

MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES

OVERVIEW

<i>Agency</i>	<i>Budget 2000-01 \$m</i>	<i>Budget 2001-02 \$m</i>	<i>Variation %</i>
Department of Mineral Resources			
Total Expenses	49.5	54.4	10.1
Asset Acquisitions	0.7	0.6	- 9.0
Coal Compensation Board			
Total Expenses	4.3	3.7	- 13.7
Asset Acquisitions
New South Wales Fisheries			
Total Expenses	40.9	49.6	21.2
Asset Acquisitions	2.5	4.2	68.1
Total, Minister for Mineral Resources and Minister for Fisheries			
Total Expenses	94.7	107.7	13.7
Asset Acquisitions	3.2	4.8	50.0

DEPARTMENT OF MINERAL RESOURCES

The Department's mission is to ensure that the people of New South Wales benefit from the responsible assessment, development and regulation of their mineral resources. The mission is accomplished through activities that involve the assessment of the State's geology and mineral resources, effectively allocating those resources for exploration, mining and regulating for the safety and environmental performance of mines.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Department's expenses will increase to \$54.4 million in 2001-02 compared to \$44.3 million in 1996-97. This is due to increases in administrative costs, maintenance and depreciation expenses and new spending initiatives.

Global competition, commodity prices and developments in financial markets continue to impact on the level of exploration and development investment in the State. However, New South Wales has maintained its share of Australian minerals and petroleum exploration investment. The annual value of production has increased by about 14 percent to \$6.8 billion.

In this context, the Department has maintained a strong focus on attracting investment and facilitating responsible development to ensure that New South Wales continues to have a viable exploration and mining industry in the future.

Recent major developments affecting the Department include:

- ◆ the Government's seven year, \$30 million "Exploration NSW" initiative. The focus of the initiative is on attracting exploration investment to the State by providing advanced, high quality geo-scientific data to industry and Government. Funding of \$3.8 million in 2000-01 was expended mainly in Broken Hill and the Central West and northern regions of the State. This geological information is also important to improving land use decision making;
- ◆ an important strategic study, conducted in the Murray Basin in cooperation with industry and other Governments. The study examines potential infrastructure needs to support the development of mineral sand mining projects;
- ◆ 2000-01 year was the third year in the Government's \$13.9 million five-year mine safety initiative, with an expenditure of \$3.2 million. The focus of the past 12 months has been on extensive consultation for developing a new regulatory framework and on a new campaign to improve the safety performance of small mines. Funding of \$1 million over two years has also been made to establish a prosecutions fund to support the Government's enforcement policy;
- ◆ the focus on improving mining approvals processes continued to achieve significant economic outcomes for the State. The most recent example is the approval of the Mount Arthur North Coal Mine in the Hunter Valley, which is estimated to be worth approximately \$400 million a year;
- ◆ amendments to mining legislation in 2000 strengthened the Government's ability to ensure best practice environmental outcomes by increasing fines and penalties for environmental non-compliance; and

- ◆ a continued commitment to restoring derelict mine sites by increasing funding for the Derelict Mined Lands Rehabilitation Program to \$1.6 million in 2000-01. This funding has enabled major works to be undertaken on 15 significant sites across the State and minor works on a further 15 sites to reduce safety hazards and increase environmental sustainability.

STRATEGIC DIRECTIONS

The key issues being addressed by the Department are:

- ◆ maintaining New South Wales' competitive position for attracting mineral and petroleum exploration investment;
- ◆ facilitating new mine development that achieves the Government's economic, environmental and social objectives. The minimisation of adverse social and environmental impacts is of particular importance; and
- ◆ regulating and managing mine safety and environment issues.

The Department is implementing long-term strategies to address these issues, including:

- ◆ continuing the implementation of "Exploration NSW" (\$5 million expenditure in 2001-02);
- ◆ consolidating reforms to mine safety regulation in response to issues raised in the discussion paper on coal mine safety;
- ◆ working with the industry to improve the environmental performance and safety of mining operations so that they achieve best practice standards; and
- ◆ continuing focus on the rehabilitation of derelict mine sites, particularly in water catchment areas. Current Government funding of \$1.6 million will be further enhanced in 2001-02 by a grant of \$2.8 million from the Environmental Trust. This grant will restore and rehabilitate the Conrad Mine near Inverell, the CSA excised areas at Cobar, the Yerranderie silver mines in the Blue Mountains and the Woodsreef asbestos mine near Barraba.

2001-02 BUDGET

Total Expenses

Total expenses of \$54.4 million for 2001-02 include:

- ◆ \$17.5 million to provide a comprehensive information framework on the State's geological, mineral and energy resources. This will ensure informed decision making processes for land use, infrastructure planning and the sustainable development of the State's resource. This will help deliver the exploration and development of the State's mineral resources in a responsible manner;
- ◆ \$9.5 million to advance sustainable mineral development in the State for the benefit of the community by:
 - providing stewardship of mineral resources and ensuring sound resource utilisation;
 - the encouragement and facilitation of well planned, responsible mining, mineral exploration and minerals processing developments;
 - managing and allocating exploration and mining titles in a timely and efficient manner; and
 - ensuring a fair return to the community for the development of its mineral resources;
- ◆ \$23.1 million to provide a regulatory framework that encourages industry to adopt "best practice" in environmental management and the management of health and safety on mine sites. This framework will continue to be supported by an active regime of audits, inspections and investigations and a clear and effective enforcement policy.

Asset Acquisitions

A total of \$625,000 has been allocated for asset acquisition. The allocation includes capital expenditure associated with the "Exploration NSW" initiative (\$161,000) and replacement of the Department's drill core truck (\$164,000).

