is contrary to the media reports made by the Hon. Duncan Gay. The Hon. Duncan Gay should be aware that allegations made by him that I did not attend the September meeting were false, given that the Hon. Duncan Gay was also in attendance at that meeting. However, I would have expected the Hon. Duncan Gay to have acted in an honourable manner in correcting the public record. I hope that he improves his moral and ethical standards as a member of this House. The people of New South Wales have a right to expect honesty from their representatives. I believe absolutely in the parliamentary process and the benefits of these hearings. It is a great shame that some members who have sat before me do not.

In two years the Opposition spokesperson on Mineral Resources has asked only one question of me in this Parliament during question time. Surely if The Nationals-Liberal Party Coalition is interested in the mining industry, our State's resources and economy and, more importantly, our unique environment it would be better off utilising that time rather than playing politics, as the Hon. Duncan Gay has done in the past. The Carr Labour Government has strong and detailed plans for the State whereas the shadow Minister has not been able to grapple with the very basics of that portfolio. Instead, he railroads his colleagues into peddling misinformation and lies.

I thank you, Mr Chairman, for allowing me the time to clarify this issue as I know you would have been appalled at the committee you chair being brought into disrepute. I am now in a position to advise the members that one of the meetings I attended that day was with BHP Billiton regarding mining under the Nepean River. I am also happy that BHP Billiton has announced today that it will

not be long-wall mining directly under the Nepean River. I am sure, Mr Chairman, that you will be very pleased as well. I will now take any questions relating to the Mineral Resources portfolio.

The Hon. RICK COLLESS: Minister, I found your statement and comments about another member of this Parliament somewhat surprising, to say the least. Did you know that the Hon. Duncan Gay was not going to be here today?

Mr KERRY HICKEY: No.

The Hon. RICK COLLESS: Did you deliberately use this opportunity to attack him when you knew he was not going to be here?

Mr KERRY HICKEY: I did not use this opportunity to attack the Hon. Duncan Gay: I used this opportunity to correct the record to ensure that the media reports that were in the *Newcastle Herald* were corrected.

The Hon. RICK COLLESS: Did you convey those thoughts at any stage to the Hon. Duncan Gay directly?

Mr KERRY HICKEY: The Hon. Duncan Gay has had ample opportunity to correct those—

The Hon. RICK COLLESS: Did you take the opportunity to correct the record?

Mr KERRY HICKEY: I did not give the misleading information to the media.

The Hon. RICK COLLESS: But you did not take the opportunity to correct the alleged misinformation of the Hon. Duncan Gay with him directly?

Mr KERRY HICKEY: The secretariat did.

The Hon. RICK COLLESS: But you did not?

Mr KERRY HICKEY: There is a procedure that we go through and that is what I did.

The Hon. RICK COLLESS: It seems to me like you are hiding behind the committee structure.

Mr KERRY HICKEY: I am not hiding behind anything.

[*Interruption*]

The Hon. RICK COLLESS: Mr Chair, I am questioning his statement, with due respect. Minister, I will leave it to the Hon. Duncan Gay to correct the record with you directly, which I am sure he will do once he has read the transcript. What is the extent of the activities of Sydney Gas on the Central Coast?

Mr KERRY HICKEY: They have wells across the Jilliby area. Sydney Gas currently has drilled two wells at Jilliby and it has before the Department of Mineral Resources exploration licences pertaining to two more wells in that area.

The Hon. RICK COLLESS: Is that a total of four wells altogether?

Mr KERRY HICKEY: Sydney Gas has drilled two exploration production test wells at Jilliby—Jilliby 1b and 2a—near Wyong within its petroleum exploration licence number five. The gas potential of these wells is currently being evaluated. An application for two further production wells—Jilliby 9 and 13—were received on 20 December 2004. This application is currently being assessed by the department. The review of environmental factors for the two new wells was placed on the Department of Primary Industries-Mineral Resources web site for the information of the public on 4 March 2005. I have undertaken to consider a number of submissions from the Australian Gas Alliance as part of this assessment.

All gas exploration activities in New South Wales are bound by comprehensive conditions to ensure that any environmental impacts are effectively managed and appropriately rehabilitated. Community consultation is key to this process. I appointed an independent chair to form a Community Consultative Committee. Nominations for community representatives closed on 22 November 2004 and the committee has met on two occasions—13 December 2004 and 14 February 2005. An information session is scheduled at Dooralong on 7 April 2005 where senior officers of Department of Primary Industries-Mineral Resources department will attend. The departmental officers will explain the exploration process, the conditions applying to exploration in the area, landholder rights, community consultation and how environmental issues associated with exploration are addressed.

If Sydney Gas exploration at Wyong proves successful, it will have to apply for development approval for production wells, any related gas-gathering system and gas treatment facilities. This will require an environmental impact statement that would be comprehensively reviewed by the approval authority, in this case, the Minister for Infrastructure and Planning. The company would also have to apply for a petroleum production lease that would only be granted if the project received development consent.

The Hon. RICK COLLESS: I will take that as a statement rather than an answer to my question, but thank you for that information. What has been your involvement in its approval process to date?

Mr KERRY HICKEY: My involvement to date is that I did a part 5 assessment for the first two wells, and we are currently going through the assessment process for the second two wells.

The Hon. RICK COLLESS: Have you spoken to those people? Have you personally met with them and had discussions with people from the company?

Mr KERRY HICKEY: I have met with Sydney Gas people numerous times. They have raised the Sydney Gas issue in the Wyong area once with me. I told them it has to go through a process.

The Hon. RICK COLLESS: What was the nature of the discussions when that issue was raised with you?

Mr KERRY HICKEY: It was information for me more than anything.

The Hon. RICK COLLESS: Information for you?

Mr KERRY HICKEY: Yes, information for me. They were telling me where they were up to and what they were doing.

The Hon. RICK COLLESS: Do you have any reason to doubt their bona fides?

Mr KERRY HICKEY: I cannot answer that question. I am not here to answer that. As the Minister, I am here to talk about mining exploration.

The Hon. RICK COLLESS: Surely as Minister you would be concerned about the bona fides of companies undertaking mining explorations? Perhaps Mr Coutts would like to answer the question.

Mr KERRY HICKEY: Pardon?

The Hon. RICK COLLESS: Perhaps Mr Coutts would like to answer the question.

Mr KERRY HICKEY: Why? Why would I be questioning at all a company with which I have day-to-day dealings?

The Hon. RICK COLLESS: So you have no reason to question their bona fides?

Mr KERRY HICKEY: In what areas?

The Hon. RICK COLLESS: There is a lot of public concern about some aspects of what that company is doing; and I am sure you are aware of that. Do you have any concerns about their bona fides?

Mr KERRY HICKEY: At this point, there are only allegations in the media.

The Hon. RICK COLLESS: Have you followed them up? Have you checked them out?

Mr KERRY HICKEY: Why would I?

The Hon. RICK COLLESS: You are the Minister, after all.

Mr KERRY HICKEY: I see a lot of allegations in a lot of media coverage on a lot of issues. I do not chase up all allegations. I leave it to go through its natural course.

The Hon. RICK COLLESS: Do you or any of your predecessors have any pecuniary interest in this company?

Mr KERRY HICKEY: Well, I cannot answer for my predecessors. It is not for me to answer for them, I am unsure about it. I can quite clearly say that I have not.

