

22 JUNE 2001

(General Purpose Standing Committee No. 5)

Portfolio

Information Technology, Energy, Forestry, Western Sydney

QUESTIONS TAKEN ON NOTICE DURING HEARING

1. **Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—**
(*Relevant area in Hansard: p6*)

[With respect to the Broadwater biomass plant] Can you give the committee an idea of the funding break down for the project; Federal, State, Delta, New South Wales sugar milling co-operative and so on?

Answer

See answer to Question No. 11(1)

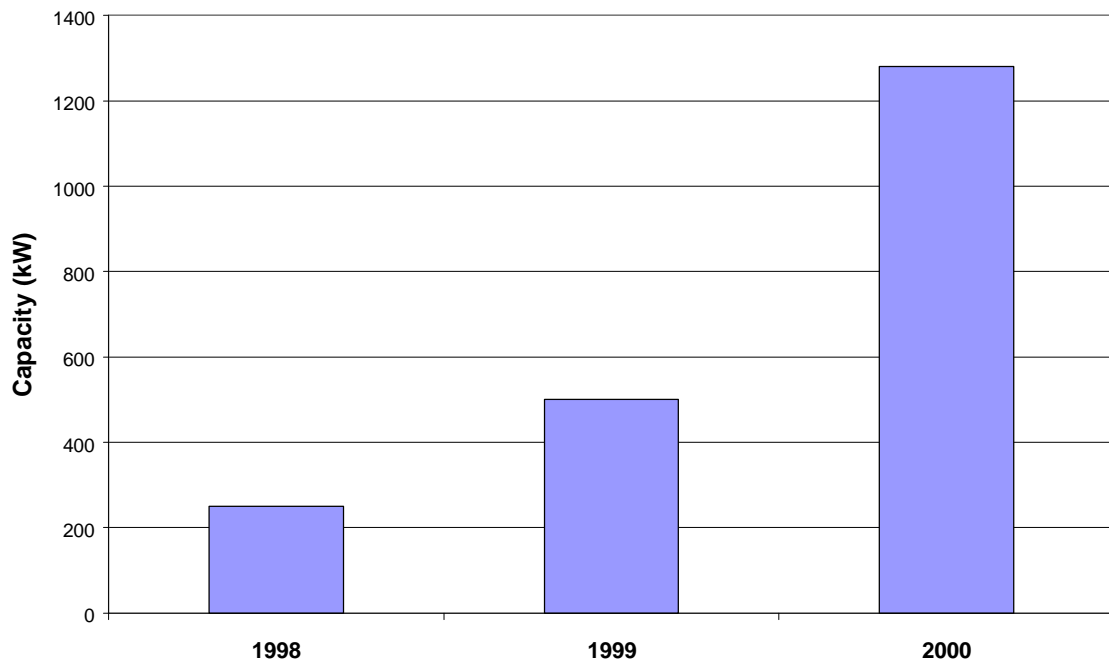
2. **Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—**
(*Relevant area in Hansard: p8*)

[In relation to photovoltaic energy technology in New South Wales] Do you have a graph of how much the take up is increasing in use by 40 per cent a year, 50 per cent a year, 100 per cent a year?

Answer

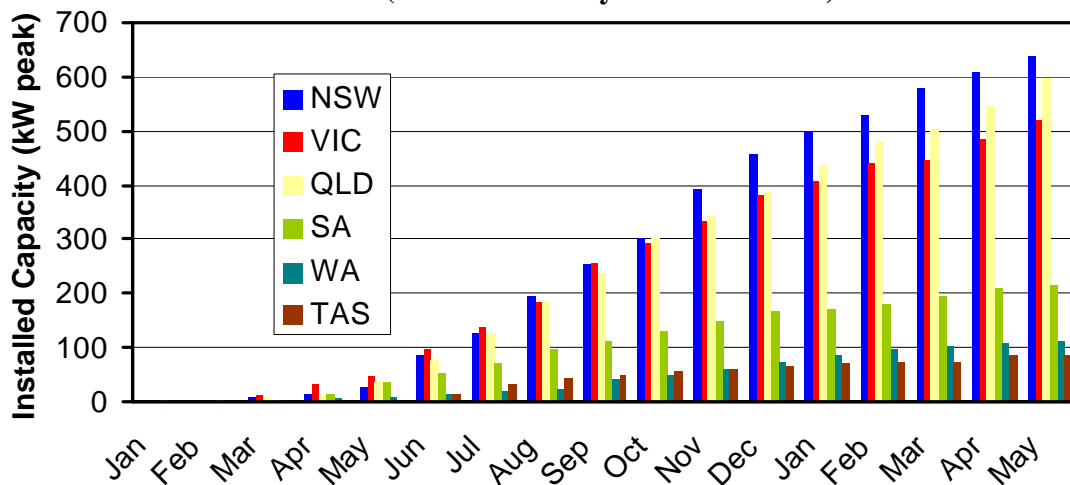
The following graph illustrates the recent rate of uptake of photovoltaics (PV) in NSW under various Sustainable Energy Development Authority programs. Installed capacity has increased from 250 kW in 1998 to over 1250 kW in 2000. Accordingly, capacity has grown by 400% over two years, and installation by around 200% over two years (with around 250 kW in 1998 and 750 kW in 2000).

Photovoltaic uptake as a result of SEDA's programs



The following graph illustrates the capacity of PV installed under the Photovoltaic Rebate Program (PVRP) in a number of jurisdictions. This graph shows that NSW is leading the country in the installation of PV systems.

**Installed PV capacity under the Photovoltaic Rebate Program
(administered by SEDA in NSW)**



3. **Mr Gay asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—**
(Relevant area in Hansard: p9)

[In relation to Pacific Power International] How many staff and what projects do they have under way?

Answer

Pacific Power International (PPI) currently has approximately 340 permanent staff.

PPI has a large number and variety of projects currently underway. Its largest two projects are the engineering procurement and construction (EPC) contracts it is fulfilling at Callide C and Tarong North in Queensland. However, it is also carrying out work in a number of other States and overseas.

4. **Mr Harwin asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—**
(Relevant area in Hansard: p10)

[In relation to the Department of Information Technology and Management's web site] Is it the case that it was last updated on 2 January 2001?

Answer

The Department of Information Technology and Management administers five websites. www.ditm.nsw.gov.au is a first generation portal site which primarily serves as a gateway to its business area sites - Office of Information Technology, Office of Western Sydney, Offices of Forestry Information and Land and Property Information. These sites provide detailed information on their specific areas of responsibility and can be accessed directly or through the DITM portal.

The DITM site is currently being redeveloped with the next generation website being launched by the end of 2001.

5. **Mr Lynn asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—**
(Relevant area in Hansard: 21)

[In relation to sponsorship revenue received by the Office of Western Sydney] Can you provide us with the details of those sponsorships?

Answer

Sponsorship details are included in Annual Reports.

ADDITIONAL QUESTIONS ON NOTICE

(Relevant area in the budget papers: [10-1, Budget Paper No. 3 – Vol 2])

6. **Mr Gay and Mr Harwin asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—**
- (1) For each of your portfolio agencies, how much money was spent on advertising in 2000-01? Can you please provide a list of each campaign and cost?
 - (2) For each of your portfolio agencies, what is the estimate of money to be spent on advertising in 2001-02? Can you please provide a list of each campaign and cost?
 - (3) For each of your portfolio agencies, how much was spent on consultants in 2000-01? Can you please provide a list of each consultant, project and cost?
 - (4) For each of your portfolio agencies, what is the estimate of money to be spent on consultants in 2001-02? Can you please provide a list of each consultant, project and cost?
 - (5) For each of your portfolio agencies, how much was spent on overseas trips in 2000-01 by officials? Can you please provide a list of each trip, purpose and cost?

