

# **PORTFOLIO COMMITTEE NO. 6 – PLANNING AND ENVIRONMENT**

**Friday, 1 September 2017**

**Examination of proposed expenditure for the portfolio area**

## **RESOURCES, ENERGY AND UTILITIES, AND ARTS**

### **UNCORRECTED PROOF**

**The Committee met at RosterStartTime**

### **MEMBERS**

The Hon. P. Green (Chair)

Mr J. Buckingham

The Hon. B. Franklin

The Hon. S. Mallard

The Hon. M. Mason-Cox

The Hon. A. Searle

The Hon. W. Secord

The Hon. E. Wong

### **PRESENT**

**The Hon. Don Harwin**, *Minister for Resources, Minister for Energy and Utilities, Minister for the Arts, and Vice-President of the Executive Council*

## **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**



**CAROLYN MCNALLY**, Secretary, Department of Planning and Environment, sworn and examined:

**LIZ DEVELIN**, Deputy Secretary, Energy, Water, Regulation and Portfolio Strategy, Department of Planning and Environment, affirmed and examined:

**KYLIE HARGREAVES**, Deputy Secretary, Resources and Mining, Department of Planning and Environment, affirmed and examined:

**KEVIN YOUNG**, Chief Executive Officer, Sydney Water, sworn and examined:

**JAMES BENTLEY**, Managing Director, Hunter Water, sworn and examined:

**DAVID HARRIS**, Chief Executive Officer, WaterNSW, sworn and examined:

**LEE SHEARER**, Chief Compliance Officer, NSW Resources Regulator, Department of Industry, sworn and examined:

**ALEX O'MARA**, Acting Deputy Secretary, Arts and Culture, sworn and examined:

**The CHAIR:** I acknowledge the Gadigal people, who are the traditional custodians of this land on which we meet. I pay respect to the elders past and present of the Eora nation and extend that respect to other Aboriginal people who are present or participating in the hearing. I welcome the Hon. Don Harwin and accompanying officials. The Committee will examine the proposed expenditure for the portfolios of Resources, Energy and Utilities, and the Arts.

Before we commence I will make some brief comments about the procedures for today's hearing. Today's hearing is open to the public and is broadcast live via the Parliament's website. 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 remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. The guidelines for the broadcast of the proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take the questions on notice and provide an answer in a written form within 21 days. The delivery of any messages from advisors or members' staff should be delivered through the Committee secretariat. I remind the Minister and officers accompanying him that they are free to pass notes and refer directly to advisors seated behind them. A transcript of the hearing will be available on the website from tomorrow morning. I ask that all mobile phones be switched to silent or turned off. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, you have taken an oath of office so you will not be required to do that.

I declare the proposed expenditure for the portfolios of Resources, Energy and Utilities, and the Arts open for examination. Questioning concerning the portfolios of Resources, Energy and Utilities, and the Arts will run from 2.00 p.m. to 4.00 p.m. and, 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. WALT SECORD:** I will open with a question on the Arts. Given that the member for Kiama and your close factional ally is overseas—I believe he is currently in Nova Scotia and will shortly be in New York City—who will be representing the New South Wales Government at the Kiama Arts Trail activities this weekend on the beautiful South Coast?

**The Hon. DON HARWIN:** I am not aware of being asked to attend myself. I will check with my office. I am not sure what Mr Ward had in place in terms of arrangements to represent him; you would have to ask him.

**The Hon. WALT SECORD:** Are you familiar with any plans to expand the Kiama Arts Trail and the tourism initiatives related to the arts on the South Coast?

**The Hon. DON HARWIN:** I have had a number of meetings with a number of organisations on the South Coast but I do not think the arts trail is one of them and I do not recall having received any requests from them. I will be happy to check.

**The Hon. WALT SECORD:** Has Mr Ward made any representations to you about the Kiama Arts Trail?

**The Hon. DON HARWIN:** I have had representations from Mr Ward about a number of projects in his electorate, but I would have to check whether that was one of them.

**The Hon. WALT SECORD:** What was one of those projects he was promoting?

**The Hon. DON HARWIN:** I attended a meeting with a group that Mr Chair would know well, the Albatross Musical Theatre.

**The CHAIR:** Very good.

**The Hon. DON HARWIN:** We visited the workshops that they have in North Bomaderry and had a look at the work they were doing. It is excellent. The other group that I met with from his electorate that has some interest in support from the Government out of the new Regional Cultural Fund is the Bundanon Trust for the work taking place at Bundanon—we hope. It is an excellent proposal. While it physically may not be in Mr Ward's electorate, it would cover a large number of constituents in his electorate. There is Shoalhaven council's regional gallery in Berry Street at Nowra. I visited it in the company of the member for Kiama, the member for the South Coast and the Chair a couple of weeks ago. They have interesting proposals there for the regional gallery.

**The CHAIR:** Air-conditioning, Minister.

**The Hon. DON HARWIN:** I was not going to take too much time, but now that you raise it—

**The Hon. WALT SECORD:** That was not my question; it is the Chair's question.

**The Hon. DON HARWIN:** It is relevant. It is a proposal for temperature control and temperature control in a regional gallery—

**The Hon. WALT SECORD:** Did Mr Ward have a view on temperature control?

**The Hon. DON HARWIN:** Mr Ward, along with the member for South Coast and the Chair are promoting improvements to the regional gallery in Nowra so there is more exhibition space that is suitable for exhibitions that tour from, for example, the Art Gallery of New South Wales.

**The Hon. WALT SECORD:** When was the last time you discussed his love and support for the arts on the South Coast?

**The Hon. DON HARWIN:** I cannot remember, I am sorry. I would have to check.

**The Hon. WALT SECORD:** When was the last time you discussed matters with Mr Ward?

**The Hon. DON HARWIN:** What matters?

**The Hon. WALT SECORD:** Electoral matters, things relating to the performance of public affairs in New South Wales, administration, maybe overseas travel, maybe attracting arts events, maybe support for the Kiama Arts Trail, maybe air-conditioning—I do not know.

**The Hon. DON HARWIN:** I cannot recall prior to Mr Ward going overseas when my last conversation was with him about those matters, but I speak to him most weeks.

**The Hon. ADAM SEARLE:** To be clear, what exactly are you buying back for \$262 million relating to exploration licence [EL] 7223? You are not buying any land?

**The Hon. DON HARWIN:** The Government has agreed to buy back 51.4 per cent of Shenhua Watermark's mining exploration licence. It is the part of the licence being relinquished that covers the flat fertile agricultural area on the Liverpool Plains, commonly referred to as the black soil plains.

**The Hon. ADAM SEARLE:** That licence expired in February 2016, did it not?

**The Hon. DON HARWIN:** I will let the deputy secretary give you the exact date.

**Ms HARGREAVES:** The exploration licence was due to expire in February. However, the company submitted a legal and appropriate application for renewal prior to its expiration date. Therefore, it remains on hop.

**The Hon. ADAM SEARLE:** Can you tell us the date you received the application? You can take it on notice. To be clear, you are spending \$262 million to buy back half, or 51.4 per cent, of a licence that has in fact expired. That is what you are doing. Is that correct?

**The Hon. DON HARWIN:** I think the deputy secretary responded directly to that point. I am advised that the deputy secretary can clarify the dates and address that part of your question.

**Ms HARGREAVES:** Yes, EL 7223 was due to expire on 22 February 2016 and a renewal application for the full 100 per cent retention of the area was lodged on 5 February 2016.

**The Hon. ADAM SEARLE:** Again, to be clear, you are spending more than \$250 million to buy back just over half of something that has expired? You are not getting any land for this price.

**Ms HARGREAVES:** Nothing has expired if a legitimate renewal has been submitted to the Government. In fact, that licence remains on foot until a determination on that renewal is made.

**The Hon. DON HARWIN:** That is clear, is it not?

**The Hon. ADAM SEARLE:** Pretty clear.

**The Hon. DON HARWIN:** Good.

**The Hon. ADAM SEARLE:** To be clear, the company has had the benefit of that exploration licence now for the better part of a decade, has it not? It has had it for more than eight years.

**The Hon. DON HARWIN:** Yes, indeed it has. Since it was approved under Minister Macdonald in 2008.

**The Hon. ADAM SEARLE:** Indeed, and renewed by Minister Hartcher, your close friend, in 2012. Correct?

**The Hon. DON HARWIN:** Yes, there was a renewal.

**The Hon. ADAM SEARLE:** Yes, by that Minister.

**The Hon. DON HARWIN:** There was a renewal, yes.

**The Hon. ADAM SEARLE:** You do not like Chris Hartcher's name being mentioned. Are you a bit embarrassed?

**The Hon. BEN FRANKLIN:** Point of order—

**The Hon. ADAM SEARLE:** You say there is an application for the whole licence. Does that mean you are still deliberating on what to do with the other 48.6 per cent of the exploration licence?

**The Hon. DON HARWIN:** Shenhua has not yet been issued a mining licence, of course; only an exploration licence.

**The Hon. ADAM SEARLE:** Sure. It has not applied for a mining licence yet, has it?

**The Hon. DON HARWIN:** It has not applied for a mining licence yet, that is correct.

**The Hon. ADAM SEARLE:** It applied for a renewal of the whole of the exploration lease. Your Government—

**The Hon. DON HARWIN:** Excuse me one moment, I want to take some instructions. Sorry, would you repeat your question?

**The Hon. ADAM SEARLE:** It has applied to renew the whole of the EL and the Government has decided not to renew 51.4 per cent but to buy it back.

**The Hon. DON HARWIN:** Correct.

**The Hon. ADAM SEARLE:** In relation to the other 48.6 per cent, is it the case that you have not yet made a final decision about whether or not to renew that part of the EL?

**The Hon. DON HARWIN:** That is correct. It is still being assessed.

**The Hon. ADAM SEARLE:** If someone was to say an agreement was reached with the New South Wales Government to partially extend the lease, would that be true or false?

**The Hon. DON HARWIN:** Perhaps you could rephrase that question, because that is not a concept under the—

**The Hon. ADAM SEARLE:** Is there an agreement with the State Government of New South Wales to agree to an extension of 48.6 per cent of the EL?

**The Hon. DON HARWIN:** No.

**The Hon. ADAM SEARLE:** Are you aware that Shenhua, the company you are dealing with, made a statement to the Hong Kong stock exchange on 12 July which states, "On 29 June 2017 Watermark Pty Limited reached an agreement with the New South Wales Government in relation to partial extension of the exploration licence." Are you aware of that statement being made by Shenhua?