The Hon. RICK COLLESS: Are you aware of any former departmental or ministerial staff who may help work for that company?

Mr KERRY HICKEY: Yes, Frank Kristic.

The Hon. RICK COLLESS: What was Frank Kristic's position within the department?

Mr KERRY HICKEY: The Deputy Director-General, Mr Alan Coutts, will answer that.

Mr COUTTS: Frank Kristic was legal counsel with the former Department of Mineral Resources. He resigned from that position two or three years ago and subsequently took up a position with Sydney Gas.

The Hon. RICK COLLESS: Do you know what his role is in Sydney Gas?

Mr COUTTS: I believe he is legal counsel for Sydney Gas. I am not 100 per cent sure of his exact title.

The Hon. RICK COLLESS: Do any of the staff within your department have dealings with Mr Kristic?

Mr COUTTS: Yes, our departmental officers have dealings with Sydney Gas, in relation to both the Wyong project and the Camden project. Mr Kristic is one of their senior officers with whom we have dealings.

The Hon. RICK COLLESS: As I said earlier some doubts have been expressed about some environmental impacts of gas mining in the Wyong region. Minister, are you aware of any alternative hydrological studies which may predict an adverse environmental outcomes?

Mr KERRY HICKEY: I was made aware of one such report, which came in from the community. That is being assessed by my department. Until that assessment comes back, I will not comment on it.

The Hon. RICK COLLESS: When you say you were "made aware of one", was it a hydrological study?

Mr KERRY HICKEY: Yes.

The Hon. RICK COLLESS: Was it to do with water?

Mr KERRY HICKEY: Yes.

The Hon. RICK COLLESS: Did it predict an adverse outcome during or after the mining process?

Mr KERRY HICKEY: I am waiting on an assessment from the department. I am waiting to see what the report shows.

The Hon. RICK COLLESS: Do you have any personal doubt that the impacts of this mining operation will affect the Central Coast water supply?

Mr KERRY HICKEY: I do not judge or make judgments on my personal assumptions. I want fact before I pass any judgments on anything that comes to my office.

The Hon. RICK COLLESS: From the facts you have seen, have you expressed any doubts or any concerns about the impact?

Mr KERRY HICKEY: I have asked my department to assess that report from the community. My department is doing that. Until I get an assessment from my department I will not express any view.

The Hon. RICK COLLESS: Was that study done by a qualified hydrologist?

Mr KERRY HICKEY: He was an hydrologist, yes.

The Hon. RICK COLLESS: A qualified hydrologist?

Mr KERRY HICKEY: I cannot answer that question because I do not know.

The Hon. DAVID CLARKE: Will you take that question on notice and provide the information?

Mr KERRY HICKEY: Yes, I will take that on notice, no problem.

The Hon. RICK COLLESS: When you talk about the two test drillings, the bores already put down, does any waste water come out of the holes?

Mr COUTTS: Yes, there is. That exploration drilling is governed by a range of conditions that are attached to the exploration licence. Any water that comes from the drilling is required to be stored and disposed of.

The Hon. RICK COLLESS: Is the waste water stored?

Mr COUTTS: Correct.

The Hon. RICK COLLESS: What volume is involved?

Mr COUTTS: If you want to go into details of the Sydney Gas exploration from a technical point of view, we will take those questions on notice and give the Committee the benefit of a considered answer.

The Hon. RICK COLLESS: The question I am getting that is: Is any of that waste water disposed of into the Hawkesbury River?

Mr COUTTS: No. As I said, I think the Committee would benefit from a considered response to these questions. Clearly any exploration activity conducted by Sydney Gas, whether at Wyong or elsewhere, is subject to rigorous environmental controls. Any water that may be collected

as a consequence of the drilling, certainly would not be disposed of in a manner which would have any impact upon the environment or the eco-system.

The Hon. RICK COLLESS: Do you have any idea what pollutants, or otherwise, might be in that water? What is in the water besides water?

Mr COUTTS: I do not know.

The Hon. RICK COLLESS: Could you furnish the Committee with a copy of the tests of that water? I am a little surprised that given the publicity this matter has had that you do not know the answer to some of these questions.

Mr COUTTS: You are asking me a range of essentially technical questions, they would have been considered by our technical people in the assessment process of whether this project would be allowed to go ahead. As I said, the exploration licence is covered by conditions that ensure that there is no environmental impact. Issues such as the disposal of water are governed by those conditions. I am more than happy to provide the Committee with more information about the actual process by which that water is disposed of under the terms of those conditions. I am sure I could provide the Committee with details of the conditions attached to the exploration licence.

The Hon. RICK COLLESS: It would be good if you could do that. I would like to know whether that water is disposed of into the Hawkesbury River. Whether it is or is not, how is it disposed of? What is in it? What happens to whatever is in that water? What environmental approval has been put in place?

Mr COUTTS: Any disposal of water is in accordance with appropriate licence conditions for disposal of water. Again, I am happy to provide the Committee with that level of detail.

The Hon. RICK COLLESS: You are satisfied that in terms of the approvals, all the boxes have been ticked? You are satisfied that there are no outstanding issues that have been sidelined to permit the exploration to go ahead?

Mr COUTTS: The department is more than comfortable with the exploration activity conducted by Sydney Gas in relation to the first two wells. The part 5 assessment was done in respect of the first two wells and advice conveyed to the Minister that there will be no significant impact upon the environment as a consequence of the drilling activity. The next two wells are currently subject to further assessment. As the Minister indicated, the community has expressed some concerns about that drilling activity and has provided the Minister with a hydrological report. I have asked the Minister to have those issues assessed by the department; and department is currently undertaking that.

The Hon. RICK COLLESS: When do you expect that those approvals will be finalised for the other two wells?

Mr KERRY HICKEY: When all the matters are brought before me and all the questions have been answered and all the t's have been crossed and all the i's have been dotted. Then we will know what we are doing. I will not approve something until we have all the information.

The Hon. RICK COLLESS: Is it imminent? Or is it still 12 months until you believe they will be granted?

Mr KERRY HICKEY: I cannot say that I believe they will be granted.

The Hon. RICK COLLESS: What stage are they at now?

Mr KERRY HICKEY: I am waiting for the department to get back to me with the information. I expect the department to give me advice on the reports and on the issue of the exploration in the Wyong area within the next three to four weeks.

The Hon. RICK COLLESS: That is what I wanted to know. Thank you very much. Referring to the waste water, there have been some allegations. I understand there is some video

footage of waste water being dumped into the Hawkesbury River that is not consistent with current consent conditions. What do you make of those allegations?

Mr KERRY HICKEY: If there are allegations they should be brought before me. If it is under the Environmental Planning Authority Act it needs to be brought before the Minister for the Environment. It needs to be sorted as quickly as possible.

The Hon. RICK COLLESS: Were you aware of those allegations?

Mr KERRY HICKEY: Not until just now, no.

The Hon. RICK COLLESS: Will you undertake to find out?

Mr KERRY HICKEY: You will need to give me the information so it can be chased up.

The Hon. RICK COLLESS: I will do that.

Mr KERRY HICKEY: My portfolio is responsible for the policing of that. If it is another Minister's portfolio, I will pass it on.

