

PORTFOLIO COMMITTEE NO. 4 – INDUSTRY

Friday 13 September 2019

Examination of proposed expenditure for the portfolio areas

REGIONAL NEW SOUTH WALES, INDUSTRY AND TRADE

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The Committee met at 9:30 am

MEMBERS

The Hon. Mark Banasiak (Chair)

Ms Abigail Boyd

The Hon. Lou Amato

The Hon. Catherine Cusack

Mr Justin Field

The Hon. John Graham

The Hon. Emma Hurst (Deputy Chair)

The Hon. Trevor Khan

The Hon. Taylor Martin

Mr David Shoebridge

The Hon. Mick Veitch

PRESENT

The Hon. John Barilaro, *The Minister for Regional New South Wales, Industry and Trade*

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

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The CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2019-2020. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of this land. I would also like to pay respect to the elders past and present of the Eora nation and extend that respect to other Aboriginals present. I welcome Deputy Premier John Barilaro and his accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Regional New South Wales, Industry and Trade.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat.

All witnesses in budget estimates have a right to procedural fairness according to the procedural fairness resolution adopted by this House in 2018. 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 question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat.

Deputy Premier, I remind you and your officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the tables behind you. Transcripts of this hearing will be available on the website from tomorrow morning. Finally, could everyone please turn their mobile phones to silent for the duration of this hearing. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Deputy Premier, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

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JIM BETTS, Secretary, Department of Planning, Industry and Environment, on former oath

MICHAEL PRATT, AM, Secretary, NSW Treasury, sworn and examined

MICHAEL WRIGHT, Deputy Secretary, Resources and Geoscience, Department of Planning, Industry and Environment, affirmed and examined

SCOTT HANSEN, Director General, Primary Industries, Department of Planning, Industry and Environment, on former oath

CHRIS HANGER, Acting Deputy Secretary, Regional NSW, Department of Planning, Industry and Environment, affirmed and examined

GARY BARNES, Coordinator General, Regions, Industry, Agriculture and Resources, Department of Planning, Industry and Environment, on former oath

KYLIE BELL, Executive Director, Industry Trade and Investment, NSW Treasury, affirmed and examined

ANTHONY KEON, Executive Director, NSW Resources Regulator, affirmed and examined

NICK ROBERTS, Chief Executive Officer, Forestry Corporation, sworn and examined

The CHAIR: I now declare the proposed expenditure for the portfolio of Regional New South Wales, Industry and Trade open for examination. Questions on this portfolio will begin at 9.30 a.m. and all witnesses, including the Deputy Premier, will be questioned in this morning's session. After lunch we will continue questioning government witnesses; the Deputy Premier will not be questioned in the afternoon and evening sessions. There is no provision for any witness to make an opening statement before the Committee commences questioning. We will begin with questions from the Opposition.

The Hon. MICK VEITCH: Thank you and welcome on Black Friday, Deputy Premier, to this budget estimates hearing. Deputy Premier, as this first series of questions is to you in your capacity as Deputy Premier, how important is the New South Wales ministerial code of conduct?

Mr JOHN BARILARO: Thank you, Mr Veitch. While we know public sentiment towards politicians and government has probably been at the lowest in many years, I think the shenanigans of parties, what we are seeing played out in the public domain at the moment, and I am not going to get into the detail on any of that, the ministerial code of conduct is important. It is important and we sign up for it. I know I have been previously questioned about it. As of my best knowledge, like other Ministers, I would hope you use every endeavour to make sure that you follow the code.

The Hon. MICK VEITCH: Have you satisfied yourself that all of the National Party Ministers have met their responsibilities under the ministerial code of conduct?

Mr JOHN BARILARO: That is always the big question but you would have to accept that those Ministers take the code seriously, that they apply the code and that they of course disclose everything and abide by the code. I would hope that is the case but I cannot sit here and say I know 100 per cent. I do not think anybody in this place can guarantee 100 per cent for anybody else.

The Hon. MICK VEITCH: Have you reminded them of their obligations under the ministerial code?

Mr JOHN BARILARO: Well, look, I—

The Hon. MICK VEITCH: This is just the National Party Ministers, by the way.

Mr JOHN BARILARO: My Ministers, we meet, we talk about a number of issues but I would expect them to understand their role as a Minister and the appropriate code.

The Hon. MICK VEITCH: Did you have consultations or conversations with the Premier yesterday prior to the announcement being made about the investigation into Minister Sidoti?

Mr JOHN BARILARO: No, not at all. The Premier and I spent the previous day on the road touring those fire-ravaged regions and those drought-ravaged regions but the Premier and I had no discussions yesterday.

The Hon. MICK VEITCH: Do you think Minister Sidoti has done the right thing or should he step aside?

The Hon. TREVOR KHAN: Point of order—

The CHAIR: I will hear the point of order.

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The Hon. TREVOR KHAN: My point of order, and I have given some latitude up to this point, is that there is an obligation that falls on all of us to ask questions that are relevant, particularly to the portfolio. I would suggest that this is well and truly outside that scope.

The Hon. MICK VEITCH: To the point of order: I think it is important that the Deputy Premier, the second most senior politician in this State, has the opportunity to put on the record his views around the ministerial code of conduct and its importance. So that is what I am doing.

The Hon. TREVOR KHAN: And I have allowed that. I did not take a point of order about that but you are straying beyond that to other matters. I would suggest, Chair, that we have gone now too far.

The CHAIR: Hearing both sides, I would just ask the Hon. Mick Veitch to be careful with his wording of any further questions regarding the ministerial code of conduct.