**The Hon. DON HARWIN:** No, I am not aware of that statement being made.

**The Hon. ADAM SEARLE:** Is that statement false?

**The Hon. DON HARWIN:** The statement is not correct as the exploration licence has not yet been renewed.

**The Hon. ADAM SEARLE:** Again, the statement is false; it is not factually correct?

**The Hon. BEN FRANKLIN:** The Minister did say that the statement was not correct. I do not know that he can be any more clear than that, Mr Searle.

**Mr JEREMY BUCKINGHAM:** Was that a point of order?

**The Hon. BEN FRANKLIN:** No, I was just assisting.

**The Hon. DON HARWIN:** The language used by Shenhua is a matter for it. I have given you a statement as to what the actual position is.

**The Hon. ADAM SEARLE:** How did your Government calculate the \$262 million and from which budget line item does it come?

**The Hon. DON HARWIN:** In 2008, under the Labor Government, Shenhua purchased the exploration licence for \$300 million. The Government is refunding 51.4 per cent of that amount plus an adjustment for the holding of the capital over the past nine years. That is how the total figure of \$262 million is reached.

**The Hon. ADAM SEARLE:** You characterise it like the Caroon buyback as a refund, is that correct, not compensation?

**The Hon. DON HARWIN:** Correct.

**The Hon. ADAM SEARLE:** I again read to you from Shenhua's statement to the Hong Kong stock exchange on 12 July, "Pursuant to the established policies of protection of agricultural activities on the black soil plains, the New South Wales Government withdrew the exploration licence of approximately 100 square kilometres within the Watermark exploration area and provided Watermark with economic compensation amounting to"—just under \$262 million—"and accepted the application for the partial extension of the exploration licence." That statement is also not true, is it?

**The Hon. DON HARWIN:** Mr Searle, you should understand that whatever statement Shenhua made to the stock exchange it was not shown to us or approved by us before it was made.

**The Hon. ADAM SEARLE:** I am not suggesting it was. I am exploring the truth of the matter. You have a major company with whom your Government is doing business saying one thing and your Government is saying something completely different. You say it is a refund; it says it is compensation. It says it has a deal with you about extending the EL; you say it is still being assessed. I am interested in knowing who is telling the truth.

**The Hon. DON HARWIN:** Yes, but the exploration licence remains on foot until the assessment.

**The Hon. ADAM SEARLE:** That was not the question.

**The Hon. DON HARWIN:** I was making sure that you were quite clear on the position.

**The Hon. ADAM SEARLE:** I am quite clear on that, but the company says it had a deal with you and you say it did not. Are you telling the truth or is the company?

**The Hon. SHAYNE MALLARD:** Point of order: The Minister has answered this question quite a few times now.

**The CHAIR:** As we know, the Minister can answer the question as he sees fit.

**The Hon. DON HARWIN:** We entered into a negotiation with Shenhua and, as a result, it gave up 51.4 per cent of the exploration licence it had. That was the area involving the prime agricultural land on the flat fertile plains commonly referred to as the black soils.

**The Hon. ADAM SEARLE:** Under the Mining Act, the decision-maker, which is you, is not bound to renew an authority over the area nominated by the applicant. Is that correct?

**The Hon. DON HARWIN:** Yes, that is correct.

**The Hon. ADAM SEARLE:** Can you review a smaller amount of the land, as long as it is not different land to the land originally covered?

**The Hon. DON HARWIN:** Yes, that is correct.

**The Hon. ADAM SEARLE:** Do you have the discretion?

**The Hon. DON HARWIN:** Yes.

**The Hon. ADAM SEARLE:** Is there anything in the Mining Act that says if you choose to renew a smaller part of an exploration licence (EL) the Government is bound to make compensatory payments or refunds?

**The Hon. DON HARWIN:** It is not an unqualified discretion. There are a limited number of circumstances in which I can refuse it. It is not unqualified.

**The Hon. ADAM SEARLE:** As long as you adhere to the restrictions on the discretion and as long as you do not break the law there is not anything in the Mining Act that requires the Government to refund any part of the original purchase price of the EL. Is that correct?

**The Hon. DON HARWIN:** That is quite correct.

**The Hon. ADAM SEARLE:** But your Government decided to refund part of the \$300 million?

**The Hon. DON HARWIN:** Yes, for a very good reason, which is—

**The Hon. ADAM SEARLE:** The company has had the benefit of the EL for eight years; the Government is buying back only half; and you are giving the company almost every penny it paid for the EL. It is like the Government is just financing the next stage of the mine.

**The Hon. DON HARWIN:** That is incorrect. The company will be given back an amount that reflects its original purchase price, discounted because we are purchasing only 51.4 per cent of it back, and with an adjustment that reflects the fact that we have held the capital over the past nine years.

**The Hon. ADAM SEARLE:** The company has purchased a licence and has had the benefit of it for eight years. There are not many products or things you can buy that you can then hand back a portion of and get such a handsome refund. On what legal basis are you doing this?

**The Hon. DON HARWIN:** I am happy to discuss that but I should make it quite clear that the company has spent at least \$160 million on exploration. It is not a case of giving it back money for no effort expended on its part.

**The Hon. ADAM SEARLE:** When companies buy exploration licences they are buying them to establish whether there is a resource to explore. When a company purchases an EL it is for a limited period and it is a licence to look. It is not a licence to mine or anything else, is it?

**The Hon. DON HARWIN:** Correct.

**The Hon. ADAM SEARLE:** Is it correct that it does not come with a rolled-gold guarantee that the company will make money or that it will not lose money on the transaction?

**The Hon. DON HARWIN:** That is correct.

**The Hon. ADAM SEARLE:** Everything you have said makes it seem as though you are intent on doing special deals for mining companies to ensure that they do not lose any money or that they lose as little as possible. The company paid its money, it had the benefit, it took its chances and now you want to refund the company because it is getting potentially half a renewal.

**The Hon. DON HARWIN:** You are not mentioning the relevant fact that a development approval process has been undertaken for this mine, which has now reached a stage—although it is not complete and there are other matters to be dealt with—where it may well go ahead. What we have ensured by buying back 51.4 per cent of the exploration licence is that there can be no future mining on the fertile black soils of the Liverpool Plains. By buying back the area of the exploration licence that encroached onto the plains we have ensured that Shenhua, or any other company in the future, will not be able to apply for an expansion of the mine or a new development consent for a mine on the land.



**The Hon. ADAM SEARLE:** No-one has an unqualified right for an expansion of a mine, do they?

**The Hon. DON HARWIN:** No, there would obviously have to be a development consent for that.

**The Hon. ADAM SEARLE:** The point is that you are not taking something off the company that it currently enjoys. The company did not and does not have a right to mine; therefore, this idea that the company should be compensated because it will not be able, at some future point, to expand a mine that currently does not exist is ridiculous.

**The Hon. DON HARWIN:** The approval of a development consent for even the part of the exploration licence that the company retained gives it certain rights. You cannot just overlook that.

**Mr JEREMY BUCKINGHAM:** Minister, have you visited the Shenhua Watermark site?

**The Hon. DON HARWIN:** I have not visited the Shenhua site.

**Mr JEREMY BUCKINGHAM:** You have not visited the site of that proposed coalmine. How many coalmines have you visited in your time as Minister?

**The Hon. DON HARWIN:** From the best of my recollection, I have visited two.

**Mr JEREMY BUCKINGHAM:** What coalmines were they?

**The Hon. DON HARWIN:** One was Mangoola, which is not far from Muswellbrook and Denman, and the other was Bulga.

**Mr JEREMY BUCKINGHAM:** What is your impression of coalmining? Do you think that coalmining will be a significant part of the New South Wales economy going into future decades and centuries? What is your view on the future of coalmining and do you think it will have a significant role to play in the economy of New South Wales in the future?

**The Hon. DON HARWIN:** I do. We need to understand that coalmining involves a variety of different purposes. We have metallurgical coal, which is a critical ingredient in steel production; and, of course, there is thermal coal, which is largely used as a source of energy for coal-fired energy generation.

**Mr JEREMY BUCKINGHAM:** Do you believe there is a role for new coal? Would you like to see new coalmines like Bylong, Berrima, Shenhua, and the Vickery project? Is that the hope of the Government and the department?

**The Hon. DON HARWIN:** Let us not overlook that coal is the State's largest export earner.

**Mr JEREMY BUCKINGHAM:** What do you mean when you say that coal is the State's largest export earner?

**The Hon. DON HARWIN:** It is the State's largest export earner. It is worth \$13.2 billion in economic activity. There are 20,000 people who are directly employed by the industry, and almost 80,000 other people who indirectly benefit from coalmining.

**Mr JEREMY BUCKINGHAM:** That \$13.2 billion is what it is worth to gross State product [GSP], but how much is it worth to State revenue? I refer to the questions of the Hon. Adam Searle on the issue of Shenhua. Are you aware of—

**The Hon. DON HARWIN:** You did ask me one question to which I did not give you an answer. Coal royalties amount to \$1.1 billion.

**Mr JEREMY BUCKINGHAM:** Yes, \$1.1 billion, that is right. The \$13 billion is GSP. Minister, is there a general requirement that when a coal licence is renewed, 50 per cent of that exploration licence be handed back?

**The Hon. DON HARWIN:** Yes, but there are circumstances in which the entire 50 per cent does not need to be handed back if particular conditions are met.

**Mr JEREMY BUCKINGHAM:** Why was none of the licence handed back when former Minister Hartcher renewed the licence?

**The Hon. DON HARWIN:** For Shenhua?

**Mr JEREMY BUCKINGHAM:** Yes.

**The Hon. DON HARWIN:** I think the Hon. Adam Searle mentioned that was several years ago and it was obviously several years before I became Minister. I will consult my deputy secretary and find out what the reason was. In fact, I might invite her to answer.

**Ms HARGREAVES:** In the legislation there are details around the special circumstances under which a 50 per cent relinquishment is not required. At the time of renewal the company would have put in a submission that outlined their claims against each one of those special circumstances. Those special circumstances would have then been assessed by the department. If they were found to be valid then they would actually support a renewal that says that we do not want to release 50 per cent.

**Mr JEREMY BUCKINGHAM:** But it was in the power of the Government to effectively take back half of Shenhua's licence when it was renewed, according to your own policy, without any financial compensation at all. That is the case, is it not?

**The Hon. DON HARWIN:** I will invite the deputy secretary to continue giving you the answer to your question.

**Ms HARGREAVES:** There are a lot of things you have to take into consideration when you are looking at the grounds on which you could refuse a licence or a grounds to refuse special circumstances applications. When you look at those reasons you have got to balance up whether or not they are strong, evidential-type reasons. Essentially, we also have to marry it against the objects of the Act and any special conditions that are on the licence. Again, it is not a simple case of just saying that we believe you should give up 50 per cent of the licence. We have to go through a very thorough review and analysis of all of the reasons given and also determine whether or not the grounds for a refusal are valid under the objects of the Act.

