

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Wednesday, 31 August 2016

Examination of proposed expenditure for the portfolio area

INDUSTRY, RESOURCES AND ENERGY

UNCORRECTED PROOF

The Committee met at 2:00 pm

MEMBERS

The Hon. R. Brown (Chair)

Mr J. Buckingham
The Hon. R. Colless
Mr S. MacDonald
The Hon. G. Pearce
The Hon. A. Searle
The Hon. M. Veitch

PRESENT

The Hon. Anthony Roberts, *Minister for Industry, Resources and Energy*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

The CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2016-17. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders past and present of the Eora nation and extend that respect to other Aboriginal people present. I welcome Minister Roberts and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Industry, Resources and Energy. Today's hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available.

In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments you may make to the media or to others after you complete your evidence, as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could answer only if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. Could everyone please turn off their mobile phones for the duration of the hearing? All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn, as you have already sworn an oath to your office as a member of Parliament.

SIMON SMITH, Secretary, Department of Industry, affirmed and examined

KYLIE HARGREAVES, Deputy Secretary, Resources and Energy, Department of Industry, affirmed and examined

GARY BARNES, Deputy Secretary, Economic, Skills and Industry Policy, Department of Industry, sworn and examined

The CHAIR: I declare the proposed expenditure for the portfolio of Industry, Resources and Energy open for examination. The questioning of the portfolio of Industry, Resources and Energy will run from 2.00 p.m. to 4.00 p.m. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

The Hon. ADAM SEARLE: Minister, are you aware of Mr Hilton Grugeon?

Mr ANTHONY ROBERTS: I am aware of the individual's existence.

The Hon. ADAM SEARLE: Are you aware that he features significantly in yesterday's Independent Commission Against Corruption [ICAC] report as being involved with others in evading New South Wales electoral funding and disclosure laws in connection with the Liberal Party campaigns for 2011 in Charlestown and Newcastle?

Mr ANTHONY ROBERTS: I think that was the outcome of the Spicer inquiry.

The Hon. ADAM SEARLE: Are you aware that in connection with the Newcastle campaign your predecessor, Mr Chris Hartcher, was involved in the same kinds of activities as Mr Grugeon?

Mr ANTHONY ROBERTS: I am aware of parts of Operation Spicer and I am aware of allegations that have been made.

The Hon. ADAM SEARLE: You are aware of the findings of the Independent Commission Against Corruption in that respect?

Mr ANTHONY ROBERTS: Generally, yes.

The Hon. ADAM SEARLE: Are you aware that at the time of these events described by the Independent Commission Against Corruption Mr Grugeon was being prosecuted by your agency, or its predecessor, for a serious criminal offence arising from a workplace death?

Mr ANTHONY ROBERTS: I am not aware of that.

The Hon. ADAM SEARLE: Mr Grugeon was a director of a company known as Hunter Quarries.

Mr ANTHONY ROBERTS: Yes, I am aware of that.

The Hon. ADAM SEARLE: On 14 June 2005 there was an accident in which the driver, Mr Darren Smith, was killed.

Mr ANTHONY ROBERTS: I am aware of that.

The Hon. ADAM SEARLE: Are you aware that criminal proceedings were commenced against Mr Grugeon and two other company directors in 2007 by your agency?

Mr ANTHONY ROBERTS: This occurred before my time.

The Hon. ADAM SEARLE: I know. It is not a trap, Minister. If you are not aware—

Mr ANTHONY ROBERTS: I am just trying to assist. I know that an investigation is currently underway.

The Hon. ADAM SEARLE: I am not asking about that matter.

Mr ANTHONY ROBERTS: All right.

The Hon. ADAM SEARLE: I want to be clear about that. In relation to Mr Grugeon and the other director, Mr Chevalley, there were a series of cases in the Industrial Court of New South Wales, the Court of Appeal and the High Court where Mr Grugeon challenged the legitimacy of the prosecution. He was unsuccessful in every case. It was eventually put back to the Industrial Court for trial. On 22 October 2012, after the prosecutor had succeeded and after all Mr Grugeon's efforts to stop the prosecution, your agency decided to

no longer prosecute Mr Grugeon for these offences. That led to the proceedings against each defendant being dismissed in the court. I have a copy of the note.

The Hon. GREG PEARCE: This is prior to the Minister being appointed.

The Hon. ADAM SEARLE: I understand this is before that, when I think you were the Minister for Fair Trading at the time.

Mr ANTHONY ROBERTS: That is correct.

The Hon. ADAM SEARLE: Intriguingly, no reasons were provided to the court as to why the prosecutions were discontinued. I think subsequently your agency has said it was done on legal advice. It is interesting because Mr Grugeon had tried on legal grounds to stop the prosecution over a number of years and had not succeeded. Of course, there is an interesting question as to why your agency did discontinue the proceedings.

Now we see that at this time Mr Grugeon was a significant donor to your party and was connected with your predecessor as Minister, Mr Hartcher, in providing support to the campaign of Mr Tim Owen in Newcastle. There is a continuing mystery about why the proceedings were discontinued. My question is: Can you shed any light on why the proceedings were discontinued? It is not a trick. I am happy to provide you with what I think is the lawyer's note about the discontinuance and I am happy for you to take this question on notice. The request by the prosecutor from your agency to discontinue the proceedings exposed your agency and the State of New South Wales to paying Mr Grugeon's, presumably, very considerable legal costs. Did your agency or the State of New South Wales pay for his legal costs?

The Hon. GREG PEARCE: Is that a question on notice?

The Hon. ADAM SEARLE: If the Minister wants to take it on notice.

The Hon. GREG PEARCE: He was not the relevant Minister at the time.

The Hon. ADAM SEARLE: His agency may well know. How much were the legal fees for Mr Grugeon and Mr Chevalley? Did you pay them? Given Mr Grugeon's political involvement, there is the lingering question as to whether his political involvement had any bearing on why, after five years of fighting Mr Grugeon in various courts, your agency decided to no longer proceed against him. Will you commit to having an independent—

The Hon. GREG PEARCE: Point of order: Are you tendering this piece of paper?

The Hon. ADAM SEARLE: I am happy to do so.

The Hon. GREG PEARCE: Can you identify the author of the piece of paper? It has different writing on two sides.

The Hon. ADAM SEARLE: For the benefit of the Committee, the document was produced to the New South Wales Legislative Council pursuant to a Standing Order 52 resolution. It was provided, I believe, by your agency or possibly by the WorkCover Authority.

The CHAIR: As a non-privileged document?

The Hon. ADAM SEARLE: As a non-privileged document, but in case that not be so, we do not have to publish it at this stage. We can just check that.

The CHAIR: The Committee will take a resolution at the end of the proceedings as to what it accepts. At this point in time, the document has been tabled for inspection by the Minister and by members of the Committee. Minister, will you answer the three questions or take them on notice?

Document tabled.

The Hon. ADAM SEARLE: I am happy to spell them out. The first is: Did your agency pay the legal fees of Mr Grugeon and Mr Chevalley? If so, how much were they? Why did you? More fundamentally, given yesterday's revelations in the Independent Commission Against Corruption [ICAC] report and Mr Grugeon's heavy political involvement, including with your predecessor as Minister who was Minister at the time the prosecution was discontinued, will you commit to an independent and open review of the circumstances surrounding the discontinuation of this prosecution by your agency?

The Hon. GREG PEARCE: Point of order: With respect, there was nothing that I am aware of in the ICAC report that in any way connected Mr Grugeon's activities, the court case or the other things that are being implied in the questions of the Hon. Adam Searle—

The Hon. ADAM SEARLE: I never said it was—

The Hon. GREG PEARCE: If we can just be clear about that. The ICAC report does not in any way traverse the sorts of issues that the Hon. Adam Searle is trying to—

The Hon. ADAM SEARLE: What the ICAC report does do, Mr Chair, is it shows that Mr Hartcher was engaged in activities to ensure that Mr Tim Owen had his campaign for Newcastle funded in a way that, according to the ICAC report, evaded or broke the New South Wales funding and disclosure laws.

The CHAIR: I will rule on the point of the order.

The Hon. ADAM SEARLE: At the same time Mr Grugeon was engaged in the same activity for Mr Owen.

The CHAIR: I uphold the point of order only in relation to the third question. The first two questions stand.

The Hon. ADAM SEARLE: What was the third question?

The CHAIR: Was it as a result of a political bribe?

The Hon. ADAM SEARLE: No, my question to the Minister is, Will you have an open and independent inquiry into the circumstances—

The CHAIR: Okay, in that case I do not uphold the point of order. I allow the question.

The Hon. ADAM SEARLE: Minister, will you commit to having an open and transparent inquiry into the reasons and circumstances surrounding your agency's discontinuation of the prosecution against Mr Grugeon and Mr Chevalley?

Mr ANTHONY ROBERTS: When were those decisions made? Do you have them?

The Hon. ADAM SEARLE: I think it is written on the document.

The Hon. GREG PEARCE: To the extent that you can rely on this document. It is somewhere between 25 October—

The Hon. ADAM SEARLE: I am happy to get the dates but I think it is a matter of record. Your department will have the information about when this occurred. It was 22 October 2012.

The CHAIR: If you choose to take the question on notice the Hon. Adam Searle will undertake to provide the dates in the question to the Minister?

The Hon. ADAM SEARLE: I can tell the Minister that I believe on 22 October 2012 the charges were dismissed against Mr Grugeon and Mr Chevalley in the Industrial Court on the request of prosecutors either employed by or engaged by your agency.

The CHAIR: The Minister can either answer the question or choose to take it on notice.