Mr JOHN BARILARO: Can I say, Mr Veitch, at the end of the day I would hope to believe that every Minister abides by the code, fills in their pecuniary interests and reports everything that is accepted or expected from members of Parliament and Ministers. The issue here, this debate, the judgement on Mr Sidoti is being played out in the public domain and not always does the truth reach the public. I have been in the middle of this myself previously with accusations of my pecuniary interests or if I have met the code and in the end, of course, been cleared. It is not for me to judge. The Premier has now said there will be a review. Let's let the review pursue the truth and hopefully come back with an answer for all because it is important to the public to have trust in their officials.

The Hon. JOHN GRAHAM: Thank you, Minister Barilaro. I do not want to get your title wrong. You said you would ask your party Executive whether you should retain the title of Deputy Premier. What did they have to say?

Mr JOHN BARILARO: The point that I made in a speech to Inverell at a conference in the National Party heartland—you know yourself, Mr Graham, that when you are speaking to your branch members there is an expectation that you fight for them and I am a proud Nat. I am a proud Nat. I know I have been accused of being a Lib in the past—

The Hon. JOHN GRAHAM: But you do not object to being called Deputy Premier at this point.

Mr JOHN BARILARO: Can I say that the title is irrelevant. It is actually what we achieve for rural and regional New South Wales.

The Hon. JOHN GRAHAM: That is exactly what I want to ask about. I want to ask firstly about the promise that has repeatedly been made in the budget and you have advocated for this very strongly of delivering 30 per cent of the Restart funding to the regions.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: You have advocated strongly for that. The Auditor-General has looked at it and said what has been delivered after six years is 18.5 per cent—well short of the 30 per cent, after six years. Do you accept that finding?

Mr JOHN BARILARO: Mr Graham, can I just clarify that the commitment is 30 per cent of the Restart Fund, which holds roughly \$33 billion, \$9.5 billion allocated to regional and rural New South Wales. It is a commitment that we are honouring and it is one that we will continue to pursue and deliver.

The Hon. JOHN GRAHAM: I understand the context.

Mr JOHN BARILARO: As to your point, 18.5 per cent has been delivered.

The Hon. JOHN GRAHAM: Yes, so you accept the finding. You accept so far—there are plans to do more—

Mr JOHN BARILARO: No, not plans. There are reservations, commitments already made to the balance of that account and subject to approvals, infrastructure approval, matched funding by the Federal Government. So in real terms 29 per cent of that fund has already been either allocated or spent.

The Hon. JOHN GRAHAM: But you do not dispute the Auditor-General's finding that 18.5 per cent flowed to the regions?

Mr JOHN BARILARO: The 18.5 per cent has left the account and gone out the door but the balance has been committed to projects that are important to regional New South Wales. Do not forget, this is on top of the \$14.2 billion Snowy Hydro Legacy Fund and the \$1.7 billion Regional Growth Fund, which of course we get 100 per cent of.

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The Hon. JOHN GRAHAM: There is plenty of other context but you are not disputing that finding. Would you agree that, fundamentally, one of the issues has been that Restart NSW money, a lot of it flowed early on to projects like the Sydney Metro City and Southwest, that was \$3.9 billion, and to WestConnex, that was \$1.3 billion out of this fund. Essentially you have been playing catch-up to then get that money into the regions. Do you agree that is essentially the issue in the first six years?

Mr JOHN BARILARO: No, that is incorrect about the catch-up. The reality is that the projects we are funding like the Pacific Highway, hospitals, schools et cetera, in some cases they need joint funding and there are planning approvals that are required. No different to the Coffs Harbour bypass, the tunnel issue—

The Hon. JOHN GRAHAM: But after six years you have not caught up yet.

The Hon. TREVOR KHAN: Point of order—

Mr JOHN BARILARO: No, I am sorry.

The Hon. MICK VEITCH: He doesn't need interference. He hasn't got it.

The Hon. JOHN GRAHAM: He was doing quite well. I don't know why you are slowing him down.

The CHAIR: I will hear the point of order.

The Hon. TREVOR KHAN: My point of order is the Hon. John Graham is doing a sterling job but he is constantly interrupting.

The Hon. JOHN GRAHAM: As is the Deputy Premier.

Mr JOHN BARILARO: Yes.

The Hon. TREVOR KHAN: As demonstrated there. He should allow the Minister to answer the question before he moves on to the next one.

Mr JOHN BARILARO: I think the point we should clarify, with the Restart fund, the lease of poles and wires, the time line and delivery of that, there was no time line that you would spend it in four years, six years, eight years.

The Hon. JOHN GRAHAM: I think that is the concern in the regions; there is no time line.

Mr JOHN BARILARO: Actually that should be of concern because the reality here is: One, you do not want to flood the market where there is no capacity and see inflated prices, and we have seen some great examples of that with some tender prices coming into projects in Sydney; secondly, it is about making sure we build generational and transformational infrastructure, that we are funding the projects that actually take time to deliver.

The Hon. JOHN GRAHAM: Let me ask you this question: We know the first six years from the Auditor-General, what was the funding percentage for the regions in the last financial year? Because the Auditor-General has not looked at that. What is that figure?

Mr JOHN BARILARO: I do not know that figure off by heart. I might refer—

The Hon. JOHN GRAHAM: Was it above or below 30 per cent, do you know? Surely you must know if it was above?

Mr JOHN BARILARO: No, we will need to take that on notice.

The Hon. JOHN GRAHAM: I will tell you what it was, it was 19.4 per cent. We are still behind. That will mean after seven years the total that has gone to the regions is just 18.8 per cent.

Mr JOHN BARILARO: You say we are behind but have made commitments and reservations against that funding and in some cases we are waiting for Federal funding to match that—

The Hon. JOHN GRAHAM: I agree there have been plenty of promises in the budget.

The Hon. TREVOR KHAN: Point of order: Again, it is the same point of order. The Minister is entitled to answer the question before the Hon. John Graham jumps down his throat. In my submission he has to slow himself down a touch.

The CHAIR: Do you want to respond to that point of order?

