



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEES

BUDGET ESTIMATES 2021-2022 Supplementary Questions

Portfolio Committee No. 4 – Industry

REGIONAL NSW, INDUSTRY AND TRADE

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REGIONAL NSW, INDUSTRY AND TRADE

Questions from Ms Abigail Boyd MLC

Mining rehabilitation

1. The NSW Resources Regulator lists the minimum deposit values for a title as: \$200 for a small-scale minerals title; \$1000 for an environmental assessment permit (under the *Mining Act 1992* only), and \$10,000 for any other title. How were these minimum deposit values determined?
 - (a) How many titles have no assessed deposit, and so have been placed on the minimum deposit requirement?

ANSWER:

The minimum deposit values were specified in clause 93 of the Mining Regulation 2016.

- (a) At 31 August 2021 there were 1081 titles with no assessed security or had been assessed to be at the minimum of \$10,000, and 639 small-scale mineral claims with minimum security of \$200.
2. The Resources Regulator reports that the NSW Government holds \$3.4 billion in security bonds for mine rehabilitation. In what form are these bonds held (eg cash bond, bank guarantee)?
 - (a) Please itemise the type of bond held for each title where the bond value is over \$1 million
 - (b) In the case of bank guarantees held, what is the ranking of these guarantees in the event of insolvency or winding-up of the relevant mining company? What other claims do these bank guarantees rank equally with?
 - (c) Considering that mine rehabilitation takes place over the course of many years and often decades, what action does the Department take to ensure that the security bonds held by the government adequately cover the predictable effects of inflation on the value of the bonds held?

ANSWER:

Titleholders can provide the security deposit in the form of a bank guarantee or pay in cash or bank transfer.

(a) Bank guarantees are held for 281 titles with required security deposit exceeding \$1 million for a combined total of \$3,262,954,984. Cash is held for 13 titles with required security deposit exceeding \$1 million for a combined total of \$58,249,323.

(b) The bank guarantees held are an unconditional undertaking by the financial institution to pay on demand by the Minister responsible for the administration of the Mining Act 1992 and Petroleum (Onshore) Act 1992. That is, this is independent of the mining company and in the event of insolvency is outside the reach of the administrator.

(c) Security deposits are regularly re-assessed to ensure they cover the full cost of rehabilitation at a mine. Under the current Mining Operations Plan framework, depending on the rehabilitation security deposit calculation methodology (snapshot in time or maximum disturbance as part of a Mining Operations Plan (MOP) approval period), the assessed deposit is either assessed annually or as part of the submission of a new MOP.

In accordance with the new Mining Amendment (Standard Conditions of Mining Leases – Rehabilitation) Regulation 2021, rehabilitation cost estimates will be required to be submitted annually as part of the Annual Rehabilitation Report and Forward Program.

3. Can you list all of the past instances of a security deposit needing to be used by the government?
- (a) Were the security deposit amounts held by the government for those titles adequate to fulfill the predetermined rehabilitation requirements?
 - i. For instances where the security deposit was inadequate to cover the cost of the predetermined rehabilitation outcomes, how much additional public money was required to be extended by the government?
 - ii. Have there been instances of certain rehabilitation outcomes being amended or discarded as a result of inadequate security deposit amounts?

ANSWER:

Since 1 July 2020, there have been two instances: Mining Purposes Lease 219 and Mining Purposes Lease 298 at Lightning Ridge, security deposit of \$25,500.

- a) This is yet to be determined - planning and assessment of works is currently underway.
 - i. N/A as per a) above.
 - ii. Not in the specified time period.

4. Will the rehabilitation bonds held for the six open-cut coal mines in the Namoi region, found to be illegally burying thousands of large mining tyres, be reviewed and amended to account for the foreseeable impact on groundwater and local environment?

ANSWER:

The Department is considering its regulatory options and will take into account whether any additional obligations are imposed by the Environment Protection Authority to undertake further remediation works to address this issue.

5. The mining title holder has a right of review by the Minister of the size of the assessed deposit, which allows the Minister to overrule the amount determined by the department. On how many occasions has the Minister conducted a review of the assessed deposit, and recommended an alternative amount?
- (a) If any, please list them and advise whether this modification increased or decreased the required deposit amount, and by how much

ANSWER:

In the 20/21 FY, three (3) applications for a Minister's review were actioned under delegation. Mine 1 – Secretary assessment \$24,959, delegated assessment \$15,000 (reasons – the Secretary's delegate miscalculated the required security deposit), Mine 2 - Secretary assessment \$5.335M, delegated assessment \$7.246M (rates used by the mine did not reflect the Department's rehabilitation cost estimate (RCE) Tool rates) Mine 3 – Application withdrawn by mine – no formal assessment required. In the 19/20 year, three (3) applications for a Minister's review were actioned under delegation. Mine 1 - Secretary assessment \$466K, delegated assessment \$449K (reasons - discrepancies identified in cost estimates submitted by the mine), Mine 2 - Secretary assessment \$160,000, delegated assessment \$160,000 (reasons - legislative requirement for minimum deposit of \$10,000 applied to each of the 16 titles even though no actual ground disturbance had occurred), Mine 3 – Secretary assessment \$91,000, delegated assessment \$75,000 (discrepancies identified in cost estimates submitted by the mine and rates used by the mine did not reflect the Department's RCE Tool rates or contingency allowances).

6. Current rehabilitation requirements do not operate in perpetuity. What guarantees does the government have that water treatment of saline voids will continue and be funded by the mining company responsible?

ANSWER:

Rehabilitation obligations for mines are legally enforceable and mining companies are responsible for all rehabilitation, even after the mine's closure. If rehabilitation obligations are not met, the deposit will be retained until successful rehabilitation is achieved.

7. Are current rehabilitation bonds held adequate to fully rehabilitate mine sites, with pits refilled to near original surface level, should current or future generations desire that outcome?

ANSWER:

As outlined in the Department's [Policy: Rehabilitation security deposits](#), the amount of security is calculated on the basis that it must cover the government's full costs in undertaking rehabilitation in the event of default by the title holder. The scope of rehabilitation activities to be covered in the calculation is based upon the rehabilitation commitments that are specified in development consents issued under the [Environmental Planning & Assessment Act 1979](#) as well as conditions imposed under the [Mining Act 1992](#).