Mr ANTHONY ROBERTS: I am very happy to take it on notice. I assure the Hon. Adam Searle that under my watch we have now created the NSW Resources Regulator which is a standalone regulator responsible for compliance and enforcement functions right across the State's mining and energy sectors and, of course, providing regular improvement with those regulatory functions of the department. I did that to ensure that the regulatory functions within the New South Wales Department of Industry have clear separation from industry development activities. The move is very much designed to ensure a consistent and responsive regulatory approach and to provide increased transparency and community confidence. The new NSW Resources Regulator is headed by the chief compliance officer who is a highly decorated former assistant commissioner. She cannot be with us today. She might have been able to shed some light on this but unfortunately she just was not able to be here.

The CHAIR: As a matter of clarification, is that Ms Lee?

Mr ANTHONY ROBERTS: That is correct, sir.

Mr SMITH: Ms Lee Shearer.

Mr ANTHONY ROBERTS: There will be an oversight of an Advisory Committee comprising the Chief Compliance Officer, the Department of Industry General Counsel, the Land and Water Commissioner as well as an independent regulatory advisor. Again, the establishment of the new Resources Regulator is not going to change any of the current responsibilities for compliance and enforcement of the New South Wales Environmental Protection Authority or the New South Wales Department of Planning. There will be no change

to compliance obligations for those undertaking exploration or mining activities. Again, I want to make it quite clear the importance of having a separation of powers here between those that develop the industry and drive it and those that enforce compliance and regulate the industry. But I am certainly very happy to take that on notice.

The Hon. ADAM SEARLE: It is of particular interest when parts of the ICAC report are read about why Mr Grugeon gave donations, for example, in relation to Mr Cornwell through purchasing the painting. It is quite clear he did not know Mr Cornwell but he agreed that it was for patronage reasons. One can see a potential implication that arises about whether the actions subsequently of your agency—

Mr SCOT MACDONALD: Is there a question?

The CHAIR: I was just about to ask the Hon. Adam Searle if he has another question?

The Hon. ADAM SEARLE: Minister, can you see that there might be some unease in the community given the juxtaposition of Mr Grugeon's activities in funding Liberal campaigns, including with Mr Hartcher and then the subsequent activities of Mr Hartcher's agency discontinuing the very serious criminal prosecutions against him?

Mr ANTHONY ROBERTS: I am very happy to take it on notice and will come back with it as a matter of urgency.

The Hon. ADAM SEARLE: In relation to the issue about the regulator, are the decisions about whether to prosecute still susceptible to departmental control? For example, does your department have the final say about whether an individual prosecution is commenced or ceased?

Mr ANTHONY ROBERTS: My departmental secretary Mr Smith is here. I might ask Mr Smith to elaborate further.

Mr SMITH: As far as the law is concerned there is a wide range of people who have standing to commence a prosecution under our various pieces of legislation. As an administrative arrangement the Minister has asked us to set up the Resources Regulator with the key purpose of ensuring that there is clear separation on decisions to commence proceedings from political office holders and to provide reassurance to the community that it is done without fear or favour. The way the arrangement works is we have a couple of levels of review and decision-making. There would be, for example, an investigating officer to whom an allegation is put or who discovers irregularities in the course of inspection of a facility. Then Ms Shearer's team allocates resources to investigate and establish whether there is a breach and whether there should be an enforcement action. Depending on which Act it is, there are various internal oversight committees that look at the quality of the legal evidence and they seek legal advice as to what our prospects are of success of commencing prosecution.

The new part is we have established this advisory committee which has some very trusted, eminent and experienced people on it. One of those is Lisa Corbyn, who is the former chief executive of the NSW Environment Protection Agency [EPA]. The other is Jock Laurie, who is the Land and Water Commissioner and someone who is well known in regional New South Wales. Then there is our own General Counsel and Ms Shearer. They look at all of the serious matters and give advice to me as to whether to proceed or not based on their recommendations and the legal advice that is put. There is nowhere to hide on any of those decisions because they have written records about when that advice is given to me. At the moment it is me who makes those decisions to commence the proceedings.

The Hon. ADAM SEARLE: What about discontinuances?

Mr SMITH: The same process would apply.

The Hon. ADAM SEARLE: The Minister does not play any role?

Mr SMITH: No, he does not.

The Hon. ADAM SEARLE: But those arrangements were not in place in 2012?

Mr SMITH: They are new since the Minister has been appointed.

The Hon. ADAM SEARLE: When were those arrangements that you have just described put in place?

Mr SMITH: They were put in place after the election. There is a facts sheet on our website that announces when it was commenced and when the committee and so forth started work.

The Hon. ADAM SEARLE: After April 2015?

Mr SMITH: Yes, that is right.

The Hon. ADAM SEARLE: Minister, are you aware that today is the annual general meeting of Wollongong Coal?

Mr ANTHONY ROBERTS: No, I am not.

The Hon. ADAM SEARLE: It commenced at 2 o'clock today at Towradgi. Can you inform the Committee what steps you have taken as Minister to satisfy yourself that Wollongong Coal remains or is a fit and proper person to hold a licence under the Mining Act in New South Wales?

Mr ANTHONY ROBERTS: Wollongong Coal is the owner of Russell Vale and Wongawilli collieries. As you mentioned before, it is their annual general meeting. With reference to the fit and proper person test, the Mining Act 1992 and the Petroleum (Onshore) Act 1991 contain a number of mechanisms to ensure the integrity of those conducting exploration or mining activities in New South Wales. Extensive compliance and technical checks are conducted by the NSW Department of Industry on all applications to grant, renew or transfer an authority. I will ask Deputy Secretary Hargreaves, who oversees this, to elaborate further.

Ms HARGREAVES: Obviously mining is a very important part of the New South Wales economy, but we acknowledge that it is a privilege to extract minerals from New South Wales. Therefore we require our title holders to adhere to high standards and requirements under our regulatory and legislative requirements. At any stage of granting, renewal or transfer of a title we look at the title holder's ability to complete those duties in a fair and respectful manner. That can include looking at technical capabilities, financial capabilities, the compliance and enforcement history of that title holder, the work plan to make sure that they are seeking to extract those resources in a timely and efficient manner and a whole host of other issues.

It can include making sure that if there are any overseas activities, if there is a direct link of influence to the Australian subsidiary, that those behaviours are appropriate. Likewise, if there are activities in overseas jurisdictions that have no direct link to the operations of the Australian subsidiary those matters cannot be taken into account under the fit and proper test. There is quite a complex range of issues and threshold tests. Again, anyone who is found to be not fit and proper would obviously expect to have an opportunity for due process to be able to come back, understand what the issues are and what adverse information has been presented.

The Hon. ADAM SEARLE: I do not wish to interrupt you but my question was what steps the Minister had taken to assure himself that Wollongong Coal is or remains a fit and proper person. You are giving me some very general and very interesting information but none of it answers the question and you are running down the clock on my time. Minister, can you or Ms Hargreaves answer the question specifically as to what you have done about determining for yourself whether Wollongong Coal remains a fit and proper person to hold a mining licence?

Mr ANTHONY ROBERTS: This is very much an operational issue so I will pass that to Deputy Secretary Hargreaves.

Ms HARGREAVES: If your question relates to how do we supervise the activities of a title holder such as Wollongong Coal—

The Hon. ADAM SEARLE: No, it is about what you have done in relation to Wollongong Coal specifically.

Ms HARGREAVES: I am attempting to explain that. The way we treat Wollongong Coal is the same way that we would treat any title holder in New South Wales, which is only fair and proper. What we want to do is make sure at all times that they are getting their activity approvals and that they are meeting the environmental, technical and financial standards that we require of them. Obviously there are a range of activity approvals that a company will seek at various times. We need to make sure that they are also meeting financial security deposit requirements. I guess the best way to explain it is we are constantly checking in on our title holders to make sure that they are performing to the standards that we expect of them.

The Hon. ADAM SEARLE: I think in October last year the Minister received a complaint from residents in that part of the world arguing that Wollongong Coal was not a fit and proper person to hold a licence under the Mining Act for a range of reasons, including its financial capability and other things that had occurred inside the jurisdiction in regard to their approvals or alleged breaches of their approvals and also what activities parent companies had engaged in overseas. What have you done specifically in investigating the matters raised in that complaint?

Mr ANTHONY ROBERTS: Can I assure this Committee that we take complaints incredibly seriously.

The Hon. ADAM SEARLE: The complaint was made in October 2015. You have responded in April. What have you done in relation to investigating the allegations raised against Wollongong Coal?

Mr ANTHONY ROBERTS: I will ask Deputy Secretary Hargreaves as to where we are.

Ms HARGREAVES: As you can appreciate, a community complaint often has lots of levels to it and we cannot take allegations that are unsubstantiated. The first thing we need to do is basically stocktake the allegations that are in the complaints. Very seldom are they single items. There are usually multiple items. Every single one of those has to be chased down and verified. That includes potentially talking to the company and the complainant to try to understand what the evidence trail is that they are alluding to. Each one of those is then investigated by our team and each one of those is then substantiated or unsubstantiated.

As I mentioned, the fit and proper test is quite complicated. For example, just because there are allegations against a director who has nothing to do with a company in a foreign jurisdiction it does not necessarily mean that it is an evidentiary piece of information that the Minister can rely on in looking at the Wollongong Coal-type activities. It is a complex issue and we chase down every single one of them. That is part of the reason why we also have the Resources Regulator, to make sure that we can have investigations teams go through each one of these allegations in detail and determine whether they are sustained or unsustained.

The Hon. ADAM SEARLE: We will return to that.

The CHAIR: I have some questions that I will roll into one question for you. Have you been made aware by the Premier of assertions that there have been a number of suicides involving electricity workers employed by Ausgrid, Essential Energy and Endeavour Energy in the past two years? Can you confirm whether in fact this matter has been raised with you through written correspondence and, if so, can you outline what action the Government and your department have taken concerning these issues that were raised, which you would have to say are pretty serious questions?