The Hon. JOHN GRAHAM: To the point of order: The Deputy Premier is doing very well defending himself. I do not think he needs protection. He is actually doing quite well.

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The Hon. TREVOR KHAN: I agree.

The CHAIR: I understand where Mr Khan is coming from but I have been listening very carefully, I have been listening for pauses between Mr Barilaro's comments and what Mr Graham is jumping in and saying. There has been some good back-and-forth conversation and banter. It has not necessarily been aggressive or screaming over the top of each other. I have been giving a bit of leeway. Obviously if it oversteps I will call someone to order.

The Hon. MICK VEITCH: You are like the referee who wants to blow the whistle all the time.

Mr JOHN BARILARO: Thank you, Chair. I just want to clarify: We made a commitment that we are honouring, that is 30 per cent of that funding will go to regional and rural New South Wales. We are on that journey of delivering the 30 per cent. At this point, 18.5 per cent or thereabouts has been expended in the regions. The balance, close to 29 per cent all up, has been committed to, which means we will deliver.

The Hon. JOHN GRAHAM: I accept that. But, Deputy Premier, if I accept what you keep promising in the budget, will you accept what I am saying, which is you have not delivered 30 per cent any single year or cumulatively?

Mr JOHN BARILARO: But we have delivered. We have delivered what we said we would do and that is that 30 per cent of the fund will go to regional and rural New South Wales. We will continue to do so. But that fund is only one part of the funding that goes to regional and rural New South Wales. I will remind this room that during the past couple of years with the Regional Growth Fund I have been accused of pork-barrelling in the regions.

The Hon. JOHN GRAHAM: I accept that. We will come back to that. What is the issue with the New England? What is the problem with the New England? Why is the New England and the north-west missing out in particular? They have received less than \$400 million out of this fund. They are the lowest of the seven regions. They are getting just 6 per cent of the regional spend so far. What is your problem with the New England and the north-west of the State?

Mr JOHN BARILARO: I think I have no problem with the New England and north-west, especially as I have just travelled out there and we are seeing hospitals, schools and road investment.

The Hon. JOHN GRAHAM: Why are they being cut out? Why just 6 per cent?

Mr JOHN BARILARO: If you ask the local member, Adam Marshall, if he believes they have been short-changed I think he would tell you what he has delivered for the region.

The Hon. JOHN GRAHAM: Objectively they are on the Government's own figures just 6 per cent.

Mr JOHN BARILARO: But you have to put this into context.

The Hon. JOHN GRAHAM: It should be higher, should it not?

Mr JOHN BARILARO: No, you have to put it into context about projects.

The Hon. TREVOR KHAN: Point of order—

Mr JOHN BARILARO: While we have the Pacific Highway that is the largest single infrastructure project that is happening in regional and rural New South Wales, which is on the eastern seaboard, predominantly on the coastal areas, which is sucking up a lot of this money out of the Restart NSW Fund. It is all based on projects that are on the ground. If you look across all of government outside of Restart NSW, you look at money out of the Regional Growth Fund—

The Hon. JOHN GRAHAM: Just on Restart NSW at the moment.

Mr JOHN BARILARO: No, but I am just saying that you cannot pick one fund.

The Hon. JOHN GRAHAM: I will let you do that.

Mr JOHN BARILARO: You cannot pick one fund.

The Hon. JOHN GRAHAM: My issue, Minister—

The Hon. TREVOR KHAN: Point of order: My point of order is the same. At least as a matter of courtesy to Hansard—they could not possibly record what was just going on.

The CHAIR: On that occasion both of you were talking at the same time over the top of each other. I could not hear a pause anywhere between either of you.

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Mr JOHN BARILARO: I was asked the question. I should be allowed to answer it.

The CHAIR: Can you just finish that answer and then, Mr Graham, you may want to redirect.

The Hon. JOHN GRAHAM: I can assure you I am about to wrap it up, Deputy Premier.

Mr JOHN BARILARO: The point is you cannot pick one fund and say out of this particular fund this area is getting money or not when you have to look across the board. When I look at what is happening in the New England, there are investments in road and transport in excess of \$120 million. Education and health are \$19.8 million.

The Hon. JOHN GRAHAM: Deputy Premier, I finally just want to ask you this: This is really—

The Hon. TAYLOR MARTIN: He is still answering the question. He is halfway through an answer.

The Hon. JOHN GRAHAM: Yes, I accept that but I am entitled to move on.

The Hon. TREVOR KHAN: No.

The Hon. TAYLOR MARTIN: No, I do not think that is how it works.

The Hon. JOHN GRAHAM: I want to know this—

The Hon. TREVOR KHAN: Point of order: The point of order is I know he does not like good news but the answer is he asked the question and the Minister is entitled to complete his answer. The Hon. John Graham is not entitled to cut him off when he is being relevant to the question.

The Hon. JOHN GRAHAM: To the point of order: That is totally incorrect. It is up to the member asking the question to judge when the Minister has answered the question and when to move on. I think the Deputy Premier has done quite well answering that question and I am now moving on.

The Hon. TREVOR KHAN: To the point of order: That is just rubbish.

The Hon. JOHN GRAHAM: That has been the subject of repeated rulings. Estimates will not work if that is not the system. You cannot slow this down.

The Hon. TREVOR KHAN: Can I take you to Virginia Judge where I think her answer was about 20 minutes to one question.

The Hon. JOHN GRAHAM: You should have raised a point of order.

The Hon. TREVOR KHAN: The answer is if the Minister is being generally relevant he is entitled to complete his answer. Mr Graham is not entitled to dictate what the Minister's answer is and that is precisely what he is trying to do.

The Hon. JOHN GRAHAM: I agree with that. On that point of order, it is up to the Minister how he answers; it is up to the questioner when they move on. I am exercising that right.

The Hon. TREVOR KHAN: You can move on after he finishes answering his question.