**Mr JEREMY BUCKINGHAM:** Ultimately, if those grounds were found to be valid you could have done that?

**Ms HARGREAVES:** If the grounds were found to be valid.

**Mr JEREMY BUCKINGHAM:** That is exactly right, and for no compensation whatsoever. Will the buyback result in any change to Shenhua's planning approval and its plans for its mine, including the configuration, the scope and all of those things?

**The Hon. DON HARWIN:** They are separate issues and the development assessment aspects of the Shenhua proposal are a matter for the planning Minister, not for me.

**Mr JEREMY BUCKINGHAM:** But did the buyback that you oversaw impact in any way the plans for the mine?

**The Hon. DON HARWIN:** They would be very relevant to any future expansion of the mine but they were not relevant to the approval that had already been received.

**Mr JEREMY BUCKINGHAM:** That is right. The buyback did not change the configuration or scope of the mine in any way, shape or form.

**The Hon. DON HARWIN:** I apologise to the honourable member. The deputy secretary was giving me some information.

**Mr JEREMY BUCKINGHAM:** Of the \$262 million, the licence was bought for \$300 million and you have bought back 50 per cent of it. Does that represent \$150 million for 50 per cent and then \$112 million as compensation for holding Shenhua's capital for the last eight years?

**The Hon. DON HARWIN:** Essentially that is correct, yes. Bearing in mind it is not exactly \$150 million because we are talking about 51.2 per cent, not 50 per cent.

**Mr JEREMY BUCKINGHAM:** That is pretty good money, is it not?

**The Hon. DON HARWIN:** It is calculated according to an easily understood formula of net present value.

**Mr JEREMY BUCKINGHAM:** Would you be prepared to provide the formula you used for that? Is that a formula you use for all of these types of—

**The Hon. DON HARWIN:** Treasury makes those calculations.

**Mr JEREMY BUCKINGHAM:** Surely you would be privy to them?

**The Hon. DON HARWIN:** Treasury makes those calculations and obviously we use them and rely on them.

**Mr JEREMY BUCKINGHAM:** Would you be prepared to table those?

**The Hon. DON HARWIN:** Technically, it is a question you should ask the Treasurer but I will see what we can do.

**Mr JEREMY BUCKINGHAM:** Which coal seam gas fields have you visited in your time as Minister?

**The Hon. DON HARWIN:** I have visited none.

**Mr JEREMY BUCKINGHAM:** You have not seen a coal seam gas field?

**The Hon. DON HARWIN:** I have not.

**Mr JEREMY BUCKINGHAM:** In New South Wales, Queensland or anywhere?

**The Hon. DON HARWIN:** Correct.

**Mr JEREMY BUCKINGHAM:** In your time as Minister as you are proposing to roll this industry out across New South Wales with your caveats—you are saying that it is a safe industry and you are promoting the Gas Plan—you have not bothered to even look at one of these operations anywhere in New South Wales or Queensland?

**The Hon. DON HARWIN:** The premise of your question is quite incorrect. The Government has paused, considered the situation, come up with the Gas Plan and now has a reset in place.

**Mr JEREMY BUCKINGHAM:** What does "a reset" mean?

**The Hon. DON HARWIN:** The reset is the new policy, the Gas Plan. The situation is that a large number of coal seam gas licences were bought back.

**Mr JEREMY BUCKINGHAM:** I understand that, but an essential part of the Gas Plan—

**The Hon. BEN FRANKLIN:** Point of order: We have tried to be reasonable but on many occasions the honourable member has stopped the Minister in the middle of his first sentence. I ask that you allow the Minister to give his answer before being asked another question.

**The CHAIR:** Members will allow the Minister to give his answers.

**Mr JEREMY BUCKINGHAM:** Is he going to give it?

**The Hon. DON HARWIN:** I am happy to. As I said, a number of licences were bought back. A minority were left in place, I am advised covering just less than 7 per cent of the State's land mass.

**Mr JEREMY BUCKINGHAM:** You have not visited any of them.

**The Hon. DON HARWIN:** Excuse me. In future, any new coal seam gas development must be undertaken under the strategic release framework that has been put in place. There has been no strategic release process commenced for coal seam gas.

**The CHAIR:** Many families have recently been hit by a dramatic rise in electricity bills. Can you outline why there has been a sharp rise in their electricity bills and what the New South Wales Government attributes this to?

**The Hon. DON HARWIN:** Yes. I am happy to do that. Electricity prices are made up of a number of components, including a network cost, a wholesale cost and a retail cost. The cost of electricity at the moment is largely as a result of pressures on wholesale electricity generation. As a Government, we are working hard to keep downward pressure on prices but the causes of the price rises are fairly clear. They relate to the retirement of electricity generation options interstate and high gas prices due to the liquefied natural gas [LNG] export sector. Gas is setting the price more in the energy market and gas, in particular, is becoming dearer. The only way out is sensible national reform through the Finkel review. It is a national problem and it needs national solutions. In particular, it needs us to dial down the politics and get it solved.

In the winter break I have been visiting regional towns around the State, talking to recipients and providers of Energy Accounts Payment Assistance [EAPA] vouchers. We are focused on connecting as many households with the \$256 million of assistance in our rebate program on offer this year in the budget. In addition to the ongoing Australian Competition and Consumer Commission electricity pricing inquiry, we have asked the Independent Pricing and Regulatory Tribunal as part of its market monitoring role to specifically look into the drivers of recent electricity and gas prices increases. Its report will be published in September 2017.

**The CHAIR:** In the Gas Plan has there been any discussion about reservation of New South Wales domestic gas supplies?

**The Hon. DON HARWIN:** The gas reservation policy initiative has been discussed over many years at all levels of government. This Government's view has been that a reservation policy is not desirable. But in large part, if there are benefits that could have been achieved by a reservation policy, I would expect that what the Federal Government has done recently with the Australian Domestic Gas Security Mechanism will go some of the way, if not all of the way, towards delivering the benefits that such a policy could deliver.

**The CHAIR:** Is it this Government's view that we should have a 15 per cent gas reservation target for domestic use?

**The Hon. DON HARWIN:** The State Government is not in favour of having a reservation policy.

**The CHAIR:** Can you give the Committee an index of the price per unit gas is sold at when exported?

**The Hon. DON HARWIN:** I am happy to take that question on notice and provide a detailed answer.

**The CHAIR:** And can you then replicate that index to show what people in New South Wales pay for the same unit of gas?

**The Hon. DON HARWIN:** Yes, I will include an answer to that as well.

**The CHAIR:** In the leasing of the poles and wires the Government gave an undertaking that electricity prices would be lower in 2019 than they were in 2014.

**The Hon. DON HARWIN:** Yes.

**The CHAIR:** Given that electricity prices are skyrocketing, can you confirm that the Government remains committed to that undertaking? How do you propose to meet that commitment?

**The Hon. DON HARWIN:** We most certainly are committed to that. In 2015, as part of the lease of the New South Wales poles and wire businesses, the Government gave a commitment that each new network operator of Ausgrid and Endeavour Energy would sign a price guarantee to ensure that network charges would be lower in 2019 than they were in 2014. This reform measure has now been implemented. The promise relates to network charges, which make up nearly 50 per cent of a customer's bill. These guarantees have been monitored by Professor Allan Fels, NSW Electricity Price Commissioner, who oversaw the implementation of the price guarantee. The network component of electricity bills dropped on 1 July 2017, consistent with the networks meeting the price guarantee. For example, from 1 July this network prices were 3 per cent lower for the average residential electricity customer in New South Wales.

For typical customers in the Ausgrid network area, which includes eastern Sydney, Central Coast and the Hunter Valley, 2016-17 network charges decreased on average by 2.8 per cent or \$22.50. For typical customers in the Endeavour Energy network area, which is Western Sydney and Wollongong, 2016-17 network charges decreased on average by 3.2 per cent or \$24.60. For typical customers in the Essential Energy network area, which is the remainder of regional New South Wales, 2016-17 network charges decreased by 2.8 per cent or \$24.70. The member should be reassured that the commitments that were made are really helping to put downward pressure on electricity prices for families across New South Wales.

**The CHAIR:** What is the Minister doing to ensure that the increasing cost of electricity does not cripple small businesses and result in them laying off workers across New South Wales?

**The Hon. DON HARWIN:** I am very focused on the need to make sure that energy costs for businesses are brought down. I have met with a lot of businesses, individually and collectively, to discuss the problems they are having with their energy prices. Ultimately, downward pressure on electricity prices cannot be divorced from the fact that we have a broken National Electricity Market and we need a national solution to ensure that there is more power being supplied into the market because that is the best way of putting downward pressure on prices. For example, I have met with Manufacturing Australia, one of the larger energy users, and I have also met with the Australian Industry Group and the New South Wales Business Chamber who spoke for a lot of smaller and medium enterprises. I have also had a long discussion with the NSW Farmers Association about businesses in the agriculture sector.

On my recent visit to Griffith for the Community Cabinet I had a long discussion with two small businessmen. They are doing an outstanding job in regional New South Wales, creating employment and prosperity in those communities. One of them had a chicken farming enterprise, which is now up to four chicken farms; another one was in aquaculture, farming Murray cod. Both businesses were tremendously impressive and energy pricing was a key concern to them. Really the most important thing that we can do to put downward

pressure on prices is to land the reform of our National Electricity Market. We have made major progress by ensuring from the Finkel review, the independent review into the future security and reliability of the National Electricity Market, that 49 of the 50 recommendations have already been adopted by the Council of Australian Governments [COAG] Energy Council. At its most recent meeting, literally a week ago, we locked down an implementation plan for those 49 recommendations.

**The Hon. WALT SECORD:** In the Powerhouse Museum inquiry held earlier this week you commented on the \$100 million Regional Cultural Fund. You said that it was "over the forward estimates". How much will be allocated in the 2017-18 budget?

**The Hon. DON HARWIN:** Twenty-five million dollars.

**The Hon. WALT SECORD:** Do you stand by your decision not to include Newcastle, Wollongong, the Blue Mountains and Wollondilly in the Regional Cultural Fund?

**The Hon. DON HARWIN:** The Blue Mountains and Wollondilly have traditionally been seen in the Arts, Screen and Culture portfolio as part of Sydney and not included in the regions. The decisions taken in the Newcastle and Wollongong local government areas are consistent with the approach being taken in other regional growth funds as part of this budget. As to Arts and Culture, in particular, I am comfortable with the decision not to include them because the cities of Newcastle and Wollongong have a much more significant base in rateable property and a significantly greater capacity to generate funds because of their classification essentially as metropolitan rather than regional centres. I know that is reflected by almost every government agency, right down from the Australian Bureau of Statistics—

**The Hon. WALT SECORD:** I have got the message. Are the South Coast and Kiama included in the Regional Cultural Fund?

**The Hon. DON HARWIN:** The Kiama local government area is eligible, as is Shellharbour, the Shoalhaven, Eurobodalla and Bega Valley. The entire South Coast from Shellharbour south.