Mr ANTHONY ROBERTS: I think all of us in this Parliament are conscious of and take very seriously the responsibility to do everything we can to make the workplace in this State as safe as possible, no matter what the industry. We want everyone to make it to work and then make it home safely to their families at the end of the day. I think everyone in this room knows the importance, particularly in the resources and energy sectors. It is impossible, as you would be aware, to work closely with these sectors and not to be aware of the inherent dangers that come with working in the mining and/or with high voltage electricity. Unfortunately, I have been in a situation where on behalf of the people of New South Wales I have expressed my condolences to a family or union representatives of a miner or worker tragically killed in the workplace. Of course, with respect to anyone who takes their own life, it is absolutely tragic.

Mental health is very much a real and serious challenge, and it is an issue that has many contributing factors. I am sure all members of this Committee are aware of the important work organisations such as Beyondblue and Lifeline, just to name two, do in this area. I make it clear that under the Work Health and Safety Act responsibilities lie with respective network businesses, in this case management and staff, for ensuring safe workplaces. The safety of the workforce, as well as their mental health, should be the number one priority for each business. I am aware that each network has in place relevant programs to support their employees. Since becoming energy Minister in 2013 I am aware of one suicide of a person who worked for Ausgrid and one suicide of a person who worked for Essential Energy.

Steve Butler, the Secretary of the Electrical Trades Union [ETU], who does a great job for his workers, wrote to the Premier on 23 October, and the Premier has been in touch with us about that correspondence, which was with respect to the safety and welfare of electricity network workers. By way of a time line—this is such a critical issue that I ensure my office keeps very good records—a letter was emailed to the Premier's office by the ETU at 10.23 a.m. on 23 October. The Premier's office forwarded that letter to my office at 11.27 a.m. My office then contacted the then chief executive officer of Networks NSW, Mr Vince Graham, and we forwarded the letter to him at 11.54 a.m. I understand that Mr Graham spoke to Mr Butler a short time later to discuss the letter and the genuine concerns raised in the letter with respect to the mental health, safety and welfare of electricity workers. At 1.25 p.m. Mr Graham advised my office that a program was in place to provide professional support for the wellbeing of our employees during this change of program. Mr Graham said, and I quote:

Mr Butler wrote directly to me this morning on this issue and I have spoken personally with him this afternoon. I have reinforced with him the support that is available and that training has been provided for our employees and encouraged him to report any individual concerns that he or his delegates become aware of so that immediate professional support can be provided.

Mr Butler then wrote a letter back at 2.01 p.m. to the then chief executive officer acknowledging the efforts being undertaken to look after workers and commending Mr Graham on his commitment to following up two specific employees who identified as having immediate concerns. I say again that suicide is tragic. It is up to all

of us to do what we can. I am assured that we have done everything possible with respect to any correspondence from the Premier's office to us to ensure that it is dealt with in an expedited manner because in cases like this where you are informed that people are at risk it is critical that things are moved on and you ensure that programs are in place.

The CHAIR: I am aware that the assertion of the union is that the attempts by Ausgrid, Endeavour Energy and Essential Energy to get round the provisions of the sale agreement for employment protections by running a Fair Work case are the cause for the lack of security felt by energy workers. You may or may not be aware that the Reverend the Hon. Fred Nile of the Christian Democratic Party is going to bring forward a bill to try to close those loopholes. There was, shall I say, an error perhaps in drafting that was not done at the time so that his amendments were moved to this legislation. I will not ask you whether or not on behalf of the Government you would support such an initiative, but given that you have stated on the record that you genuinely care about the mental health of these workers, I would hope that your Government would seriously consider any bill put forward in the upper House to make sure that these companies cannot get around the obligations that were meant to be implicit in the sale legislation. Thank you for your answer.

Mr JEREMY BUCKINGHAM: Good afternoon, Minister.

Mr ANTHONY ROBERTS: Good afternoon.

Mr JEREMY BUCKINGHAM: The respected science journal *Nature* calculated that fossil fuel reserves could be burnt in order to have a 50 per cent chance of keeping global warming to under two degrees Celsius. The study concluded that 90 per cent of Australian coal must stay in the ground to meet this target. Do you agree with this science and this study? If not, why not? What do you think is the appropriate response to this study and this science?

Mr ANTHONY ROBERTS: I take it that this in some way has formed Greens policy that there was only 600 million tonnes more of coal to be mined in New South Wales? I am seeking clarification.

Mr JEREMY BUCKINGHAM: I will answer the question, if you like. Yes, it did.

Mr ANTHONY ROBERTS: We currently mine 200 million tonnes of coal a year, so that means under your policy in three years' time the coal industry would close. Eighty per cent of the electricity in New South Wales comes from coal. Straight up, in three years that is 100,000 direct and indirect mining jobs gone and household income across New South Wales would be \$7 billion worse off. Goodbye steel works, infrastructure and—

Mr JEREMY BUCKINGHAM: Did you say 100,000 mining jobs?

Mr ANTHONY ROBERTS: Direct and indirect mining jobs.

Mr JEREMY BUCKINGHAM: One hundred thousand direct and indirect mining jobs would be gone under our policy?

Mr ANTHONY ROBERTS: If you do not have an industry.

Mr JEREMY BUCKINGHAM: Of that 200 million tonnes that we mine, how much is used in our stationary electricity generation?

Mr ANTHONY ROBERTS: We use around—we mine about 200 million and we use for our coal-fired power stations about 10 million. So unless you are saying that we just mine for coal-fired power stations, but I assume that your policy does not, what we would be looking at following the Greens guidelines is a State that would be bankrupt and have high levels of unemployment. It would certainly destroy that bill that I think you put through the upper House the other night with respect to steel. You cannot produce steel without coking coal. If that goes, I do not know—do we have hemp high ones? This is quite serious. With respect to your policy on this, it is just not sustainable.

Mr JEREMY BUCKINGHAM: Do you accept the science that 90 per cent of coal reserves should stay in the ground to avoid that level of global warming? Do you accept the science?

Mr ANTHONY ROBERTS: I would have to have a look at the study.

Mr JEREMY BUCKINGHAM: But at this stage you would not commit to it one way or another?

Mr ANTHONY ROBERTS: It is hypothetical, but I will have a look at it. Again, in closing the coal industry down in three years' time there is no transition.

Mr JEREMY BUCKINGHAM: Just on transition, the Department of Industry, Resources and Energy put out a press release recently that said, "With abundant world-class renewable energy resources, New

South Wales is well placed to make this transition to renewable energy". When you talk about transition, what percentage of our energy production should be renewable energy and what is the time frame for that transition? Are you talking about 10 per cent in 50 years or 100 per cent in 15 years? What are you talking about when you say we will make the transition?

Mr ANTHONY ROBERTS: We support a national RET. I think it is important because when you have a look at the national energy market it is critical that you look at it in its entirety. Some States have got quite large targets, but, again, for me as energy Minister, it is critical for me as part of that national energy market to provide an affordable, sustainable supply to consumers.

Mr JEREMY BUCKINGHAM: You accept that we are making the transition from fossil fuel to renewable energy and ultimately that will be in total, that at some stage we will have New South Wales powered entirely by renewable energy?

Mr ANTHONY ROBERTS: Absolutely, particularly with the onset of cheaper battery storage, which is incredibly critical. But it has got to be an orderly transition. What we do not want to happen is what occurred on 7 July of this year at 7.00 p.m. in South Australia where the sun was not shining, the turbines were not turning—

Mr JEREMY BUCKINGHAM: And the gas companies were gouging the people of South Australia for hundreds of millions of dollars, were they not?

Mr ANTHONY ROBERTS: When you have less than 1 per cent of installed capacity generating power in South Australia you have got a major problem—

Mr JEREMY BUCKINGHAM: Are you seriously saying, as the Minister in New South Wales, that the reason the prices spiked in South Australia on that date was because of renewable energy and not because of issues relating to gas infrastructure and the operations of the various energy retailers there?

Mr ANTHONY ROBERTS: It was very much a combination of factors. You had Basslink issues, you had some issues—

Mr JEREMY BUCKINGHAM: In South Australia?

Mr ANTHONY ROBERTS: No. We are part of a national energy grid, so there were planned interconnector issues—

Mr JEREMY BUCKINGHAM: There were planned interconnector issues?

Mr ANTHONY ROBERTS: Outages.

Mr JEREMY BUCKINGHAM: So in the middle of winter, at peak usage, they decided to replace some of the most significant gas infrastructure in the State and then—

Mr SCOT MacDONALD: Point of order: The Minister is trying to answer the question and we are getting a speech interrupting him all the time. Can we hear the answer as requested?

The CHAIR: Given that Mr Buckingham is on limited time, there is no point of order. The Minister and Mr Buckingham are quite capable of addressing each other in a civil manner and not speaking over each other. The Minister may continue his answer.

Mr ANTHONY ROBERTS: It was almost a perfect storm, because it all comes down to demand and supply and that is where we have seen wholesale prices increase beyond what was expected. What occurred there was you had the wind not blowing, the sun not shining because it was dark, everyone switching on their heating, you had the interconnector outages, you had Basslink down, so the power that may have come into the national grid from Tasmania from their hydro was not functioning. At the same time you had the LNG plants in Queensland going through their priming up process, so there was a large amount of electricity power being drawn out of the grid. And that is where you saw spikes—probably instead of \$50.00 a megawatt, for the 30 minutes ending at 7.30 on 7 July it was \$98.00 a megawatt.

Mr JEREMY BUCKINGHAM: And AGL and Origin did very well out of that, did they not?

Mr ANTHONY ROBERTS: Again, it is an issue for the Australian Energy Market Operator [AEMO], but what I am saying is that as we are transitioning we have got to be careful and thoughtful about it. I am a major supporter of renewables and that is why I am also a major supporter of ensuring that we have a strong gas supply, because gas is very much that stepping stone towards reaching that renewable target.