The Hon. DAVID CLARKE: Earlier the Hon. Rick Colless asked you whether you were aware of any allegations against Sydney Gas. Forgive me if I am wrong, but did you state that you were aware of those allegations?

Mr KERRY HICKEY: Allegations were raised with me through *A Current Affair*.

The Hon. DAVID CLARKE: Did I understand you to say that you had not followed through and investigating those allegations?

Mr KERRY HICKEY: *A Current Affair* made those allegations to me. Those allegations were also printed on the front page of the *Sydney Morning Herald*. I am not about to use the office of the Minister for Mineral Resources to establish how a company is being run. That is something that should be dealt with in other areas.

The Hon. DAVID CLARKE: In other words, allegations were made on *A Current Affair* and those allegations were front-page news in the *Sydney Morning Herald*. Those allegations were repeated in the *Sydney Morning Herald* but you did not have them investigated. Is that the situation?

Mr KERRY HICKEY: As Minister for Mineral Resources I have employed a company to look at drilling for gas and I have ensured that any work being undertaken by such companies conforms with legislation in New South Wales. We are referring to the eligibility of companies and whether or not they have conformed with legislation. The honourable member would be fully aware that a Federal body rather than a State ministry should be doing that work. I am not the Minister in charge of the Australian Securities Commission; I am the Minister for Mineral Resources in the New South Wales Government. We must refer any allegations to the Minister responsible for such issues and that is not me.

The Hon. KAYEE GRIFFIN: What is your response to the report into mining in the Upper Hunter?

Mr KERRY HICKEY: The Department of Infrastructure, Planning and Natural Resources strategic assessment of coalmining potential in the Upper Hunter, which is part of the Government's approach to improving the sustainability of the New South Wales mining industry, was released by my colleague the Minister for Natural Resources on 8 March and was designed for discussion purposes. That report is just one element of our broader consideration of the impacts of mining outside the boundaries of mining titles. I have asked the department to look at ways of strengthening the provisions of the Mining Act to protect those areas outside titles.

I believe that further discussion both within the Government and with the community and the mining industry will lead to improvements in environmental standards. That is the way to move

forward. I am looking forward to the outcome of public comment on that report, which marks the start and not the end of the policy-making process. These are some of the Carr Government's strong and detailed plans to ensure that the mining industry is more sustainable by meeting its responsibilities to our unique environment and local communities. We recognise that the significant employment and economic benefits generated by the mining industry are sustainable only if it meets its responsibilities to local communities and the environment.

The Hon. TONY CATANZARITI: Would you give Committee members an update on the Government's efforts to better manage mine subsidence?

Mr KERRY HICKEY: The Carr Government is committed to a sustainable coalmining industry. To deliver this goal we must balance present day energy and steel-making requirements without compromising the future of our children or our unique environment. We also have a clear responsibility to maintain a strong and diverse economy base in coal-producing regions, including the Illawarra, the Hunter and the Central West. Minimising the impact of underground coalmining will help to guarantee the future of our coal industry and the communities it supports. When coal is extracted from underground the surface above can sink or subside. That can impact on sensitive surface features, such as cliffs, rivers watercourses and some buildings.

In November 2003 I foreshadowed the Carr Government's strong and detailed plan for a more streamlined and constructive approach to managing mine subsidence in New South Wales. This new process known as subsidence management plans, or SMPs, has now been in force for one year. Subsidence management plans improve, but do not replace, the existing approvals process for coalmining in New South Wales. All coalmining proposals are fully assessed and improved under the Environmental Planning and Assessment Act 1979. Development consent remains the Government's principal method of regulating the impacts of mining. In the case of new mines, subsidence and its impacts must be addressed with a full environmental impact statement. However, the introduction of sound, thorough subsidence management plans provides even greater certainty to both the coal industry and mining communities.

Subsidence management plans are now a requirement of all underground coal mines, whether they are old, new or expanding projects. Plans must be based on a full land-use description and impact assessment. Physical landforms and surface infrastructure are addressed along with ecosystems and items of potential heritage or archaeological significance. The onus is on the company to demonstrate how it proposes to manage any subsidence that may be caused by underground mining. The Director-General of the Department of Primary Industries determines applications for approval. An interagency review committee examines the draft plan and provides advice to the director-general on approval conditions.

The committee is comprised of officers from the Department of Environment and Conservation, the Department of Infrastructure, Planning and Natural Resources, the Sydney Catchment Authority, the Dam Safety Committee, the Mine Subsidence Board and the fisheries and mineral resources sections of the Department of Primary Industries. Plan management comes under the enforcement powers of the Mining Act 1992. Violations of lease conditions or of the Mining Act 1992 may result in any one or more of the following penalties: fines of up to \$110,000; prosecutions for breaches of the approved plan; suspension of mining operations; and cancellation of mining leases. Operators may also lose substantial security deposits, which can vary up to \$20 million, according to risk and disturbance levels. Conditions are monitored by the Department of Environment and Conservation.

The interagency review committee also participates in the ongoing monitoring of subsidence management. This is in addition to the annual reports that all coalmines must submit to the mineral resources section of the Department of Primary Industries on environmental performance for the year to date, plus forecasts for the coming year. Subsidence management plans benefit industry, the environment and the community. I am sure that all honourable members would agree that the provision for significantly broader public consultation in the preparation and lodgement of draft plans is a great outcome for mining communities. Applicants must advertise in local and statewide newspapers their intention to develop a draft SMP and they must identify and consult with all directly affected landholders and local councils and take their views into account.

Applicants must readvertise when the draft SMP is finalised and submitted to the mineral resources section of the Department of Primary Industries. The advertisements must contain details of where the SMP can be accessed by the public. All members of the community, industry and government agencies are free to make submissions to the department in its consideration of the draft SMP. In short, issues raised by the community are no longer an afterthought; they are considered at the beginning of the approvals process, which is precisely where they belong. Plans are required for what are known as first workings or infrastructure, such as mine shafts and underground roadways where these might lead to subsidence as well as second workings or extraction panels such as longwalls.

Because subsidence management planning can be undertaken at the same time as an operator draws up a mine plan, it is a more cohesive approach that allows companies to plan between two to seven years ahead. It replaces the previous piecemeal method of applying for permission on a panel-by-panel basis, which means that companies can avoid costly delays, workers are not being stood down and expensive machinery is not sitting idle. I refer to improved environmental performance and state that SMPs directly respond to the issues raised in November 2004 by the Scientific Committee in its preliminary determination to list "Alteration of habitat following subsidence due to longwall mining" as a key threatening process under the Threatened Species Conservation Act 1995.

Given that this is only a preliminary determination that has no legal impact and that SMPs were introduced one year beforehand, it is clear that this Government had already recognised the need to improve the environmental performance of those who conduct underground mining and it acted accordingly. Similarly, the Carr Government recognises the tremendous economic and social benefits that flow from underground coalmining. The changes we have made balance environmental protection with the need to protect the jobs of thousands of workers in the Illawarra, the Hunter and the Central West. As at June 2003, there were 29 underground coalmines in New South Wales, of which 18 were underground longwall mines. In 2002-03 longwall mines produced 34 million tonnes of saleable coal. The value of this production was around \$1.7 billion.