**The Hon. WALT SECORD:** In response to a question without notice, in reference to the Logie Awards, that I asked as the shadow Minister for the Arts, you said in a deferred answer on 8 August in this Parliament:

It is proposed that the Logie Awards would be held in three regional New South Wales locations. The suggested locations are Tamworth, Dubbo and Albury.

Will you be presenting an award at the 2018 ceremony, similar to what Mrs Skinner and you did at the most recent Helpmann Awards?

**The Hon. DON HARWIN:** Who was the other person you mentioned?

**The Hon. WALT SECORD:** Mrs Skinner. Do you not remember that she presented an award at the Helpmann Awards in 2016?

**The Hon. DON HARWIN:** Did she? I did not know that.

**The Hon. WALT SECORD:** She did.

**The Hon. DON HARWIN:** I certainly presented one this year. I was asked to do one simply because—

**The Hon. WALT SECORD:** Actually, my question goes to the Logies.

**The Hon. DON HARWIN:** It is not the Arts portfolio that funds the Helpmann Awards. I think the Helpmann Awards are held in Sydney with the assistance of funding from Destination NSW.

**The Hon. WALT SECORD:** My question relates to the Logies awards. You have an answer in Parliament and said that it will be Tamworth, Dubbo and Albury. Can you give us the details? Maybe your arts adviser could do that. In response, you said Tamworth, Dubbo and Albury.

**The Hon. DON HARWIN:** In terms of whether I will be able to attend a particular event, I have to see what other commitments I have to fulfil at that particular time. If there are some events in relation to the Logies—and I think it is an initiative that is being pursued by the Minister for Major Events and Tourism, the Hon. Adam Marshall—as a result of Destination NSW's good work if he asked me to attend them on his behalf I would certainly give that very close consideration.

**The Hon. WALT SECORD:** Has your department done any work on this proposal?

**The Hon. DON HARWIN:** We will take that on notice, but my understanding is that this is an initiative of Destination NSW.

**The Hon. WALT SECORD:** What is your response to the fact that it has been described by the arts community as "moronic"?

**The Hon. DON HARWIN:** I have not heard those criticisms.

**The Hon. ERNEST WONG:** Minister, considering that the desalination plant will not be available until December 2018—a full three years since it was damaged in a storm and in that time Sydney families have paid \$277 each in availability fees—have you personally made contact with the owners of the desalination plant and demanded that they repair it?

**The Hon. DON HARWIN:** Let us unpack that a little bit. The desalination plant was built during the millennium drought to secure a source of water that is not dependent on rainfall. It operates under—

**The Hon. ERNEST WONG:** I am not asking for the background of it. I just want to know have you made any personal contact with the owners of the plant and demanded that they repair it?

**The Hon. SHAYNE MALLARD:** Point of order: Let the Minister answer the question. He was just starting to answer the question.

**The Hon. ERNEST WONG:** He is not answering the question.

**The CHAIR:** I think there was a reasonable expectation from the member that the Minister should be brought back to the question on that occasion because we could have had a history lesson.

**The Hon. DON HARWIN:** No, I have not spoken to the owner. While the plant is not currently operational it needs to be recognised that Greater Sydney's drinking water is secured by its existing dams, which are around—

**The Hon. ERNEST WONG:** Do you think it is reasonable to have a three-year delay? You have not answered the question.

**The CHAIR:** I am not going to have members speaking over the Minister or the Minister speaking over members because Hansard cannot make an interpretation of it. I ask that you be thoughtful of Hansard. The Minister was being relevant to the question on this occasion and I encourage you to let him conclude that statement. Then you can move on to another question.

**The Hon. DON HARWIN:** As I was saying, the existing dams are around 94 per cent full. The drought figure for operating the plant is the point at which total dam storage levels fall to 60 per cent. It is unlikely that trigger will be reached within the next five years. The speed at which the desalination plant is being repaired reflects that situation with the amount of water in our dams at the moment.

**The Hon. ERNEST WONG:** Do you think that it is reasonable to have a three-year delay in the operation of the desalination plant when Sydneysiders are paying, and will you guarantee that the desalination plant will be available if required to produce water in December 2018?

**The Hon. DON HARWIN:** I think that question is essentially the same question that you asked before, for which I have given you an answer.

**The Hon. ERNEST WONG:** It is not a guarantee.

**The Hon. DON HARWIN:** I would like to assure you that repairs are expected to be completed in December 2018 and they are fully covered by the plant's insurers so they will not impact on the price of water. I should also remind you that the price being paid by householders for water is \$100 less this year on average than last year, will be \$100 less next year and \$100 less each year for the following two years as a result of the very effective management of our water supply by Sydney Water.

**The Hon. ADAM SEARLE:** Just returning to the Shenhua Watermark matter, your press release with the Hon. Niall Blair makes a big song and dance about how you are protecting the black soil but, in fact, when you look at the proposed site of the three mine pits and you look at the overburden dumps and you also look at the floodplain areas and also the land that I think Planning has mapped as being biological and strategic agricultural land, if you lay them all over each other you can see that the mine will still impact on those areas, particularly the BSAL lands. That is correct, is it not? Your measure does not protect all of the black soil at all.

**Mr JEREMY BUCKINGHAM:** He does not know what BSAL is.

**The Hon. DON HARWIN:** My advice is that it will not.



**The Hon. ADAM SEARLE:** At all? It does not touch on the floodplain areas at all?

**The Hon. DON HARWIN:** That is the advice. It might assist both myself and the deputy secretary if you supply a copy of that map.

**The Hon. ADAM SEARLE:** I am happy to table that.

**The Hon. DON HARWIN:** If you would like a response would you provide a copy to us?

**The Hon. ADAM SEARLE:** I am happy to provide a copy, and the other one I think was a submission to the PAC from Mr Duddy. I am happy for you to take it on notice.

**The Hon. DON HARWIN:** Could I just be clear on that? In terms of that question, you are happy for us to respond to you on notice?

**The Hon. ADAM SEARLE:** Yes, I am. Mr Buckingham pointed out that under a special condition of the EL, if there was no substantial commencement of a mine in the eight years—subject to reasonable excuses of course—the Government of New South Wales has the unrestricted ability to cancel this project. Given that between obtaining final State regulatory approval in January, February last year and last October they made no effort to commence a mine at all—did not even make an application for a mining licence—why did you not do what you did with Caroon and simply bring the whole matter to a close?

**The Hon. DON HARWIN:** I took advice from the department on that point. Let me make this clear: The condition only allows cancellation of the licence if there are no reasonable excuses for not substantially commencing the mine development within eight years of the granting of the original exploration licence or the failure was related to circumstances beyond its control. The company made reasonable efforts to comply with this provision but was prevented due to numerous legal and other regulatory interventions which were outside its control.

**The Hon. ADAM SEARLE:** But which were entirely expected when they signed up to the deal.

**The Hon. DON HARWIN:** Shenhua has been subject to unprecedented government review at both State and Commonwealth levels and a number of legal challenges. This prevented the usual development process being completed within the anticipated time frame.

**The Hon. ADAM SEARLE:** They are still eight months overdue with their water and biodiversity management plans required by the Commonwealth Scientific Expert Committee. There are regulatory non-compliances. They have not even made an application for a mining lease even as we stand here. If you really wanted to protect the land out there you would have just brought the whole matter to a conclusion.

**The Hon. DON HARWIN:** I think you have asked that question previously and I have answered it.

**The Hon. ADAM SEARLE:** Will you provide the legal advice so that we can all see the basis on which the Government has acted?

**The Hon. DON HARWIN:** Mr Searle, you were in legal practice before you came to this place.

**The Hon. ADAM SEARLE:** Yes.

**The Hon. DON HARWIN:** I think at one stage you worked for an Attorney General in the State Cabinet. You would be well aware that that legal advice is privileged and I am unable to do that.

**The Hon. ADAM SEARLE:** It is privileged, but the privilege rests with the Government. If you wanted to instil greater public confidence in this decision of yours you could release the advice if you chose. What are you hiding?

**The Hon. DON HARWIN:** We are not going to be releasing the advice.

**The Hon. ADAM SEARLE:** I expected that that would be your answer.

**The Hon. DON HARWIN:** Just as, in the same circumstances, governments will have made the same decision, responsibly and in the interests of the State.

**The Hon. ADAM SEARLE:** Under section 380A of the Mining Act, the fit and proper person test is a very important power the Minister has. Will you tell the Committee where your agency is up to with its long-running investigation into whether Wollongong Coal is fit and proper to hold a mining licence, given it has been nearly two years since complaints were handed to your agency?

**The Hon. DON HARWIN:** Yes, I am going to invite the Chief Compliance Officer of the Resource Regulator, Lee Shearer, who is handling that matter, to give you an advice.

**The Hon. ADAM SEARLE:** Excellent. I do not think Ms Shearer was available last year. Welcome.

**Ms SHEARER:** We commenced our formal investigation in July last year, really to determine whether Wollongong Coal was fit and proper under the Act. There are essentially two legs to this inquiry we have conducted. The first leg is around their financial capacity. That has been a concern for some time.

**The Hon. ADAM SEARLE:** In fact, you have taken legal action against them three or four times in the last year.

**Ms SHEARER:** We have and that demonstrates that, whilst we have the fit and proper person inquiry investigation under way, we are not taking our foot off the pedal in respect of other actions that we can take. So we commenced a prosecution recently for failure to pay, which is hinging around the financial capacity. Those matters are before the court so I will not progress that further. The other leg is important for us to consider, because the fit and proper person really, at its heart, is about probity issues and a matter was referred to us last year about the primary shareholder, Jindal Steel and Power, and the director, Mr Jindal, in India and his referral, along with a number of other people, for corruption in India. That matter is still outstanding. We cannot progress that until those issues have been resolved.

**The Hon. ADAM SEARLE:** That is not quite true. When one looks at 380A it makes the point that the Minister can exercise his discretion, whether or not there are criminal convictions in other jurisdictions.

**Ms SHEARER:** Our investigation has to rely upon matters that I would suggest need to be underpinned by lawfully and legally obtained evidence. We do not have that. We have, essentially, a newspaper clipping that refers to matters about the corruption issues in India. It has not been progressed any further. Until that matter is resolved, that particular limb of the fit and proper inquiry cannot be progressed.