Mr JEREMY BUCKINGHAM: It is true though, Minister, that at the moment in Australia there is no new gas and electricity infrastructure being planned, it is all renewables, and South Australia has powered

ahead with renewable energy; the Australian Capital Territory has its State-based RET and reverse auction; Victoria is about to establish a State-based RET; and Rob Stokes said, "We are making New South Wales number one in energy and environment policy and when it comes to clean energy we can be Australia's answer to California". Why is New South Wales falling further behind and why are we missing out on billions of dollars worth of renewable energy investment? Are we not more Kazakhstan than California?

Mr ANTHONY ROBERTS: I disagree with the premise there. Can I say first and foremost, I think you will be finding, certainly from my discussions with COAG energy Ministers, that South Australia is now looking at acknowledging gas backup for the production of its power, so they do not have this catastrophic incident again, because they see it as a cheap way to back up their renewables as part of the transition. But we have got a proud story to tell in New South Wales around renewables. You understand—you have been out to Nyngan. The solar farms are incredible out there, and at Moree.

Mr JEREMY BUCKINGHAM: Do you not think a State-based RET would drive that investment? Is not the reality that both the recently announced Crookwell 2 wind farm and the Sapphire wind farm are being built in New South Wales—and we are taking credit for them through press releases—because the Australian Capital Territory has committed to 100 per cent renewable energy. In effect, it is The Greens-Labor Government in the Australian Capital Territory and its RET that is driving renewable energy investment in New South Wales, both in the Northern Tablelands and around Goulburn? It is the Australian Capital Territory that is driving that investment in New South Wales, is it not?

Mr ANTHONY ROBERTS: We are quite accepting of that investment in New South Wales. The Australian Capital Territory is not a very big place to put wind farms. I saw one of their solar farms; it is about the size of this room, maybe a little big bigger. We have got the capacity to assist them with their target, but there needs to be national modelling. So it is bad for investment having States with different levels of RETs. What there needs to be is a national approach where there are some sensitivities around how, as part of the transition, we ensure that we have stable base load, and things will change. That is one of the things that came out of the COAG energy meeting.

I was 48 hours into the job, after I had taken over from Mr Hartcher, when I had my first COAG energy meeting, and within that 48 hours before that meeting I saw the need for reform in the National Electricity Market [NEM], I saw the need for reform in removing some of those stoppages to enable renewables to be part of the grid and to drive that and some of those real changes. But it has taken this long before some of the other States have realised that unless we embrace there is going to be change, unless we embrace how we allow that change to occur, quite frankly, it is not going to occur.

The CHAIR: We will take a five-minute break and recommence with Opposition questions.

(Short adjournment)

The Hon. ADAM SEARLE: In relation to Wollongong Coal and the complaint we received about whether or not it is a fit and proper person having regard to its financial capacity, this information I am about to provide is from its 2015-16 annual report to the Stock Exchange. Wollongong Coal is loss making. It has only made \$8 million in the financial year 2015-16. It has made a net loss of half a billion dollars over three years. It is financially dependent on its parent company with which it has a \$175 million facility, of which \$171 million has already been drawn on with no interest repaid, and it has got an interest payment of \$40 million due next March. In relation to those matters, what have you done to ensure yourself that Wollongong Coal Limited in New South Wales is a viable and ongoing concern, particularly given the report from its auditors last year that there is significant uncertainty about whether the company will continue as a going concern? That report was as at 31 August last year.

Mr ANTHONY ROBERTS: Thank you, Mr Searle. During the break we have been busy trying to assist this committee. I can certainly let you know or I am advised that the Resources Regulator is presently investigating Wollongong Coal in relation to whether or not it is a fit and proper person. The company was advised of this investigation on 21 July this year and, like most investigations, more relevant information will come in as the investigation continues. I am not going to comment any further with respect to that investigation as it is ongoing. However, with respect to the financials, Mr Searle, I will seek advice from Deputy Secretary Hargreaves.

Ms HARGREAVES: I guess one of the key concerns people often have when they look at the financials of the companies is around their rehabilitation security bonds. Whether a company goes into liquidation or is completely flush with cash, we retain our security bond regardless and it has to be at least an AA-rated security bond. So we hold bonds against the rehabilitation for both those mines. Obviously, as the

Minister said, we look at all sorts of things like financial capability. They have a very large parent behind them, as you will be aware, which is Jindal Steel.

The Hon. ADAM SEARLE: But the parent company is also in financial distress. It owes \$550 million and missed its payment this month.

Ms HARGREAVES: As the Minister said, we are currently looking at all aspects, as we always do, to make sure that they retain their suitability to hold the title in New South Wales. At this stage we have no advice that they are behind in any of their payments to the government and we are obviously making sure that that vigilance is maintained..

The CHAIR: Point of clarification: Can you advise, what is the dollar value of the security bonds currently held?

Mr SMITH: It is \$2.2 billion for all mines in New South Wales.

The CHAIR: For all mines and that applies across the State?

Mr SMITH: Yes, and it has almost doubled in the last 12 months.

The Hon. ADAM SEARLE: You say, as far as you know, Wollongong Coal does not owe the New South Wales Government any money, is that right?

Ms HARGREAVES: As far as we know, correct.

The Hon. ADAM SEARLE: According to the Wollongong City Council, as at 1 June Wollongong Coal had failed to provide \$400,000 security in relation to the Russell Vale Colliery emplacement area, which was due at the end of January 2016. Are you aware whether they have met that obligation?

Ms HARGREAVES: I am not. I am happy to take it on notice.

The Hon. ADAM SEARLE: In relation to the rehabilitation bonds of \$2.2 billion—

Mr SMITH: I am sorry, I made a mistake; it was \$2.1 billion.

The Hon. ADAM SEARLE: Your position being that that is the total value of the rehabilitation work that needs to be done in New South Wales; is that your position?

Mr SMITH: Yes. The way the numbers are calculated is we have quantity surveyors who visit all the sites on a regular program basis and they look at the sites and say, "If the company went bust tomorrow and the government had to step in and engage contractors to complete rehabilitation obligations, how much would it cost?" And that is what is due. It is a different world than it was a couple of years ago. Only last week we shut down a mine in central New South Wales because they would not pay their deposit. They have now paid it, which is good.

The Hon. ADAM SEARLE: The bonds are still calculated using the self-assessment tool, are they?

Mr SMITH: No, we audit it. We have our own people who go out and view the site and make their own assessment.

The Hon. ADAM SEARLE: I know that the Victorian Government, on taking office, reviewed a lot of the bonds they had and found they needed to double them in some cases. Are you systematically working through each titleholder and looking at their bonds independently?

Mr SMITH: Yes, we have an elaborate scheme where each mine is assessed into a category of high-, medium- and low-risk. The frequency of inspections is more frequent annually with the high-risk operations and our bonds have almost doubled in only a year.

Mr ANTHONY ROBERTS: I can assure you that rehabilitation is something that this Government is committed to and that I am particularly passionate about. That is why I instigated within the department a review and an audit of those bonds, and I think, Deputy Secretary, they have gone from \$1.1 billion to \$2.1 billion.

The Hon. ADAM SEARLE: Would you be willing to provide to the Committee a copy of that review document? I am happy for you to take it on notice.

Mr ANTHONY ROBERTS: Yes.

The Hon. ADAM SEARLE: What about the issue of final voids. They are not permitted in the coal industry in the United States but they are often found in New South Wales. Do you have a view or are you looking at the issue of final voids and whether they should have to be filled in?

Mr ANTHONY ROBERTS: Mining voids have been a feature of almost all approved and operating open-cut mines since the industry began in New South Wales.

The Hon. ADAM SEARLE: There are dangers associated with leaving final voids, are there not?

Mr ANTHONY ROBERTS: I can say that New South Wales is somewhat different to other parts of the world in that it is part of that planning assessment. It is a planning matter. That is with the Department of Planning with respect to the development consent. It is something that Secretary Smith and myself have had discussions about. Would you elaborate?

Mr SMITH: The Planning Assessment Commission has asked us for more information about the policy of final voids. Whether or not there will be a final void is determined during the development assessment and approval process. We put a lot more work into making sure the rehab obligations are being fulfilled. We are just now commencing further review work.

The Hon. ADAM SEARLE: Do you have a view as to whether final voids should be permitted?

Mr SMITH: The work the Government asked us to do is to provide modelling of the full range of parameters and future potential land uses for voids. In some cases it is possible. Mining companies do avoid final voids where the resource is not very deep, but in other cases the resource can only be recovered from a great depth and it is mathematically inevitable that you would end up with a void. It would be impossible to extract the resource without a void. The Government has asked us to prepare advice for it so it can review policy settings.

The Hon. ADAM SEARLE: Returning to the issue of fit and proper person, you are aware that Peabody, the proponent of the expansion of the Wilpinjong coalmine in Wollar in the Hunter Valley, is financially dependent on the United States parent company which has entered chapter 11 bankruptcy proceedings. What steps have you taken to assure yourself, Minister, that the Australian company remains a fit and proper person on a financial basis to hold a mining licence in New South Wales? Are you investigating that matter?

Mr ANTHONY ROBERTS: It is the same issue as Wollongong coal.

The Hon. ADAM SEARLE: Is the regulator investigating that matter as well?

Ms HARGREAVES: In terms of investigation as a result of a community complaint, no, we are not. In terms of overlooking the title holder and making sure they are continuing their activities in a legal and correct manner, we are.

The Hon. ADAM SEARLE: They have had some difficulties. You do not have a current investigation in relation to Peabody?

Ms HARGREAVES: We do not have a current investigation, no.

The Hon. ADAM SEARLE: According to the publicly available documents, it is financially dependent on the United States parent company that is in chapter 11 bankruptcy. Are you concerned about that and what steps will you now take to ensure that the Australian arm is financially solvent?

Mr ANTHONY ROBERTS: I am happy to take that on notice.