8. Has a financial assurance mechanism been established, such as a sinking fund, to cover the risk of long term environmental degradation after mines are closed and security deposits returned?

ANSWER:

Security deposits will be retained until successful rehabilitation is achieved.

9. How many of the recommendations from the 2017 Auditor General's report into Mining Rehabilitation Security Deposits have now been completed in full? Which ones are still outstanding, and when will they be completed?

ANSWER:

Recommendations 1 and 2 are complete.

Recommendation 3 will be completed by 31 December 2021 with the implementation of a new suspension of mining operations policy to address 'care and maintenance'. Recommendation 4 is under consideration and will be completed by 31 December 2021.

10. Since the Auditor General's report, how many titles have had their security deposits reassessed?

- (a) How many of these reassessments have resulted in an increase in the security bond required, and by how much?

ANSWER:

The Department regularly assesses the required security deposit for exploration and mining activities authorised by titles under the *Mining Act 1992*. Security deposits are increased in line with increases in rehabilitation liability and decreased where rehabilitation liability decreases (i.e. as rehabilitation progresses).

- (a) Between 1 July 2017 and 9 September 2021, the Titles Administration System, which is a register for certain dealings under the *Mining Act 1992*, identifies that 2,482 security review dealings were entered for exploration and mining titles. These resulted in a collective increase of security deposit requirement from \$2.3 billion (July 2017) to \$3.4 billion (July 2021), with a net increase of \$1.1 million

11. How much is the sum of money held in conservation bonds for biodiversity offsets?

- (a) Is it appropriate that biodiversity offsets are accounted for under a system of Net Present Value when there are no cash flows associated with offsets?

ANSWER:

This question should be referred to the Department of Planning, Industry and Environment.

Coal mines

12. How was Whitehaven, along with its joint partners, able to apply for two exploration licences over 3,700 hectares in the Gorman North area?

- (a) Has Whitehaven been granted approval to sidestep the 'Strategic Release' process?
- (b) Has the Gorman North site begun any phase of the process set out in the 'Strategic Release' framework, including a resource assessment by the Department or a Preliminary Regional Issues Assessment?
- i. If yes, was this process initiated prior to Whitehaven lodging applications for the relevant exploration licences?

ANSWER:

Applications for Exploration Licence Applications (ELA) 6327 and 6328 were submitted by Narrabri Coal Pty Ltd (and J-Power Australia Pty Ltd, Kores Narrabri Pty Limited) on 4 August 2021.

Narrabri Coal has made these exploration licence applications under the Operational Allocation framework for coal titles, which enables existing coal titleholders to apply for additional exploration titles to maximise the value and longevity of existing mining operations or enable better mine designs.

On 2 September 2021 the Department sent correspondence to Narrabri Coal outlining that the approval of an underlying title holder (the Department) was required prior to lodgement of an application for an operational allocation.

Narrabri Coal withdrew ELA6327 and ELA6328 on the 3 September 2021.

a) No.

b) No.

13. How many fines for environmental non-compliance have been issued under the Mining Act in the last 5 years?

ANSWER:

Since 30 August 2016, the Resources Regulator has issued 124 penalty notices for environmental related non-compliances totalling \$321,850.

Regional Precincts

14. Why was the Namoi region identified as a Regional Job Precinct to support intensive agriculture and livestock production, considering the risks to groundwater and other potential and predicted environmental damage resulting from intensive mining in the region?

ANSWER:

The Namoi region was identified as a Regional Job Precinct because intensive agriculture and livestock production requires extensive land use planning and coordination to balance the needs of existing and growing communities.

The Department of Regional NSW will work closely with councils and other government agencies to ensure water supply for the Regional Job Precinct and the region is sustainable over the long-term.

15. For what reason was the Williamstown Special Activation Precinct (the only precinct in the Hunter region) chosen as a “defence and aerospace hub” rather than as a renewable energy industrial precinct?

- (a) Were local conditions in the Hunter included in this decision making, including the need to ensure a just and equitable transition away from fossil fuel dependent industries for coal communities?
- (b) How many jobs are predicted to be created by the defence and aerospace hub directly?
 - i. How many of those jobs are predicted to go to local residents?

ANSWER:

The Williamstown Special Activation Precinct (SAP) was chosen as a “defence and aerospace hub” to leverage the catalytic \$1 billion investment into the Joint Strike Fighters (JSF) program, located at Williamstown RAAF base, by the Department of Defence.

- (a) Yes. The Williamstown SAP will create skilled employment opportunities to support transitioning workforces.
- (b) Up to 4,300 direct jobs are predicted to be created
 - (i) Analysis of 2016 ABS Census Journey to Work data shows 60% of workers in Port Stephens LGA also resided within the LGA, with the remaining 40% commuting from LGAs within the Hunter Region. This ratio is predicted to be stable over time.

Questions from the Hon Mark Buttigieg MLC (on behalf of the opposition)
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Future of Gas Statement

16. What was the total cost to produce and publish the Future of Gas Statement?

ANSWER:

All costs were met from within the Mining, Exploration and Geoscience Group’s normal operating budget.

17. Did the NSW Government conduct any consultations during the drafting of the Statement?

- (a) Did this include any companies holding expired petroleum exploration licences in the impacted region?

ANSWER:

Yes.

(a) Yes

18. How frequently will the Statement be updated?

ANSWER:

The Statement does not have an update schedule.

19. Does the Government intend to review areas in which gas exploration can occur?

(a) If so, how frequently will this be reviewed?

ANSWER:

The Government does not intend to release any further areas for gas exploration.

20. In relation to Part 2 of the Plan of Action ('Enabling access to gas or affordable alternatives to unlock economic potential and job creation'), which steps have been taken to ensure consumers in NSW will not face higher gas prices in the future?

ANSWER:

The Government is progressing the various specific actions outlined in that part of the Statement and will continue to investigate other opportunities. This includes support for limited local production, in-principle support for investment in liquefied natural gas (LNG) import terminals and gas pipelines, and fuel-switching opportunities.