BUDGET ESTIMATES—INFORMATION TECHNOLOGY, ENERGY, FORESTRY, WESTERN SYDNEY

- (6) For each of your portfolio agencies, what is the estimate of money to be spent on overseas trips in 2001-02 by officials? Can you please provide a list of each trip, purpose and cost?
 - (7) Did you take any overseas trips in the last financial year? What is the total cost of your overseas trips in 2000-01? Can you please provide a list of each trip, purpose and cost? For each trip, can you please provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials?
 - (8) What is the estimate of money to be spent on your overseas trips in 2001-02? Can you please provide a list of each trip, purpose and cost? For each trip, can you please provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials?
 - (9) For each of your portfolio agencies, how much was spent on inter-state trips in 2000-01 by officials? Can you please provide a list of each trip, purpose and cost?
 - (10) For each of your portfolio agencies, what is the estimate of money to be spent on interstate trips in 2001-02 by officials? Can you please provide a list of each trip, purpose and cost?
 - (11) What is the total cost of your interstate trips in 2000-01? Can you please provide a list of each trip, purpose and cost? For each trip, can you please provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials?
 - (12) What is the estimate of money to be spent on your interstate trips in 2001-02? Can you please provide a list of each trip, purpose and cost? For each trip, can you please provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials?
 - (13) For each of your portfolio agencies, how much money in total was spent on Olympic-related costs? Of this amount, how much was reimbursed by additional appropriations, or by assistance from Olympic agencies?
 - (14) For each of your portfolio agencies, how much money was spent on performance pay for public servants in 1999/00, and 2000/01? Did you personally approve these bonus payments?
 - (15)
 - (a) In 2000/01, how much was spent on your ministerial expenses? Can you please provide a breakdown by expense, for example hotel expenses, office refurbishments etc?
 - (b) What is the forecast amount to be spent in 2001/02?
 - (16)
 - (a) For each of your portfolio agencies, how much money was spent for entertainment purposes in 2000/01?
 - (b) What was the breakdown by cost and nature of these functions? What is the forecast to be spent in 2001/02?
 - (17)
 - (a) For each of your portfolio agencies in 2000/01, what fees and fines were increased, and by how much?
 - (b) In 2001/02, what is the forecast for fees and fines to be increased, and by how much?
 - (18)
 - (a) In 2000/01, for each of your portfolio agencies, how many media or public relations advisers were employed?
 - (b) What is the total cost of this?
 - (19) What is the forecast for 2001/02 for the number of media or public relations advisers to be employed, and their total cost?
 - (20)
 - (a) For each of your portfolio agencies in 2000/01, how much was spent on public opinion surveys?
 - (b) What was the breakdown for the cost of these surveys?
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- (21) (a) For each of your portfolio agencies, in 2000/01, how much was spent on legal expenses?
(b) What was the breakdown for these expenses?
- (22) (a) How many Ministerial Staff are currently employed by you?
(b) What is the total salary cost of these staff?
- (23) (a) For each of your portfolio agencies in 2000/01, how much was spent on office fitouts and refurbishments?
(b) What is the estimated cost for 2001/02?
- (24) (a) For each of your portfolio agencies in 2000/01, how much was spent on the cost of leases in the Sydney CBD?
(b) What is the estimated cost for 2001/02?
- (25) (a) For each of your portfolio agencies in 2000/01, was there any vacant or under-utilised office space?
(b) If so, how much did this cost?
- (26) (a) For each of your portfolio agencies in 2000/01, how much was spent on the salary packages for Senior Executive Service?
(b) What is the estimated cost for 2001/02?
- (27) (a) In 2000/01, how many board appointments were made you, or by your portfolio agencies?
(b) Of these appointments how many were:
(i) women?
(i) people from a non-English speaking background?
(ii) people with a disability?
(iii) Aboriginal Torres Strait Islanders?
(iv) young people?

Answer

- (1) (a) All advertising was undertaken in accordance with government guidelines for advertising.
(b) All advertising was undertaken in accordance with government guidelines for advertising.
- (2) (a) The exact cost will depend on the nature and scope of advertising identified for 2001-02.
(b) This will depend on the nature and slope of advertising identified for 2001-02
- (3) (a) The cost of consultants is reflected in the Annual Report.
(b) Refer to the Annual Report.
- (4) (a) Payments are made out of general operating expenses.
(b) It is not possible to answer this question at this stage of the financial year.

- (5) (a) Details regarding all official overseas travel is included in the Annual Report and in accordance with the appropriate guidelines.
- (b) All official overseas travel is included in the Annual Report.
- (6) (a) International travel by public servants is undertaken in accordance with appropriate guidelines. Expenditure in 2001-2002 will depend on the particular issues requiring overseas travel.
- (b) It is too early to provide an estimate at this stage of the financial year. However, the Annual Report for 2001/02 will contain the full list.
- (7) (a) Official travel is undertaken in accordance with appropriate guidelines.
- (b) Costs incurred during official overseas travel were in accordance with the appropriate guidelines.
- (8) (a) This will depend on the nature and scope of any travel undertaken in 2001-02.
- (b) Costs incurred during official overseas travel will be in accordance with the appropriate guidelines.
- (9) (a) Interstate travel by portfolio agencies was undertaken in accordance with appropriate guidelines.
- (b) Costs incurred during interstate travel was in accordance with the appropriate guidelines.
- (10) (a) This will depend on the nature and scope of any travel undertaken in 2001-02.
- (b) Costs incurred during official interstate travel will be in accordance with appropriate guidelines.
- (11) Official travel was undertaken in accordance with guidelines and within cost expectations.
- Official travel was undertaken in accordance with appropriate guidelines and in a cost effective manner.
- (12) It is too early to provide an estimate at this stage of the financial year. However, expenditure will depend on the nature and scope of any travel in 2001-02.
- (13) (a) Expenditure was in accordance with Olympic-related priorities.
- (b) Expenditure was in accordance with agency requirements.
- (14) (a) On 28 August 2000, Premier's Memorandum 2000-21 was issued indicating that performance pay was not to be made available to members of the Chief and Senior Executive Services. In August 2000 details of performance payments were published in the Sydney media relating to a range of performance payments made in 2000.
- (b) Approvals for performance payments as well as all other remuneration to members of the Senior Executive Service were made by the respective Chief Executive Officers.
- (15) (a) Expenditure was in accordance with the relevant approvals and guidelines.
- (b) This will depend on the extent and nature of requirements.
- (16) (a) & (b) Expenditure was undertaken within the allocations to agencies.
- (c) This will depend on the nature and extent of expenditure required. It is too early in the financial year to estimate a figure.
- (17) (a) Fee increases are originated within agencies on an annual or periodic basis and are referred to Parliament's Regulation Review Committee for consideration. Most increases fall within the Consumer Price Index (CPI).

- (b) Fines are set under the relevant legislation and are usually subject to annual CPI adjustments.
- (18) (a) & (b) Staff numbers will vary from time to time depending on leave or peak periods.
- (19) Staff numbers will vary from time to time depending on leave or peak periods.
- (20) (a) & (b) On 20 December 2000 Premier’s Memorandum 2000-28 was issued indicating that under no circumstances should surveys of clients, other users of government services or citizens be used to elicit information of a political nature.
- (21) (a) Expenditure on legal expenses followed appropriate review of the circumstances, the needs for such expenditure and within appropriate guidelines. In the case of core work for the public sector agencies the Crown Solicitor meets these costs.
- (b) See previous answer.
- (22) (a) Ministerial staff are employed by the Director-General of the Premier’s Department in accordance with the provisions of the Public Sector Management Act 1988.
- (b) All costs were in accordance with the expenditure necessary to facilitate the effective functioning of the office and within allocations to Ministerial Offices.
- (23) (a) All expenditure was in accordance with guidelines and procedures for office fit-outs and refurbishments.
- (b) This will depend on the nature and extent of any changes to office fit-outs and refurbishments.
- (24) (a) Expenditure on lease of government office accommodation followed careful review of the particular circumstances and needs of agencies. The Government Asset Management Committee oversees policy of government accommodation.
- (b) This will depend on a range of factors and it is too early in the financial year to estimate expenditure. The Government Asset Management Committee will oversee leasing issues.
- (25) (a) & (b) The Government Asset Management Committee oversees all asset management in the NSW public sector. The GAMC ensures that all agencies adopt a strategic approach to property management.
- (26) (a) Salary packages for the Senior Executive Service are set by the Statutory and Other Offices Tribunal. Current bands for each level are:
- | | |
|---------|------------------------|
| Level 8 | \$258,000 to \$318,315 |
| Level 7 | \$218,615 to \$276,135 |
| Level 6 | \$181,960 to \$219,510 |
| Level 5 | \$158,840 to \$194,770 |
| Level 4 | \$145,350 to \$169,420 |
| Level 3 | \$132,410 to \$155,575 |
| Level 2 | \$118,675 to \$137,145 |
| Level 1 | \$109,225 to \$127,130 |
- (b) This will depend on the number of SES officers employed and their current point within the particular range.

- (27) (a) The Government provided a detailed response to Question 1312 in December 2000.
- (b) (i) Refer to previous answer.
- (ii) Refer to previous answer.
- (iii) Refer to previous answer.
- (iv) Refer to previous answer.
- (v) Refer to previous answer.

7. Mr Harwin asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

(1) How much has each department within each of your portfolios spent on the following forms of stress relief for its officers?

- (a) Counselling
- (b) Stress management courses
- (c) In-house therapeutic massages
- (d) Outside therapeutic massages
- (e) Alternative stress relief

(2) How many staff were recipients of each of the above forms of stress relief?

(3) How many staff went on stress leave during the 2000?

(4) How many person-days of work were lost as a result of stress leave?

Answer

- (1) (a) to (e) The NSW Government recognises that its employees are its most significant asset and is committed to providing a safe working environment in accord with the Occupational Health and Safety Act 1983. Our goal is prevention of work related incidents, as opposed to cure.

Obviously any decision as to the appropriate treatment for an individual will be a matter for the approved treating practitioner based upon the individual needs under the Workers Compensation Scheme.

- (2) The lack of definition of stress relief does not allow for this question to be answered.
- (3) Sick leave is managed in accordance with the provisions governing the management of sick leave in the public sector.
- (4) All sick leave is managed in accordance with the provisions governing the management of sick leave in the public sector.