**The Hon. ADAM SEARLE:** Let us fast forward to what is happening here in New South Wales. In the last year Wollongong Coal, through the systematic withholding of moneys from its subcontractor, Delta SPD, tipped that company into administration. The creditors' report of 10 August makes it quite clear that hundreds of jobs in the Illawarra have been put at risk and have, in fact, been lost because of the action of Wollongong Coal, disputing bills, delaying the payment of agreed bills and the like. Can you tell us whether that is part of your consideration as to whether or not that company is fit and proper to hold a mining licence?

**Ms SHEARER:** All of the matters around their financial capacity are being taken into account.

**The Hon. ADAM SEARLE:** It was not their capacity; it was their wilful withholding of money from their subcontractors, tipping them into administration and costing jobs.

**The Hon. DON HARWIN:** That sounds exactly like what Ms Shearer was talking about.

**The Hon. ADAM SEARLE:** That might be a problem if Wollongong Coal did not pay because they had a financial difficulty. But the creditors' report suggests that there are other aspects to their behaviour as well. Have you read the creditors' report?

**Ms SHEARER:** No, I have not.

**The Hon. ADAM SEARLE:** I would recommend you do. Would you be prepared to look into those matters?

**Ms SHEARER:** Absolutely.

**The Hon. ADAM SEARLE:** I will send them to you. Obviously making sure that those who do hold mining licences are fit and proper is an important matter for the integrity of the industry. You would accept that?

**Ms SHEARER:** Yes.

**The Hon. ADAM SEARLE:** Are you aware of complaints and allegations of criminality and corruption levelled at the Korea Electric Power Corporation [KEPCO] and their officials in Korea, including the forging of nuclear safety certificates and other matters?

**Ms SHEARER:** I am aware there are some allegations around KEPCO.

**The Hon. ADAM SEARLE:** And, of course, KEPCO is the proponent of the Bylong mine here in New South Wales.

**Ms SHEARER:** Yes.

**The Hon. ADAM SEARLE:** Are you looking into whether or not there are outstanding probity issues involving the parent company, and if not, why not?



**Ms SHEARER:** If I could take that precisely on notice, but we have commenced an investigation into a number of mining title holders, KEPCO being one.

**The Hon. ADAM SEARLE:** Yes, because there was an issue about some photographs they were using. You were prosecuting but you decided not to prosecute them but to take an enforceable undertaking, is that correct?

**Ms SHEARER:** Absolutely correct, yes.

**The Hon. ADAM SEARLE:** So they have a bit of form here in New South Wales already for not necessarily playing by the rules, is that correct?

**Mr JEREMY BUCKINGHAM:** For lying.

**The Hon. ADAM SEARLE:** I acknowledge that interjection.

**Ms SHEARER:** That is correct but any regulatory framework is a framework in this State that is considered to be proportionate and Wollongong Coal is exactly an example of how we have scaled up properly, within a regulatory framework, and taken prosecution proceedings after having taken other steps to ensure compliance.

**The Hon. ADAM SEARLE:** Will you look at those other matters relating to KEPCO's conduct overseas in Korea, including the issues for which I think the New York Securities Exchange was investigating them?

**Ms SHEARER:** We will absolutely look at that.

**The Hon. ADAM SEARLE:** Thank you. In relation to Wollongong Coal, do you have a time frame for completion of your investigation?

**Ms SHEARER:** No. We do not have a time frame because I am unable to ascertain when the matters within the Indian jurisdiction will be resolved. But what you can be confident about is, as with all title holders, but particularly Wollongong Coal, we are using other parts of the Act to ensure that any non-compliances that are occurring within this jurisdiction are dealt with under other parts of the Act, but within the framework. That is evident from the fact that we have taken prosecution proceedings. It is not like we have started an investigation and put it on hold, waiting for India. We are still assessing matters as and when they arise.

**Mr JEREMY BUCKINGHAM:** Minister, does it not show complete contempt for the farmers of the Liverpool Plains that neither you nor the Premier, in your time as Minister and her time as Premier, has bothered to go and visit them, despite the fact they have been fighting tooth and nail for more than a decade to stop the Shenhua Watermark Coalmine?

**The Hon. DON HARWIN:** Mr Buckingham, obviously I would like to visit everything that comes across my desk.

**Mr JEREMY BUCKINGHAM:** Will you commit to visit and to take the Premier there?

**The Hon. DON HARWIN:** What I can tell you is that in relation to the Shenhua proposal I have spoken, firstly, with Lock the Gate, who came to see me to discuss it. Secondly, I have spoken to the local member, Kevin Anderson, the member for Tamworth. Thirdly, I have spoken to a range of people who have lived in the Gunnedah area for a very long time. They have given me their perspective as well—

**Mr JEREMY BUCKINGHAM:** Have you talked to the Caroona Coal Action Group?

**The Hon. DON HARWIN:** —which includes, for example, our colleague the Hon. Sarah Mitchell, who is from Gunnedah and obviously has a perspective.

**Mr JEREMY BUCKINGHAM:** She lives 80 kilometres away from it. Will you commit to visit the site and meet with the Caroona Coal Action Group?

**The Hon. DON HARWIN:** I have every intention of visiting the Tamworth and Gunnedah area in the not too distant future.

**Mr JEREMY BUCKINGHAM:** Will you meet with the Caroona Coal Action Group and will you commit to asking the Premier to go and meet those farmers who are fighting to save the Liverpool Plains?

**The Hon. DON HARWIN:** Certainly when I visit the Tamworth and Gunnedah area I will be happy to meet with a range of stakeholders who have views on that project.

**Mr JEREMY BUCKINGHAM:** You will not commit here to take the Premier or to go yourself to the Shenhua site to meet with those farmers?

**The Hon. DON HARWIN:** I did not say that at all. I said that I was prepared to do it but as to what the Premier does, that is a matter for her.

**Mr JEREMY BUCKINGHAM:** You are committing, that is good. I will arrange that for you. I will make sure there is a working party for you.

**The Hon. DON HARWIN:** I thank you for your very kind offer—

**Mr JEREMY BUCKINGHAM:** Will you do the same in terms of coal seam gas?

**The Hon. DON HARWIN:** Excuse me, can I finish?

**Mr JEREMY BUCKINGHAM:** No.

**The Hon. BEN FRANKLIN:** Point of order: These budget estimates only work when the Minister is treated with respect, as Opposition members predominantly have done. But that is not what we have just seen from The Greens.

**The CHAIR:** I note that the Minister did ask, "Can I finish?", to which the member did say, "No". It was not polite, but is in order.

**Mr JEREMY BUCKINGHAM:** It is not my job to be polite; it is my job to represent the people of New South Wales. Will you commit to visiting the Narrabri gas field?

**The Hon. DON HARWIN:** I would very much like to visit Narrabri.

**Mr JEREMY BUCKINGHAM:** Narrabri is the town. Will you visit the Narrabri gas field to assure yourself that it is an appropriate industry to develop in New South Wales? The Narrabri gas project is part of the gas plan the Government and various departments are supporting. It is the biggest in the State's history. Will you commit to meet with stakeholders in the Narrabri region, including Coonamble, Condobolin and Warren, where the Moomba to Sydney pipeline is going to connect that proposed gas field to another pipeline?

**The Hon. DON HARWIN:** Let us be quite clear: The Narrabri project does not yet have development consent to proceed.

**Mr JEREMY BUCKINGHAM:** There is an operational coal seam gas field and power station there. Are you aware of that?

**The Hon. DON HARWIN:** Let us be clear: I do not approve coal seam gas projects.

**Mr JEREMY BUCKINGHAM:** You support them. Your government and your departments support them. Are you aware that there is an operational coal seam gas development in the Pilliga?

**The Hon. DON HARWIN:** I will check one particular aspect of your question with the deputy secretary before I give you an answer. Is that okay?

**Mr JEREMY BUCKINGHAM:** No.

**The CHAIR:** Order!

**The Hon. BEN FRANKLIN:** Do I need to take a point of order?

**The CHAIR:** The Minister does have advisers here for the purpose of providing advice if needed.

**Mr JEREMY BUCKINGHAM:** The question is clear: Is he aware that there is an operational coal seam gas field in Narrabri?

**The CHAIR:** The Minister wishes to provide the correct answer. The member will allow him to take advice before he answers.

**The Hon. DON HARWIN:** There is no operational mine producing coal seam gas at Narrabri at the moment. The only work that is being undertaken there at the moment is for exploration purposes.

**Mr JEREMY BUCKINGHAM:** There is no gas being produced and delivered to a power station?

**The Hon. DON HARWIN:** That is the advice given by my deputy secretary.

**Mr JEREMY BUCKINGHAM:** Is your deputy secretary and your department maintaining that the scores of gas wells in the Pilliga are just for exploration?

**The Hon. DON HARWIN:** I will take that question on notice simply because there is an aspect of the question that you have asked and the information that needs to be provided to you to give you a full answer that I would like to check.

**Mr JEREMY BUCKINGHAM:** How long will New South Wales be waiting for Godot and for you to act on renewable energy? Why are we the laggard in Australia? Why are we responsible for 39 per cent of total energy consumption in Australia but only 21 per cent of total new build?

**The Hon. DON HARWIN:** I am sorry that I cannot agree with your characterisation of what we are doing on the renewable energy front in New South Wales. We are committed to a clean, reliable and affordable energy system and most importantly safeguarding New South Wales energy security. We have a policy framework that contains an aspirational target of net zero emissions by 2050. That is, by 2050 any residual carbon emissions are offset by sequestrations such as in the landscape or vegetation. This is consistent with Australia's obligation under the Paris agreement.

**Mr JEREMY BUCKINGHAM:** That is a different issue to renewable energy build.

**The Hon. DON HARWIN:** The renewable energy action plan shows that we are open for business in terms of renewable energy. We are the national leader of large scale solar energy, with regional New South Wales hosting Australia's three largest operational solar farms. These projects have successfully demonstrated the operation of large scale solar in New South Wales. By helping to bring down the cost of future developments New South Wales is likely to have another large solar project under construction this year in addition to six already under way. More than 350,000 New South Wales households and businesses have installed rooftop solar panels.

**Mr JEREMY BUCKINGHAM:** Only 15 per cent of houses in New South Wales have rooftop solar. In Queensland it is 32 per cent, in Western Australia it is 51 per cent and in South Australia it is 25 per cent. Of new builds in solar New South Wales is attracting only 6 per cent. New South Wales is not leading any other State in any of these areas.

**The Hon. DON HARWIN:** That is nonsense, Mr Buckingham.

**Mr JEREMY BUCKINGHAM:** What bit of that is "nonsense"?

**The Hon. DON HARWIN:** New South Wales has more renewable energy projects proceeding than any other State.

**Mr JEREMY BUCKINGHAM:** In terms of solar?

**The Hon. ADAM SEARLE:** Only because you are so far behind.

**Mr JEREMY BUCKINGHAM:** I am talking about solar. Do you say that New South Wales is in front of South Australia in domestic and commercial photovoltaic?