Royalties for Rejuvenation Fund

21. How will the statutory expert panel for the Royalties for Rejuvenation Fund be selected?

ANSWER:

Appointments to the Expert Panel will be formally made by the Deputy Premier on advice from the Department of Regional NSW, and in line with the NSW Government Boards and Committees Guidelines. The Panel will include representatives from a range of key stakeholders, and will be selected based on their relevant experience, skills and knowledge.

22. In May 2021 the Deputy Premier said that:

"We will work with mining communities to establish the Hunter Expert Panel and ensure it is

given the independence it needs to design the terms of reference, policy, direction and guidelines for investments from the Royalties for Rejuvenation Fund.” Who will determine the level of independence granted to this panel?

ANSWER:

The Deputy Premier will be responsible for determining the operating parameters for the Hunter Expert Panel, in consultation with the Department of Regional NSW.

23. Will the Department of Regional NSW have a representative on the panel?

ANSWER:

No.

24. Will the Hunter Expert Panel have an active role in job creation associated with the Royalties for Rejuvenation Fund?

ANSWER:

The Hunter Expert Panel will have an active and leading role in providing advice on potential economic opportunities to support job creation and the development of new industries in the region.

NSW Resource Regulator

25. How much in funding did the NSW Regulator provide to companies under its Sponsorship Policy between January and June 2021?

(a) Which companies received funding?

ANSWER:

Nil.

(a) Not applicable.

26. According to the Sponsorship Policy criteria, organisations must have ‘a sound reputation with the Government’. Who assesses this?

(a) What factors are taken into consideration?

ANSWER:

Assessment of applicants is undertaken by the Strategic Review Panel, which consists of Resources Regulator Executives and Senior Managers.

(a) Factors considered are detailed in the published Sponsorship Policy.

27. How many safety site assessments were conducted between January and July 2021?

(a) Of these, how many site assessments were reactive?

ANSWER:

Between January and July 2021, the Resources Regulator conducted 1,132 safety site assessments.

(a) Of these, 196 site assessments were reactive (17%).

28. Of the 951 mine safety incident notifications that NSW Resource Regulator attended to, how many penalties were issued by the NSW Resources Regulator?

ANSWER:

Of the 951 safety incidents notifications received during the period January through June 2021, the Resources Regulator issued 107 related safety notices.

No penalty notices have been issued in relation to these incidents, however several major investigations are ongoing into serious incidents which occurred in this period.

29. In July the Resources Regulator published an investigation into the death of an employee at the Snapper mine, has the Resources Regulator done anything specific to lift the standard of health and safety enforcement in response to its findings?

ANSWER:

Please refer to the answer to Question on Notice 11.

30. How often does the Resource Regulator provide training and webinars to mining operators?

(a) How many online training sessions were conducted between June to August 2021?

ANSWER:

The Resources Regulator regularly holds workshops and information sessions and industry forums.

(a) In June 2021, the Resources Regulator hosted six industry forums, presentations and seminars with one being a webinar. In July 2021 two face-to-face training sessions were held and in August 2021 the Resources Regulator hosted three industry forums, with two being webinars.

31. What was the average of weekly incident totals in July to December 2020 compared to January to June 2021?

ANSWER:

For 1 July 2020 through 3 January 2021, an average of 42 safety incidents per week and a total of 1,123 incidents were notified to the Resources Regulator. From 4 January through 4 July 2021, an average of 37 safety incidents per week and 974 total incidents were notified.

32. Have the work health and safety reports required from all mine operators been received?

- (a) How many operators failed to submit their reports by the 31 July 2021 deadline?
- (b) What penalties apply if your report is after the due date or incomplete?
- (c) How many penalties have been issued to operators for a failure to comply with the deadline?

ANSWER:

No.

(a) There were 426 distinct mine operators representing 1,323 mines that had not submitted reports before or on 31 July 2021. Since then reports have been submitted and as at 9 September 2021 there are now 407 distinct mine operators with open reports. This may include mines who are not required to submit a report. Non-coal operators who may have worked less than 10,000 hours, or mines where no mining operations were conducted or where exploration only activities were conducted during the year are not required to submit a report.

(b) The maximum penalty for not submitting a report is \$6,000 for an individual and \$30,000 for a corporation.

(c) Non-compliances for financial year 2020-2021 are still under review.

Resources for Regions

33. Which government departments and/or agencies are responsible for the administration and assessment of the Resources for Regions program?

ANSWER:

Infrastructure NSW administered Resources for Regions Rounds One to Four. The Department of Regional NSW has administered the program since Round Five.

34. Which 84 projects in Round 7 received funding?

- (a) What was the amount provided to each project?

ANSWER:

Successful Resources for Regions projects can be viewed on the NSW Government website at nsw.gov.au/regional-growth-fund.

35. In March 2021, the Department of Premier and Cabinet (DPC) published a report 'Resources for Regions – Rounds 5 and 6 Process Evaluation.' Why was this report only made public two years after Round 6 was administered?

- (a) How will the findings of this report be useful to future rounds administered by the Department of Regional NSW?
- (b) Were the recommendations from this report taken into consideration when undertaking the assessment and approval process for Round 8 so far?

ANSWER:

Evaluations are completed over a range of timeframes. The 'Resources for Regions Rounds 5 and 6 Process Evaluation' was undertaken by the Economic Appraisal and Evaluation Branch, in the Department of Premier and Cabinet

- (a) The findings of process evaluations are used to inform the design of future funding rounds. They were considered in the design of Resources for Regions Round 8.
- (b) The assessment of Resources for Regions Round 8 applications was undertaken in accordance with the criteria outlined in the published Program Guidelines

36. The DPC 'Resources for Regions – Rounds 5 and 6 Process Evaluation Report' states that Rounds 5 and 6 of the Resources for Regions programs were underspent, with \$50 million allocated for each Round and yet only a total of \$54.2 million was spent across both Rounds. Was this unallocated \$45.8 million rolled over?

- (a) In response to a question on notice, on 11 June 2020 the Deputy Premier indicated that unallocated funding from Round 6 will be rolled into the next round of the Resources for Regions program. Was the unallocated \$24 million from Round 6 rolled into Round 7?
- (b) If no, unallocated money was rolled over between Rounds, why not?

ANSWER:

The unspent funding from Round Six was allocated in Round Seven.