8. Mr Harwin asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

How has the Office of Information Technology achieved its main objective of providing leadership in the advancement and use of information and communications technology to achieve service delivery and cost savings in all areas of Government?

Answer

The Office of Information Technology (OIT) has played a significant leadership role in improving service delivery and cost savings through the application of ICT across Government.

OIT has been pivotal in driving agencies to choose applications on the Government Selected Applications System (GSAS) program. This program has reduced the variety of software packages used in the NSW public sector for common use corporate application systems, such as Finance, Human Resources and Records Management.

An independent review of the GSAS program found that between 1995 and 1998 the GSAS program achieved savings to government of about \$23M. In addition it is estimated that industry's costs of doing business with the government in supplying GSAS applications were reduced by about \$10M by not having to tender on some 200 occasions.

The Government Radio Network, managed by OIT, was introduced as a means of reducing the number of agency radio networks through the sharing of infrastructure. 37 agencies have now joined the network and some 12,600 users make on average 12 million calls per month.

The GRN has been extended beyond the original footprint, which covered Sydney, north to Newcastle, west to the Blue Mountains, south west to Yass and south to Wollongong. It now services one-third of NSW including regional towns such as Dubbo, Brewarrina, Cobar and West Wyalong.

The across-Government approach to mobile radio services has had the advantage of concentrating operational and management efficiencies and improving the coordination of expenditure through lower management costs, reductions in duplicated site and link costs and the estimates of capital savings.

OIT established a new series of telecommunications services agreements for voice, access, switched and connection, paging and management services in late 2000 to give agencies access to very competitive prices from nearly 20 different organisations, including a number located in regional NSW.

Initial savings in the order of \$10 million per annum should result from the use of the Agreements, with potential savings up to \$32 million per annum, as agencies progressively move from existing arrangements to the new telecommunications contracts.

The NSW Government has positioned itself to take advantage of the Internet as a service delivery option through the *connect.nsw* Internet strategy being driven by OIT.

The *connect.nsw* strategy has resulted in more than 750 electronic service delivery projects which will deliver more than 850 online government services (both publications and transactional).

A review of the 1999/2000 *connect.nsw* Program by an external consultant concluded that the program has enabled, or demonstrated a huge potential in improving government services in terms of:

- dramatically lower cost of service delivery
- improved, customer focussed, efficient services through the implementation of a whole of government and sector wide approach
- wider customer choice
- promotion of NSW economic and community development
- equity of access to rural and regional NSW.

The NSW Government portal website (ServiceNSW) has been designed and managed by OIT to enable community access to government information, resources and services 24 hours a day, 7 days per week.

In May 2001 there were more than 2,500 agency links registered on the ServiceNSW database.

A recent AC Nielson Survey (February 2001) found that “at the State level, the NSW Government site was the most trafficked with 288,870 home users”.

While services that involve no cross agency cooperation can effectively achieve gains of 20-25% in efficiencies from the application of appropriate ICT, much larger gains in the vicinity of 40-45% can be made by clustered or reorganised multi-agency processes.

One notable example of a Cluster project being centrally managed by OIT is the Online Business Licensing Project. This project will streamline business licensing practices and interfaces and consolidate and integrate licensing regimes across 28 NSW Government agencies which administer 200 business and occupational licences with 77 disparate licensing systems. An estimated \$70 million (NPV) in savings through business process reengineering (not having to replace equipment) is a key aspect of this project.

Another project being managed by OIT is the three-year \$13.9 million Human Services *Better Service Delivery* Project. This project will improve communication and cooperation between Government and 1,000 non-Government organisations to deliver better services to the most vulnerable members of our community.

The successful coordination of the government's extensive Year 2000 project further demonstrates OIT's capabilities in ICT leadership.

The whole of government approach to address Year 2000 rectification resulted in a successfully coordinated effort across all government agencies and utilities with no significant events reported during the December 1999/January 2000 changeover period.

The legacy resulting from the work undertaken across government to prepare for the Year 2000 has been the widespread development of business continuity plans for government operations and businesses, and the wholesale replacement of outdated technologies and systems.

9. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[Budget Item 50.1.1, recurrent grants to non-profit organisations, p 10.19]

- (1) (a) In Budget item 50.1.1, recurrent grants to non-profit organisations are budgeted at \$3,195,000, up from actual expenditure of \$600,000 in 2000-01. What is the purpose of these grants and to what type of organisation are they being paid?
- (b) Why is there a five fold increase in this item?

Answer

- (1) (a) This represents funding for the second year of the Community Technology Centres Program through distribution of grants to regional community centres.

The Community Technology Centre Program (*CTC@NSW*) is an innovative capacity building program for rural NSW. It will develop the ICT skills and provide the ICT infrastructure needed by rural NSW communities to participate in the information economy.

CTCs are ICT enabled facilities in the main street of small towns (3,000 or less). They provide a range of technology including computers, multimedia equipment, Internet access, printers, business technology such as photocopiers, fax machines, laminators, and data projectors.

- (1) (b) The CTC program commenced part way through 2000-01 resulting in a revised figure of \$600,000 in grants for 2000-01. This figure increases to \$3,195,000 as the four year program is implemented through 2001-02.

10. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Energy and Regulation]

- (1) Will the Minister advise of the amount of revenue forgone due to negligence on part of the Minister responsible for Regulation for not enforcing greenhouse gas reduction conditions within electricity retail licenses?
- (2) How much government money has been negligently wasted because electricity licence holders have not had their licences properly enforced for 4r consecutive years?

Answer

- (1) & (2) Enforcing licence conditions on electricity retailing licences is not intended to raise revenue. Accordingly, no revenue has been forgone.

11. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Broadwater Co-generation project]

- (1) Who is funding the Broadwater Co-generation project (sugar mill/power plant) and what is the contribution breakdown (i.e., Federal, State, Delta and NSW Sugar Milling Co-operative)?
- (2) How much is the State Government contributing via Delta Energy?
- (3) Who will be paying for any project budget blow out and what guarantees will be given that taxpayers do not incur the extra costing?
- (4) Who will be responsible for ongoing upgrading and maintenance to roads used by the facility and the additional 50,000+ trucks bringing wood to be burnt?
- (5) How will the present facility be upgraded for this project to bring the Broadwater Sugar Mill into current best practice standards?
- (6) What will be the profit percentage share for the stakeholders?
- (7) Does the Minister have a conflict of interest here, given that he is also the Minister for Forestry and is trying to prop up the heavily subsidised north coast sawmills by creating markets for them?
- (8) How can a Government company such as Delta Energy participate in such a shoddy process that denied the people of Broadwater the opportunity to purchase copies of the Statement of Environmental Effects, because 'not enough had been printed and they weren't going to make any more'?
- (9) Is the Minister so afraid of public scrutiny that he has not insisted that this project be subject to a full Environmental Impact Statement?
- (10) Is this best practice for a Government owned utility to try and avoid public accountability processes?
- (11) When the new proposal is resubmitted, will the Minister ensure that it is accompanied by an Environmental Impact Statement?
- (12)
 - (a) Is the Minister aware of the independent report prepared by PBA Consulting Engineers which estimates that using the proposed Broadwater technology, the burning of green wood will produce five times more greenhouse gas than burning coal, and ten times more than burning gas?
 - (b) Is the Minister also aware that the report states that 'it will be many decades before the carbon consuming benefits of forest regrowth come close to offsetting the negative effects of such high greenhouse emissions'?
 - (c) If not, will the Minister make himself aware and commit to not proceeding with burning wood for electricity if it produces more greenhouse gas than burning coal?

- (13) Does the Minister believe that the material being proposed for combustion, i.e., bagasse, wood etc, could be considered waste?
- (14) How have the greenhouse gas emissions been calculated for this proposal and were the increased truck movements, fuel source process activities and removal of organic matter from the soil calculated into the greenhouse emissions equation?
- (15)
 - (a) How many jobs will this facility produce once it is operating, excluding jobs during construction?
 - (b) What will be the permanent increase to the workforce as a result of this project?
- (16)
 - (a) Are there any plans to privatise Delta Electricity, a state owned electricity corporation?
 - (b) If so, what effect will this have on the operations of the NSW Sugar Milling Co-operative?
- (17) How much money has the Government spent on promoting and developing wind power in NSW?

Answer

- (1) The project is a 50:50 joint venture between Delta Electricity and the NSW Sugar Milling Co-operative (NSWSMC). Funding for the project will be raised largely as debt from the private financial market.
- (2) This information is commercial in confidence.
- (3) This project has undergone due diligence including a risk assessment by independent advisors to Delta Electricity and the NSWSMC. A further due diligence assessment will be undertaken by the financial institutions at the time of debt provision.
- (4) There will be a payment under the provisions of section 94 of the Environmental Planning and Assessment Act to the local road contribution plan based on the heavy haulage of material to the site over the project life.
- (5) The older and less efficient of the two operational boilers at Broadwater will be decommissioned along with some older small generating equipment. The new cogeneration plant will provide these services in a more efficient manner.

The mill will undergo further efficiency upgrades to reduce the amount of steam required to extract sugar.