The CHAIR: This is a point of order that has been well ventilated across a lot of budget estimates. I ruled on this in the other budget estimates. I said if the member wants to redirect because they are satisfied with the answer, as long as they do it in a polite and courteous manner, then I am satisfied with that. If they miss out on some of the good news story that the witness is giving then that is on their head.

Mr JOHN BARILARO: Thank you, Mr Chair.

The Hon. JOHN GRAHAM: Deputy Premier, my real question is this: When will you deliver what you have promised? Do you accept it will not be in this budget, in these forward estimates or before the next election? You will not hit 30 per cent on your Government's figures to the regions in that time frame. Do you accept that?

Mr JOHN BARILARO: No, I am not going to accept that because, as I said, some of these projects, where there will be funding available, are coming online. Coff's Harbour bypass, the tunnels, was committed to last Saturday by Michael McCormack, the Deputy Prime Minister.

The Hon. JOHN GRAHAM: Your own budget says that.

Mr JOHN BARILARO: Which means we can now accelerate that investment. So let us see.

The Hon. JOHN GRAHAM: You said we will hit 29 per cent. You used the 29 per cent.

Mr JOHN BARILARO: I have not finished answering.

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The CHAIR: Mr Graham.

Mr JOHN BARILARO: That is probably a question you could ask me in the election campaign of 2023. You can judge me then. Right now we are getting on with delivering over the next four years.

The Hon. JOHN GRAHAM: I am looking at your budget and it says you will not meet it.

The Hon. MICK VEITCH: You are not running.

Mr JOHN BARILARO: Thank you, Mr Graham.

The Hon. MICK VEITCH: Deputy Premier, I want to take you now to the Essential Energy jobs. You know our position: We are hard on saying they should not be cutting these jobs. Are you satisfied that the State-owned corporations [SOCs] in particular are aware of the Government's policy around no regional job losses in New South Wales?

Mr JOHN BARILARO: I think the Essential Energy situation proved that the SOCs have an ability to make their own decisions. They are independent of Government, which we have to respect and we all understand that. They have a board, they have a CEO, they have a business plan. They also have other regulatory pressures in relation to downward pressure, in this case on electricity prices, and they have the right to have some independence. But you are right, the Government made a decision that there would be no job losses in regional and rural New South Wales. I am very proud that the Premier and I gave that commitment, especially through this very tough drought. Essential Energy in this case thought it was exempt from that and it took a campaign to bring it back to the table.

The Hon. MICK VEITCH: Has there been a directive issued to Essential Energy to cease any removal of regional jobs?

Mr JOHN BARILARO: A directive is not from me. The Minister responsible is the Minister for Energy and the shareholder Minister is the Treasurer, therefore it does not come from me. But I understand a directive is being finalised as we speak.

The Hon. MICK VEITCH: This is an agency that I think has reduced its workforce by about 2,000 jobs since 2015. Regional New South Wales, particularly at the moment, cannot entertain those job cuts. Why did it take the most recent round of job cuts for the National Party to act? We have already lost 2,000.

Mr JOHN BARILARO: Firstly, the general public wants our energy utilities to run in an efficient manner, there is no question, and downward pressure on pricing is actually at the forefront of everything that our utilities do, be they privately owned or government owned. The issue around these jobs is why now. Why? Because of this drought, the worst drought in recorded history, a drought that is impacting right across the regions, and directly and indirectly we have seen something like 19,000 jobs lost in the agriculture sector. But there is an upside to that. Over the last 12 months there have been 35,000 new jobs created in regional New South Wales, 75,000 since 2015. But on this particular issue, why we intervened, why I intervened and why The Nationals intervened at this time—because as a government we made the same decision that there should be no job losses in regional and rural New South Wales—was because of the drought. That is the difference today from two years ago.

The Hon. MICK VEITCH: You need to satisfy everyone that there has been some sort of directive issued to Essential Energy that these jobs are not just on hold, that the proposed cuts will not proceed. We need that to be clarified.

Mr JOHN BARILARO: There is a directive. As I said, I do not have the responsibility of signing a directive, that is the shareholder Ministers. That is the first thing. The second thing is that—

The Hon. JOHN GRAHAM: There is not a directive at the moment. You have just put that. There is not one yet.

Mr JOHN BARILARO: There is a directive that is being finalised, remembering that between Essential Energy and the union, so through Fair Work, there was a period of I think six or seven weeks where they were meant to come to the table and negotiate this. It was at the end of that six or seven weeks that we intervened because I believed at that time the decision was not going to be favourable to those workers. I am proud of what we have done, that is to stop these job cuts—to stop these job cuts. Essential Energy will now go away, review its business model and come back and report to Government in relation to efficiencies outside of job losses in the future, so these jobs are safe.

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The Hon. MICK VEITCH: When they report to Government are they going to report to the Cabinet as a whole or come back to the shareholding Ministers? Just to clarify how they are going to report back, what is the mechanism to report back?

Mr JOHN BARILARO: I may refer to the Treasury official but my understanding is that they would actually report back firstly to the Treasurer, who is a shareholder Minister, as well as the energy Minister. But this is such an important issue for us and I would expect that issue to come back to the Cabinet as a whole.

The Hon. MICK VEITCH: My next question is when do you expect that you, as the Deputy Premier, the Leader of the National Party, should be told about this when they bring it back?

Mr JOHN BARILARO: I have all confidence in the Treasurer and the energy Minister that when this does come back I will be included in that. I do sit under the changes of the machinery of government in a roaming role where I sit within the Treasury portfolio, I sit in the DPIE portfolio—the Department of Planning, Industry and Environment—so I will be privy to that information. But I also expect and accept that there is a hierarchy and the Minister for Energy and the Treasurer are the responsible shareholder Ministers and they should have the report first.