37. With respect to the 4 projects ineligible for Round 6 of the Resources for Region program, but were granted funding under the Government's 2019 Drought Stimulus package, as referred to in the hearing by Mr Barnes:
- (a) What were these projects?
- (b) How much funding was allocated to each of them?

ANSWER:

The following projects ineligible for Round 6 were funded under the Drought Stimulus program:

- Broken Hill Airport Safety Upgrade - \$2,452,358
- Gunnedah Shire Mystery Road Upgrade - \$2,250,000
- Battery Round Pavement Rehabilitation and Safety Upgrades Hilltops - \$1,086,000
- Singleton Multiple Roads Program - \$4,250,000

38. On 21st July 2021, the Deputy Premier announced the Future of Gas Statement and stated that: "We want to ensure communities where gas exploration occurs receive their fair share and that's why I'm also confirming additional funding will be made available for these LGAs through a future round of Resources for Regions."
- (a) In which round of the program will these LGAs receive their additional funding?
- (b) How much of Round 8 will be allocated to these LGAs?

ANSWER:

(a) Details on future rounds of Resources for Regions, including additional funding and LGA eligibility, will be made available at www.nsw.gov.au/regional-growth-fund/resources-for-regions.

(b) A total of \$75 million has been committed to Resources for Regions Round 8, with successful projects expected to be announced in September 2021. The existing 24 eligible local government areas are listed in the Round 8 program guidelines.

Mine Rehabilitation

39. When is the Resource Regulator next scheduled to review the assessed security deposits for mine rehabilitation?

(a) Does the Regulator have any plans to review its Rehabilitation Cost Estimation Tool?

ANSWER:

The Department regularly assesses the security deposit required for exploration and mining activities authorised by titles under the Mining Act 1992.

(a) The Resources Regulator's Rehabilitation Cost Estimate Tool is currently under review. The review will be finalised by December 2021.

40. Did the Department in its August 2021 assessment of the Rehabilitation Security Deposits incorporate the recommendations made in Auditor General's 2017 Performance Audit Report 'Mining Rehabilitation Security Deposits' with respect to the issues identified with the calculation of the mine rehabilitation calculator?

ANSWER:

Yes.

41. Of the mines that had their rehabilitation security deposits assessed by the Resources Regulator as at 20 August 2021, how many of these mining companies sought an independent ministerial review?

(a) How many ministerial reviews were granted?

ANSWER:

See answer to question 5.

42. Response to a supplementary question about the Strategic Statement on Coal from Budget Estimates earlier this year, question 46 (a) to be exact, it was stated that: "*a cross-agency Mine Rehabilitation Steering Committee has been established to progress other key reforms with an initial focus on post mine closure land use, final voids, residual risk and mines in care and maintenance*". So,

(a) Has the committee been established?

- i. If not, why has the committee not been established?
- (b) Which government agencies are included in this committee?
- (c) Who are the specific committee members?
- (d) How often does the committee meet?
- (e) How does the committee intend to strengthen regulatory requirements around mine rehabilitation and closure planning?
- (f) Have any new reforms been proposed by the committee?

ANSWER:

- (a) Yes.
- (b) Department of Regional NSW and Department of Planning, Industry and Environment.
- (c) Senior executives from the member agencies.
- (d) As needed.
- (e) By implementing rehabilitation reforms made through recent amendments to the Mining Regulation 2016 and continuing to focus on reforms relating to post mine land use, final voids, residual risk and care and maintenance.
- (f) No.

Legacy Mines Program

43. The 2021-22 budget allocated \$107.7 million over the next 10 years for the Government's Legacy Mines Program. How will this be allocated across the existing 645 legacy mine sites?

ANSWER:

The \$107.7 million funding will allow major remediation works at about 20 high risk legacy mines over a ten-year period.

44. How much of the allocated \$107.7 million will be distributed in the 2021-22 financial year?

ANSWER:

The allocation for the 2021-22 financial year is \$12.5 million.

45. Is the Legacy Mines Project Database public?

- (a) If not, why not?

ANSWER:

The Legacy Mines Project Database is not publicly available.

(a) The database was established as an internal system for recording and tracking program information. Information about the Legacy Mines Program is published on the Department's web site.

46. Legacy mines site risk assessments are conducted by the Department of Regional NSW. Why are these risk assessments not public?

ANSWER:

The Legacy Mines Program risk assessment is in internal working document. The assessment results are used to guide the allocation of resources to undertake site inspections, detailed studies and ultimately remediation works. Information about the Legacy Mines Program is published on the Department's web site.

47. In 2018 the Department of Planning and Environment stated in a media release: An Australia-first rehabilitation Geographic Information System (GIS) will also be introduced by March 2018 to assist mining companies and Department environment officers to accurately record and track areas of disturbance and effectiveness of rehabilitation progress at each mining site in NSW. Is there an explanation as to why it took till July 2021 for the Department of Regional NSW to launch this system, three years after it was indicated?

ANSWER:

The Mine Rehabilitation Portal has been in place since about September 2017. The requirement for industry to submit data via the Portal was not mandated until the commencement of the Mining Amendment (Standard Conditions of Mining Leases – Rehabilitation) Regulation 2021 on 2 July 2021. Industry is now subject to transitional arrangements to submit spatial rehabilitation data into the Mine Rehabilitation Portal as set out in the Regulation.

48. Given that mining operators will now be required to publish their rehabilitation management plans, will this affect how the Government assesses and collects security deposits?

ANSWER:

In accordance with the new Mining Amendment (Standard Conditions of Mining Leases – Rehabilitation) Regulation 2021, rehabilitation cost estimates will be required to be submitted annually as part of the Annual Rehabilitation Report and Forward Program.

49. What actions have the Department taken to implement the finding made by the 2018 NSW Auditor-General's report into Mining Rehabilitation Security Deposits that there is no mechanism to prevent a NSW mine being in 'care and maintenance' indefinitely?
- (a) If nothing has been done, especially in light of the most recent mining rehabilitation regulation, why not?