A new facility will also be introduced to allow for collection of cane trash which is currently burned in the fields. The use of this material as fuel in the cogeneration plant boiler will significantly improve regional air quality.

- (6) This information is commercial in confidence.
- (7) No. Delta Electricity is a State-Owned Corporation and must make its decisions on a commercial basis, in accordance with the State-Owned Corporation Act.
- (8) Copies of the Statement of Environmental Effects accompanied the Development Application to the Richmond Valley Council. In addition to the copies placed on public exhibition by Council, additional copies of the SEE were placed by NSWSMC in several locations in the Broadwater community.
- (9) An Environmental Impact Statement is being prepared for the development.
- (10) The approach by Delta Electricity and the NSWSMC is consistent with environment planning legislation.
- (11) An Environmental Impact Statement is being prepared for the development.
- (12) (a) – (c) The report by PBA Consulting uses a new 30MW wood-fired power station for its analysis supplied by wood from clear felling operations. For the Broadwater project, bagasse and cane leaf will represent between 85% and 100% of the fuel source. Given that Broadwater uses only 20% wood waste already generated from sustainable sources it will reduce greenhouse emissions by preventing that

material degenerating to methane (25X worse than CO₂) and returning the carbon to the cycle as CO₂ for uptake by new growth.

There are other National and international reports available that suggest the type of process proposed for Broadwater to produce electricity from biomass will emit minimal amounts of CO₂ (at worst) and at best provide a negative greenhouse gas contribution.

It is understood this report has reached its conclusions on the basis that the biomass fuel is not harvested sustainably. Biomass fuel used by the Broadwater project will comply with the Renewable Energy (Electricity) Regulations 2001 which requires biomass fuel to come from sustainable sources and not as the prime reason for harvesting the wood.

- (13) The Office of the Renewable Energy Regulator will approve the material being considered for fuel.
- (14) Greenhouse gas emissions have been calculated on the basis that all CO₂ emitted is taken up in the regrowth of fuel. The savings in CO₂ relate to the displacement of fossil-fuel generation after making allowance for fuel used in transport and harvesting.
- (15) (a) & (b) There may be some employment opportunities both during construction and to support ongoing operations. Most employment opportunities generated during plant operations will be involved in fuel collection, transport and handling activities. There will be an increase in business activity, in the local community and the region, during construction to supply materials and services to the project and during operations for year-round support and maintenance activities which will offer additional employment opportunities.
- (16) (a) & (b) No.
- (17) *Sustainable Energy Development Authority:*
- | | |
|-------------|--|
| \$350,000 | Blayne Wind Farm (project financial assistance, Jan 2000) |
| \$870,000 | NSW Wind Resource Mapping Program, excl. GST (cost to date of capital equipment, installation, and running costs, June 2000 - ongoing) |
| \$800,000 | Hampton Wind Energy Park (financial assistance in form of investment, April 2001) |
| \$400,000 | Hampton Wind Energy Park (financial assistance in form of 4 month short term loan, June 2000) |
| \$40,000 | NSW Wind Energy Development Guide (contractor, production, industry consultation, current) |
| \$80,000 | Other (Lord Howe Island project management, industry development activities, sponsorship, international promotion of NSW etc) |
| \$2,540,000 | Total |

Ministry of Energy and Utilities through the Sustainable Energy Research and Development Fund:
 \$105,429 Project Scratchley-A Wind Powered Renewable Energy Project (small scale wind turbine development).

The overall total is \$2,645,429 comprising grants, investment and loans.

12. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Sustainable Energy Development Authority]

- (1) For the commercialisation of sustainable energy development, SEDA will make an investment of about \$2 million. Is this sufficient for this extremely important and rapidly expanding area of technology?
- (2) (a) Why was there a shortfall in expenditure of grants and subsidies by SEDA of \$308,000 during the year 2000-01?
- (b) Why has the budget for this item been reduced by \$1million?

Answer

- (1) It is the aim of the NSW Government and SEDA to ensure NSW has a vibrant and competitive sustainable energy industry. SEDA seeks to provide appropriate incentives to permanently overcome barriers to the development of the industry, thereby transforming the energy market. The competitiveness of the industry is a key focus for the NSW Government, particularly considering the rapid growth in the international market for sustainable energy products. There will be opportunities for NSW business to capture part of a potentially multi-billion dollar market. It is anticipated that the energy market will evolve and mature sufficiently so that financial support from government will no longer be necessary.
- (2) (a) & (b) As mentioned above, SEDA aims to support the sustainable energy industry with direct financial assistance, and bring about a change in the energy market securing sustained reductions in energy use, and changes in energy sourcing. A proportion of the expected budget for expenditure on grants and subsidies was transferred to education, information and marketing activities. SEDA's experience has been that major changes in consumers' energy use decisions can be brought about through education and the provision of information. Unlike one-off projects, these activities bring about lasting changes and lead to a transformation of the market. SEDA has conducted a highly successful Live Energy Smart campaign, the Green Power awareness campaign and has run education seminars for businesses across NSW.

13. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Fuel Source – Condong and Broadwater Power plants]

- (1) Where will the wood come from (ie what is to be the composition of the fuel wood, how much from sawmills, plantations, native forests etc)?
- (2) What is the cost per tonne of supplying wood to Broadwater and Condong?
- (3)
 - (a) Which sawmills will be providing wood waste?
 - (b) How much waste is each of the sawmills estimated to generate?
 - (c) What is the quota allocation for each of these sawmills?
 - (d) What is the recovery rate for sawn wood products from these sawmills?
- (4) Will the Broadwater Co-generation facility be viable if the *Renewable Energy (Electricity) Act* is amended to remove native forest material as a fuel source?
- (5) What other so-called waste wood is to be burnt in this facility?
- (6)
 - (a) Has State Forests agreed to supply a particular tonnage of camphor laurel? If so, how much?
 - (b) Will the results of the Camphor Laurel Biomass Fuel Trial be made public? If so when and in what format and if not, why not?
 - (c) Is it true that the moisture content of Camphor Laurel is several times higher than eucalypts such as spotted gum?
 - (d) How long is it projected that the Camphor Laurel fuel source will be available?
 - (e) What regeneration scheme will be undertaken to replace the Camphor Laurel once cleared?
 - (f) Who will be responsible for the Camphor Laurel Eradication Program?
 - (g) Who will be responsible for the replacement revegetation scheme?

- (h) How long after the camphor laurels have been removed will it take to get the replacement vegetation in the ground?
- (i) What is the projected cost of camphor laurel removal?
- (j) Who will be responsible for ensuring that there are no pollution effects such as water pollution resulting from soil disturbance?

Answer

- (1) 80 percent of the fuel required for the project is cane based fuel. The remaining 20 percent of the fuel is expected to be made of sawmill residue and camphor laurel. Of the saw mill residues 25 percent will come from plantation sources with 75 percent being saw mill residue from forests covered by Regional Forest Agreements.
- (2) This information is commercial in confidence.
- (3) (a) – (d) I am advised that this information is a matter for commercial negotiation with individual sawmills in the region.
- (4) With forward projections it is estimated that Broadwater will not require supplementary fuel resources like sawmill residues from operations covered by Regional Forest Agreements in the longer term.
- (5) The facility could utilise other opportunity fuels which are approved under the Renewable Energy Regulations and by the EPA. These could include wastes from tea tree farming, macadamia farming and council green wastes.
- (6) (a) State Forests is participating in a trial to investigate and demonstrate the feasibility of harvesting camphor laurel for fuel. This trial is being funded by the Commonwealth (under the Renewable Energy Generation Program), Delta Electricity, the NSW Sugar Milling Co-operative and State Forests. The trial is over a 2 year period and the aim is to deliver the equivalent of about 22,500 bone dry tonnes of camphor laurel trees for fuel.
 - (b) One aim of the trial is to utilise idle cane harvesting and transport equipment for the harvest of woody weed species such as camphor laurel. This and other trial results will be made public as part of the grant funding requirements and will be reported on at the completion of the trial period.
 - (c) Generally no, but being less dense camphor laurel would have a higher moisture content as a live tree than spotted gum. State Forests have developed an innovative way to reduce the moisture content of the camphor laurel to reduce transport costs and increase the energy generated from burning the fuel.
 - (d) An assessment by State Forests has indicated there is a standing volume of several million cubic metres of camphor laurel on formerly cleared land in the far north coast region. This volume is increasing as camphor matures and fruiting increases with age.

At the end of the 2 year trial phase, an assessment will be made of the ongoing supply. One concept is to harvest camphor for a 10 year period while new plantations established on the former camphor country mature. The thinnings from the 10 year old plantations would be processed in part for fuel and would gradually replace the camphor laurel.

It should be noted that the volume of standing camphor laurel is in excess of what the cogeneration projects would consume even in the long term, and that landowners are very keen to have camphor laurel removed from their property.
 - (e) As part of the 2 year trial period, State Forests will be aiming to develop an innovative program to replace the camphor laurel with native species plantations or rainforest enrichment. However, the success of these programs will depend on being able to attract external investment to fund these plantations for a range of wood and environmental values. Some landowners who have camphor infestations in pasture will seek to return the area to grazing.