The Hon. MICK VEITCH: Have you put other SOCs on notice that regional jobs are critical at this point in time and that there should be no job losses in regional New South Wales in any of the SOCs?

Mr JOHN BARILARO: We have made that point.

The Hon. MICK VEITCH: How have you made that point?

Mr JOHN BARILARO: We have relayed that point publicly and we have spoken to SOCs, as I understand. But the second part of that is that—

The Hon. JOHN GRAHAM: Will there be other directions to implement that policy?

Mr JOHN BARILARO: No, there are not directions because we responded to a need and—

The Hon. JOHN GRAHAM: Why not?

Mr JOHN BARILARO: If another need arises in the future we will see what the circumstances around that need is.

Ms ABIGAIL BOYD: I want to talk to you about the Mining Act. It appears to me from that legislation that it is extremely difficult to refuse a mining licence. The Act contains provisions for refusal. Most of them relate to the perceived capacity to pay or to complete the work. Environmental suitability gets considered but it is not listed as a ground for refusal. It is something that can be fixed with studies and a series of conditions. We have seen on a number of mining licences these conditions are getting longer and longer and more convoluted and complicated. Preservation of agricultural land and water catchments is not listed as reason for refusal. Do you think that is a fair assessment of the current Mining Act?

Mr JOHN BARILARO: Ms Boyd, you have gone into extreme detail in relation to the Mining Act, especially around the issues more importantly to the environment, and I think that is a fair question. Remembering that, firstly, as the mining or resources Minister it is not my job to approve. It goes through a planning process and the Independent Planning Commission, the IPC, makes final approval on these applications.

Ms ABIGAIL BOYD: Approval based on the legislation?

Mr JOHN BARILARO: On the legislation.

Ms ABIGAIL BOYD: Which does not give them the right to refuse, for instance, if there is a substantial threat to the water catchment of the region.

Mr JOHN BARILARO: I think that is all taken into account. I will refer to Michael Wright, who is responsible.

Mr WRIGHT: Any mining proposal is typically a State significant development and is determined by the Independent Planning Commission. The commission fully considers all environmental, social and economic issues in its determination of matters. So the legislative framework in which, for example, impacts on water are considered is the Environmental Planning and Assessment Act.

Ms ABIGAIL BOYD: Because I have limited time I will direct these questions to a specific project, the Wallarah 2 coalmine on the Central Coast. No doubt you are aware of that. The Wallarah 2 coal licence allows for the removal of 300 megalitres of water from the Central Coast water catchment, which currently supplies drinking water to 320,000 people. Clause 17 of the licence allows for those 300 megalitres to be returned to the

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catchment—not fresh water but recycled mine water, directly into the drinking water catchment of 320,000 residents. Do you think that is an acceptable outcome of the Mining Act approvals?

Mr JOHN BARILARO: Once again I would accept that it went through a process through the Independent Planning Commission where all environmental impacts would have been taken into account. Again I will refer to Mr Wright.

Ms ABIGAIL BOYD: As I do not have much time I may come to Mr Wright this afternoon. That approval was given under the current Mining Act, for which your department is responsible, and I understand that you as Minister are reviewing the Mining Act. In relation to this particular project, back in 2011 members of the Labor Party and the Liberal-National parties stood very proudly with Water Not Coal T-shirts on, saying that neither party would allow the Central Coast drinking catchment to be mined. Now, eight years on, we have a licence with I think almost 200 conditions on it, completely relying on Kores as the operator of that proposed mine to meet extremely complicated and convoluted conditions—

The Hon. TREVOR KHAN: Is this a question or is it a speech?

Ms ABIGAIL BOYD: Do you think it is fair to the people of the Central Coast that they should be relying on a mining company to protect their drinking water rather than their own Government?

Mr JOHN BARILARO: Ms Boyd, I think what is fair is that there is no political interference in relation to a mining application or process. The Independent Planning Commission is the one, the independent body, that approves a mine after taking into account all its impacts. To start that question or that statement that Labor members and Liberal members stood in front of that particular community and said they would not approve it would mean there would be political interference in the process. As the Minister for mining, we have a Mining Act that sets the parameters in relation to mining approvals. The planning system and the independent process of the planning system, which is at arm's length to this Government, is the process that we allow no political interference in decision-making.

Ms ABIGAIL BOYD: The Mining Act does not allow the licence to be refused because of the impact on the drinking water catchment. That is something that is "dealt with"—and I put that in inverted commas for the purposes of *Hansard*—by these conditions, which rely on the company itself to ensure that it is meeting those conditions. Perhaps this is a question for you: Do you think that the compliance with those conditions is being met by mining companies?

Mr JOHN BARILARO: Again, in relation to compliance I do have the regulator here but the question and the comment you have made is that no application will be rejected based on the Mining Act. That is incorrect. The Rocky Hill mine was recently rejected.

Ms ABIGAIL BOYD: Rocky Hill was rejected on a merits review, which is now not possible under the Act.

Mr JOHN BARILARO: I am sorry, but it is possible. The Dartbrook mine was rejected. To come to the assertion or the view that we just approve mines is actually a misunderstanding of the process of the Mining Act and the planning process.

Ms ABIGAIL BOYD: Maybe you could take on notice for me how many applications for coal and gas mining have been refused in New South Wales in the past decade?

Mr JOHN BARILARO: I will take that on notice.

Ms ABIGAIL BOYD: Also how many fines for environmental non-compliance have been issued?

Mr JOHN BARILARO: Again, I have the regulator here but I could possibly take that on notice.

Ms ABIGAIL BOYD: Thank you. Again, that would be very useful because I have limited time. If the Central Coast drinking water catchment is polluted by this mining activity what would your Government do in that situation to protect the people of the Central Coast?

Mr JOHN BARILARO: I have confidence in the science, I have confidence in the process and I have confidence that the water catchment will not be polluted.