Estimated royalties for longwall mines in 2002-03 were \$602 million, \$60 million of which goes towards paying for front-line services such as health, schools and policing. At the end of June 2003 employment in longwall mines was 3,974. That is nearly 4,000 workers living in our regions who earn an average yearly wage of \$93,000. Almost all of a mining family's disposable income would be spent locally. It is conservatively estimated that for every direct coalmining job another three jobs are created indirectly. The Illawarra is home to nine underground mines that are producing mostly high coking coal. To put it bluntly, without this coal there would be no Port Kembla steelworks, no jobs or financial security for an estimated 16,000 Illawarra families who rely on the steelworks, including its 5,880 direct employees.

It is only proper that all Committee members reflect on the kind of devastation that the loss of these industries would cause, most obviously at the regional level but also on the State as a whole. Some people would like to see coalmining relegated to the history pages. Quite frankly, that idea is straight out of a fairytale. Currently there is no viable replacement for coal to deliver our base load energy requirements or the world's insatiable demand for steel. In the coal industry this Government is delivering sustainability and it is more environmentally and community minded than it has ever been. For those reasons the Government introduced SMPs. Already 11 collieries have had an SMP approved and another five SMPs have been submitted for consideration.

It is my pleasure to inform the Committee that a review of the SMP process will commence next month. That is only fitting, given that it has been a year since the new system was introduced. The terms of reference are currently being drafted but I can confirm that interagency review committee will undertake the review procedure. I cannot stress highly enough the importance of subsidence management plans as a further measure in the Carr Government's already stringent mining approvals and monitoring regime. We have worked hard with representatives of the coal industry to develop this way forward. We have also engaged peak environmental groups in the consultation process. Together we will better protect local communities, our unique environment and the future of coalmining in New South Wales.

The Hon. HENRY TSANG: Who gets the coal royalties and what is your response to community concern that the coal royalties are not going back to the Hunter?

Mr KERRY HICKEY: This issue has generated a good deal of media coverage in the Hunter. I am a lifelong resident of the northern coalfields and I am proud to represent the people of Cessnock as their Country Labor member of Parliament. As Minister I can and do take into Cabinet issues of interest to families in the Hunter.

However, unless State government is abolished, we are there and put into the job to do one thing: We are here to serve the people of New South Wales as a whole, not just towns or regions where we come from. Coal deposits, like every other mineral resource in this State, are owned by the people of New South Wales. The Carr Government consolidates coal royalties, just as the Commonwealth Government consolidates the GST. Even local councils consolidate the income from their rates.

I note with a great deal of interest the shadow spokesperson's contribution on this issue. He hit the airwaves in the Hunter with uncharacteristic zeal, accusing me of selling out the mining communities in the Hunter, including my own electorate. I particularly note his comments on KOFM on 7 February 2005, when he said, "I certainly support the coal royalties going back into the Hunter Valley." Ring-fencing royalties is a ridiculous and ill thought-out argument. Sadly, this is a typical example of the Opposition's tired old tactic of jumping on the media bandwagon instead of coming up with policies, plans and ideas. First, it ignores the fact that coal is mined in the Illawarra and the Central West as well. What does the Opposition spokesperson say to these regions? What would the fine people of the shadow spokesperson's electorate of Murrumbidgee think if they lost out on nurses, teachers and police just because they have no coalmines? And he has the hide to accuse me of selling out my people in the Hunter Valley!

Why stop at coal royalties? Why not stamp out the stamp duties from the sale of \$20 million homes in Elizabeth Bay in Bligh? I am sure that the honourable member would be absolutely delighted at that. New South Wales is a State and it beggars belief that he thinks favouring one region over another is good policy. But, then again, pork-barrelling comes pretty easy to The Nationals. If the Opposition was fair dinkum about ring-fencing income they would be howling at the Howard-Costello Government for short-changing New South Wales families by \$3 billion a year from the Commonwealth Grants Commission. The GST paid by a Hunter Valley family of four last year gave Queenslanders a bonus of \$460, and it will happen again next year and the year after. Everyone in New South Wales, regardless of their postcode, deserves a fair return on the mineral riches of this State.

The Hon. RICK COLLESS: I suggest that if the Minister has any more prepared statements such as he has been reading out he might like to table them.

CHAIR: To clarify your comment, Mr Colless, Government members are allocated time in which to ask questions and the Minister is free to answer those questions as he sees fit. Are there any other questions from the Government?

The Hon. HENRY TSANG: We are actually quite generous. We will pass our time to other members.

CHAIR: That is up to the Minister. Minister, I will proceed with my allocated time. Could you explain the role of the Association of Mining Related Councils and the relationship between the Department of Mineral Resources and the association?

Mr KERRY HICKEY: I will pass that question to the Deputy Director-General.

Mr COUTTS: As I understand it, the Association of Mining Related Councils, as the name suggests, is a grouping of local government councils that have mining interests. They have formed a coalition of interests. They meet regularly and they have a secretariat. They have no relationship with the department other than they may make representations to the Minister or to the department on particular interests of concern to them.

CHAIR: How are independent chairs of mine community consultative committees selected?

Mr COUTTS: Community consultative committees have proven to be a very valuable forum for resolving community concerns around mining and other significant projects. They are a means by which the community and the company involved can exchange information and people can be better informed about how projects might be looking to proceed. These community consultative forums are established both by our Minister, the Minister for Mineral Resources, and by other Ministers, such as the Minister for Infrastructure and Planning, and Minister for Natural Resources, once the proposal is at the development consent stage. Generally speaking, when a project gets to its early stages, particularly if it is in an area where there might be some significant community concerns, the department will make a recommendation to the Minister that such a committee should be established and the department will make a recommendation to the Minister and offer a list of names of suitable persons who might be able to chair that particular committee. We endeavour to find people who have both experience in dealing with community issues and who are able to be good communicators with the local community.

CHAIR: Are independent chairs paid to carry out this role?

Mr COUTTS: The independent chairs are paid.

CHAIR: How many community members are selected to sit on the mine community consultative committees?

Mr COUTTS: I think, from recollection, it varies from project to project.

CHAIR: Are they open to the public?

Mr COUTTS: Generally speaking.

CHAIR: Why would they not be?

Mr COUTTS: I think that would be a decision made by the committee itself. I guess these committees have evolved over time as experience has demonstrated how different things might work through improved practice. In more recent times the committees, once established, agreed to a terms of reference and they tend to operate by that terms of reference. In most cases it is up to the committee as to whether they want to open their forums to public attendance.

CHAIR: In terms of transparency and accountability regarding mining lease conditions, could you describe to the Committee the process of that transparency and accountability?

Mr COUTTS: I am not sure that I quite understand the question.

CHAIR: I wonder what process of transparency and accountability is in place in regard to mining lease conditions.

Mr COUTTS: I might take that question on notice because I am not 100 per cent clear off the top of my head just what process we go by in terms of making those lease conditions public.

CHAIR: Are mining lease conditions publicly available?

Mr COUTTS: That is the part I would like to take on notice and provide you with an answer.

CHAIR: What strategic planning does the Department of Mineral Resources undertake to identify coal supplied to domestic power stations?

Mr COUTTS: The department through its geological survey and its coal resource identification group has a range of strategic processes for identifying resources, both on the metalliferous side and the coal side. We will have a program of work, usually over a year or so, where we will look for areas that might need more strategic assessment and we will undertake work in accordance with that particular strategic approach. In terms of domestic coal supply, we are currently

looking at the call resources that are currently available for domestic power supply in the Hunter and Upper Hunter Valley areas as part of our normal work activities.