- (f) Camphor infestations are almost entirely on private land, much of it cleared many years ago for dairy production. Landholders are responsible now for camphor control under a range of noxious weed declarations. The high cost of removal and control has meant most landowners are unable to control the camphor. This program is the first one of a scale capable of removing the camphor laurel and replacing it with native species.
- (g) State Forests will manage the revegetation scheme during the 2 year trial period.
- (h) Generally the aim will be to establish the replacement vegetation within 12 months of removing the camphor laurel.
- (i) The cost for an individual landowner of physically removing camphor from his property is very high and this is the major reason so few control programs have been successful to date. By testing innovative camphor removal techniques during the trial, State Forests hopes to lower these costs significantly. Until the trial is completed, it is unclear what those exact costs will be.
- (j) Codes of best practice which apply to forestry operations on private land will be applied by State Forests in the stands it manages during the trial, to minimise soil disturbance and the risk of stream pollution by soil movement. Also, stumps will be left in situ and this will further reduce the risk of soil movement or loss.

14. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Biomass]

- (1) There are currently 6 proposed wood-fired power stations for NSW, 3 in co-operation with NSW Sugar-Milling Co-operative and 3 proposed by the Forest Products Association. Each is estimated to consume in the order of 250,000 tonnes of woodchips per annum. Will any wood, for these proposed power stations, come from ecosystems which failed to meet their national reserve criteria targets?
- (2) Does the Minister see a conflict of interest in his support of the Broadwater and Condong co-generation facilities to the tune of \$1 million in his capacity as Minister for Energy, and the vested interest he has in the project as Minister for Forestry?

Answer

- (1) Renewable energy legislation passed by the Commonwealth and State Governments specifically identifies legitimate renewable biomass sources, and requires their use to be ecologically sustainable. Forest residues are one form of wood waste identified as a legitimate source of renewable energy, where they are derived from sustainably managed native forests or plantations.

The Government's approach to the supply of residue material from native forests as biomass for energy is underpinned by the framework for the harvesting of native forests established under the Regional Forest Agreement process. This process has resulted in the creation of 1.4 million hectares of new national parks and reserves in eastern NSW and provides a specific set of rules for environmentally sustainable timber harvesting through the Integrated Forest Operations Approval (IFOA) under the *Forestry and National Parks Estates Act 1998*. The IFOA encompasses the regulatory roles of the National Parks and Wildlife Service, Environment Protection Authority, NSW Fisheries and the Department of Urban Affairs and Planning in the evaluation, monitoring and reviewing of timber harvesting operations.

The IFOA framework of rules applies whether forest residue as a secondary product is utilised for biomass or for any other purpose. In this way, the environmental integrity of all timber harvesting operations is ensured. The terms of the IFOA establish clear, rigorous and consistent environmental regulation of forestry operations. The IFOA will continue to protect endangered plants and animals, high

conservation value forests, rainforest areas, steep slopes, waterways and riparian zones in all areas where harvesting operations are permitted.

The Regional Forest Agreement, National Forest Policy Statement and JANIS reserve criteria provided for protection of values by formal reserves, informal reserves and prescription consistent with a range of economic, environmental and social objectives. Proposed power generation using biomass will be consistent with these strategies.

- (2) I understand that NSW Sugar applied to SEDA in February 2001 for financial assistance under the Renewables Investment Program. The proposal was to assist with a program to convert the field bins currently used for collecting and transporting sugar cane to a larger size. This is to allow the extra volume of cane trash now being collected to be transported simultaneously with the cane to the sugar mills, for use as a fuel in the mill cogeneration plants.

The proposal was considered favourably, as it would assist in the development and implementation of an enabling technology which would result in the supply of large amount of renewable fuel for electricity generation. SEDA gave a \$1 million low-interest loan to the project in June 2001.

There is no conflict with my interests as Minister for Forestry, as using cane trash as fuel would, in fact, reduce the demand for other supplementary biomass fuels such as wood waste. In any event, SEDA assesses proposals for financial assistance independently, without influence from me, under criteria which are published with their financial assistance application documents.

15. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to SF NSW Private Property Timber Supplementation Scheme]

- (1) (a) How much of the \$18 million for private land purchase for timber supplementation has been spent and how many properties have been purchased?
- (b) How much mapped oldgrowth forest and rainforest occurs within these purchases and how much of these have been logged on purchases to date?
- (c) How can the Minister possibly justify buying oldgrowth forest for the timber industry to log?
- (d) Will the Minister provide an assurance that no more oldgrowth forest or rainforest will be logged on SF NSW private property purchases?
- (e) How much quota volume is estimated to have been purchased?
- (f) How were these volume estimations derived?
- (g) What has been the average cost per cubic metre of quota for roading, planning and supervision of logging operations on these purchases?
- (h) What is the royalty that SF NSW are receiving for quota log sales from these purchases?
- (i) What proportion of the volume purchased under the private property supplementation scheme is committed to Boral?
- (j) Are you aware that a large number of Boral owned properties are currently for sale?
- (k) How do you justify buying forest (including oldgrowth) for Boral to log whilst they are busy taking the opportunity to sell their own forest blocks?
- (2) (a) The Forest Agreements for north-east NSW specify that, prior to any purchases by SF NSW of land for timber supply, a process was to be developed by SF NSW, in consultation with National Parks and Wildlife Service (NPWS) and Department of Urban Affairs and Planning, for

considering key substantially unmet Comprehensive, Adequate and Representative conservation targets when selecting such land. Is the Minister aware that large areas of land have been bought and logged without this requirement being met?

- (b) Is the Minister aware that this requirement has still not been addressed?
 - (c) Will the Minister give an assurance that no further lands will be purchased, and no further purchased lands logged, until such a process is put in place?
 - (d) Has SF NSW notified NPWS of all properties purchased under the Private Property Supplementation Scheme so that NPWS can conduct an assessment of conservation values?
 - (e) What is the longest time after such a purchase that NPWS notification has occurred?
 - (f) Has SF NSW begun logging any of these areas before notifying NPWS?
- (3) (a) Is SF NSW planning to gazette all land purchased under the private property supplementation scheme as SF tenure, or does it intend to log areas under the so-called Best Operating Standards for Private Native Forestry in order to have even more unfettered access to oldgrowth and rainforest?
- (b) If so in (a), can the Minister give an assurance that all purchased land will be gazetted as State Forest prior to logging?
- (4) The Forest Agreements for north-east NSW specify that all private land that is purchased and dedicated as State Forest must be logged in accordance with the conditions of the IFOA.
- (a) Does the Minister acknowledge that SF NSW has blatantly flouted this requirement at Stroud Mountain by logging oldgrowth forest which warrants protection under Government criteria for high conservation value oldgrowth?

Answer

- (1) (a) As at 30 June 2001, \$4,858,126 has been spent on the purchase of 6 properties.
- (b) State Forests does not log any rainforest or high conservation value old growth forest under the conditions of the Integrated Forestry Operations Approval.
- (c) The assessment of properties for purchase is based on the available volume after the application of the Integrated Forestry Operations Approval. As stated above, the Integrated Forestry Operations approval does not permit the logging of rainforest or high conservation value old growth.
- (d) Refer to 1b
- (e) Based on the expenditure outlined in (1)(a), State Forests has purchased an estimated 47,791m³ of quota quality timber and associated conservation areas.
- (f) Estimates of volume are derived by pre-purchase inventory and aerial photograph interpretation by State Forests staff and qualified consultants. Volumes have been derived using the “Guidelines for timber inventory on private property” referred to in the “Guidelines for Private Property Timber Supplementation” (3 August 1999) using the best currently available information.
- (g) \$6.69 per cubic metre of harvested quota timber.
- (h) State Forests receives the normal scheduled royalty for timber harvested from these areas.
- (i) No specific allocation of timber is committed to Boral from these purchases.
- (j) State Forests has advised me it is aware of these properties being available for purchase as are a number of other properties in northern NSW.

- (k) See (i) above.
- (2) (a) I understand that the areas referred to are presumably those purchases made prior to the Forest Agreement being in place which precluded such a consideration.
- (b) For subsequent purchases, the National Parks and Wildlife Service and the Department of Urban Affairs and Planning are consulted and have been involved in the process of developing the protocol for assessment.
- (c) The agencies referred to continue to be consulted in the Private Property Timber Supplementation process consistent with the Forest Agreement.
- (d) NPWS does not conduct an assessment of the conservation values prior to purchase. It is the responsibility of State Forests to apply the IFOA during harvest planning. As part of the HCV old growth identification process, NPWS is informed of purchase proposals once commercial negotiations and settlements have been concluded and in its auditing of State Forests' compliance with the IFOA.
- (e) NPWS is informed of purchase proposals once commercial negotiations and settlements have been concluded as part of the old-growth identification process.
- (f) See (e) above.
- (3) (a) The Forest Agreement is clear on this matter. Harvest and roading operations will be subject to the Forest Agreement and the IFOA.
- (b) Refer to 3(a). This is consistent with the Forestry Act, 1916.
- (4) No. Such allegations have been found to be unjustified when the relevant agencies have investigated them.

16. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[Oldgrowth]

- (1) Does the Minister believe that all oldgrowth forest in NSW has been protected from logging?
- (2) Does the Minister acknowledge that the so-called high conservation value oldgrowth that is protected on SF tenure is only a subset of mapped candidate oldgrowth?
- (3) Does the Minister acknowledge that significant areas of candidate oldgrowth forest is available for logging and is being logged by SF NSW?
- (4) Does the Minister acknowledge that all oldgrowth forest is high conservation value because of the unique habitat which it provides?
- (5) Does the Minister acknowledge that the so-called High Conservation Value oldgrowth criteria were deliberately designed to leave enough timber available to the logging industry to meet 20 year timber supply contracts?
- (6) (a) Does the Minister agree that SF NSW is misleading the public with the production and distribution of a Forest Fact sheet that states that "*All rainforest and old growth areas are reserved from harvesting*"?
- (b) Will the Minister ensure that SF NSW now retracts the Forest Fact statement as false, remove it from the sheet and issue a correction to all households that have received it?

- (c) Or if not, will the Minister and SF NSW put their money where their mouth is and give an assurance that no more oldgrowth forest will be logged on State Forests in north-east NSW?
- (7) (a) Does the Minister acknowledge that north-east NSW has one of the worst records for oldgrowth protection of all the states in Australia?
- (b) If not, how does the minister explain that in north-east NSW, only 62% of all candidate oldgrowth forest on public land is protected in secure reserves whilst in Queensland and Western Australia all oldgrowth has been protected? (Regional Forest Agreement (RFA) figures)

Answer

- (1) Yes, as identified by the Forest Agreements and associated Integrated Forestry Operations Approvals.
- (2) Candidate old growth was an initial broad and general classification of older growth stages of a wide range of forest ecosystems that was then used as the basis of a rigorous assessment undertaken during the Comprehensive Regional Assessment process. High conservation value old-growth forest (HCVOG) areas were determined in the Comprehensive Regional Assessment process and are protected, either in the reserve system (National parks, crown reserves and informal reserves as determined under the Forest Management Zoning system) or by licence conditions applied to timber harvesting. HCVOG represents the majority of the area of the former candidate old growth and contains all of the high conservation value elements essential in the comprehensive adequate and representative reserve system that it was used to create.
- (3) Areas that failed to justify status as old growth or that failed to provide essential high conservation values were not included in the reserve system and therefore provided areas to achieve an ecologically sustainable timber industry and long term wood supply security.
- (4) Habitat value of all forests is related to the species which rely upon it and the values it provides. This Government has identified high conservation value habitat through extensive modelling and mapping and has used this to protect areas of older forest where it represents unique habitat by reservation or licence conditions applied to timber harvesting.
- (5) No.
- (6) (a) No. I understand fact sheets currently published by State Forests refer to the protection of high conservation value old growth.
- (b) No.
- (c) High conservation value old-growth forest areas were determined in the Comprehensive Regional Assessment process and are protected, either in the reserve system (National parks, crown reserves and informal reserves as determined under the Forest Management Zoning system) or by licence conditions applied to timber harvesting.
- (7) (a) No. The NSW Government used sophisticated modelling and thorough scientific studies of flora and fauna to determine the selection and design of the reserve system. This significantly exceeds other States which have based their forest assessments on basic targets with limited definitions.
- (b) I understand that different methods have been used by other States to identify and protect old growth, with NSW adopting conservative approach by identifying candidate old growth and protecting of high conservation value old growth by formal reserves, informal reserves and licence conditions on timber harvesting.

17. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Forest Ecosystems]

Compartment 44 in Bungawalbin State Forest is scheduled for logging in July 2001. This compartment contains three poorly reserved ecosystems that are classified as a 'high priority for conservation on private land' in the North East Regional Forest Agreement.

- (1) How does the Minister justify the logging of ecosystems on public land that the Government is promoting for protection on private property?
- (2) Why should private landholders compensate for the failure of the government to meet the National Reserve Criteria on public land?
- (3) Shouldn't the Government be setting an example for private landholders as to how to manage in an environmentally sound way instead of compromising conservation values on public land and then shifting the emphasis to private land?
- (4)
 - (a) Does the Minister acknowledge that NSW has one of the worst records for forest ecosystem protection of all the states in Australia?
 - (b) If not, how does the minister explain that in north-east NSW more than 115 Rare, Endangered and Vulnerable ecosystems have not met National Reserve targets as reported in the RFAs?
- (5) How does the Minister explain, that even with the implementation of creative accounting by the Government, the RFA shows that at least 64 additional forest ecosystems remain poorly reserved?
- (6) What area of Rare, Endangered and Vulnerable ecosystems has been logged since the IFOA?
- (7) What area of poorly reserved forest ecosystems which are still required to meet the National Reserve Criteria has been logged since the IFOA?
- (8) Will the Minister provide an assurance that no further logging of Rare, Endangered, Vulnerable or poorly reserved ecosystems will occur on SF in NSW?

Answer

Public land has provided the basis for the extensive reserve system now existing in New South Wales. It has provided for a sustainable timber industry as part of the balanced Government decision on the northeast forests.

Conservation of important habitat on private land cannot be achieved without the assistance of landholders. The Regional Forest Agreement (RFA) clearly identified the role of private landholders in conserving ecosystems in association with areas of public land. The RFA also delivers State Forests' dual goal of conservation and sustainable timber production.

Public land conservation sets a good example for private landholders. State Forests provide, through an extensive network of forest management zones, a vital part of the habitat and ecosystem network, in conjunction with national parks and nature reserves.

State Forests' management also exemplifies how a sustainable industry can co-exist and support important conservation values while providing a financial return on the natural resource. The Integrated Forest Operations Approval system provides for maintenance of forest ecosystems.

I understand that a number of ecosystems are identified in the Forest Agreements where conservation cannot be achieved on public land alone. The Government has charged the National Parks and Wildlife Service with seeking the cooperation of private landholders to help improve the conservation status of these areas on private land. The Government has also enacted the Native Vegetation Conservation Act.

The areas available for logging have been considered as part of the RFA process and are excluded from the reserve system in order to provide security for a sustainable timber industry in northern New South Wales.

No RFA identified ecosystems on public land, which is required for the reserve system, are available for logging.

The forest assessment process was managed within the administration of my colleague, the Minister for Urban Affairs and Planning. Further questions about the reservation of forest ecosystems should be addressed to him.

18. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Forest Management Zones]

- (1) (a) Does the Minister agree that SF NSW Forest Management Zones 2 and 3a require only the approval of the Minister for Forests for alteration or revocation and that Forest Management Zone 1 (FMZ1) requires an Act of Parliament for such revocation?
- (b) Why then is most of the Governments so-called High Conservation Value Oldgrowth and Rainforest not actually protected in FMZ1 but merely kept in waiting in zones 2 and 3a, and subject to the whims of any future Forestry Minister?
- (c) How can the Minister justify claims that National Reserve Criteria can be met in Forest Management Zones 2 and 3 when such zones clearly fail to provide security of tenure and remain vulnerable to change of Government and indeed to change of policy?

Answer

- (1) (a) No. Any change to FMZ 2 or 3a areas requires a detailed approval process that provides for public exhibition and comment and for those comments to be considered by the Minister for Forestry in giving his approval or otherwise. The FMZ status is also defined in the Integrated Forestry Operations Approval and changes to this require the approval of the Minister for Forestry, the Minister for the Environment, Minister for Urban Affairs and Planning and the Minister for Fisheries.
- (b) & (c) Specific FMZ 2 areas were negotiated in the Comprehensive Regional Assessment process for the Upper North East and Lower North East. These areas have been clearly and publicly designated and any revocation or alteration to boundaries of those areas requires joint agreement of the Minister for the Environment, the Minister for Urban Affairs and Planning, the Minister for Forestry and the Minister for Mineral Resources.

19. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Frames]

- (1) (a) Is the Minister aware that comparisons between estimates of timber volumes on which the 20 year timber supply contracts are based, and other previous estimates by SF NSW (such as management plans and Environmental Impact Statements) indicate that there is a very high likelihood that there is insufficient timber to meet the contracts?
 - (b) Based on an average royalty of \$50 per cubic metre, the 20 year supply contracts from north-east NSW are worth approximately \$13 million per annum, how can the Minister justify having committed the Government to such contracts when the estimates on which it is based are so unreliable?
 - (c) Wouldn't the \$18 million which the Government has allocated to buy private property to meet the contracts have been better spent buying out some of those contracts and making much needed improvements to the forest reserve system?
- (2) (a) How are individual compartment estimates (as written in harvest plans) made of the volumes of wood expected to be extracted in each compartments logging operation?

- (b) What is the current logging cycle for compartments in north-east NSW (ie what is the average time between logging events)?

Answer

- (1) (a) & (b) Current estimates of timber volumes on the North Coast are based on the application of the Forest Resource And Management Evaluation System (FRAMES) methodology. These estimates supersede all previous estimates. The methodology was developed with stakeholders, with peer review, and is the best available strategic estimate.