ANSWER:

The [Mining Act 1992](#) allows operators to seek approval to suspend mining operations (sometimes referred to as 'care and maintenance'). Mining Exploration and Geoscience in the Department of Regional NSW is developing legislative, policy and operational changes to implement a clearer framework for when mining operations can be suspended. The reforms targeting rehabilitation, progressed through recent amendments to the Mining Regulation 2016, set clear obligations for mine operators to undertake and complete rehabilitation activities as soon as is reasonably practicable, irrespective of whether mining operations have been suspended.

Special Disaster Grant and Supply Chain Support Grant

50. In stage 1 of the Bushfire Local Economic Recovery Package there were 16 forestry projects that received a total of \$41,895,852 in *Sector Development Grants*. Who were the recipients?
- (a) How were these recipients selected?

ANSWER:

All successful Stage 1 Bushfire Local Economic Recovery Fund – Sector Development Grants, including forestry projects, can be viewed on the NSW Government website at <https://www.nsw.gov.au/regional-nsw/regional-recovery-programs>

- (a) All Stage 1 Bushfire Local Economic Recovery Fund – Sector Development recipients were selected through a competitive, merit-based grants process with projects assessed against publicly available program guidelines.

51. In stage 1 of the Bushfire Local Economic Recovery Package there were 49 forestry projects that received a total of \$26,466,167 in *Supply Chain Support Grants*. Who were the recipients?
- (a) How were these recipients selected?

ANSWER:

The Supply Chain Support Grants were delivered as a component of funding under the Bushfire Industry Recovery Package, not the Bushfire Local Economic Recovery Fund.

A summary of the number of successful applicants and funding provided, as per eligible industry sector, is available on the NSW Government website at <https://www.nsw.gov.au/regional-nsw/regional-recovery-programs/bushfire-industry-recovery-package>

(a) All applications were assessed by staff from the Department of Regional NSW, including the Rural Assistance Authority. All entities who received funding were deemed eligible under the published program guidelines and industry-specific fact sheets.

52. How many of the Supply Chain Support Grant recipients were haulage contractors?

ANSWER:

All entities who received funding were deemed eligible under the published program guidelines and industry-specific fact sheets.

53. The Supply Chain Support Grant criteria stated that “eligible applicants for haulage of burnt timber (unprocessed) must be the bearer of the haulage charges for the out of area timber”, effectively making haulage contractors ineligible for individual financial support. If the very premise of the Bushfire Industry Recovery Package is to “rebuild, recover and regrow” affected industries, why were haulage contractors who had an active role in bushfire recovery ineligible for this grant?

ANSWER:

Forestry projects funded under the Supply Chain Support Grants supported regional timber businesses to transport, mill and process burnt timber at NSW mills, generating economic activity and supporting local job retention. Haulage contractors benefitted from the additional flow of timber generated by the program and the stimulation of economic activity along the supply chain.

54. Forest contracting businesses faced approximately 30% increase in costs to harvest and haul burnt timber and did not recoup this cost through their contracts or benefit from the Supply Chain

Support Grant. What support is available from the government to ensure these businesses and workers are not at further risk in the future?

ANSWER:

The details of individual contracts between contracting businesses and processors remains a private commercial matter between the parties.

The Bushfire Industry Recovery Package – Supply Chain Support Grants funded targeted projects to support the short-term recovery needs and retention of jobs for producers and businesses in the forestry sector in bushfire impacted regions. This program supported haulage contractors who benefitted from the additional flow of timber generated by the program and the stimulation of economic activity along the supply chain.

A range of business assistance has also been made available to the sector through additional programs and services provided by the NSW Government.

55. Forest contracting businesses of the South West Slopes region are facing reduced quotas, forward contracts with reduced volumes and some will cease operations altogether. Given that the government has fallen short in assisting these businesses through their bushfire recovery, would the government provide income support payments consistent with previous government industry support such as the Blue Ridge Hardwoods Retrenched Workers scheme?

(a) If not, why not?

ANSWER:

We reject the premise of the question that the government has fallen short in assisting timber businesses. The NSW Government has committed significant funding to support the short, medium and long-term recovery objectives of businesses within the forestry sector. This forms part of the \$4.5 billion committed by the NSW and Australian Governments to support bushfire recovery in impacted regions.

(a) See above.

56. Were any recipients of the Special Disaster Grant - Bushfires private forest harvesting contractors?

(a) If not, why not? *The grant guidelines indicate that contractors working in private forestry would be eligible according to the definition of a primary producer.*

ANSWER:

The RAA asked applicants for ‘Special Disaster Grant – Bushfire’ which industry they derived their main source of income from. Sixteen recipients of the grant indicated forestry as their main source of income. The forestry classification includes people who derive an income from selling harvested timber, and who derive a secondary income from forestry, as well as forestry contractors.

Timber Supply Shortage

57. Has the Government given further consideration to Labor’s call to appoint a Forestry Recovery Commissioner, along with a NSW Forest Industry Advisory Council to ensure closer management and planning of the State’s timber resources in the wake of ongoing challenges from the 2019/20 Bushfires?

(a) If not, why not?

ANSWER:

No.

(a) Forestry recovery is a function of the role of the Minister responsible for forestry in NSW, the Deputy Premier.

The Department of Regional NSW already works closely and effectively with the industry, and the Deputy Premier has two industry advisory groups in place – they are made up of a range of industry organisations and businesses working in either the softwoods or hardwoods sectors in NSW.

Industry stakeholders are able to raise any relevant issues of concern with the Deputy Premier and his office at any time.

58. In Budget Estimates in March 2021, Deputy Premier John Barilaro stated that there is “no easy fix” and effectively no plan for the timber supply shortage currently facing NSW. What has the Government done since then to address the current timber shortage, which is impacting on the supply of timber for the current housing boom?

ANSWER:

Since March 2021, the Government has continued to salvage timber where possible from fire-affected areas and drive accelerated replanting programs.

The salvage harvesting effort has been complemented by the NSW Government's \$46 million equity injection to Forestry Corporation to support re-establishing plantations, expanding production nurseries to increase seedling production and repairing infrastructure and roads damaged by fire.

Only recently, the Deputy Premier oversaw a ministerial direction to Forestry Corporation to divert selected softwood log exports to domestic markets over the next three years. That Walcha resource will result in an additional 270,000 tonnes of timber entering the domestic supply chain.