COAL COMPENSATION BOARD

The Coal Compensation Board is responsible for receiving, determining and paying compensation for claims resulting from the acquisition of coal rights under the *Coal Acquisition Act 1981* and applications for compensation for re-acquired coal under the *Coal Acquisition (Re-Acquisition Arrangements) Order 1997*. The Board is also involved in a program of purchasing coal rights from owners who wish to sell their rights to the State.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

The Board's expenses will decrease by \$0.6 million to \$3.7 million in 2001-02. This decrease is attributable to the shift in responsibilities of the Board away from assessing equitable compensation for claims to management of the appeals process against their determinations.

The State re-acquired private coal rights in 1981 under the *Coal Acquisition Act 1981*. The State receives the royalties on this coal and has an outstanding liability to pay compensation to the former owners.

Compensation payments made by the Board totalled \$60 million in 1998-99 and \$37.6 million in 1999-2000. For the 2000-01 financial year, the Board estimates that it will pay out \$25.3 million in coal compensation. As at March 2001, total compensation paid since the inception of the Board was \$606.8 million.

The Board has substantially completed its business plan *Strategy 2001* by determining compensation for virtually all claims and applications for compensation. The few remaining claims and applications will be determined in conjunction with claims remitted back for reconsideration following successful appeals.

STRATEGIC DIRECTIONS

In 2001-02, the Board will focus on the management of appeals against the Board's compensation assessments based on expectations of "just and equitable" compensation. Virtually all compensation claims have now been determined.

2001-02 BUDGET

Total Expenses

The Board estimates that it will pay out \$10 million in coal compensation during 2001-02.

Administrative expenses are estimated at \$3.7 million. No new liabilities arising from compensation claims are anticipated.

NEW SOUTH WALES FISHERIES

New South Wales Fisheries is the State's aquatic conservation agency. It conserves, develops and shares the fisheries resources of the State for the benefit of present and future generations. Its role involves developing strategies for the conservation and sustainable use of fisheries resources, undertaking research to underpin those strategies, and carrying out compliance activities.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

During 2000-01, New South Wales Fisheries has achieved significant milestones in conserving the State's fisheries and fostering growth in the emerging aquaculture industry. Key initiatives over the past year have included:

- ◆ completing the first year of the Government's three year \$3 million Aquaculture Initiative – which featured a series of business forums, the development of sustainable aquaculture strategies for regional areas, and key research initiatives;
- ◆ commencing a comprehensive and transparent process of environmental assessment for each of the State's significant fisheries;
- ◆ promoting sustainability by listing six major saltwater commercial fisheries as category two share management fisheries;
- ◆ extending the successful freshwater fishing fee into the saltwater domain, with a commitment to reinvest the money raised back into recreational fishing;
- ◆ commencing a community selection process to create new recreational fishing areas;

- ◆ implementing comprehensive new conservation-focused saltwater bag limits for recreational fishers;
- ◆ implementing a new regulatory framework for the charter fishing boat sector, promoting the industry's sustainability and security;
- ◆ strengthening fish habitat protection laws;
- ◆ completing bioregional assessments for the Tweed-Moreton and Manning bioregions in order to identify candidate marine protected areas;
- ◆ releasing a consultation paper on aquatic reserves for rocky shores and estuaries in the Batemans and Hawkesbury Shelf bioregions; and
- ◆ finalising draft zoning and operational plans for the Solitary Islands Marine Park.

STRATEGIC DIRECTIONS

New South Wales Fisheries' strategic direction for 2001-02 will include:

- ◆ progressing the development of management strategies and the preparation of associated environmental impact statements for each of the State's significant fisheries;
- ◆ selecting new recreational fishing areas based on the outcomes of the community consultation process;
- ◆ developing regional sustainable aquaculture strategies;
- ◆ completing bioregional assessments for the Batemans and Twofold Shelf bioregions;
- ◆ developing zone and operational planning processes for the Solitary Islands, Jervis Bay and Lord Howe Island marine parks;
- ◆ selecting new aquatic reserves for rocky shores and estuaries in the Batemans and Hawkesbury Shelf bioregions; and
- ◆ developing recovery plans for threatened species, populations and ecological communities.

2001-02 BUDGET

TOTAL EXPENSES

Total expenses in 2001-02 will be \$49.6 million. This includes:

- ◆ an additional \$0.5 million for the identification of critical habitat and the development of recovery plans for threatened species, populations and ecological communities;
- ◆ an additional \$0.8 million to facilitate the Department's contribution to the Government's water reform agenda as embodied in the *Water Management Act 2000*;
- ◆ an additional \$178,000 to assist in the conservation of marine biodiversity through the creation of marine parks;
- ◆ \$1 million for the development of the emerging aquaculture industry – part of the \$3 million three year aquaculture initiative;
- ◆ \$0.3 million to upgrade the Department's corporate information network; and
- ◆ re-investment of the \$8.5 million expected to be raised by the general recreational fishing fee back into improving recreational fishing across New South Wales.

Asset Acquisitions

The Asset Acquisitions program for 2001-02 is \$4.2 million. This includes:

- ◆ \$1.5 million to build a joint office facility for the Marine Parks Authority, New South Wales Fisheries and the National Parks and Wildlife Service at Huskisson;
- ◆ \$0.5 million to upgrade the department's corporate information network, and \$410,000 for an ongoing program of computer replacement to allow more effective service delivery;
- ◆ an additional \$395,000 for marine parks;
- ◆ \$0.3 million for an upgrade of ponds and facility maintenance at the Port Stephens Fisheries Centre; and
- ◆ \$140,000 to upgrade the aquaria facility at the Cronulla Fisheries Centre for use in tagging experiments and aquaculture research.