The Hon. ADAM SEARLE: At the recent energy Ministers conference you signed up to a plan to reignite the gas wars in New South Wales. You are pro coal seam gas?

Mr ANTHONY ROBERTS: We have a gas plan and a strategic release plan or strategy.

The Hon. ADAM SEARLE: You have not fully implemented the Chief Scientist's recommendations, have you?

Mr ANTHONY ROBERTS: With respect, we have done—

The Hon. ADAM SEARLE: I will break it down for you. Where is the whole-of-environment data repository to enable a proper assessment of the cumulative impacts on land, water and the environment recommended by scientists? How much money have you invested in the project?

Ms HARGREAVES: The environmental data portal is close to being released. We obviously had to take a great deal of care to make sure the datasets are clean and reliable and we have included, thankfully, the Chief Scientist and others in that process. That is imminent.

The Hon. ADAM SEARLE: How imminent: days, weeks, months?

Ms HARGREAVES: We currently have a public statement that says the environmental data portal will be released in September. I have no reason to believe at this stage that we will not make that available in September.

The Hon. ADAM SEARLE: How much money was invested in that project?

Ms HARGREAVES: I would need to take that on notice.

The Hon. ADAM SEARLE: I am happy for you to break it down over the different financial years. The chief scientist recommended that there be put in place proper insurance arrangements to guard against environmental damage or damage to surrounding properties. In my travels a number of farmers have said, "We have been told by our insurer and insurance brokers that there is not a financial product we can access to guard our crops from any damage from coal seam gas operations of any kind". The Chief Scientist made recommendations about that being developed before you could contemplate growing the industry. Where are you up to with addressing that part of the recommendations?

Ms HARGREAVES: You are quite right. The private sector insurance market is an issue for the private sector, but the Chief Scientist did talk about the industry looking at a three-tiered protection regime. That includes, for example, our rehabilitation security deposits, which we have in place and we spoke about previously, as well as money towards what we call legacy wells, where there is no private title holder still available to rehabilitate those wells. As a result we have a well legacy program where we look to make sure we inspect. Last year we completed the inspection of 350 wells and we are committing funds to make sure we can look after those wells going forward.

The Hon. ADAM SEARLE: In September 2013 your Government released a renewable energy action plan which had a target of 20 per cent renewable energy for New South Wales by 2020. Recently you have been reported in the newspaper as supporting the Commonwealth target, which is 23.5 per cent. What is the New South Wales Government's aspirational target, 20 per cent or 23 per cent?

Mr ANTHONY ROBERTS: This is what energy Ministers met in Canberra about. Our position at a State level has always been that we will support the Commonwealth. It needs to be a Commonwealth renewable energy target. That is the position of this Government and we will continue to work towards that.

The Hon. ADAM SEARLE: New South Wales has consistently been ranked as the worst performing jurisdiction for renewable energy output. Your own clean energy action plan annual report for 2015 states the share of energy coming from renewables had fallen from 12.9 per cent in 2014, to 10.8 per cent in 2015. You are not meeting your target and you are actually slipping backwards. What is your plan to get to at least 20 per cent by 2020?

Mr ANTHONY ROBERTS: Seventy-nine per cent of our power comes from coal and 7 per cent from gas. The dominant sources of renewable generation in the supply mix are hydro and small-scale solar systems. Around 7,700 megawatts of renewable energy projects are either approved or progressing through the New South Wales planning system, which represents \$14 billion in investment. That is good news for New South Wales.

The Hon. ADAM SEARLE: In its 2014 report the Clean Energy Council listed New South Wales at the bottom of the list of States for renewable energy production, with only 6 per cent of electricity coming from wind, solar and water. The Climate Council's most recent report also found that New South Wales had not increased its proportion of renewable energy in electricity supply in two years. You have the lowest percentage, and falling, of renewable energy capacity per person in Australia and no target of your own. You do not seem to have a plan to get to 20 per cent. You are not at 20 per cent, you are not even close, and you are falling backwards. So what is the plan to get there?

Mr ANTHONY ROBERTS: We certainly have a plan, which is to support the Commonwealth renewable energy target [RET].

The Hon. ADAM SEARLE: What are you doing to increase the overall proportion of renewable energy in this State? You can support the Commonwealth target, but unless your Government does some heavy lifting it will not be met. What are you doing?

Mr ANTHONY ROBERTS: We have 7,700 megawatts of projects that are either approved or progressing through the New South Wales planning system. That is an incredible investment in renewable energy.

The Hon. ADAM SEARLE: I turn to the planning system. At the recent clean energy conference that you and I both attended, you were proud to say how much the use of wind energy had grown since you became

Minister, yet your Government still has guidelines in draft form. You have been in office for more than five years and you still do not have finalised guidelines about how the planning system should deal with wind energy. Minister, you have dropped the ball on renewable energy, haven't you?

Mr ANTHONY ROBERTS: I reject the premise of the question. We have a proud story to tell about renewable energy. Renewable sources will supply a larger proportion of energy in the years to come, particularly with the advent of cheaper household batteries. Am I in a position to think that we will not meet our target? Not at all. I believe we will exceed the target.

The Hon. ADAM SEARLE: In the 2015-16 budget there was no specific allocation for any renewable energy initiative. In the 2016-17 budget there is a commitment, on page 6-3 of Budget Paper No. 3, to supporting renewable energy projects across New South Wales. How much money is in the budget for new renewable energy initiatives this year? What is the dollar figure?

Mr ANTHONY ROBERTS: We can certainly look at how to drive renewables. The fact that we are attracting huge investment in renewables in New South Wales from the private sector is critical.

The Hon. ADAM SEARLE: What is the dollar figure in this year's budget for new renewable energy initiatives?

Mr SMITH: We can take the question on notice, but it is not a simple answer.

The Hon. ADAM SEARLE: Clearly—there is nothing in the budget.

Mr SMITH: The Government's approach has been to focus on purchasing.

The Hon. ADAM SEARLE: You have said you will take it on notice. That is fine. Minister, since your Government removed retail electricity price regulation in New South Wales in July 2015, the prices charged by the retailers overall have jumped between 10 per cent and 15 per cent, haven't they?

Mr ANTHONY ROBERTS: Are you referring to the GetUp! report?

The Hon. ADAM SEARLE: The report was by Mr Bruce Mountain of Carbon Market Economics. He did pioneering work on the gold-plating of the electricity assets before it became fashionable to use that term. He has good form.

Mr ANTHONY ROBERTS: I do not disagree with you, but wholesale electricity prices—

The Hon. ADAM SEARLE: I am talking about the prices charged by retailers. In this State they have apparently jumped by 10 per cent to 15 per cent since July last year. The Electricity and Water Ombudsman has said that although there are about 20 retailers there is no real competition because the products are hard to understand. It is hard to compare like with like. The proposition is that retail electricity prices have skyrocketed on your Government's watch since 1 July last year.

Mr ANTHONY ROBERTS: This is from a party that when in government saw rises of 20 per cent a year. I understand your point.

The Hon. ADAM SEARLE: Will you take it on notice?

Mr ANTHONY ROBERTS: No, I will answer it now. The Australian Energy Market Commission [AEMC]—

The Hon. ADAM SEARLE: I am talking about the prices that retailers are charging.

Mr ANTHONY ROBERTS: I am coming to that. The AEMC annually reviews the make-up of electricity prices as part of its competition review. Its most recent report noted that retail margins cannot be easily observed and measured and that all estimates depend heavily on the assumptions used. That is of some concern to us. I have written to the Independent Pricing and Regulatory Tribunal [IPART] to suggest looking at the wholesale price of electricity to try to understand whether it reflects reality.

The Hon. ADAM SEARLE: What will you do to make sure that retailers are not ripping off consumers in New South Wales?

Mr ANTHONY ROBERTS: As I have said, I have written to IPART. We will continue to monitor this.

The Hon. ADAM SEARLE: The IPART does not regulate retail prices, Minister, thanks to your Government.

Mr ANTHONY ROBERTS: This Government is committed to continuing to put downward pressure on prices, to benefit consumers through their bills. The deregulation of the electricity market in New South Wales has been incredibly successful—

The Hon. ADAM SEARLE: For the retailers, yes.

Mr ANTHONY ROBERTS: —and much lauded.

The CHAIR: Minister, I have a question on fossicking, relating to the mining part of your portfolio. I have made representations to you before on this issue. Do you have any figures on whether fossicking boosts regional economies? What representations have you had to open up more areas for fossickers?

Mr ANTHONY ROBERTS: Thank you for the question. We have had a number of strong representations from you about driving what is no longer considered a pastime or a hobby. People have recently made great finds in old goldfields. I am thankful that you have raised the issue. I am pleased to confirm that this Friday the New South Wales Government will declare Walcha and Bathurst local government areas as fossicking districts. They will join Narrabri, Cootamundra, Upper Lachlan and Guyra as new fossicking districts. That might interest Mr Scot MacDonald.

Mr SCOT MacDONALD: I am going to retire tomorrow.

Mr ANTHONY ROBERTS: That is something for you to do with all that spare time you have.

The CHAIR: You can buy yourself a metal detector.

Mr ANTHONY ROBERTS: They were declared this year. That brings the total number of fossicking districts in New South Wales to 59, across 27 local government areas. The Government is committed to developing a world-class regional tourism industry in New South Wales. We have allocated \$400 million through the Regional Tourism Infrastructure Fund and Regional Environment and Tourism Fund to deliver on that commitment. We recognise that fossicking is not just a healthy recreational activity that contributes to the nature-based tourism economy in New South Wales; it has a significant impact on regional tourism, which supports regional economies. It is a way of diversifying and growing regional economies. It also provides social opportunities that benefit regional communities. Tourism is a major way of growing local economies, particularly in regional towns that do not have many other attractions to draw people to them, like Guyra.

Mr JEREMY BUCKINGHAM: Take note, Hansard, "like Guyra".