**The Hon. DON HARWIN:** We can hold our head up and we are making good progress.

**Mr JEREMY BUCKINGHAM:** You are a big supporter of solar?

**The Hon. DON HARWIN:** I am happy with everything that is happening in New South Wales in construction of large scale solar.

**Mr JEREMY BUCKINGHAM:** Do you have solar panels on your house?

**The Hon. DON HARWIN:** Sadly, I live in an apartment. One of the policy challenges in—

**Mr JEREMY BUCKINGHAM:** I thought you lived on the South Coast?

**The Hon. DON HARWIN:** I did, but I no longer live on the South Coast. I live in an apartment in Sydney and one of the problems we have, not just here in Sydney but around Australia, is that it is difficult in terms of policy and regulatory settings, to get the uptake on apartment buildings for installation of solar panels that we would like and it is an area that we have under close and active consideration.

**The CHAIR:** Minister, did you listen to Alan Jones this morning? He made a comment that renewable energy could cost Australia \$60 billion by 2030 and that the level of subsidisation of those particular renewable energy jobs could be the equivalent of \$1 million per job to sustain the renewable energy sector at the rates the Government is projecting. Do you see energy from waste playing a part as renewable energy supply?

**The Hon. DON HARWIN:** Energy from waste is a very promising area of future focus.

**The CHAIR:** Has that been calculated into future supplies?

**The Hon. DON HARWIN:** Let me give you one good example from Shellharbour, which Sydney Water is pursuing in terms of cogeneration. It is about effectively combining the waste products from the production of beverages with sewage to produce energy that is of a satisfactory quality and a sufficiently large quantity to keep the Shellharbour sewerage treatment plant going for a good part of the day. It is a research project being undertaken with the University of Wollongong. That work has tremendous potential in meeting our future energy needs. Is there anything you can add, Mr Young, about the project?

**Mr YOUNG:** I believe you have covered it quite well, Minister. There are other opportunities including cogeneration.

**The Hon. DON HARWIN:** Yes, perhaps you can tell the Committee about Kurnell.

**Mr YOUNG:** The work we are doing throughout that area is getting food waste from the markets. We are picking up vegetables that would normally go to landfill and pulping them. We have had a number of people from around Australia and around the world visit us. We see there is great potential to get waste from industry and use that to generate electricity. It is a strong investment for us at the moment. We are now able to produce 20 per cent of energy ourselves and that will jump up smartly to 60 per cent. It is an area of investment that we think we can maintain by bills but also do more renewable energy.

**The CHAIR:** How far do you absorb renewable energy if it is unaffordable to the householder—single parents, pensioners, vulnerable people? How far do we push renewable energy in an ideological way? How many disconnections have there been in Australia over the past 12 months?

**The Hon. DON HARWIN:** Which question would you like me to answer? The disconnections question?

**The CHAIR:** If you answer the disconnections question, I think you will answer the prior question. Can you clarify whether those disconnections are gas and electricity or one utility?

**The Hon. DON HARWIN:** I am concerned about that issue. I have seen the level that disconnection rates have reached in South Australia and it is of concern to me. I am thankful that they have not reached that level in New South Wales. The pressures being felt by families are cost-of-living pressures and the need to put downward pressure on energy prices is obviously absolutely critical. Recently, I was part of a group of people involved in energy that was convened by the Grattan Institute. One of those people was Rosemary Sinclair from Energy Consumers Australia. She has been following what is happening in South Australia quite closely. It is certainly top of mind. We have strong protections here for consumers to avoid disconnections. Retailers have to contact customers several times and offer a payment plan before disconnecting a residence. That is an important protection.

**The CHAIR:** How many times?

**The Hon. DON HARWIN:** I will check that and see if we can provide that to you before the end of the hearing.

**The CHAIR:** If people are on holidays or away, those things can be overlooked.

**The Hon. DON HARWIN:** I appreciate that.

**The CHAIR:** I am not talking about payment plans not electricity prices.

**The Hon. DON HARWIN:** Retailers can also not disconnect a customer when they owe less than \$300 on their energy bill and certain customers cannot be disconnected, such as those using life support equipment on the premises, if the customer is a hardship customer, if the customer is on a payment plan, or if there is an unresolved complaint relating to the disconnection. In addition to these customer protection measures in our legislation, the Government also provides financial assistance to help vulnerable customers stay connected. We have a number of energy rebates for customers who meet the eligibility criteria. Energy Accounts Payment Assistance [EAPA] vouchers are particularly useful to people facing disconnection.

**Mr JEREMY BUCKINGHAM:** Food stamps.

**The CHAIR:** Utility stamps.

**The Hon. DON HARWIN:** The program is administered by community welfare organisations who provide EAPA vouchers to customers based on their individual circumstances.

**The CHAIR:** With all due respect, you have told us that the EAPA vouchers are in the order of \$256 million.

**Mr JEREMY BUCKINGHAM:** Point of order, the Minister is trying to answer the question.

**The CHAIR:** The question was: How many disconnections for gas and electricity have occurred in New South Wales in the past 12 months?

**The Hon. DON HARWIN:** I apologise, I misunderstood what you were asking.

**The CHAIR:** I am glad to hear you are assisting, because that is important too.

**The Hon. DON HARWIN:** I am advised that the number of residential customers disconnected as at March 2017—are these annual figures?

**Dr DEVELIN:** No, that is for the financial year to March 2017.

**The CHAIR:** From which date?

**Dr DEVELIN:** For the—

**The Hon. DON HARWIN:** Excuse me, can you give me the advice first?

**The Hon. ERNEST WONG:** That is disconnection.

**The Hon. DON HARWIN:** From 1 July 2016 to March 2017 there were 7,775 electricity customers disconnected, and 1,908 customers disconnected because of gas bills.

**The Hon. WALT SECORD:** Dr Develin, you are not allowed to answer questions.

**The Hon. DON HARWIN:** No, the question was—

**The Hon. WALT SECORD:** It was very clear that you stopped her from providing information to the Committee.

**The Hon. DON HARWIN:** No, I just asked her to give me the information first before I gave it to the Committee. I was fully intending to give it to the Committee.

**The Hon. WALT SECORD:** No other Minister does that.

**The CHAIR:** Order! Does that incorporate business disconnections?

**The Hon. DON HARWIN:** No, those numbers were for residential customers.

**The CHAIR:** Do you have figures for business disconnections?

**The Hon. DON HARWIN:** We do not have those figures for business customers. I would be happy to take that on notice.

**The CHAIR:** The Prime Minister does not having any clue whether new low emission coal-fired stations are being proposed across Australia. Are you aware of any unsolicited or solicited applications for building low emission coal-fired stations in New South Wales?

**Mr JEREMY BUCKINGHAM:** Or anywhere in the world.

**The Hon. DON HARWIN:** If there were any proposals for coal-fired power stations, in the first instance, they would go to the planning Minister because it is a development proposal; they would not come to me. No-one has come to me saying they are about to put in an application to planning that they are proposing to build a coal-fired power station in New South Wales.

**The Hon. ADAM SEARLE:** There is good reason for that.

**The CHAIR:** The Shoalhaven community has put its concerns on record about having coal seam gas in the Shoalhaven area. The New South Wales Government made a lot of promises not only to people in the Shoalhaven but also in New South Wales about how this industry would be better managed. Can you indicate to us what happened to those commitments?

**The Hon. DON HARWIN:** You can be reassured that the Shoalhaven is not the subject of any current exploration.

**The Hon. WALT SECORD:** What about Kiama? Tell us about Kiama.

**Mr JEREMY BUCKINGHAM:** Why is that reassuring? Why should Shoalhaven be reassured?

**The Hon. WALT SECORD:** What is happening in Kiama? A little bit is happening down there.

**Mr JEREMY BUCKINGHAM:** Should they not be disappointed?

**The Hon. DON HARWIN:** I will wait until honourable members have completed their interplay across—

**The CHAIR:** Please do not. It is my time.

**The Hon. DON HARWIN:** I am sorry. I am happy to answer that question on notice.

**The CHAIR:** I have one more round. I will come back to that question.

**The Hon. DON HARWIN:** We will come back to that question later.

**The Hon. ADAM SEARLE:** Unlike you, I have been to the Liverpool Plains and I have met with local farmers, traditional owners and other affected members of the community. Will you commit to doing the same before you make a final decision on whether or not to renew the other part of the exploration lease that you say remains under consideration? It is not a trick question.

**The Hon. DON HARWIN:** I apologise for the delay. I am trying to get a sense of where it is. Based on the advice I have received, I will use my best endeavours to try to do that, but I cannot give you an unequivocal guarantee that I will be able to.

**The Hon. ADAM SEARLE:** "Best endeavours to try", I guess we will have to make do. I will come back to that.

**The Hon. DON HARWIN:** Best endeavours to do that. I will take "try" out just for you, Mr Searle.

**The Hon. ADAM SEARLE:** I am over-loved, Minister. Thank you. The Prime Minister says more than one million households are paying more than they need to for electricity. How many households in New South Wales are paying more than they need to for electricity?

**The Hon. DON HARWIN:** There is absolutely no doubt that if people shopped around that they could be paying less.

**The Hon. ADAM SEARLE:** It is okay to punish them for being loyal customers; is that what you are saying?

**The Hon. DON HARWIN:** That is not what I am saying.

**The Hon. ADAM SEARLE:** That is what I heard.

**The Hon. DON HARWIN:** I am saying that shopping around and looking for the best market offer can often save customers as much as 20 per cent on their bill, sometimes even more.

**The Hon. ADAM SEARLE:** You know as well as I do from the Grattan Institute and other sources that comparing different offers is very difficult and time consuming. Do you appreciate that?

**The Hon. DON HARWIN:** I do appreciate that, and I am very focused on finding ways to make it easier. I am a firm believer that having a competitive market is the best way of ensuring that we have downward pressure on prices.

**The Hon. ADAM SEARLE:** If we assume that of the Prime Minister's nominated one million customers who are paying too much, about 300,000 of those are in New South Wales. How many of the 300,000 are receiving one or more of your Government energy assistance programs?

**The Hon. DON HARWIN:** I am happy to discuss how many people are receiving energy rebates if you like, but that information is available in the budget papers.

**The Hon. ADAM SEARLE:** I will ask a question that you should be able to answer. What steps have you taken to ensure that the electricity companies are providing the best market offers to customers who are receiving your Government's assistance?