Ms ABIGAIL BOYD: Are you aware that a recent Environment Protection Authority review into the use of recycled mine water discharged from the Clarence Colliery into the Woolangambe River has been found to have a high volume point source pollutant, exhibits acute and chronic toxicity and has directly harmed the surrounding area?

Mr JOHN BARILARO: No, I am not aware.

UNCORRECTED

Ms ABIGAIL BOYD: Would you think that this is something that should be repeated on the Central Coast for the Central Coast community?

Mr JOHN BARILARO: Not at all. Again, I would accept that the processes, the rigour that we put these applications through deal with the environmental impact studies. But, of course, in the world that we live in breaches do occur and that is what the resource regulator is all about.

The Hon. EMMA HURST: Deputy Premier, in this year's budget you announced \$3 million for detailed investigation of potential international air freight hub sites which will transport regional New South Wales produce from paddock to plane to plate. Is the New South Wales Government giving any consideration to allowing the live export of animals out of these proposed international freight airports?

Mr JOHN BARILARO: Thank you for the question. One of the proud decisions that we made from the proceeds of the Snowy Hydro Legacy Fund, the \$4.2 billion, was a blueprint, a 20-year vision for regional and rural New South Wales and how we better diversify their local economy, how we invest in infrastructure that enables growth. In the middle of this drought I think it is very important to understand diversity. One of those key pillars was the idea of being able to take freight directly from regional and rural New South Wales to global markets to empower the farmer, the producer, the great food and fibre producers in this State. To empower them by having access to those international markets we have gone out to market to see if those particular options, any of those regional or rural airports could become an international freight hub, a gateway to the world.

The Hon. EMMA HURST: Minister, will that be live export of animals?

Mr JOHN BARILARO: First and foremost we are not looking to that detail. We are only looking at is there an opportunity to export and would it actually stack up to export directly. To the detail of what we export, we have not considered that yet.

The Hon. EMMA HURST: You have not gone that far?

Mr JOHN BARILARO: No.

The Hon. EMMA HURST: We have recently heard that the new Western Sydney Airport that is due to be operational by 2026 is considering plans to live export animals out of that airport. Can you confirm that is not on the agenda?

Mr JOHN BARILARO: I do not know, again, what the new Badgerys Creek airport is putting on the table. I know there have been some significant conversations in relation to the types of businesses. Live export of animals is part of the landscape in Australia but I cannot answer that and we are not looking to that level of detail with the regions.

The Hon. EMMA HURST: If it were proposed and put forward would you have concerns, considering that the Federal Government has failed repeatedly to protect animals that have been exported live out of Australia including just this week with more animal cruelty of Australian cattle in Indonesia?

Mr JOHN BARILARO: Live export has always been part of the way we export food, fibre or produce out of this country. I am not going to rule it in or out. Would I have concerns? I will always have concerns in relation to animal welfare, and that is a fair question. There are times when there are breaches, which we see and read about and governments respond. Overall, I think live exports are still part of the mix going forward.

The Hon. EMMA HURST: Would you have concerns about the significant biosecurity risk if these plans were to go ahead at the Western Sydney Airport, given there would be planes rapidly coming in and out of foreign countries, if there were live animals being exported?

Mr JOHN BARILARO: We manage biosecurity risk each and every day in everything that we do when it comes to agriculture and primary industries in the regions. It is what we do each and every day. The greater threat that we have had to deal with lately is those trespassers on private property terrorising families and communities. That is a greater biosecurity risk.

The Hon. EMMA HURST: I will come back to that in the next round.

Mr JOHN BARILARO: That is a greater biosecurity risk—

The Hon. TREVOR KHAN: Just say sorry. Just say sorry.

Mr JOHN BARILARO: —than the idea that somehow an airport may be a greater risk.

The Hon. EMMA HURST: A greater risk?

UNCORRECTED

Mr JOHN BARILARO: No. But your view that an airport that has live cattle trade could become a greater security risk, my view is those trespassers are a greater risk.

The Hon. EMMA HURST: How many outbreaks have those trespassers actually caused?

Mr JOHN BARILARO: Sorry? What was the question?

The Hon. EMMA HURST: How many outbreaks of biosecurity have occurred from trespassing?

Mr JOHN BARILARO: We do not know because it has been one of those movements that has risen in the past six to nine months, a coordinated effort. No longer are individuals protesting for what they believe in. This is a concerted effort to terrorise regional communities, terrorise businesses and shut down industry. That is why we have reacted with legislation. We have reacted with significant fines and I commend the agriculture Minister for the work that he has done in that space.

The Hon. EMMA HURST: While you are talking about this you talked about terrorising, but you have actually used the term "domestic terrorist".

Mr JOHN BARILARO: Yes.

The Hon. EMMA HURST: Do you stand by that term?

Mr JOHN BARILARO: Absolutely. Because what is happening in the regions. Imagine living on a property in regional and rural New South Wales, isolated, and in the middle of the night when your family sleeps you are confronted by 10, 20, 100 trespassers—and that is what they are—illegally trespassing on your property and terrorising your family. It is no different to someone—

The Hon. EMMA HURST: I do not disagree with the term "trespass".

Mr JOHN BARILARO: —turning up on your land with a gun in hand. They are terrorising; they are domestic terrorists.

The Hon. EMMA HURST: I am sorry? Who had a gun in their hand when they turned up at these places?

Mr JOHN BARILARO: No-one, but it is no different. Because in the middle of the night, if you live in regional and rural New South Wales, when you are isolated from any local police—

The Hon. EMMA HURST: Deputy Premier, the term "terrorist" as defined on the Government's website is somebody who threatens violence or enacts violence. My understanding is these people who are trespassing on farms are there to collect evidence of animal cruelty.

Mr JOHN BARILARO: Illegally. Illegally.

The Hon. EMMA HURST: Yes.