Other actions from the NSW Government to support the timber industry (including addressing timber shortages) have included:

- \$41.8 million in approved Bushfire Industry Recovery Package sector development grants
- \$10 million for haulage of fire-affected timber and \$15 million for storage assistance (with complementary Commonwealth assistance). NSW successfully negotiated a one-year extension with the Commonwealth for haulage subsidy claims (now expiring June 2022)
- Low interest loans from the Forest Industries Innovation Fund (including a recent increase in the loan cap from \$3 million to \$5 million)
- Exploration of alternative timber supplies for domestic needs in NSW (including timber previously exported)
- Actively promoting the expansion of private native forestry

Forestry Corporation

59. How is the government supporting industry to access any additional supply of timber and transport these logs from further afield, to mills with capacity (especially the bushfire affected timber mills in Tumut, Tumbarumba and Bombala which have seen a significant reduction in supply)?

ANSWER:

As noted previously, the majority of timber from Walcha which was previously exported is being re-directed to mills in the Tumut / Tumbarumba area to supplement supply from fire-affected plantations. Timber from the Walcha resource is also been processed in Oberon. Additionally, up to 120ktpa of low grade wood previously exported from Bombala has been diverted to Visy.

60. Is Forestry Corporation of NSW exporting any softwood sawlogs at the moment? If so:

- (a) What volumes?

- (b) From which plantations?
- (c) From which ports?
- (d) To which countries?

ANSWER:

Only lower grade materials, unsuitable for domestic mills, is being exported.

- (a) In August 2021 6,500 tonnes of fire salvage and 4,500 tonnes of sawlog not of a size usable by local mills was exported from Bombala and 2,265 tonnes which were predominantly unsuitable for local markets, was exported from Walcha.
- (b) Plantations in Bombala and Walcha
- (c) Eden and Port of Botany
- (d) India, Korea and Vietnam

61. Has the government pivoted with the current timber shortages by stopping any existing export contracts and redirecting to the domestic supply? If so:
- (a) What volumes?
 - (b) From which plantations?
 - (c) To which mills?

ANSWER:

See answers to 58 and 59.

62. How long will it take to replant the softwood plantations burnt in the 2019-20 bushfires?

ANSWER:

Re-planting fire-affected softwood plantations commenced in 2021 with around 15 million seedlings being planted over the winter season. The re-planting has been fast tracked through additional capacity created in the Corporation's two production nurseries. The Corporation has a goal to complete the replanting by 2027 and is currently ahead of schedule.

Growing the forest estate

63. According to the Australian Bureau of Agricultural and Resource Economics, the NSW plantation estate has barely grown over the past decade despite record demand for timber. What is the NSW Government doing to actively grow the forest estate in the state?

ANSWER:

The NSW Government committed to expanding the plantation estate in the NSW Forestry Industry Roadmap. In 2018, the NSW Government committed \$24 million to the expansion of the public plantation estate for timber production. The devastating bushfires of 2019/20 had a significant impact on the publicly-owned plantation timber estate in NSW, with 25% of the softwood plantation estate and 15% of the hardwood plantation estate in NSW impacted by fire.

Forestry Corporation has commenced an accelerated replanting program that will see fire-affected plantations fully restocked by 2027. This will increase the annual cost to Forestry Corporation of replanting plantations by an estimated \$15 million per annum to \$41 million per annum over seven years.

The NSW Government has injected \$46 million equity in Forestry Corporation to support fire recovery, with around \$28 million of this fund allocated to supporting this vital replanting work, including by increasing capacity at seedling production nurseries.

An additional \$22.6 million, being the balance of the \$24 million four-year fund announced by the NSW Government in 2018 to purchase private land to expand the plantation estate, has also been redirected to replanting efforts. Forestry Corporation production nurseries in Tumut and Grafton have already been expanded thanks to this funding. Around 16 million seedlings will be planted in this planting season, comprising seedlings produced by Forestry Corporation and purchased from private nurseries, up from around 10 million in a normal year. These seedlings will restock an estimated 12,000 hectares of softwood plantations in 2021, up from an average 8,000 hectares that is restocked in a normal year, and this rate of replanting will be sustained over seven planting seasons. The area of hardwood plantations replanted has also increased and this will be maintained over a five-year period.

Forestry Corporation has moved quickly to salvage fire-affected timber and recover as much value as possible and will continue to work hard to regrow the plantations as quickly as possible to shore up our long-term softwood timber resource.

The NSW Government will continue to look at opportunities to expand the plantation footprint, including hardwood plantations, as a means of alleviating pressures on the native forest estate which was also impacted by the 2019/20 bushfires.

64. With the largest source of suitable native hardwood potentially on private land, is the government undertaking any assessment of this resource?

ANSWER:

The NSW Government has conducted a number of assessments into the state and condition of NSW's private native forest estate, including:

- Forest Yield Association Mapping,
- Developing a model that assesses and rates the value of native forests which has been applied to private native forests on the NSW north coast,
- Mapping the growth status and productivity of NSW North Coast Forests, and
- A report on the planning and regulatory instruments that interact with private native forestry.

These assessments are available at: <https://www.dpi.nsw.gov.au/forestry/private-native-forestry>

65. What initiatives is the government implementing to support the development of private native forestry?

ANSWER:

The NSW Government has committed \$20.1 million over 10 years to implement the Private Native Forestry Reforms and to facilitate landholders to engage in forestry activities.

66. How does existing legislation and policy encourage or incentivise farm forestry in the state?

ANSWER:

The NSW Government has invested \$20.1 million over 10 years to help facilitate landholder engagement with farm forestry through increased engagement, education and extension.

The NSW Government is also considering a number of reforms to farm forestry as part of the Private Native Forestry Review. Public submissions on the Private Native Forestry Review Terms of Reference identified outcomes based approaches to regulation (48%), the removal of dual consent requirements for PNF Plans (45%) and the creation of a forest stewardship incentives scheme (~50%) as potential areas for reform.