**The Hon. DON HARWIN:** We have done a number of things. I am quite focused on that particular issue right now. First of all, the energy retailer roundtable I have told you about in the House before is relevant. That roundtable emphasised the need for support for vulnerable customers, and there were a number of outcomes regarding electricity users from that. Secondly, I have written to the Independent Pricing and Regulatory Tribunal to request that it advises on the drivers on any price changes, to ensure that they represent effective costs in a particular market. I have also written to IPART to request that it reports on retailer strategies to deliver lower prices to hardship customers, and on retailer processes for managing the rollout of digital meters as well.



We referred to the rebates already, and we boosted the assistance that is available to vulnerable customers to pay their bills. Finally, the most important thing that we can do is continue to work to ensure that the broken national electricity market is addressed and is reformed. Implementing the recommendations of the Finkel review remains the best way of ensuring that that happens.

**The Hon. WALT SECORD:** Minister, has your department provided any advice on the Bondi Pavilion plan?

**The Hon. DON HARWIN:** I will have to take that on notice, but my recollection is that there has not been any advice provided to me on the Bondi Pavilion plan. But I will check it by taking the question on notice.

**The Hon. WALT SECORD:** Waverley Mayor Sally Betts worked for you for some six years. Do you support her privatisation plan for the Bondi Pavilion?

**The Hon. DON HARWIN:** You correctly observed that Sally Betts was a part-time employee of mine when held the job of Opposition Whip. She left my employment over six years ago. What was the other part of the question?

**The Hon. WALT SECORD:** Do you support her privatisation plans for the Bondi Pavilion?

**The Hon. DON HARWIN:** To the best of my recollection, I have not been briefed at any stage on what is proposed for Bondi Pavilion, so I could not offer an opinion to you.

**The Hon. WALT SECORD:** What about the principle of privatising Bondi Pavilion then? You must have a view on that.

**The Hon. DON HARWIN:** As I said, I have received no briefing and I am not aware of what the plans are, so I am not going to offer an opinion.

**The Hon. WALT SECORD:** You did not check with your bureaucrat though. Have they provided any advice to you?

**The Hon. DON HARWIN:** You have already asked me that and I have offered to take the question on notice.

**The Hon. WALT SECORD:** She is three persons down; you could ask. Let us save some time, she is here.

**The Hon. ADAM SEARLE:** The Grattan Institute report on this issue says that governments should actually require electricity companies that are receiving government subsidies to assist vulnerable customers to ensure that vulnerable customers are on the best possible plan for their pattern of usage. Will you embrace that particular solution, given it is not one of the ones you have outlined?

**The Hon. DON HARWIN:** I think the recommendation is a good one. I am focused on it and I am looking at whether it can be implemented in New South Wales.

**The Hon. ADAM SEARLE:** Do you agree that it is irrational to provide a \$50 voucher to assist people with their electricity bills when it might save them \$1,500 or more if they were on a better offer?

**The Hon. DON HARWIN:** I could not agree with you more. I am focused on that issue and on looking at how it is possible to do that in New South Wales.

**The Hon. ADAM SEARLE:** Carbon Market Economics estimates that, since your Government deregulated retail electricity prices in New South Wales, retailers increased their fees by 10 per cent to 15 per cent in the first year and that in the year after that retailers put up their prices by 8 per cent. From 1 July this year, three big retailers are increasing their prices by up to 20 per cent. That is a 30 per cent to 40 per cent increase in retail electricity prices over three years—

**The Hon. DON HARWIN:** I apologise to the honourable member. A text message just came in. I should not have looked at it but I did, and I lost the thread of his question.

**The Hon. ADAM SEARLE:** Essentially, retailers have put up their electricity prices by 30 per cent to 40 per cent over the past three years. You have not increased the rate of government assistance by the same amount over the past three years, have you?

**The Hon. DON HARWIN:** The value of the rebates certainly has not gone up by 40 per cent in the period you mentioned. But there has been an increase of around 50 per cent since 2010-11.

**The Hon. ADAM SEARLE:** On 21 June in Parliament you said the amount allocated for the life support rebate has been increased again, but the actual rates for the individual amounts have not been increased since 2015, have they?

**The Hon. DON HARWIN:** I would have to check what my remarks in Parliament were. I am happy to take that question on notice so I can give you a proper answer.

**The Hon. ADAM SEARLE:** In last year's budget papers it said that you were going to provide \$259 million worth of assistance to help 800,000 households. In this year's budget papers it says you are going to spend \$257 million—which is \$2 million less—to support 900,000 households. You also said that these are protected items in the budget, so no individual claimant would lose money. Can you tell us what the estimated percentage of uptake that informed the figures in the previous year's budget was; what the actual percentage of uptake was; and what the assessed percentage of uptake is for the figures you have provided in this year's budget?

**The Hon. DON HARWIN:** I have previously responded to the member in the House on a number of aspects of the question, including in a supplementary answer that I gave to the House on the issue. However, there are a number of aspects to his question that I will have to take on notice. I am sure the honourable member will understand why I am going to do that. I have been advised that my officials do not have all of those figures.

**The Hon. ADAM SEARLE:** That is fine. Going back to galloping electricity prices, BlueScope has recently stated in the newspaper that its electricity bills are going up by 93 per cent over the next two years. You would have read that in the Hunter Valley Mil-Tec is facing a 160 per cent increase in its electricity costs. And of course average households are facing up to 20 per cent increases from 1 July this year. You have talked about your Government wanting to put downward pressure on prices, but, as you would know, one of the ways to do that is to provide certainty about carbon in the economy. Will your Government embrace the Finkel review's clean energy target?

**The Hon. DON HARWIN:** The New South Wales Government made it clear in its submission that its policy is that we should have an integration of climate and energy policy. The Finkel review has come back with a recommendation that it should be through a clean energy target. There are many aspects to such a target that are attractive: It is technology neutral and it provides a market mechanism. But the State Government has said that fixing the National Electricity Market and, just as importantly, providing investors with the certainty to invest, needs a sensible national plan. What will work best is if the Federal Government is on board and is supporting a mechanism.

In the case of Finkel the recommendation is a clean energy target. The recommendations from Finkel came in early June. I said prior to the COAG Energy Council meeting in July when some of the other State energy Ministers were saying that we should proceed with State-based schemes that the preference of the New South Wales Government is that the Federal Government be part of any scheme. I think it is also consistent with what Finkel recommended when he said that there should not be schemes of individual States or targets of individual States. My preference is that the Federal Government is part of whatever mechanism is put in place. That is why the New South Wales Government has said it will make its decision and form its view after the Federal Government announces what it is going to do. We would like them to do that as expeditiously as possible.

**The Hon. ADAM SEARLE:** I think we can all agree that a national scheme including the Federal Government would be a good thing but, as we saw in Canada, sometimes national governments opt out of this. For example, emerging from the COAG roundtable the Labor States asked the market operator to design a clean energy target scheme so that they could consider not separate State schemes but mirror schemes.

**The Hon. DON HARWIN:** Actually they asked the Australian Energy Market Commission [AEMC], not the market operator.

**The Hon. ADAM SEARLE:** I stand corrected. They asked the AEMC to look at not separate State schemes but the States acting collectively or at least all knowing what a scheme would look like. Would you support the market regulator designing something that the States and Commonwealth could look at in more detail?

**The Hon. DON HARWIN:** I can tell you that the AEMC is doing that work. It is having a look at what such a scheme would look like. We have not asked them to do that. As you said in your question and/or statement—

**The Hon. ADAM SEARLE:** It was interrogatory in nature.



**The Hon. DON HARWIN:** —the Labor States have asked the AEMC to do that work and it is doing it. When they have done the work will have a look at it with great interest.

**The Hon. ADAM SEARLE:** Just to make it clear, you favour something like the clean energy target yourself?

**The Hon. DON HARWIN:** The position of the New South Wales Government is we will wait to see what the Federal Government says because we believe that a sensible national plan is in the interests of Australia and most likely to secure a reliable source of power and put downward pressure on prices. We will make a decision after we see the Federal Government's response.

**The Hon. WALT SECORD:** Are you confident that we are doing enough to attract international films to create jobs in New South Wales?

**The Hon. DON HARWIN:** I know that what we have done in setting up the Made in NSW fund has dramatically changed the equation in attracting screen to New South Wales. It is now the case that a very large percentage of the screen production in Australia is in New South Wales.

**The Hon. WALT SECORD:** Who are our competitors?

**The Hon. DON HARWIN:** Obviously, we compete with other States. One of them in particular is Queensland.

**The Hon. WALT SECORD:** How many films have we lost to Queensland?

**The Hon. DON HARWIN:** I am very happy to go through some of the information.

**The Hon. WALT SECORD:** No, I want to know how many films we have lost to Queensland.

**The Hon. DON HARWIN:** The New South Wales Government invested \$22.9 million in screen development in 2016-17. This included Made in NSW and Screen NSW funding programs of \$9.7 million. The Made in NSW fund was announced in June 2016 and has provided \$20 million over two years to attract international feature films and television projects to New South Wales and to support the production of major new Australian television drama series. Five overseas productions and 16 local television drama series have been supported by the Made in NSW fund to date. These include feature films such as *Peter Rabbit*, *Bleeding Steel* and *Pacific Rim: Uprising*, the television series *Chosen* and local television productions such as series five of *Rake*.

**The Hon. WALT SECORD:** Great series, but that is set in Sydney.

**The Hon. DON HARWIN:** I am delighted to hear that you think *Rake* is great.

**The Hon. WALT SECORD:** It is set in Sydney.

**The CHAIR:** Did you say *Riptide*? That was made on the South Coast.

**The Hon. DON HARWIN:** No, I said *Pacific Ring: Uprising*. Given that the time allocated for your questions has expired, perhaps it might be fairest to the rest of the Committee if I give the rest of my response on notice.

**Mr JEREMY BUCKINGHAM:** Will you guarantee the people of New South Wales that we will not have blackouts this summer? Yes or no?

**The Hon. DON HARWIN:** My advice is that New South Wales has a reliable source of power available to it which, except in the most exceptional circumstances, should ensure that we are able to keep the lights on during the summer.

**Mr JEREMY BUCKINGHAM:** You are guaranteeing that this summer we will be able to keep the lights on?

**The Hon. DON HARWIN:** I wish I could guarantee that but you know we are part of a national electricity market and we cannot completely divorce ourselves from what is happening in South Australia and Victoria. Some of the regrettable approaches that have been taken—in particular I think of what has happened in South Australia with the Northern Power Station—in withdrawing generation options has really made us somewhat more vulnerable than we would have otherwise been.

**Mr JEREMY BUCKINGHAM:** We have had power station closures. Munmorah, Hazelwood and other stations have closed. Is it not your responsibility to ensure that, regardless of what other States are doing, New South Wales has an adequate power supply to keep the lights on over summer?