CHAIR: Thank you. Perhaps this question follows from that. The tender for the Wilpinjong exploration licence near Mudgee required a contract with Macquarie Generation before being granted. Why is that?

Mr COUTTS: As to the tender for Wilpinjong, that area was identified by the department as being an area of potential domestic coal supply. It was the department's view—as it always has been the department's view, and one accepted by government—that it is up to the marketplace to determine how that coal resource should be developed. That coal resource was put out for tender and to ensure that that coal resource was properly utilised there were some conditions in the tender documents that provided that part of that resource should be made available for domestic supply, not just for Macquarie Generation but for other power users.

CHAIR: Are other power users accessing that supply or is it just Macquarie Generation? I was under the impression that it was just Macquarie Generation.

Mr COUTTS: No, I think Delta has access to that supply if they wish to avail themselves of a contract arrangement with the successful tenderer.

CHAIR: Thank you. What planning scenario did this tender fit into?

Mr COUTTS: It is part of our normal assessment and allocation of call resources. That tender was for an exploration licence and the company now has rights to explore in that area. If they determine, following their more detailed exploration work, that there is valuable coal resources there and they wish to pursue a mine development there, they will have to make an application, do an environmental impact statement and put in a development consent application to Minister Knowles. That will be assessed in the normal course of events.

CHAIR: What are the future projections for coal supply to domestic power generation? Does this include supply to new or extended coal-fired power generation?

Mr KERRY HICKEY: We will need to take that question on notice. I do not think we can answer that off the top of our heads.

CHAIR: In terms of coalmining in Mandalong Valley, are you aware, Minister, that the Mandalong Progress Association and landowners on top of longwalls 1 and 2 at the site of Centennial Coal's longwall coalmining operation in the Mandalong Valley have been attempting to obtain a copy of additional conditions of approval imposed by your department in January 2005? Do you think it is appropriate that affected landowners and community groups have access to these conditions so that they can assess whether they are being met adequately by Centennial Coal?

Mr COUTTS: The department has recently received a written request from the progress association for access to that information and the department has taken the position that that information should be provided to groups, such as the progress association, that have a particular interest in that area. We are about to write back to the progress association to advise them accordingly.

CHAIR: Could you inform the Committee when this information will be provided?

Mr COUTTS: I think if that letter has not gone it is about to go in the next few days.

CHAIR: Thank you. Minister, are you aware that some mining companies in Singleton are paying lower council rates on land that surrounds their mining area?

Mr KERRY HICKEY: No, I am not fully aware of the way that the council conducts its business or its rating procedures.

CHAIR: Could you take that question on notice? Are these lands buffer zones and are they an integral part of the mine? Does this explain why they are paying lower council rates?

Mr KERRY HICKEY: That would be my assessment off the top of my head. I think it would be buffer land around the mine and not on top of the reserve itself. But I need to get further information and I will give you a relevant answer to your question.

CHAIR: Thank you, Minister. At the Broula King goldmine, which is located halfway between Cowra and Grenfell on the mid-western highway, why is the mine operator, Broula King Joint Venture, allowed to leave a giant hole, measuring some 150 metres long, by 100 metres wide, by 50 metres deep, in the ground? Will the existence of that hole not be contradictory to the rehabilitation plans for the whole site?

Mr KERRY HICKEY: I am unsure of the proposal. I will take that question on notice.

CHAIR: Thank you. Perhaps you could also let the Committee know what the hole will be used for. For example, could it be used as a waste dump in the future?

Mr KERRY HICKEY: I do not think I will have any futuristic visions of that nature. That is something that needs to be looked at in another light.

CHAIR: Could you explain to the Committee what protocols are there for transparent and accountable communication with the broader community by mining companies?

Mr KERRY HICKEY: In which areas?

CHAIR: In general?

Mr KERRY HICKEY: In general? As Minister I am very keen on community consultation on an ongoing basis between mining companies and the community in general. It is something I have been preaching from my soapbox since becoming Minister. We need to inform the community and make sure it is fully aware of the projects proposals before them. That is something I am very happy to say that the Minerals Council, which is the peak body for the mining industry, has taken up as well.

CHAIR: What relationship do the conditions of a mining lease have with the conditions of a consent approving a mine?

Mr COUTTS: Generally speaking the conditions of a mining lease are complementary to development consent approval conditions and generally relate in more detail to the operation of the mine. So, they will deal with specific mining conditions around safety, on-site environment, rehabilitation requirements, and so on.

CHAIR: Are exploration lease conditions publicly available?

Mr COUTTS: Exploration licence conditions?

CHAIR: Yes.

Mr COUTTS: I will take that question on notice in a similar vein to the previous one on mine lease conditions.

CHAIR: Perhaps you could take on notice as well—unless you can throw light on the process for auditing the compliance of these licensing or leasing conditions?

Mr COUTTS: The department, as part of its mine lease conditions, has what we call a mining operations plan that forms part of the conditions. That is a review on an annual basis, and that review process not only involves the Department of Primary Industries, Mineral Resources, but other key agencies. At that point the various conditions of the lease are gone through in some detail and if there are any particular issues of concern to any of the agencies or if there is a need to make some amendments to lease conditions, that is their opportunity to do that.

CHAIR: Thank you, Mr Coutts. Can the Minister, or whoever, inform the Committee of the strategy the Government has in place for the rehabilitation of old mine sites and what is the mining industry contributing to this task?

Mr KERRY HICKEY: I have spent the past two years talking about rehabilitation of old mine sites. Currently the Government has a rehabilitation plan of \$1.6 million. It is good to see you are showing a keen interest in this, because this is one area I would really like to make some inroads on. I have been preaching to the Minerals Council and all of industry to take up an ownership role in derelict mines so we can work together to make some inroads on derelict mines across New South Wales. The Government manages the derelict mines program, overseen by the derelict mines committee, and the committee selects derelict sites for rehabilitation on a priority basis, considering risk to public safety, pollution impacts on adjoining property or catchments, contamination of the sites, erosion of land, degradation and community concerns. That is how they are assessed.

The Carr Government has significantly boosted funding from the derelict mines program. I said it was \$1.6 million. I misinformed you—this year it is \$1.7 million. An additional \$2.8 million was allocated to four specific sites to be spent over a three-year period from the Government's environmental trust fund from 2001. The number of derelict mines successfully rehabilitated in 2003-04 include staged rehabilitation at Gibson's open cut at Halls Peak, east of Armidale, at a cost of \$216,904; Becks Hill brickworks at Lismore at a cost of \$99,414; Glen Davis oil shale mine at Ulan at a cost of \$58,182; and Lake George mine at Captains Flat at a cost of \$130,000. Work at these sites included site assessment, removal of safety hazards and revegetation.

The environmental trust funds have been used to rehabilitate Yerranderie mine in the Blue Mountains; Conrad mine at Inverell; Woods Reef mine near Barraba and derelict areas of the CSA mine near Cobar. Works on the Conrad and CSA have been successfully completed. In 2004-05 the derelict mines program has been finalised, with assessments and works under way for up to 11 sites. Funds have been allocated for major rehabilitation works at the following sites: \$225,187 at Lake George mine at Captains Flat; \$150,000 for the Oakdale Colliery mines at Oakdale; \$200,000 for the Webbs Consul mine near Glen Innes; \$62,000 for the Grenfell goldfields at Grenfell; \$150,000 for four sites at Yerranderie and \$30,000 for the filling of shafts at Hill End. We are spending a considerable amount of money on derelict mines and there is quite a lot of work to do. It is something we should focus on and industry can focus on it as well, with the Government.