Mr SCOT MacDONALD: Yes, that is on record.

Mr ANTHONY ROBERTS: The NSW and ACT Prospectors and Fossickers Association, which we have been in contact with through you, Chair, estimates that approximately 50,000 people fossick annually in New South Wales. The number of recreational fossickers is burgeoning as retiring baby boomers hit the road with dreams of stumbling across the next Welcome Stranger. It is estimated that in Western Australia recreational prospectors contributed more than \$350 million per annum to the economy. This is not some small operation. This is highly popular and contributes greatly to economies. As part of our commitment to regional tourism we are implementing several such initiatives. The popularity of fossicking is expected to increase, following the recently discovered Friday's Joy gold nugget, which weighed about 4.5 kilos, in Victoria's golden triangle.

The CHAIR: Yes.

Mr ANTHONY ROBERTS: There are 52 local councils that have been identified as having fossicking values and have been offered the opportunity to increase their nature-based tourism potential by being declared as fossicking districts. Four other councils, in addition to those that I have already mentioned, have indicated that they are considering the option of being declared fossicking districts. I ask Deputy Secretary Barnes to elaborate on what we believe it is worth to regional economies.

Mr BARNES: I am sure my colleague Deputy Hargreaves will concur that this activity will contribute to the economy but it needs to be done in a regulated way and there needs to be respect given to the owners of the land onto which fossickers go to enjoy that activity. As the person responsible for regional development, we know that our best guess last year was that the contribution of fossickers alone as part of our regional economy was around about \$20 million per annum. If you compare that with Western Australia, there are obviously opportunities for us to grow that part of the economy as the grey nomad market grows.

My discussions with local governments and chambers of commerce have led me to believe that this is something that more and more districts will ask for. Obviously it injects really positive energy into the community as well as the dollars that flow with people staying not just one night but on average three to four

nights in these local economies. Minister, it is a good news story and just another way in which regional New South Wales is kicking real goals. Our regional economy in New South Wales is much bigger than some of the other jurisdictions in Australia so it is another way to diversify that economy.

The CHAIR: I am sure our fossickers are happy to hear that they no longer have to drive all the way to Western Australia to look for gold.

Mr ANTHONY ROBERTS: We want them to stay here.

Mr JEREMY BUCKINGHAM: Is New South Wales missing the real gold rush in the economy which is in renewable energy? There is less than 18,000 gigawatts of capacity left to meet the Federal Government's target of 20 per cent renewable energy by 2020. Is New South Wales missing that gold rush? Are we just relying on the Australian Capital Territory RET and just hoping that some of that spills over the border into New South Wales? Why will you not consider a State-based RET and driving investment in what is a boom industry driving jobs, growth, investment and innovation in regional New South Wales?

Mr ANTHONY ROBERTS: Have you seen this?

Mr JEREMY BUCKINGHAM: I have been there. It is a map.

The CHAIR: For the *Hansard*, will you identify that document?

Mr ANTHONY ROBERTS: It is the new Renewable Energy Resources of NSW map. The old maps only showed where the resources were—

Mr JEREMY BUCKINGHAM: New South Wales has a map and Victoria has billions of dollars worth of wind farms. A fold-out map in New South Wales—is that the sum total of the Renewable Energy Action Plan, while Victoria has billions of dollars worth of renewable energy investment and the Australian Capital Territory is driving billions of dollars worth of renewable energy investment? Is the answer to my question, "I have a map".

Mr ANTHONY ROBERTS: No, this is about attracting additional investment. Have you looked at the map?

Mr JEREMY BUCKINGHAM: I have looked at the map. Does the Government need a policy setting that will drive investment and commitment to potentially a floor price, a Dutch auction, doing what Victoria is doing?

Mr ANTHONY ROBERTS: I table this really good map.

The CHAIR: Yes.

Document tabled.

Mr JEREMY BUCKINGHAM: Does Victoria also have a map of where its wind resources are and a policy to drive investment?

Mr ANTHONY ROBERTS: We have been fine.

Mr JEREMY BUCKINGHAM: Totally floundering here.

The Hon. GREG PEARCE: Are you? Just take a rest.

Mr JEREMY BUCKINGHAM: I think you should take a break, mate. You are missing out on billions of dollars worth of investment. If the Minister's answer is "I have a map" it is a sad state of affairs.

Mr ANTHONY ROBERTS: If you gave me a chance I would actually answer your questions.

Mr JEREMY BUCKINGHAM: You were just relying on a prop.

Mr ANTHONY ROBERTS: It was not a prop at all. It was actually showing that we are committed to driving and encouraging investment into parts of New South Wales where there is adequate wind and solar. We are doing the work for a lot of companies to give them the ability to see where they could set up and the possibilities. But this Government does have a Renewable Energy Action Plan which supports renewable energy in New South Wales through the plan. The plan's three goals are: to attract renewable investment, to build community support; and to attract and grow renewable energy expertise.

Mr JEREMY BUCKINGHAM: How are you attracting renewable energy investment?

Mr SMITH: We operate in one electricity market. Wherever the generating facilities are located is not the same as where the electricity is that is consumed. So when the Government has asked for it, our advice has

been that if we have a separate target in New South Wales that is essentially a confounding and disruptive factor in the operation of the national market. What the Government has instead chosen to focus on is using where it buys electricity itself, say, for example, the Metro railway is going to buy its own renewable energy supply.

Mr ANTHONY ROBERTS: That is correct.

Mr SMITH: Recently, in all of the bidders for the Australian Renewable Energy Agency [ARENA] round of finance, the Government has said it would like to stand in the market and buy the output from those successful bidders. So we are using the purchasing power as a way to supplement the demand without entering into confounding and disturbing investment decision-making that individual firms will make in the national market.

Mr JEREMY BUCKINGHAM: In relation to ARENA, of the \$1 billion invested in large-scale renewable energy in 2015 only \$15 million was not the result of government-directed projects, supported by the Australian Capital Territory RET, ARENA and the CFC. What will be the impact of the Federal Government's decision to cut \$1.3 billion out of ARENA on renewable energy investment in New South Wales? Does the New South Wales Government support the Federal Government's proposed cuts?

Mr ANTHONY ROBERTS: I will take those questions on notice. I make it quite clear, Mr Buckingham, that you have got to tear down those walls between States. This is a national grid. As the Secretary said, we are all in this together and that is why you need a strong Commonwealth.

Mr JEREMY BUCKINGHAM: As a point of clarification, what are you taking on notice—whether you support the Federal Government's cuts to ARENA?

Mr ANTHONY ROBERTS: No, we support the Federal Government's target.

Mr JEREMY BUCKINGHAM: Do you support its proposed cuts to ARENA?

Mr ANTHONY ROBERTS: I have got no say in what they do and do not do. This question is probably better asked by one of your colleagues—

Mr JEREMY BUCKINGHAM: You certainly do. You have the COAG ministerial meetings of energy Ministers. You have input and you can pick up the phone to Josh Frydenberg and say, "I think that is making a mistake". Do you think it is a strategic mistake to cut \$1.3 billion? Have you formed a view or do you not want to put your view?

Mr ANTHONY ROBERTS: Let me make it quite clear, we are working as COAG Ministers closer, I think, than any other COAG energy Ministers have ever worked before because there is now an understanding that it is a national grid. People cannot go it alone; there needs to be better coordination to provide that energy security, particularly affordable energy security. Quite frankly, if we want to transition faster to renewable energy as a major source or, in time, a complete source of energy we have got to do it together. That is where you have got to have a sensible transition that understands that we can get there, but there are ways to get there.

Mr JEREMY BUCKINGHAM: Speaking of working closely with Josh Frydenberg—

Mr ANTHONY ROBERTS: He is a good fellow.

Mr JEREMY BUCKINGHAM: He is apparently; some people have said that. When you were embarrassingly caught on camera at a recent Council of Australian Governments [COAG] meeting saying to Josh Frydenberg, "We'll just back you, mate. People aren't going to love us, they're going to hate us," to what were you referring? Why are people going to hate you?

Mr ANTHONY ROBERTS: Whilst it is not my occasion to elaborate on private conversations, one thing I was concerned about, particularly in the coal seam gas industry, was that somehow it was attributed to coal seam gas. So I would like to put that conversation into context. That is, as energy Ministers we have sat down and we have made some hard and tough decisions. What I was referring to was reform of the national energy marketplace. That is, we are making tough decisions as we move forward. When you make tough decisions, not political decisions, some people are going to really come at you. Parts of industry are not going to like us. But we are getting on with the job. We are doing what is right, not what is popular.

Mr JEREMY BUCKINGHAM: You are reforming the national energy market in New South Wales?

Mr ANTHONY ROBERTS: New South Wales has led the way in reform and demanding reform since I became Minister. When Mr Hartcher left this position, about 48 hours later—

Mr JEREMY BUCKINGHAM: You do not regulate the national energy market.

Mr ANTHONY ROBERTS: The COAG energy Ministers—

Mr JEREMY BUCKINGHAM: So are you following or leading?

Mr ANTHONY ROBERTS: New South Wales has always led and demanded the need for reform and transparency in the marketplace but also the rule changes, as I said before—

Mr JEREMY BUCKINGHAM: It had nothing to do with coal seam gas whatsoever or gas?

Mr ANTHONY ROBERTS: No, it had nothing at all to do with coal seam gas.

Mr JEREMY BUCKINGHAM: Just after that meeting it was reported that you were going to move to a case-by-case assessment of gas projects. Can you explain what a case-by-case assessment means specifically and how it is a departure from current policies and practices? Would you elaborate on—

Mr ANTHONY ROBERTS: There are two questions there. Can we do one at a time?

Mr JEREMY BUCKINGHAM: I reckon you can handle them. What do mean when you say you are going to have strategic releases? When are they going to be released and can you indicate where they will be?