**The Hon. DON HARWIN:** We do have one. In fact, one of the things that I did after the close shave we had on 11 February earlier this year was to set up the Energy Security Task Force to be very much focused on summer readiness and other issues that are facing us. There are a number of things—

**Mr JEREMY BUCKINGHAM:** Are you going to stand by that task force?

**The Hon. BEN FRANKLIN:** Point of order: The Minister was addressing the exact issue that Mr Buckingham asked about and was in the middle of a sentence once again. I would have thought it was reasonable for him to at least finish his answer.

**Mr JEREMY BUCKINGHAM:** To the point of order: This Committee has a tradition of robust exchanges. If a Minister gives part of an answer I am at liberty to interrogate it further.

**The CHAIR:** When it is in the spirit of robustness I have no problem with it. When it is intimidatory it is a different thing. I am not saying that was intimidatory. The Minister may continue to answer.

**The Hon. DON HARWIN:** Am I continuing?

**The CHAIR:** We will start with Mr Buckingham, given he has another question.

**The Hon. DON HARWIN:** I have more information to provide.

**Mr JEREMY BUCKINGHAM:** I have incredibly limited time. Are you prepared to stand by that task force that you have in place and the plans that it has developed and will you resign if there are blackouts in New South Wales this summer?

**The Hon. DON HARWIN:** I will absolutely stand by the work that the task force—

**Mr JEREMY BUCKINGHAM:** Will you resign as Minister if there are blackouts this summer?

**The Hon. DON HARWIN:** I will absolutely stand by the task force and the work it has done. I established that task force and under the leadership of Mary O'Kane I think it is doing a fantastic job. They have observed that New South Wales is well placed in energy security and reliability under normal conditions; however, there is no room for complacency. At a State level these are the priorities that we have developed to ensure that we are well prepared for summer. The Australian Energy Market Operator has a five-point plan focusing on generation transmission and generator fuel availability, demand side reduction mechanisms and contingency planning and we are working closely with it. New South Wales is participating in the Australia Renewable Energy Agency [ARENA] demand response initiative. Our funding ensured that the original ARENA program was expanded to include \$15 million exclusively for projects in New South Wales.

Without the support of the New South Wales Government it was expected that most proposals would be based in Victoria or South Australia, given their forecast electricity shortfall this summer. The program will add to the security of electricity in New South Wales by delivering around 50 megawatts to 60 megawatts of additional reserves through demand management in time for this summer. It is expected that the program will involve industrial, commercial and residential consumers, although it is too early to confirm the mix of participants—

**Mr JEREMY BUCKINGHAM:** By "demand management", do you mean asking industrial, commercial and domestic users to stop using power at certain points?

**The Hon. DON HARWIN:** I am surprised at what I am hearing. Do you not support demand management?

**Mr JEREMY BUCKINGHAM:** No, I do not. I think we should have more power. We should not be begging people to turn their lights off so everyone else can have the power they need to run our hospitals. In a country like Australia we should have more power than we need. We should not be scrapping around hoping for the Federal Government to come to the party with a policy it never will so that we can build the renewable energy that is long overdue. Is the fundamental part of your policy to avoid blackouts by getting industry to turn their lights off and to shut down their plants over summer?

**The Hon. DON HARWIN:** I have to say that your response surprises me. I would have thought that a member of The Greens would be happy to see people being responsible about their use of energy. Bear in mind that I am also the Minister responsible for utilities, which basically includes Sydney Water and Hunter Water. In the millennium drought it was clearly demonstrated that Australians are very civic-minded people; they like to be part of an initiative to be responsible about the use of resources.

**Mr JEREMY BUCKINGHAM:** They loved having water restrictions, didn't they? That was fantastic, wasn't it? They really loved a government that did not invest in the water infrastructure they needed

and did not plan for climate change. It is The Green's view—while you are reflecting on me—that we should have more energy than we need. It would not matter if you left the lights on all day, every day because it would come from renewable energy. That is the difference between us and you. But is not the real issue here that we do not have a sensible national plan because we do not have a sensible national government?

**The Hon. DON HARWIN:** Mr Chair, I would say two things in response to what is increasingly becoming a debate rather than a budget estimates hearing. People are very civic minded. When they were asked to make water savings to get through the drought, they did it. Moreover, since becoming Minister the advice I have received from Sydney Water is that not only did they do it during the drought but they are still doing it. As a result, one of the reasons we have not had to augment Sydney's water supply, and why the capital costs are not greater, is because people have kept saving water. That is one of the reasons why our water bills will be \$100 a year less this year, next year and the following two years. That is demand management. I think people will be enthusiastic about doing that when it comes to energy as well.

**Mr JEREMY BUCKINGHAM:** Good luck with that.

**The Hon. DON HARWIN:** I remind you of what happened on 11 February because obviously you are a bit sceptical about it. It was not an easy thing to do 12 days into being a Minister—

**Mr JEREMY BUCKINGHAM:** Tomago loved it.

**The Hon. DON HARWIN:** —having a big press conference and all comers asking me what was going on. But do you remember what happened when I said that it would be helpful if members of the public could also play a role and moderate their electricity use? Two hundred megawatts of demand was taken out of the system—that is the equivalent of almost 20 per cent of one of our coal-fired power stations. That was demand management.

**Mr JEREMY BUCKINGHAM:** The kids just loved it.

**The Hon. DON HARWIN:** There is obviously a capacity through demand management to do more to reduce the strain on our power supply and therefore to reduce the strain on resources in the use of fossil fuels through our existing coal-fired power generators or our gas generators. I think that is something that we do responsibly need to explore.

**The CHAIR:** Minister, you mentioned the pensioner rebates for electricity and gas. Are you aware what the pensioner rebates are for water and sewage services? Is that your portfolio?

**The Hon. DON HARWIN:** Sydney Water is certainly my portfolio. Given that Mr Young has not had much to do this afternoon I might let him give you some details about that.

**Mr YOUNG:** Since I have been the Managing Director of Sydney Water, the pensioner rebates for us have been the same. They have not changed.

**The CHAIR:** How long is that?

**Mr YOUNG:** Six years. They have not changed during that period.

**The CHAIR:** Can you explain what a pensioner water rebate looks like on an average bill?

**Mr YOUNG:** I will have to take that on notice and get back to you.

**The CHAIR:** How much would they get off?

**Mr YOUNG:** I will take that on notice and provide the details for a typical pensioner.

**The CHAIR:** You have been there six years, this is your portfolio and you cannot tell me roughly what pensioners could expect off their water bills?

**Mr YOUNG:** I have looked at this from time to time. It has been something that is of interest to me. I just do not have that note with me today. I am not going to speculate by giving you approximate numbers.

**The CHAIR:** I am surprised.

**The Hon. DON HARWIN:** Perhaps Dr Bentley would like to comment on Hunter Water.

**The CHAIR:** Do you have figures for an average pensioner rebate?

**Dr BENTLEY:** I happen to have the note in front of me.

**The CHAIR:** That would be helpful.

**Dr BENTLEY:** Eligible pensioners can receive a rebate of up to \$294 for their water and sewage bills.

**The CHAIR:** Is that a quarterly bill?

**Dr BENTLEY:** That is their annual bill.

**The CHAIR:** Where does that rebate come from?

**Dr BENTLEY:** It is rebated by the Government.

**The CHAIR:** So 100 per cent of that is from the Government?

**Dr BENTLEY:** Correct.

**Mr YOUNG:** Mr Chair, I do have a note in front of me. For ours, it is about a \$500 pensioner rebate for water and sewage services. That is provided by the New South Wales Government as a rebate back to us to discount bills for pensioners.

**The CHAIR:** How do pensioners retrieve that rebate?

**Mr YOUNG:** It is automatically put on their bill. When they become a pensioner they ring our contact centre. We have got databases that we link to verify that they meet all the criteria and then it is automatically applied to their bill.

**The CHAIR:** Minister, can you update the Committee as to the request from the Shoalhaven regional art gallery?

**The Hon. DON HARWIN:** Earlier I was talking about the climate control in the gallery. At the moment only about one-third of the gallery space is suitable for travelling exhibitions from the Art Gallery of New South Wales. On the occasion of my visit, they discussed with me a proposal to improve the climate control in the other two-thirds of the gallery. As a result, you would be able to have exhibitions that travel from the Art Gallery of New South Wales and are on display in Nowra literally 200 per cent larger than the current exhibitions. The Archibalds, which have been on display for a little while now, will shortly start travelling. I cannot remember if Nowra is on the program this year—I do not think it is.

**The CHAIR:** It has been in previous years.

**The Hon. DON HARWIN:** It certainly has been. The climate control in the gallery has limited the size of what has been put on display. This will fix that.

**The CHAIR:** I might just move on because I have only got one more minute. You would be aware of Prime Minister Malcolm Turnbull's comment that he will demand electricity companies write to a million households by Christmas to offer them cheaper power prices. Do you have an opinion about the fact that it will take until Christmas to write to them, whereas if the companies were retrieving a bill payment they would do it tomorrow? Do you have concerns about the time period?

**The Hon. DON HARWIN:** I think it is an excellent initiative, and I think the Prime Minister is to be congratulated on it. I hope the energy companies write as quickly as they can. I have to say that I think Josh Frydenberg is doing an outstanding job as energy Minister. I work with him quite closely on the COAG Energy Council and I am pleased to see some of the activity that is coming from the Federal Government in this area and also the work they are doing on other projects such as Snowy.

**The CHAIR:** The Minerals Council today voiced their support for consideration of the nuclear power industry and how it is a zero emissions technology. The Finkel review noted that nuclear power was a zero emissions technology but stated "any development will require a significant amount of time to overcome social, legal, economic and technical barriers" and that Australians were highly aware of the hazard posed by the radioactive materials involved. While understanding roadblocks that exist at the Federal level, do you have a response to the position of the Minerals Council?

**The Hon. DON HARWIN:** I think the Finkel review report puts it very well. There are obviously lots of barriers and in New South Wales one of those barriers is that there is a statutory prohibition on it. The observations that the Minerals Council have made about emissions and nuclear power are obviously well made. It is a matter of record that many countries throughout the Western world do have some of their power supplied by nuclear, but that is not the case here in Australia. There is a statutory prohibition here in New South Wales and there are absolutely no plans to change it.

**The CHAIR:** Minister, I thank you and your officers for presenting as witnesses this afternoon. I will probably see some of you at the inquiry into energy pricing in New South Wales.

**The Hon. DON HARWIN:** I am sure you will. We are looking forward to it.

**The Hon. ADAM SEARLE:** I have provided to Committee members a copy of the administrator's report into Delta.

**The CHAIR:** We will table the documents that needed to be tabled so you can peruse them.

**Documents tabled.**

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**