The PNF Review Terms of Reference submissions report is available at: https://www.lls.nsw.gov.au/data/assets/pdf_file/0005/1148666/PNF-Review-Terms-of-Reference-Submissions-Review-Report.pdf

Economic, environmental and social benefits of forestry

67. What are the main benefits provided by the entire forestry supply chain as understood by the NSW Government?

ANSWER:

The main benefits provided by forests and forestry include:

- NSW forests support a \$3.2 billion per annum forestry industry, employing more than 20,000 people in forestry and related industries. A significant proportion of these jobs are in regional NSW.
- The forestry industry provides renewable timber products like house framing, flooring, furniture and packaging.
- Forests provide life-sustaining ecosystem services to support biodiversity.
- Water purification services provided by healthy, forested land are essential to the supply of safe, affordable drinking water.
- Forested public lands support Aboriginal economic development and employment and hold strong cultural connections.
- Forested lands support the tourism industry.
- Access to forests also leads to increased physical activity and enhanced physical and mental health and wellbeing in people at all stages of life.
- Forests, and their products, can be managed as carbon sinks to support cost-effective natural solutions to climate change.

The Intergovernmental Panel on Climate Change recognises that managing forests for sustainable timber production is one of the best ways to mitigate climate change.

68. How are these benefits recognised within current NSW Government policies such as the Net Zero Plan Stage 1 and the 20 year Waste Strategy for NSW?

ANSWER:

There is recognition of forestry, as a primary industry, in the Net Zero Plan Stage 1. Options for forestry and forest products are being considered in the Primary Industries Productivity and Abatement Program. Forest residues are also recognised in the ‘NSW Energy from Waste Policy Statement’ that supports the 20-year Waste Strategy for NSW. Thermal use is an important way to better utilise forest residues and reduce carbon emissions. The plans will also support businesses to modernise their plant and equipment, as well as increase productivity, and have access to new markets and technologies.

The forestry sector is recognised as being able to deliver key strategies within the plans, these include:

- The green investment strategy - where forestry is seen as one of the opportunities to deliver carbon sequestration in future carbon markets.
- The sustainable choices strategy – where timber is recognised as a sustainable source of construction materials for housing.

Outcomes sought under these plans are supported by other projects and programs supported by the NSW Government in the forestry industry. For example:

- A range of energy projects were supported by Bushfire Industry Recovery Package (BIRP) funding to utilise wood waste and byproduct for on-site energy generation.
- Several proposals have been funded through the BIRP and Forest Industries Innovation Fund to construct and improve plant and equipment to secure improved energy efficiencies in manufacture and processing.
- Similarly, there have been projects funded to develop new and innovative products and manufacturing processes.

69. What do industry have to offer in achieving waste and climate change goals?

(a) How are you planning to work with industry?

ANSWER:

The forestry industry is recognised globally and nationally as a primary industry capable of reducing carbon emissions. It can also support other sectors, such as energy and construction, to reduce their carbon footprint.

(a) Forestry biomass can be used in a variety of ways to achieve climate mitigation, including innovative uses such as bio-plastics, nano-cellulose and green chemicals – while also achieving waste reduction. The NSW Government continues to explore a range of options for working with industry to assist in achieving waste and climate change goals. Current research and evidence-based policy settings to support the forestry industry in this area includes:

- The Biomass for Bioenergy program (<https://www.dpi.nsw.gov.au/forestry/science/forest-carbon/biomass-for-bioenergy>).
- DPI Forestry’s carbon team has established a network of woody crop trials to investigate the productivity and carbon sequestration of native trees managed on a short-rotation basis for biomass production in marginal, unproductive land.
- Primary industries, including forestry, have significant potential for industry development in regional areas under the Special Activation Precincts initiative.

70. Plantations are a major contributor to carbon sequestration. What policies does the NSW Government have in place to support the establishment of new timber plantations as a means of achieving emissions reductions?

ANSWER:

The NSW Government is a strong supporter of plantation forestry, both as the owner and operator of the largest plantation estate in NSW and in supporting private plantation operations.

Currently, the NSW Government is undertaking a review of the Plantations and Reafforestation Act (PR Act) and the associated Code, which is a commitment under the NSW Forestry Industry Roadmap. Facilitating the development of timber plantations is a fundamental aim of the PR Act, and it follows that the commercial viability and investment attractiveness of plantations were key considerations in developing the legislation. Aspects of the PR Act and Code that facilitate plantation investment are:

- Reduced administration and compliance costs through a streamlined approval mechanism; and
- Reduced business risk through a harvest guarantee.

The NSW Government recently provided the Forestry Corporation of NSW with a direct equity injection of \$24 million specifically for the purpose of expanding the plantation estate. This funding and a subsequent \$46 million equity injection have been redirected to support re-establishment of fire-affected plantations, expanding production nurseries to increase seedling production and repairing infrastructure and roads damaged by fires.

The NSW Government has also worked to clarify rules and enable opportunities for plantations to be recognised and included in the Emissions Reduction Fund (ERF). This includes improving the recognition of plantations and their products and allowing their participation in areas identified in the National Water Initiative.

The NSW Government supports Commonwealth initiatives such as the National Forest Industries Plan, the establishment of Regional Forestry Hubs, the National Farm Forestry Strategy and commitment to actions to support the plantation of a billion trees in a decade.

Support and promotion of the forestry industry

71. As lockdowns have highlighted the need to maintain the supply chains, how does the government support the breadth of the forestry supply chain?

ANSWER:

Forestry operations have continued despite restrictions related to COVID-19.

The NSW Government has worked closely with industry, through Department of Regional NSW regional teams and agencies such as the Forestry Corporation of NSW to ensure that supply chain partners, contractors and planting crews are aware of and adhere to measures that are in place to meet government COVID-19 health guidelines and minimise the risk to workers and the community. The government has continued to liaise with industry in relation labour needs for the massive replanting efforts underway and to ensure timber processors are identified as essential workers.

Forestry Corporation has received a \$46 million equity injection from the NSW Government as part of the COVID-19 stimulus response.

72. What measures have the NSW Government implemented to assist innovation in the industry, particularly for the pulp and paper processing sector, to optimise resource use?

ANSWER:

The NSW Budget 2018 delivered an investment of \$34 million over four years for the delivery of the Forest Industries Innovation Fund (FIIF) loan scheme to promote innovation, productivity and growth in the forest and forest products industries.

In addition, the Bushfire Local Economic Recovery Package supported 16 forestry projects that received a total of \$42 million in Sector Development Grants.