The Government has strategies in place to achieve a long term yield of sawlogs and other forest products while ensuring the ecological sustainability of our forests. We are doing this in ways that ensure the social and economic fabric of rural communities and industries is sustained. Our strategies are presented for public scrutiny in our Forest Agreement documents.

The Government's Forest Agreement decisions for the north coast included a number of initiatives to supplement the supply of sawlogs from native forests.

We are establishing plantations and purchasing private land and private timber rights to top up timber supplies from public native regrowth forests. These initiatives will also contribute to the long term resource supply.

At the conclusion of the 20-year Agreements, significant volumes of sawlogs from plantations will be coming on stream to supplement supplies from native regrowth forests.

In November 1999 the Auditor-General released his report on the ability of State Forests to meet its contractual commitments to industry in the northern part of the state. Note that these contractual commitments are based on estimates of timber volumes obtained from FRAMES.

The Auditor-General's report states "that sufficient flexibility has been built into the agreements to enable State Forests to substantially meet contract volumes, reducing the likelihood of significant compensation payments". The report also recognises that FRAMES "would appear capable of determining future yield predictions to the level of accuracy that is inherent within such a predictive model".

A review of future wood availability after eight years is to occur as part of the twenty-year Wood Supply Agreements. The Auditor-General's report notes that this reduces the risk of compensation being paid by the Government.

Analysis has been undertaken comparing actual harvest yields with FRAMES estimates. This analysis has not revealed any bias or gross differences in the estimates. Further analysis will be undertaken on a regular basis to monitor actual and estimated yields.

- (c) Under the National Forest Policy Statement and the State-Commonwealth Regional Forest Agreements, the Commonwealth and State Governments are committed to the establishment of a Comprehensive, Adequate and Representative (CAR) reserve system of native forests and a sustainable, value-adding native timber industry.

Under the Government's Upper and Lower North East Forest Agreements, \$18 million was allocated for the purpose of purchasing timbered lands or timber rights. This initiative is designed to assist in maintaining wood flows while industry adapts to changes in the resource base in the north east of the State.

As Minister, I approved a set of *Guidelines for Private Property Timber Supplementation* in September 1999. These Guidelines include an extensive set of criteria to guide the purchase of private lands and timber rights and, together with the IFOA, provide important conservation outcomes that complement the formal and informal reserve system.

- (2) (a) SFNSW conducts pre harvest inventory assessments and considers the strategic level predictions provided in FRAMES when developing harvesting plans.

- (b) In tracts of forest that are treated using Australian Group Selection harvesting the cycle is no less than 5 years and an average of 7 years for each harvesting event in part of the area to be treated by Australian Group Selection. Four harvesting events will occur in each tract before the area treated in the initial harvesting event is revisited. This will provide an average return time in excess of 21 years to the initial site of harvesting. Specific details of the use of Australian Group Selection are outlined in the Forest Agreement and the Integrated Forestry Operations Approval.

Single tree selection harvesting relies upon the stand condition to trigger a return harvesting event. In moist forest types this return time varies between 5 and 10 years and in drier forest types is around 20 years or longer dependent on the age, species and growth of the stand available for harvest.

20. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

[In relation to Other matters]

- (1) (a) Has the Minister conducted the value-adding review and compiled the value-adding index on which the renewal of the 5 by 5 wood contracts issued in 1996 were to be based?
- (b) Is the Minister then satisfied that all of the mills in NSW are conducting high value-adding operations or is it that they lie mainly in NSW marginal seats and are to be propped up?
- (2) What steps are being taken to ensure that the NSW State Forestry operations comply with the National Competition Policy?
- (3) Does the Minister intend to seek an Independent Pricing and Regulatory Tribunal hearing into timber prices?
- (4) How much of the \$5 million allocated as a direct subsidy for log trucking has been spent?
- (5) (a) Are there any north coast sawmills which owe the Government more than \$500,000 in royalty payments?
- (b) Does the Government intend to provide these mills with money from the Forest Industry Structural Adjustment Package (FISAP)?
- (6) What is the planned breakdown for spending the \$40million FISAP money supposedly released after the signing of the southern RFA? (ie Business Exit, Worker Exit Assistance, Industry Development etc)?

Answer

- (1) (a) Early this year I received applications from all Hardwood Timber Term Agreement holders for extensions of these agreements beyond 31 December 2001. The Value Adding performance of each of these companies is still being assessed in accordance with the Value Adding Index and other criteria developed by the Value Adding Sub-Committee of the Forestry Advisory Council.

I will make decisions regarding extensions or otherwise of these agreements after completion of this assessment and prior to 1 January 2002.

- (b) See 20(1)(a).
- (2) NSW Treasury implements and monitors the performance of Government Trading Enterprises, including State Forests, in relation to their compliance with National Competition Policy principles.

The Cabinet Office has provided information on the implementation of National Competition Policy in the public forestry sector to the National Competition Council. I understand that The Cabinet Office

submission describes how NSW has complied with the National Competition Policy principles in relation to public utilities and public forestry operations.

- (3) No. This approach was considered by the Government and not adopted. State Forests does not hold a monopoly in relation to supplying timber to industry in NSW. Native forest sawlog royalties are based on end-use market prices or open competitive tender.
- (4) As at 30 June 2001, \$1,315,946 has been paid to eligible sawmills to subsidise their increase in log haulage costs.
- (5) (a) Refer to answers to Question 21 (2) (a) and (d).
(b) No decisions have been made at this stage.
- (6) Arrangements for the resumption of the implementation of the joint Forest Industry Structural Adjustment Package (FISAP) are currently being developed between the NSW and Commonwealth Governments. A budget breakdown of remaining FISAP funds between program areas has not yet been finalised. The primary focus of the FISAP program will be on Industry Development Assistance.

21. Mr Moppett asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

- (1) The audit of the State Forests' financial report for the year ended 30 June 2000 resulted in the issue of a qualified Independent Audit Report which found that State Forests financial reporting did not comply with the Public Finance and Audit (General) Regulation 1995. (The Auditor-General's Report to Parliament 2001 Volume One). What steps are now being taken to improve the financial reporting of State Forest so that separate disclosure of assets are made?
- (2) Auditor General Reports for 1998 and 1999 noted that two mid north Coast companies were not paying royalties for timber within trade terms. The Auditor-General's Report to Parliament 2001 Volume One reports that at January 2001, the outstanding balance for both companies was \$2M, some \$1.6M being over 90 days old. The AG Report indicates that repayment terms have been negotiated and that these repayments are being received.
 - (a) Is the Minister satisfied with the repayment terms for these companies?
 - (b) Is the Minister satisfied that these companies will be able to continue to pay these debts?
 - (c) AG Report to Parliament 1999 Volume Three indicated that the balance of the debt for both companies 30 June 1998 was \$1M, and that at 30 June 1999, the debt for one of the companies had increased to \$1.7M, with repayment terms being negotiated by the other company. Given the findings of the Auditor General, why was this debt allowed to increase to \$2M(January 2001).
 - (d) What is the current debt of these companies?
 - (e) With reference to these debts, State Forests has received a complaint suggesting that the situation provides companies with an unfair advantage. Have any further complaints been received by State Forests with regard to this situation and what further action has been taken with regard to the complaints and with regard to ensuring the debt is paid?
- (3) State Forests throughout the mid north coast region maintains a road network of 3500 km at an annual cost of some \$1.4 million. The reduction in logging and transfer of State Forests to NPWS has seen the amount of maintenance work undertaken reduced. This is causing access problems for residents whose properties are located via Forestry roads. Local Councils now left with the financial responsibility do not have the required resources.
 - (a) Is State Forests willing to participate in a regular road maintenance program sharing the responsibility between itself, NPWS & Council?

- (b) What financial commitment will the Minister make to such a maintenance program
- (4) With regard to transport subsidies for road transportation of softwood from the Bombala area to Hume in the ACT (then by train to Port Kembla):
- (a) How much is the subsidy?
- (b) How long will the subsidy be available for?
- (c) How much will it cost to continue the subsidy's availability past this time?
- (d) What are the costs of not continuing the subsidy?
- (e) Are there any similar subsidies in place to support the Visy Mill at Tumut?
- (f) Are there any similar arrangements elsewhere in the State?
- (5) The Auditor-General's Report to Parliament 2001 Volume One, with regard to employee housing, noted that for a number of cottages:
- reasons for rent reductions were not always documented in the tenancy agreement
 - officers without delegation were approving tenancy agreements
 - some properties did not have tenancy agreements
 - market rentals were not always being assessed on a yearly basis
 - market rentals for some cottages had not been assessed since 1995
 - FBT is not always being calculated on the appropriate market rental rates
- (a) Why have these non-compliances of the State Forests Employee Housing Policy been allowed to occur?
- (b) What actions have been taken with regards to these breaches?
- (6) Volume Three of the Auditor General's Report to Parliament for 1999 indicated that there were two sawmilling companies involved in legal claims against State forests in relation to damages for failure to supply timber from the Mount Royal area. The Auditor-General's Report to Parliament 2001 Volume One indicates that the claim of one of these companies was upheld, and has been referred to the Supreme Court to assess damages. The other case was yet to be decided.
- (a) Has the Supreme Court assessed damages yet?
- (b) If so, what was the outcome of this assessment?
- (c) What is the status of the other case?