Mr ANTHONY ROBERTS: As part of our reset in order to clean up some of the messes that we inherited and to have transparency in this area—and I want to commend my staff here who have led and driven the reforms within the department to ensure that the badness and the ad hoc approach that has occurred in the past never occurs again—we put in place our strategic release framework. The framework, which came into force on 18 December last year, provides a single harmonised approach to the competitive allocation of coal and petroleum prospecting licences in New South Wales. This is critical. That is why things will be dealt with on a case-by-case basis. What we inherited came from past governments. I do not blame any particular former government. It is just how it developed over the past 100 years where, quite frankly, the State was blanketed by titles that had just been given out and held or resold.

Mr JEREMY BUCKINGHAM: To be clear, you are moving from ad hoc to case by case?

Mr ANTHONY ROBERTS: I will ask Deputy Secretary Hargreaves to flesh out exactly how the strategic release framework will work within our department and when we are going to announce it, which you might be interested in—

Mr JEREMY BUCKINGHAM: I am very interested in that.

Mr ANTHONY ROBERTS: She will also explain how we are ensuring that this is going to drive investment and also drive the environmental and social protection issues.

Mr SMITH: If I may, what I have found with the mining legislation is that it was invented in a world where no-one quite knew where you might find valuable mineral resources and when you did you disregarded the social, economic and environmental factors, the previous land use plans and all the rest of it. It was more just, "We've found some coal. No-one expected that. This is so valuable we will change everything." But with coal and gas we now know enough about New South Wales to know that those resources are abundant, they are across the whole State.

With the strategic release framework, the Government is saying that we need to think case by case right from the beginning about what are the social, economic and environmental factors before we even open it up for exploration. A lot of the old exploration rights were really mine planning exercises. That is why we saw, for example, people paying big money to get an exploration licence; they had reasonable expectations that they would be able to put in a mine, so the planning process was compromised. This new process the Government has put in place is saying that we should not even open up the exploration until we are confident that it is, in the broad, going to be of value. Now Ms Hargreaves and her team are building the framework and the analytical work that is to be done with planning and other departments before those future proposed release areas come forward.

Ms HARGREAVES: The strategic release framework was announced and, as the Secretary outlined, one of the things we are doing is obviously looking at the different areas based on the geological asset base first and what is happening there. Then we will go through a process of looking at the social, environmental and economic—

Mr JEREMY BUCKINGHAM: I understand the process and I have been keeping my eye on it. When are you revealing this strategic release?

Ms HARGREAVES: If you mean particularly the area as opposed to the framework, because the framework has obviously already been released, the Government is shortly to announce an independent chair for the advisory council. That chair will then look at the materials that we have pulled together around options

across the State and will evaluate those based on the social, environmental and economic information that is put before him or her.

Mr JEREMY BUCKINGHAM: You already have options for strategic release that you consider—

Ms HARGREAVES: We have geological information that tells us where we think there is most prosperity.

Mr JEREMY BUCKINGHAM: Where are those?

Ms HARGREAVES: I would have to take that on notice.

Mr JEREMY BUCKINGHAM: Where are negotiations up to in regards to the buyback of Shenhua Watermark's various coal titles?

Mr ANTHONY ROBERTS: Do you support buybacks?

The Hon. ADAM SEARLE: Minister, he gets to ask the questions, you get to answer them.

Mr JEREMY BUCKINGHAM: Think quick. Where are negotiations up to in regards to the buyback of Shenhua Watermark's coal titles?

Mr ANTHONY ROBERTS: Mr Secretary?

Mr SMITH: The Minister has asked me to speak because I am the one leading those negotiations.

Mr JEREMY BUCKINGHAM: They are occurring?

Mr SMITH: Yes, and they are underway.

Mr JEREMY BUCKINGHAM: Are they for the entirety of their titles or a proportion of them?

Mr ANTHONY ROBERTS: He has already been asked a question. No more questions.

The CHAIR: I will run the inquiry, Minister, if you do not mind.

Mr ANTHONY ROBERTS: My apologies.

The CHAIR: Mr Jeremy Buckingham, there will be another round, so I will now pass it over to the Labor Opposition.

The Hon. ADAM SEARLE: On that topic, can you tell us where the discussions with Shenhua are up to and what those negotiations cover—the whole of their current licence or part only?

Mr ANTHONY ROBERTS: Mr Smith?

Mr SMITH: The Government has already announced that it is not the whole of the area that is the subject of negotiations. The mining company has already obtained development consent and approvals from the Commonwealth to enable it to establish an open-cut mine. The open-cut mine is not on the Liverpool Plains, it is on adjacent ridge country. What is the subject of negotiations is the balance of the exploration area which has come up for renewal. What the Government seeks through the negotiations is to have the licence renewed only for the area where the mine is approved and for the other area to be relinquished.

The Hon. ADAM SEARLE: Can you provide to the Committee a map showing the contested area or the area that is the subject of negotiations?

Mr SCOT MacDONALD: Point of order: We have in the past had questions like that queried because they are commercial in confidence. This very much sounds to me like it would be commercial in confidence.

The CHAIR: It is not for members of the Committee to make that call. It is for the Minister to decide whether he can or cannot answer the question under that exclusion. Minister, do you or your staff wish to answer?

Mr SMITH: We can provide a map that shows the entire area of the exploration licence and also the area that is not the subject of negotiation.

The Hon. ADAM SEARLE: Thank you.

Mr ANTHONY ROBERTS: We aim to please.

The Hon. ADAM SEARLE: Sometimes. Minister, there have been media reports about your office providing to Santos only a copy of your second reading speech in connection with the so-called anti-protest laws that were hotly contested in the Parliament. Those reports concerned the activities of two of your staff, Adrian

Pryke and Nick McDermott. Can you explain to the Committee why your office provided to Santos a copy of that speech in advance of it being given and whether or not it is your general practice to give second reading speeches to all stakeholders or only to mining companies?

Mr ANTHONY ROBERTS: I reject the premise of the question.

The Hon. ADAM SEARLE: It is an open question.

Mr ANTHONY ROBERTS: I thank you for the opportunity to address the conjecture around this. My office and I consult regularly and widely with relevant stakeholders. In fact, we believe good policy development relies upon consultation and feedback with key and effective stakeholders. Can I say if previous Ministers in previous governments had consulted more openly and honestly I probably would not be cleaning up the mess that has been left behind.

The Hon. ADAM SEARLE: But previous Ministers, at least in my experience, were not in the habit of giving out second reading speeches before they were given?

Mr ANTHONY ROBERTS: I will come to this. With respect to this second reading speech, both the Coalition and the Labor Party made pre-election commitments to introduction those protest laws. So they were known about more than a year before—

The Hon. ADAM SEARLE: I do not think we made a commitment about the laws you have introduced, sir?

Mr ANTHONY ROBERTS: I have a letter here from Mr Foley to the Minerals Council.

The Hon. ADAM SEARLE: I do not think it committed us.

The CHAIR: Are you tabling that?

Mr ANTHONY ROBERTS: Yes. It is signed Luke Foley, and I quote:

We recognise that trespassing is dangerous and illegal. NSW residents will always have the right to protest legally but Labor will never condone illegal activity or activity that could endanger lives.

Labor will work with industry, police ...on reforms to protect mine workers while respecting people's right to peacefully protest.

Document tabled.

The Hon. ADAM SEARLE: That does not commit us to implementing the laws that you did. Why did you give a copy of that second reading speech to one stakeholder only.

Mr ANTHONY ROBERTS: Yes, it does.

The Hon. ADAM SEARLE: Minister, why did you give that second reading speech to one stakeholder only?

Mr ANTHONY ROBERTS: Both our parties recognise the need to strengthen these laws and as a result of an election commitment a cross-government working party was established, led by Justice, to develop the proposed legislation. Formation of legislation was kept within government and stakeholders who have been a victim to illegal protest activities have provided examples of where this has impacted on the operation of their businesses.

The Hon. ADAM SEARLE: Can you provide to the Committee concrete examples of what you say are those instances?

Mr ANTHONY ROBERTS: Absolutely.

The Hon. ADAM SEARLE: I spoke to various stakeholders when this legislation was about to come before the Parliament and, despite my repeated requests, no specific, factual examples of the problem have been able to be provided to me.

Mr ANTHONY ROBERTS: We are talking about incidents of unlawful entry into privately owned property; unauthorised access being gained by cutting locks on gates; climbing fences and cutting security fences; and activists have refused to leave sites when requested and the NSW Police Force has had to respond. There have been entries of unauthorised persons onto a site, presenting a potential hazard to both protesters and workers. There have been hundreds of incidents of obstruction, examples include impediments of work programs as a result of obstructed access or equipment being blockaded.

It has included numerous incidents of protesters moving into the path of the driver; access gates being obstructed by persons locking onto the gates or persons locking onto equipment that could not be moved;

multiple incidents of dragnets being embedded into roads to enable activists to obstruct access by locking onto the device; activists have cut wire on security fences to gain access; locks to gates have been cut; security cameras have been stolen from inside lease sites; activists have hindered emergency access to and from work sites by blockading roads—for example, by trees being cut down across access roads—other equipment missing or damaged from inside lease sites; contractor equipment vandalised or stolen; graffiti on plant and equipment; and branded work vehicles parked in public spaces defaced. As far as offensive conduct, that is, running in front of moving vehicles and diving under moving trucks to lock on—

The CHAIR: Minister, you have previously agreed that you will provide that information to the Committee.

Mr ANTHONY ROBERTS: Yes.

The CHAIR: We will now move to questions from Mr Buckingham for six minutes. At the conclusion of that time the Committee can continue to sit. Minister, the Committee cannot compel you to go for another five minutes but it can request that you stay for another five minutes after the conclusion of that time to allow another question each from the Opposition and The Greens. Are you agreeable to that?

Mr ANTHONY ROBERTS: I am agreeable.