Mr JOHN BARILARO: So it is okay?

The Hon. EMMA HURST: But they are not enacting violence.

Mr JOHN BARILARO: Yes, they are. They are terrorising those families.

The Hon. EMMA HURST: What act of violence have they committed?

Mr JOHN BARILARO: Could you imagine a six-year-old, an eight-year-old waking up—

The Hon. EMMA HURST: What act of violence have they committed?

Mr JOHN BARILARO: —at 2.00 a.m. being terrorised?

The Hon. EMMA HURST: Can you please give me one example of an act of violence that they have committed?

Mr JOHN BARILARO: Depends how you determine "violence". Do you think for a young family, a young person who is sleeping in bed at 2.00 a.m. being woken by a hoard of people trespassing illegally is not violent in a way?

The Hon. EMMA HURST: No, I do not think that there is any act of actual violence.

Mr JOHN BARILARO: They chain themselves to machinery. Actually we have seen—

UNCORRECTED

The Hon. EMMA HURST: A member of the public is so concerned about the way that animals are being treated on a facility that they are going in there to collect the evidence of it because it is so well hidden from the public eye.

Mr JOHN BARILARO: But, Ms Hurst, we also have evidence to show that part of the trespass and what these people did actually has hurt animals, the welfare of animals. For the same purpose that they trespass, in the end they have done more harm.

The Hon. EMMA HURST: I would disagree with that evidence.

Mr JOHN BARILARO: So you disagree with that evidence—

The Hon. EMMA HURST: I would very much disagree with that evidence.

Mr JOHN BARILARO: —but you choose to only pick the evidence that you—well, we will disagree.

The Hon. EMMA HURST: Because I know that people have gone in and taken animals out and taken them to a vet—

Mr JOHN BARILARO: I reconfirm my comment—

The Hon. EMMA HURST: —and people have gone at them.

Mr JOHN BARILARO: —domestic terrorists. Domestic terrorists.

The Hon. EMMA HURST: Of course. And do you not think that that is offensive to people who are genuinely the victims of genuine terrorist acts?

Mr JOHN BARILARO: I think it is—

The Hon. EMMA HURST: We have had a terrorist act recently in New Zealand with extreme violence with people who have had family members killed. When you water down that term to refer to somebody who wants to protect animals do you not realise how offensive that is to people who are genuinely the victims of real terrorism?

Mr JOHN BARILARO: Do you know how offensive it is that you do not recognise the terrorising of these communities and these families? That is offensive.

The CHAIR: Deputy Premier, on 30 January you attended a meeting in Menindee where you expressed support for a Federal royal commission into the Murray-Darling Basin and you were quoted the next day in *The Sydney Morning Herald*, saying, "I think one of the best comments to come out of today was a royal commission." Then on 7 August you voted against a public interest debate motion about the call for a royal commission. Can you articulate what has changed in your mind from 30 January when you were supportive and calling for one to 7 August where it seems like you have gone totally the opposite and not supporting one?

Mr JOHN BARILARO: Absolutely. Thank you for the question. Let us break that down. When I travelled to Menindee it was off the back of the fish kills in the heat of an election. I went to a pub, met the community. It was vocal, it was abusive, it was a tough period. But you know what? One of the things I am proud of is whenever there is an issue, I turn up, regardless of how comfortable or not comfortable that meeting may be. At the end of that meeting I had a press conference and in that press conference when I was asked the question, "Would you support a Federal royal commission?" I said to your point, and you have articulated well, that the comment that has come out of this meeting, the message that I have heard loud and clear is the view of this room, and that is that maybe there is a need for a Federal royal commission. That was something that I expressed at the time, something that I believe is still possible, but it is not for a State Government Minister to dictate to the Feds about a Federal royal commission.

In relation to the public debate, that is a political stunt. We all know what that is all about. In relation to this House, we have no jurisdiction, and regardless that we actually vote or do not vote during a public debate in the House is irrelevant. Does my position change? Do I believe there is a possibility for a royal Federal commission? That is possible, but it is up to the Federal Government.

The CHAIR: But would you make representations in your position as Deputy Premier to the Federal Government to encourage them to consider it?

Mr JOHN BARILARO: Again, it is up to the Federal Government, if they choose to get involved.

The CHAIR: I know it is up to the Federal Government but it is also up to you.

Mr JOHN BARILARO: But Chair, you started this question saying that I made that comment so therefore I have advocated for that.

UNCORRECTED

The CHAIR: Thank you. In budget estimates just recently, the police Minister reaffirmed his advocacy for going against bureaucratic bullying. He said, "I do not walk away from my commitment to making sure that the Government is not guilty of bureaucratic bullying." Would you make that same commitment here today?

Mr JOHN BARILARO: The question is such a broad question. Define "bureaucratic bullying".

The CHAIR: Bureaucrats within the department, I guess, overstepping their bounds and in terms of their powers in the decision-making.

Mr JOHN BARILARO: I am quite proud that I have a relationship with my public servants who I believe are working for the best interests of this State. Often there will be robust debate between the elected officials, the politicians—we are political appointees as in the system; we are elected by the public. But the best outcome for our regions is actually having a relationship and I have a great relationship with my public servants, all of them. I work positively with them but at the same time, as you all know, I am pretty strong in my view when it comes to the elected members and what our job and our agenda are. The public service should be delivering the agenda of the Government.

The CHAIR: When you talk about a good relationship with the public service, does that include Parliamentary Counsel?

Mr JOHN BARILARO: The Parliamentary Counsel? Of course it has to include the Parliamentary Counsel.

The CHAIR: Has your Government ever instructed the Parliamentary Counsel office to go slow on drafting legislative amendments for crossbench members?

Mr JOHN BARILARO: That is a broad question to the Government. I can say I have not.

The CHAIR: You have never heard of any other Government members making those representations?