Answer

- (1) I am advised that the Auditor-General's qualification was due to non-disclosure of separate asset categories for Land, Roads and Bridges, and Growing Stock. This was seen as technically inconsistent with the requirements of the *Public Finance and Audit Act 1995*. State Forests was not in a position to report the valuation below the aggregated level for Forest Assets.

The Australian Accounting Research Foundation (AARF) has issued a new standard AAS35 "Self-Generating and Re-generating Assets" which addresses the issue of valuation methods. This standard is to come into force from the first accounting period on or after 30 June 2001. The standard requires that Self-Generating and Re-generating Assets be measured at net market values but is not prescriptive as to the methodology to be employed in determining the net market value.

State Forests will be implementing this accounting standard for the financial year ending 30 June 2001. Accredited plantations will be valued under the current methodology with Native Forests valued under a

discounted cashflow methodology. The Valuer-General is providing separate values for State Forests' land, roads and buildings.

- (2) (a) to (e) Assistance has been given to maintain the commercial viability of companies through an agreed plan for rescheduling royalty payments. Arrangements for rescheduling of timber royalties have involved formal debt agreements that set out a repayment plan. Commercial rates of interest are payable on any outstanding debt.

At a time of depressed demand for sawn timber, aggravated by the GST and the manner in which it was introduced by the Federal Coalition Government, State Forests has been at pains to ensure no commercial advantage be gained as a result of any uneven application of State Forests' credit policy.

I am not prepared to disclose the level of debt outstanding for individual companies. However, the Government is monitoring the application of State Forests' credit policy to ensure that arrangements for rescheduling timber royalties are being honoured and a consistent approach is applied to all companies.

- (3) (a) and (b) State Forests has already developed a Memorandum of understanding with the National Parks and Wildlife Service which identifies roads of shared interest and joint roads. The MOU identifies a maintenance regime and standard as well as assigning responsibility for the management of the road.

This serves to ensure that high use and high priority roads are maintained to an acceptable standard for the expected use. Both NPWS and SFNSW provide resources to meet this agreed schedule and meet annually to assess performance and to review priorities.

SFNSW undertakes road maintenance and upgrading on local roads where these roads require maintenance as part of a proposed harvesting operation. These issues are discussed with the local council.

Expenditure on road works is a major component of the annual operating budget of State Forests on the north coast. The priority for these funds is to maintain roads that are required for logging and haulage and other roads used by the public in State forest. The MOU with NPWS identifies further roads that are of joint interest and which SFNSW commits resources on an annual basis.

- (4) (a) Approximately \$20 per tonne of softwood hauled, or around \$1.3m pa with total estimated funding of \$3,982,000.
- (b) & (c) The program has been extended from 2 to 3 years
- (d). About \$1.3 million per year.
- (e) There are no such subsidies which support the Visy mill at Tumut. The wood flow resulting from the Bombala subsidy referred to above has changed as a result of a collapse of the export market on which it was predicated. Pulpwood is now moving under subsidy from Bombala to Tumut.
- (f) The only similar arrangement elsewhere in NSW is also transitional. It is designed to help the native forest sawmilling industry adjust to conservation decisions under the Government's forest reform agenda, which changed the distribution of sawlog availability. Long hauls south to north are currently required for some customers of State Forests on the NSW north coast.

- (5) (a) & (b) I understand that State Forests adopted an Employee Housing Policy in 1995 requiring that market rentals be charged and regularly reviewed. The policy provides for discounts of up to 50% from market rates in isolated locations, or where occupation of the residence is essential to the duties performed. Employees occupy cottages under Tenancy Agreements which do not expire until they are cancelled.

There are a number of premises where rents have not been recently market tested because of the age and basic nature of the premises, their remote location and the difficulty in establishing a rental market. There have been examples of premises sitting empty for up to six months for want of any market interest. In some cases where market testing is not realistic, rents are adjusted regularly using the housing index for the Fringe Benefits Tax.

Where rents are set at less than market rates, employees usually fulfil a caretaker function, monitoring the security of State Forests buildings or equipment, providing early fire warnings in plantations and are available for fire fighting or responding to vandalism. FBT is paid by State Forests on the discounted rents.

Faced with an increases in rentals for some of these premises, past experience suggests that tenants would be likely to move to other accommodation in local towns, denying State Forests of the benefit of having an employee on site in the remote location.

For some properties in Tumut, rental reviews were postponed because of the temporary dramatic increases in market rentals in the town resulting from the influx of population during the construction phase of the Visy mill. Independent rent reviews for those premises have now been completed and some rents are being adjusted.

- (6) (a)-(c) The plaintiff in the second case (Sweetman & Sons) jointly tendered for the timber with the first company (Upper Hunter Timbers). Sweetman's case was dormant pending the outcome of the first case and will be re-listed shortly.

22. Mr R Jones asked the Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, the Hon Kim Yeadon MP—

- (1) The Minister has announced that \$365 million will be spent on Western Sydney public transport and roads.
- (a) Can the Minister indicate how much of the allocation will be spent on roads and how much will be spent on public transport?
- (b) What public transport initiatives are planned and when will they be completed?
- (2) The Minister also announced \$181 million for regional parks, water, waste and other environmental initiatives.
- (a) Can the Minister indicate how many new regional parks are planned and when they will be declared?
- (b) What are the water, waste and other environmental initiatives planned for the region and when will they be implemented?

Answer

- (1) (a) and (b) These matters come within the responsibilities of my colleague, the Minister for Transport and Minister for Roads, and any detailed questions should be referred to the Hon Carl Scully MP.

However, as reported in the Western Sydney Budget Statement:

In 2001-2002, it is anticipated that the Government will spend more than \$378 million on Western Sydney roads and public transport infrastructure, including:

- \$145 million for the Parramatta Rail link project, including commencement of the Epping to Chatswood section and the Parramatta Station Interchange;
- \$18.1 million for the Richmond Line amplification. Construction work to improve track and signalling is to continue on the Marayong to Quakers Hill section;
- \$90 million to provide the first of the new millennium trains for the metropolitan network;
- \$5.4 million for improved train stabling facilities at Blacktown to increase reliability of rail services;
- several projects are being undertaken on the East Hills line which will improve rail services to the Campbelltown area by improving flexibility and reliability;
- \$10.6 million to build two new tracks between Turrella and Kingsgrove (total cost \$63 million);
- \$6 million for a turnback facility to be built at Padstow; and

- \$2.5 million for track works in the Glenfield – Campbelltown area (total program of \$10 million).
- \$44 million for the construction of the Liverpool to Parramatta bus only Transitway and \$13.1 million for the development of the planned network of other Transitways in Western Sydney;
- \$47 million to upgrade Windsor and Old Windsor Road including: Old Windsor Road and Seven Hills Road intersection improvements; upgrade between Sunnyholt Road and Schofields Road; upgrade between Roxborough Park Road and Showground Road; Pitt Town Road intersection improvements; provide a flood evacuation route for Windsor; and Hawkesbury Nepean Flood Strategy upgrade of Windsor Road between Henry Road and Curtis Road;
- \$4 million to widen the Great Western Highway between Leura and Katoomba;
- \$4 million to improve the Great Western Highway between Hazelbrook and Lawson;
- \$2.2 million to upgrade The Horsley Drive between Elizabeth Street and Mimosa Road;
- \$6.9 million to upgrade Cowpasture Road between Mount Street and Elizabeth Drive;
- \$3 million to upgrade Hoxton Park Road from Brickmakers Creek to Hill Road;
- \$6.2 million to construct the Parramatta to Granville cycleway; and
- a total of more than \$60 million on road maintenance, traffic management and road safety works.

Western Sydney will continue to benefit from Sydney-wide transport improvements in 2001-2002, including improved access to CityRail stations at Holsworthy (\$500,000) and Padstow (\$1 million). Work will also continue on stations at Fairfield, Katoomba and Regents Park at a cost of \$1.3 million.

Improved interchange facilities will be provided at Mt Druitt Bus/Rail interchange (\$2 million), Holsworthy commuter car park expansion (\$4.7 million), Emu Plains Car Park (\$400,000), University of Western Sydney Car Park (\$400,000) and Wentworthville Car Park (\$500,000).

2. (a) & (b) Planned environmental initiatives in 2001 are outlined in Chapter 3.3 of the 2001-2002 Western Sydney Budget Statement, *Protecting the environment*. Rather than duplicate the seven pages of funding initiatives identified in that Chapter, I refer the Hon Member to pages 29 – 35 (inclusive) of the Western Sydney Budget Statement for details. The Western Sydney Budget Statement was part of the package of Budget documents provided to all members of Parliament.

As regional parks and waste management are the responsibility of my colleague, the Attorney General, Minister for the Environment, Minister for Emergency Services and Minister Assisting the Premier on the Arts, any additional details should be referred to the Hon Bob Debus MP.