CHAIR: As far as industry focusing, am I understanding you correctly? The environmental trust fund is under the environment Minister's portfolio?

Mr KERRY HICKEY: Yes.

CHAIR: How did you get the money and where is the contribution by industry for this repair?

Mr KERRY HICKEY: I work alongside other Ministers and we both see the need to address these mines. As I said, I am talking to the Minerals Council, I am talking to industry at every forum that we attend on the environment, to get industry interested in helping. Currently the Minerals Council is working alongside us to move forward ways for industry to help, in-kind help or whatever, and we are working through that with the Minerals Council currently.

CHAIR: When you say in-kind help, I think we have a robust minerals sector and I appreciate your interest in the rehabilitation side of the mining industry in New South Wales, but we have a substantial commitment here from the environment portfolio of those environmental trust funds, which I understand started under the Greiner Government. I am wondering what the industry's contribution is for areas it is directly involved in?

Mr KERRY HICKEY: What, currently?

CHAIR: Yes. It is good you have funds to rehabilitate. I am not going to dispute that that is positive.

Mr KERRY HICKEY: I would like some clarification, if I can. You want to know what the industry is doing currently at the sites it is working on?

CHAIR: Yes. Perhaps you could take on notice the breakdown of the funds coming from the environmental trust funds for rehabilitation compared to the funding or support that comes from industry that is directly involved in it?

Mr KERRY HICKEY: My apologies, Mr Chair. I thought you were talking about old derelict sites. Industry itself is pouring a lot of money into rehabilitation of mining currently in different areas that it is performing mining at. You have only to look at Rio Tinto and the Bickham bulk sample work done on the river flats. It is putting substantial amounts in. We will try to get that figure from the Minerals Council and supply that to the Committee.

The Hon. RICK COLLESS: Just following on from that, Minister, derelict mines and the rehabilitation of derelict mines is something I am committed to and have been involved with for a long time. Going back to coal royalties, are you expecting to pull in about \$400 million this year from coal royalties?

Mr KERRY HICKEY: No, I do not think it is quite that high. I hope it does get that high, quite frankly

The Hon. RICK COLLESS: What is your expectation?

Mr KERRY HICKEY: I think it is about \$350 million.

The Hon. RICK COLLESS: Up from about \$150 million last year?

Mr KERRY HICKEY: \$210 million.

The Hon. RICK COLLESS: So it is up considerably this year? Do you believe that some of the extra money could go into more rehabilitation? Following on what the chairman was saying about industry contributing to more rehabilitation works, if you are only spending \$1.7 million on derelict mine rehabilitation, do you not think it would be appropriate to spend some of the extra \$100 million-odd on some more rehabilitation works?

Mr KERRY HICKEY: That is something I would like to have your help in lobbying the Treasurer on. Having said that, this Government has increased money on rehabilitation about 120 per cent, if my memory is right, compared to when we first came into office. So, we have increased by 120 per cent funding to rehabilitation sites compared to the Coalition previously. Having said that—

The Hon. RICK COLLESS: You can score cheap political points, if you like, but I am asking you now would you like to see more money spent?

Mr KERRY HICKEY: We have already shown a commitment to rehabilitation sites. I am working with industry to look at other ways of addressing the problem. You were talking about royalties. This is the first change in 23 years to the royalties. Who around the table can say their rates or anything else have not changed in 23 years? I am not saying for a moment that we are or are not addressing the problem—I think we are going a long way towards addressing a lot of the environmental issues. We have a legacy of the past and we have to address it. I am committed to trying to get whatever I can to address the problem. This Government has increased funding 120 per cent in rehabilitation works. If you wish to lobby the Treasurer to obtain more funding for rehabilitation, I would be happy to walk alongside you.

The Hon. RICK COLLESS: Just on one specific mine you mentioned that I am familiar with, the Woods Reef mine, can you remind me how much you said was being spent on it? Was it \$130,000 or something?

Mr KERRY HICKEY: I said the environmental trust funds were used to do rehabilitation on Woods Reef mine. I did say the 2004-05 figures—and I will go through them if you like—

The Hon. RICK COLLESS: Woods Reef is the only one I am interested in at the moment.

Mr KERRY HICKEY: Woods Reef I did not mention.

The Hon. RICK COLLESS: I thought you did.

Mr KERRY HICKEY: I made a statement that environmental trust funds were being used to rehabilitate parts of the Woods Reef mine.

The Hon. RICK COLLESS: I am sure it has not finished. I am just wondering what works have been undertaken there? I was there a few months ago and certainly there were no obvious works going on there.

Mr KERRY HICKEY: I will have to get back to you on that. I will take that on notice.

The Hon. DAVID CLARKE: Getting back to these allegations against Sydney Gas. I think you said you were aware of allegations raised on *A Current Affair* and on the front page of the *Sydney Morning Herald*. Did I understand you to say earlier that you did not seek to establish the truth or otherwise of these allegations?

Mr KERRY HICKEY: What I said earlier was the Federal body that is in charge of this type of thing is the Australian Securities Investment Commission not the Minister for Mineral Resources.

The Hon. DAVID CLARKE: So, you do not believe that those allegations had anything to do with you or with your department whatsoever? You had no interest in them?

Mr KERRY HICKEY: I was interested in the proposal before the department and what the department was doing to handle those issues that were before it. I was looking at the proposal rather than the company.

The Hon. DAVID CLARKE: Do you believe that there are any allegations that could be raised against Sydney Gas that would come within your portfolio?

Mr KERRY HICKEY: I do this reluctantly. Sydney Gas is a public company on the stock exchange that should be looked at as a company with a proposal before my department. You are making some allegations here that I am not clear of, but if you have any problems with the formation of any company in New South Wales you need to take that to the Australian Securities and Investment Commission.

The Hon. DAVID CLARKE: I am not making any allegations. I am trying to establish whether or not you investigate allegations that are made against Sydney Gas.

Mr KERRY HICKEY: Could you repeat that?

The Hon. DAVID CLARKE: I take it from your series of answers that you do not believe there are any allegations that can be raised against Sydney Gas that come within your portfolio that you consider necessary to investigate?

Mr KERRY HICKEY: My primary interest is in the way the department handles proposals before it. If there are any issues about the way the department is handling any mining proposal put before it, raise it. I have no problem investigating that. As far as allegations against companies, if a public company comes to me with a proposal I have to look at that proposal on its merits and get the scientific facts on the proposal, and that is what I do as Minister.

The Hon. DAVID CLARKE: Allegations were raised publicly and with a lot of publicity.

Mr KERRY HICKEY: About the way my department handled any proposal before it?

The Hon. DAVID CLARKE: I am talking about the allegations that were raised, which you said you were aware of, in the *Sydney Morning Herald* and on *A Current Affair*. Did you receive any advice from your department about those allegations?

Mr KERRY HICKEY: For my information, Mr Chair, may I ask for some clarification? What are the allegations you are talking about?