73. The 2021-2022 Budget committed \$51.2 million for recurrent expenses over four years to lead policy and industry development, research and regulatory oversight for NSW's wood and product manufacturing industry. In the first year, the government allocated \$13.4 million:
- (a) How will this be distributed between research and development projects and regulatory oversight?
 - (b) Is there an assessment criteria when allocating this funding?
 - (c) Have any industry development, research or regulatory oversight operations begun to date?
 - (d) Is there a plan for the distribution of \$51.2 million over four years?

ANSWER:

This is the recurrent budget for the forestry unit within the Department of Regional NSW (Primary Industries). The unit is responsible for forest industries development, plantation approvals and regulation on both public and private land, forest science (both plantations and native forestry including biosecurity), and leading forestry policy advice (both plantations and native forestry).

Cross tenure forest monitoring

74. In 2018 the Government announced a \$7.2 M allocation in the Budget to DPI for 'cross tenure forest monitoring':
- (a) What have been the outcomes of this work in 2021?
 - (b) Since 2018 what on-ground monitoring data has been collected?
 - (c) Since 2018 how many written reports have been produced?
 - (d) Is DPI still the major agency in the respect to this Budget Allocation?
 - (e) How much money has been spent on cross tenure monitoring compared to IFOA monitoring?

- (f) How has this budgetary allocation assisted cross tenure forest monitoring?
 - i. What has been the expenditure split between the monitoring of environmental, social and economic forest values?
- (g) How does the Government define 'cross tenure' forest monitoring?
 - i. How many social and economic monitoring projects have been completed?

ANSWER:

While Department of Regional NSW (Primary Industries) received the initial funding allocation for this program and is still an active participant, the funds were redirected to the NSW Natural Resources Commission, which is now the agency responsible for developing the NSW Forest Monitoring and Improvement Program.

Wood supply agreements

75. Does the wood supply agreement (WSA) owned and operated by Boral contain preference clauses which are not found in any other WSA with other native forest timber sawmills in NSW?

ANSWER:

Wood Supply Agreements for hardwood customers are published on the Forestry Corporation website.

76. Do any of these preference clauses provide Boral with a floor on preference marketable tree species and a cap on less marketable tree species?

ANSWER:

Wood Supply Agreements for hardwood customers are published on the Forestry Corporation website.

77. Is it correct that a 2014 variation gave Boral:
- (a) minimum share of total north coast Blackbutt supply at 85% of timber harvested
 - (b) the floor for blackbutt is set a fixed cubic metre level

- (c) a guaranteed minimum of total supply for spotted gum, brush box, tallowwood and Sydney Blue Gum of 49% of annual harvested
- (d) a floor was set for this timber in the WSA
- (e) a cap was set for New England hardwood species which reduced Boral's commercial exposure to less favoured species in the retail market?

ANSWER:

The 2014 Deed of Variation is published on the Forestry Corporation website.

Reporting of forestry operations

78. Why does the government continue to include forestry operations and plantation clearing in the land use change statistics termed as land clearing when the Biodiversity Review Panel in 2014 recommended they be removed on the basis that forestry is regenerated or replanted therefore not a land use change?

ANSWER:

This is a matter for the Department of Planning, Industry and Environment.

79. Why does the Government only report on canopy removals and not canopy additions?

ANSWER:

This is a matter for the Department of Planning, Industry and Environment.

80. Did EES use the Review of old growth mapping to look for endangered flora and fauna?

ANSWER:

This is a matter for the Department of Planning, Industry and Environment.

Spending

81. For each department, agency, State-owned corporation or other body, and for each division of those bodies, if any, in your portfolio/cluster in FY 20/21 what was the total amount spent on each of the following categories?

- (a) Indoor plants

- (b) coffee and tea
- (c) crockery
- (d) kettles, sandwich presses and toasters
- (e) alcohol
- (f) cakes, muffins and pastries
- (g) computers, computer monitors and office chairs
- (h) office renovations and fit-outs
- (i) taxi and rideshare expenses
- (j) office equipment
- (k) office renovations or upgrades
- (l) hospitality
- (m) conferences
- (n) travel
- (o) accommodation
- (p) employee development and training activities
- (q) study assistance
- (r) travelling and meal expenses
- (s) temporary accommodation benefits - commercial and private
- (t) removal and storage expenses
- (u) education of children
- (v) reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)
- (w) reimbursement of incidental costs (includes gas, electricity)
- (x) additional benefits.

ANSWER:

All NSW Government agencies must comply with the NSW Procurement Policy Framework established under the Public Works and Procurement Act 1912 to ensure value for money when procuring goods

and services. Information about expenditure is available in agencies' annual reports which are prepared and tabled in accordance with the requirements of the Annual Reports (Departments) Act 1985, Annual Reports (Statutory Bodies) Act 1984, Government Sector Finance Act 2018 and Government Sector Audit Act 1983.

82. For each department, agency, State-owned corporation or other body, and for each division of those bodies, if any, in your portfolio/cluster, from FY 20/21 what are details (specific item, and total cost) of the top five most expensive occurrences of spending on each of the following categories?

- (a) indoor plants
- (b) coffee and tea
- (c) crockery
- (d) kettles, sandwich presses and toasters
- (e) alcohol
- (f) cakes, muffins and pastries
- (g) computers, computer monitors and office chairs
- (h) office renovations and fit-outs
- (i) taxi and rideshare expenses
- (j) office equipment
- (k) office renovations or upgrades
- (l) hospitality
- (m) conferences
- (n) travel
- (o) accommodation
- (p) employee development and training activities
- (q) study assistance
- (r) travelling and meal expenses
- (s) temporary accommodation benefits - commercial and private

- (t) removal and storage expenses
- (u) education of children
- (v) reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)
- (w) reimbursement of incidental costs (includes gas, electricity)
- (x) additional benefits.

ANSWER:

All NSW Government agencies must comply with the NSW Procurement Policy Framework established under the Public Works and Procurement Act 1912 to ensure value for money when procuring goods and services. Information about expenditure is available in agencies' annual reports which are prepared and tabled in accordance with the requirements of the Annual Reports (Departments) Act 1985, Annual Reports (Statutory Bodies) Act 1984, Government Sector Finance Act 2018 and Government Sector Audit Act 1983.