The CHAIR: Thank you.

Mr JEREMY BUCKINGHAM: What is the framework for New South Wales and the Council of Australian Governments [COAG] in retiring the most polluting coal-fired power stations out of the National Electricity Market [NEM]? AGL is saying that they are looking to retire Liddell by 2022. What plans are you making for that? Do you welcome it?

Mr ANTHONY ROBERTS: COAG is looking at all options and this is part of our modelling. I would say, as I mentioned before, that by December we will be in a position to be able to socialise that with interested stakeholders.

Mr JEREMY BUCKINGHAM: What do you mean by that?

Mr ANTHONY ROBERTS: We are socialising it; not nationalising it. It is just sharing that information.

Mr JEREMY BUCKINGHAM: You are sharing the information about which coal-fired power stations will be retired out of the NEM?

Mr ANTHONY ROBERTS: We will be coming back with modelling of the NEM. So modelling into the future what we need to do within the NEM because, quite frankly, I cannot see another coal-fired power station being built as part of the NEM.

Mr JEREMY BUCKINGHAM: You accept that AGL, as an example, is looking to close Liddell—it is not operating at full capacity. That is one of the plants that is likely to close. How is New South Wales planning for that closure in terms of the local community and in replacing that capacity with renewable energy?

Mr ANTHONY ROBERTS: That is an issue for AGL. This is why the modelling is important—namely, that we actually have a look for the first time at the NEM and see where our energy needs are going to be into the future. Because as we become more efficient in power usage the demand will trail off but, at the same time, as more electric vehicles [EVs] come on there could be an upsurge in the need for power. Again, this is why it is important for us to stop here, have a look and plan ahead. For the first time ever let us have a look at what is coming online, what is going offline and where we need to put additional resources in order to meet that demand and still supply that security within the grid.

Mr JEREMY BUCKINGHAM: For a couple of years now I have raised the issue of a domestic gas reservation and about exposing the east coast gas market to the international price parity at these forums, and I have been laughed at and ignored by the Government.

Mr ANTHONY ROBERTS: Mostly.

Mr JEREMY BUCKINGHAM: That is right, and what a catastrophic mistake that was. Is it not the case that the increased gas supply in Queensland has not had a downward impact on prices; it has only driven up prices?

Mr ANTHONY ROBERTS: Both the Australian Competition and Consumer Commission [ACCC] and the Australian Energy Market Operator [AEMO] oppose reservations, as we do. I cannot reserve New South Wales gas because we only produce—correction, it is all reserved.

The CHAIR: It is 100 per cent domestic.

Mr ANTHONY ROBERTS: One hundred per cent domestic gas is used thanks to our Camden operation. So 100 per cent of gas produced in New South Wales stays in New South Wales.

Mr JEREMY BUCKINGHAM: You cannot reserve it?

Mr ANTHONY ROBERTS: What I am saying is that it is already reserved. We only produce 5 per cent of our gas consumption in New South Wales, so it is all used here—100 per cent used here. What we need to do is establish greater transparency, and this is something that is being developed and worked through with the COAG Energy Council, in the gas market and certainly around pipelines.

Mr JEREMY BUCKINGHAM: But the developments around coal seam gas [CSG] in Central Queensland and their export has been a factor in driving up prices in Australia, have they not?

Mr ANTHONY ROBERTS: When you have an export market it is all demand and supply, and should Santos achieve production, having gone through the appropriate processes, there is an ability there for Santos to provide 50 per cent of the power needs into New South Wales.

Mr JEREMY BUCKINGHAM: Fifty per cent of the power needs?

Mr ANTHONY ROBERTS: The gas needs I should say.

Mr JEREMY BUCKINGHAM: But there is no guarantee because there is no reservation that is going to come into New South Wales, is there?

Mr ANTHONY ROBERTS: Santos has made it very clear that they are a producer of gas, they are not a retailer. The retailers—

Mr JEREMY BUCKINGHAM: Minister, I have got limited time. If I am not going to get a serious answer—

Mr ANTHONY ROBERTS: It is a very serious answer. It is like the New South Wales coal industry.

Mr JEREMY BUCKINGHAM: I do want to turn to the New South Wales coal industry.

Mr ANTHONY ROBERTS: I am very proud of it.

Mr JEREMY BUCKINGHAM: Given the number of coalmines either up for sale or in care and maintenance, what is the strategic benefit in allowing new greenfield coalmines to be built? Surely it would be better for the Government to encourage the use of existing coalmines to minimise impact on the environment and existing regional employment as we transition to a renewable energy economy?

Mr ANTHONY ROBERTS: I make it quite clear that I am incredibly proud of our coal industry and particularly proud of the Illawarra coal industry providing that great coke and coal that goes into producing the steel that goes into all of our infrastructure, and that is what is driving growth in New South Wales and driving our economy.

Mr JEREMY BUCKINGHAM: It only goes into infrastructure if it is cheaper than Chinese steel.

Mr ANTHONY ROBERTS: We have a very proud record of the steel that is used out of Australian steel in all our infrastructure projects.

The CHAIR: I am sorry, Mr Buckingham, you have run out of time. I will now pass over to Labor for one question for two minutes and then back to Mr Buckingham for two minutes. The Minister has agreed to stay until that time.

Mr SMITH: In relation to Mr Searle's question before, we have some further information we could provide about his very first question.

The Hon. ADAM SEARLE: Perhaps after I have asked this question.

Mr SMITH: Sure, but it would be useful to put on the record, I think.

The CHAIR: We will assume that you are taking it on notice and that you will table it.

Mr SMITH: I just think it is something that has been left hanging which we can answer conclusively.

The CHAIR: Unfortunately, Mr Smith, we are out of time. I need to make sure the members are allowed to ask their questions.

The Hon. ADAM SEARLE: Mr Smith, given the current low price of coal and given the geological problems that were associated with the Carooona project anyway, why did the Government spend \$220 million buying back the licence from BHP? How was that figure reached, by whom, and did you do any independent verification of the current commercial value of that licence before reaching that agreement?

Mr ANTHONY ROBERTS: Mr Smith will take that question through me.

Mr SMITH: There were multiple parts to that; I will try and answer all. The Government did not provide any compensation for this because it was part of a negotiation in relation to renewal. The Government was mindful that it had had the benefit of the \$100 million paid by BHP many years back and now the Government had changed the policy and did not wish mining to proceed at that location. The Government was also very mindful of knowing that if its predecessor had run a competitive tender process to allocate that right, if it were to essentially tear up that opportunity for which \$100 million had been paid, that would have very serious consequences from the way the industry globally would view New South Wales as a jurisdiction.

The Hon. ADAM SEARLE: But there is no right to a renewal.

Mr SMITH: That is true, but there were only these two locations where the unusual step was taken of running a tender for an exploration right and there were only these two sites where hundreds of millions of dollars changed hands.

The Hon. ADAM SEARLE: A commercial risk.

Mr SMITH: That was the reason that the Government sought to negotiate an orderly exit from that arrangement. The basis on which the amount was determined, I think, was the other part of your question. That was fairly straightforward. The Government looked at the amount that BHP had paid and it reflected what the Government's own cost of capital had been had it not had that \$100 million. Because if it had not received that \$100 million it would have had to borrow the \$100 million, because the Government is the net borrower through that period. It then looked to see if BHP had not given us that \$100 million, that is \$100 million they would not have had to obtain from their various sources of capital.

The CHAIR: I am sorry to interrupt you, Mr Smith, but we are running out of time. Mr Searle, would you be happy to have that answer given on notice?

The Hon. ADAM SEARLE: Of course.

The CHAIR: Could you supply the rest of your answer on notice?

Mr SMITH: Sure.

The CHAIR: Mr Buckingham, you have got two minutes.

Mr JEREMY BUCKINGHAM: Minister, I am intrigued by your comments regarding socialism and socialising the review of the National Electricity Market [NEM] through COAG. Could you elucidate on that in terms of what we can expect COAG to present? Are they going to deal with a review of the renewable energy target? How are they going to deal with oversupply and transparency in the gas and electricity markets? What are the sorts of things you are going to be socialising through that process?

Mr ANTHONY ROBERTS: I would refer you to the COAG communique. I do not have the communique in its entirety here with me, but you will see from that there are great changes coming. It is going to be difficult to do it, changing some of the old-guard thinking about how we actually look at our energy market and some of them are not going to like it. But, as I said, we are there to make the hard decisions.

Mr JEREMY BUCKINGHAM: What do you mean by "old guard"?

Mr ANTHONY ROBERTS: The people who support the old rules, the clunky rules that stop innovation; the people who have done it one way for their entire career; or the organisations that are very traditional. This is shaking the place up. We are going to shake this place up and we are going to have a national energy market that is responsive and open to innovation, because if we do not do it we are going to face some catastrophic failures in that system.

Mr JEREMY BUCKINGHAM: What do you mean by "catastrophic failures"?

Mr ANTHONY ROBERTS: Failures such as we saw in South Australia. We just cannot allow that to occur. That is why as renewables come on and play a major role, it is how we roll them out. For example, it might be through the use of sort of a smaller battery storage. I will not take your time now but, effectively, have storage units that help us with respect to renewables and their disruption in the grid, how we flatten that out so

we do not have that disruption. Power is stored, so when you have, for example, an issue when the wind is not blowing, a township or a city still is able to draw that base load.

The CHAIR: Thank you, Minister. Our time has concluded. Mr Smith, you sought to elucidate an answer earlier. Can I ask that that elucidation be provided as an answer to that question and assume that that question was on notice? It will be sent to you, in writing, so that you can have your chance to make your views known. Minister, thank you very much for providing your time here today with your advisers. Thank you very much for agreeing to extend past 4 o'clock. Once we do our deliberative we will ratify that decision from the Committee's point of view.

(The witnesses withdrew)

The Committee proceeded to deliberate.