The Hon. DAVID CLARKE: I am talking about the allegations that you said you were aware of that appeared on *A Current Affair* and in the *Sydney Morning Herald*.

Mr KERRY HICKEY: The allegations of?

The Hon. DAVID CLARKE: The allegations listed in the *Sydney Morning Herald* and on *A Current Affair* that you said you were aware of.

Mr KERRY HICKEY: I was aware of allegations of a proposal that is before my department and the issue of the impact on the environment. That is what I am investigating. What allegations are you talking about?

The Hon. DAVID CLARKE: How did you become aware of those allegations in the *Sydney Morning Herald* and *A Current Affair*?

Mr KERRY HICKEY: Mr Martin, the interviewer, raised them during the interview. I am lost to understand what you are talking about. I am happy for clarification.

The Hon. DAVID CLARKE: Did your department give you any advice regarding allegations raised on *A Current Affair* or in the *Sydney Morning Herald*?

Mr KERRY HICKEY: I am awaiting that advice on the impact on the environment.

The Hon. DAVID CLARKE: You are awaiting that advice?

Mr KERRY HICKEY: On the impact on the environment by the proposal before us.

The Hon. HENRY TSANG: Point of order: The Government members of the Committee do not understand what allegations the Hon. David Clarke is referring to. Will the honourable member allow us to understand the exact allegations that were made on *A Current Affair* or in the *Sydney Morning Herald*? We are all members of this Committee. The Minister does not know what he is talking about; we do not know what he is talking about. Perhaps he does not know what he is talking about.

CHAIR: Perhaps, Mr Clark, you could explain the nature of the allegations.

The Hon. DAVID CLARKE: Thank you, Mr Chair, for your assistance. I am certainly aware of what I am talking about. I repeat again I am talking about the allegations that were contained in *A Current Affair* and in the *Sydney Morning Herald*.

The Hon. HENRY TSANG: What allegations?

Mr KERRY HICKEY: What were the allegations, Mr Chair, because I am confused?

CHAIR: I am not aware of the specifics of the allegation. If you could explain, Mr Clark?

Mr KERRY HICKEY: If you could give the specific allegation so that we can address it?

The Hon. DAVID CLARKE: Mr Chair, I will ask the questions in the way I would like to ask them. Are you aware of any allegations that have been raised on *A Current Affair*? We will go back to the start.

Mr KERRY HICKEY: I was there, I answered them. Yes.

The Hon. DAVID CLARKE: So you are aware of those allegations?

Mr KERRY HICKEY: Yes.

The Hon. DAVID CLARKE: Regarding those allegations, which you just said you were aware of, did your department give you any advice?

Mr KERRY HICKEY: I accepted a report. My department is going through the report. As I said on *A Current Affair*, I think it is, I am waiting for confirmation and information from the department. They are assessing it as we speak. What allegations other than that are you talking about?

The Hon. DAVID CLARKE: We seem to be going around in circles. It is very clear the allegations I am talking about are the allegations you were questioned about and you have referred to yourself. When you say you are awaiting advice from the department, are you awaiting advice in regard to those allegations or in regard to some other matter?

Mr KERRY HICKEY: I do not think you know what you are talking about, quite frankly, Mr Clark, because, as I said at the very beginning when we first started on this issue, I am waiting for the report that was given to me by the community to be assessed by professionals inside my department.

The Hon. DAVID CLARKE: What type of report?

Mr KERRY HICKEY: The hydrological report. When the report is assessed—and I gave an undertaking to Ray Martin himself that he will be made fully aware of the assessment of that report—it will be made public. I have got nothing to hide here. I am going through a procedure. Every company needs to understand there are procedures laid down which I adhere to.

CHAIR: Thank you, Minister. Time is up for that section.

The Hon. HENRY TSANG: Minister, would you provide the Committee with an update on foreign investment in the New South Wales coal industry?

Mr KERRY HICKEY: Thank you, the Hon. Henry Tsang, for your question, your unshakeable support of the industry and your assistance in promoting New South Wales as a very attractive investment destination, particularly through the Chinese business community. Henry, may I say, I know you are doing a terrific job in pushing New South Wales forward in the Chinese community. The New South Wales Government is encouraging more direct investment in the New South Wales minerals industry. That is one of the four key priorities I set out to achieve since becoming Minister—the others being safety, exploration and the environment. I am pleased to report to the Committee that there has been significant foreign investment in New South Wales, especially in the coalmining industry during the past 12-month period. In my two years as Minister I have had great pleasure to host many international delegations and see relationships grow and deliver very positive outcomes for all parties. Most recently major Chinese and Indian companies have entered the New South Wales coal industry. This development is of great importance to the State, as close investment ties can only enhance our access to these markets, which are the largest in the world.

The two major developments in the past year have been the purchase of the Southland colliery in my electorate by a leading Chinese company and the purchase of the former Bellpac No. 1 colliery in the southern coalfields by a large Indian coke maker. This new blood complements our longstanding trade and investment partnerships with Japanese, Korean and Taiwanese companies and trading houses. These relationships will continue to go from strength to strength. I look forward to bringing more good news on the investment front to the attention of the New South Wales public. Thank you very much for your question, Henry.

CHAIR: Any further questions from the Government members?

The Hon. KAYEE GRIFFIN: No. I am still confused by the Opposition's previous questions.

CHAIR: Minister, continuing on the mine rehabilitation issues, does Baryulgil asbestos mine fall under your purview?

Mr KERRY HICKEY: I think it does, yes.

CHAIR: What is the state of play in terms of rehabilitation of the Baryulgil area regarding asbestos, particularly the impact on the community? Are environmental trust funds used for that particular type of project?

Mr KERRY HICKEY: May I inform the Chair that I have actually visited the site myself, so I take these things very seriously. I will pass the question on to the Deputy Director-General of Mineral Resources.

Mr COUTTS: There has been over the past few years quite a deal of money spent on that particular mine site. Most of that money has been spent on making the accessibility to the site safe and secure so that people cannot actually access it. My understanding is that there are very little hazards, airborne or otherwise, on the site. Our last details were we were negotiating with the Environmental Protection Authority [EPA] about being able to do the final part of the work on that site. That is hopefully due to be completed this year. I can provide the Committee with more details on the specifics, if you would like us to take the rest of that on notice.

CHAIR: Thank you, Mr Coutts, I would appreciate that. Returning to the issue I raised on the Broula King gold mine in the Cowra-Grenfield area, would you outline to the Committee what safeguards would be put in place to transport chemicals to and from this proposed open-cut gold mine and treatment plant by the Broula King joint venture?

Mr KERRY HICKEY: I would be happy to take that on notice. I note there is a question on notice on that issue from Ms Lee Rhiannon, which does not go into detail. I would need to take that on notice to make sure that the information is presented to the Committee. As the Deputy Director-General has just pointed out to me, most of those issues are not within my portfolio. I would need to go through the detail and ensure all the information I give you is factual.

CHAIR: Thank you. Perhaps you could also let the Committee know whether residents have been notified about the transport of chemicals and the safeguards that will be put in place in terms of on-site storage. Does that come under the EPA?

Mr COUTTS: Minister Knowles.

Mr KERRY HICKEY: We need to go back, clarify that and find out.

CHAIR: Are there any more questions from the Opposition?

The Hon. RICK COLLESS: Going back to the coal industry, Minister, no doubt you would be aware of the Bickham coalmine bulk sample process. What stage is that up to at present?

Mr KERRY HICKEY: The bulk sample has been taken, it has been shipped across to Japan and it is being assessed by the company in Japan to see if it is successful or not.

The Hon. RICK COLLESS: There was a lot of concern originally about the bulk sample being taken, as I understand it. I believe as to the coalmining potential in the Upper Hunter Valley strategic assessment report, about which you were asked a question earlier, there was concern about the Bickham job and that the Government was pressured into producing that report. Is that a fact?

Mr KERRY HICKEY: No, I do not think the Government was pressured. I think that the Government could see the need to look at the holistic approach to mining in the Upper Hunter. It is a bit like the subsidence management plans [SMPs]. We can see what is happening in the industry and how it is impacting. That is why that report was asked. We were not pressured. That report was done by the Minister to assess the needs of the future and the impacts in the future on communities and mining.

The Hon. RICK COLLESS: Will the report change your view about the Bickham project?

Mr KERRY HICKEY: The report is a draft report at this stage. It is only for discussion. The Bickham bulk sample was done with a review of the environmental factors. It showed that the bulk sample had a limited surface disturbance. There were an additional 23 special conditions attached to that bulk sample activity. We need to get all the facts in on that before we go any further.

The Hon. RICK COLLESS: Following the production of that report and the concerns surrounding the bulk sample at Bickham, will that affect the long-term outcome of the development of the Bickham site? Will it change the proposed development?

Mr KERRY HICKEY: I cannot say at this point. I am waiting for all the information to come back before we move forward. As I said earlier, I do not presume to know everything that is there. I do not make my mind up until I have all the facts before me. I would much rather make an informed decision than a decision based on feeling or gut reaction. The Bickham proposal will have to go through its proposal, like every other development.

The Hon. RICK COLLESS: About 25,000 tonnes were taken out in the bulk sample, is that correct?

Mr KERRY HICKEY: I think 25,000 tonnes were taken and 6,000 tonnes was left sitting there. They had trouble with "spont. comb.", et cetera, so they removed that 6,000 tonnes. It ended up being 31,000 tonnes because we did not want the coal setting on fire. So they removed that. I think that is where they are up to at this stage.

The Hon. RICK COLLESS: What is the long-term future for that mine? How many million tonnes do they expect to take out over what period of time?

Mr KERRY HICKEY: I cannot answer that. It depends on the proposal that comes forward through the development application. That is something you need to take back to the operator.

The Hon. RICK COLLESS: Do you think that the report will affect any future mining applications, particularly in the Upper Hunter area?

Mr KERRY HICKEY: There are very few resources in the Upper Hunter. As I said, the report is in draft form; it is not chiselled in stone at this stage. It is a draft report, out for comment. That is something that has been done through the Department of Infrastructure, Planning and Natural Resources so I think you should direct your questions to another Minister.

The Hon. RICK COLLESS: Can I turn just briefly to the Coal Compensation Board. What is the latest estimation of underfunded additional compensation liabilities stemming from the Nardell case?

Mr KERRY HICKEY: I would have to take that question on notice. If I quoted a figure right now, off the top of my head, it would probably be wrong.

The Hon. RICK COLLESS: Is it a considerable amount of money? Is it hundreds of millions of dollars?

Mr KERRY HICKEY: Are you talking about the total amount of compensation?

The Hon. RICK COLLESS: Yes, overall.

Mr KERRY HICKEY: Multimillions of dollars. That is all I am prepared to say. I will take the question on notice.

The Hon. RICK COLLESS: How are you going to fund that compensation? Because it is compensation, is it not?

Mr KERRY HICKEY: It will be considered by the Treasurer in the context of the next budget.

The Hon. RICK COLLESS: If you are planning to fund that out of the next couple of budget, as I suspect, depending on when those claims come forward, is it going to come out of the general overall budget of the department? Or will extra financial resources be allocated to it by the Treasurer? The reason I have asked this question is pretty obvious. I would hate to see other portfolio areas of the department being bled dry in order to pay mining compensation.

Mr KERRY HICKEY: May I step back one pace for one moment. I refer to the questions on notice. Question 5, page 5—a question from the Hon. Don Harwin to Mr Bowman relating to the Coal Compensation Board:

I note that this year's audit report of the Coal Compensation Board found that the \$75 million in compensation from the Nardell case had now blown out to \$118 million. Have I got my sums right and is the figure accurate?

The answer was to the effect that three main factors contributed to the increase:

The Court of Appeal decision on the Nardell Colliery test case on the meaning of "just and equitable" compensation in the Reacquisition Scheme which increased the cost of compensation during the year by approximately \$30M;

The introduction of an ad valorem royalty scheme for coal which increased the Board's liability by an estimated \$75M; and

An adverse decision in the Court of Appeal case involving the Bowman Family Coal Partnership which increased the cost of compensation by \$16M.

Question 6 related to how much extra would be Treasury's benefit in comparison to the compensation paid. The answer was as follows:

To date the Board has paid some \$668 million in compensation for a benefit to date of over \$2 billion in additional royalties. The net past and future benefit to the State from the acquisition of private coal is estimated at \$10 billion. This figure is heavily dependent on the price of coal into the future and could be considerably in excess of \$10 billion.

The Committee has asked these questions before.

The Hon. RICK COLLESS: So the reason you increased the royalty payments due to you is not to cover the cost of the compensation that you are facing?

Mr KERRY HICKEY: What you repeat the question?

The Hon. RICK COLLESS: The increased royalty charges that you are now collecting—they have increased from the \$210 million, I think you said, to an estimated \$350 million this year. They are the figures you gave me a little while ago. Are you going to use that money to account for this \$170-something million dollars that it could go up to?

Mr KERRY HICKEY: A simple answer is, "no".

The Hon. RICK COLLESS: You gave notice of some amendments last week to the Coal Compensation Act. To this point we have not seen that bill. Are you able to give the Committee some idea of the direction that the bill will take?

Mr KERRY HICKEY: That is future legislation; I am here to deal with the budget for 2003-04.

CHAIR: For the benefit of the transcript I will correct that figure to 2004-05.

Mr KERRY HICKEY: I apologise, Mr Chair.

The Hon. RICK COLLESS: When do you expect that the Wran Mine Safety Inquiry report will be released?

Mr KERRY HICKEY: It is going to be released in the near future. We have to go through the process of assessment, cross-portfolio matters need to be discussed with other Ministers, and then the report will be released.

The Hon. RICK COLLESS: Is it at all critical of current practices relating to mine safety?

Mr KERRY HICKEY: I think the report needs to be read in context. To make an assumption that nature would be wrong. The report is going to implement, or help to implement, a safer regime across the mining sector.

The Hon. RICK COLLESS: What are the core recommendations? Can you give the Committee some idea of those?

Mr KERRY HICKEY: The Committee will see that after the report is released in the near future.

CHAIR: I thank and the officers of your department will your attendance before the Committee today. I think we have one outstanding issue, questions on notice. The current period for answering questions on notice is 35 days. We need to set a new date and I would expect that to be 29 April, after the report has been issued. The Committee will send you a letter requesting a slightly shorter period in regard to those questions.

Mr KERRY HICKEY: That should not be a problem.

The Committee proceeded to deliberate.