Mr JOHN BARILARO: No. I think the agenda of the Government is a significant agenda. I think maybe additional resources are required to make sure we can keep up with the legislation.

The CHAIR: I would certainly agree with you since it has taken Parliamentary Counsel over eight weeks to draft a bill that I have asked for and they have actually refused to meet with me.

The Hon. TREVOR KHAN: Oh, gee, eight weeks? I could tell you how long it takes to draft a bill.

Mr JOHN BARILARO: I think in the scheme of things that is actually a good run.

The CHAIR: Do tell us, Mr Khan, because you got one up pretty quickly just recently. Does the Premier's Priorities pledge to deliver a world-class public service extend to delivering more support to the Parliamentary Counsel for non-Government MPs?

Mr JOHN BARILARO: Again, we want a world-class public service to serve the people of New South Wales and that is what should be fundamentally at the heart of that commitment.

The CHAIR: That is a yes for more resources?

Mr JOHN BARILARO: It is about serving the people of New South Wales.

The Hon. MICK VEITCH: I think he is on the Expenditure Review Committee. He should be able to advocate for that.

The CHAIR: On page 58 of the business case for the Wentworth to Broken Hill pipeline, a benefit of the pipeline is listed as "avoided costs of water embargoes on Northern Rivers irrigators", that is, loss of cotton production. I cannot see a single media release or any other publicly released document or statement from your Government that makes the community aware of this benefit. Why is that?

Mr JOHN BARILARO: Firstly, I am not the water Minister so therefore it is a difficult question to ask of me. But if you ask me a question in relation to the \$470 million 270 kilometre pipeline that has actually rescued Broken Hill and that has meant that in this drought they have not run out of water—on my recent trip that was relayed back to me, thanking the Government—we publicly put out a business case and a business case document that clearly showed the investment and the benefit, delivered on time and on budget. We are only caught up in detail and process in relation to the minutia of that particular document. That should be referred to the water Minister.

The CHAIR: As the Deputy Premier can you tell us why it took so long to get that business case out? As you said, it is such a great thing to the people of Broken Hill, so why was there a delay in getting that business case? I think one of our members of the upper House was at one point calling for a Standing Order 52 on it.

UNCORRECTED

Mr JOHN BARILARO: Yes. There was an earlier question by Mr Graham about a speech that I made at Inverell. I also talked in that speech in Inverell about hiding behind business cases. The reality here is that the wellbeing and health of a community in relation to water infrastructure should never be seen through the lens of a business case. The business case went out to the public in the process that it was afforded. But the reality here is that the investment makes sense and has meant that a community that has been on stage six water restrictions for goodness knows how long today has water—great water—and security of water.

The Hon. MICK VEITCH: Deputy Premier, Minister Kean has refused to rule out stopping the almost 700 jobs, or 682, from Essential Energy that he is proposing to cut. Is that acceptable?

Mr JOHN BARILARO: What we have done is work hard in relation to the current jobs that were on the chopping block. Any long-term plans for Essential Energy—as I said, there is a review that will come back to the Government—let us deal with it when that comes. We will deal with it then.

The Hon. MICK VEITCH: So the review is for the full 682, or say close to 700 jobs, as opposed to the 180?

Mr JOHN BARILARO: No, no. The review is in relation to how Essential Energy will continue to deliver downward pressure on pricing, as expected by the regulator, look at its business model, and look for efficiencies outside job losses.

The Hon. JOHN GRAHAM: But Minister Kean has just confirmed that he might save the 180. He has not done it yet.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: But forget the bigger group.

Mr JOHN BARILARO: He has saved them.

The Hon. JOHN GRAHAM: Is that acceptable—the bigger group? He has just said the opposite.

Mr JOHN BARILARO: No. But it is not about the bigger group or the small group. We are having a review of Essential Energy.

The Hon. JOHN GRAHAM: Well, it is for those workers.

The Hon. MICK VEITCH: And for those communities.

Mr JOHN BARILARO: We have given security for those workers—

The Hon. JOHN GRAHAM: All of them?

Mr JOHN BARILARO: —and those jobs that were threatened, and that is more important.

The Hon. MICK VEITCH: So 680, not the one hundred—

The Hon. TREVOR KHAN: You cannot tag team.

Mr JOHN BARILARO: When we have the review—

The Hon. MICK VEITCH: So 680 jobs.

The Hon. TREVOR KHAN: You cannot tag team. Let him answer the question.

Mr JOHN BARILARO: Once we have the review and it comes back, I would be more than happy, Mr Veitch, to share that information with you. I will be more than happy to share with you what the future for Essential Energy is, but at the heart of it has got to be downward pressure on prices because you know the impact that is having on businesses and the impact it is having on the family budget. That is our priority—downward pressure on prices for electricity.

The Hon. MICK VEITCH: And the impact of job losses in regional communities in the middle of a drought, Deputy Premier?

Mr JOHN BARILARO: Mr Veitch, we have made that commitment and we are following through.

The Hon. MICK VEITCH: Deputy Premier, I just want to take you to your comments about the Murray Valley National Park.

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: Have you presented a bill yet to Cabinet to degazette the national park?

UNCORRECTED

Mr JOHN BARILARO: No. We are lucky in this change of government and the meshing of government roles where the Department of Planning, Industry and Environment comes under one cluster and we have an opportunity to work through these issues internally. I can say that internally we are looking to an outcome in relation to access to resource. We are doing that.

The Hon. MICK VEITCH: Does that include the degazettal of the national park? That is the issue for me right now.

Mr JOHN BARILARO: Let me make this absolutely clear in relation to the degazettal. That has been an issue that has been in the public domain and one that I can commit to.

The Hon. MICK VEITCH: But did you commit to the degazettal?

Mr JOHN BARILARO: No, no. Absolutely not.

The Hon. MICK VEITCH: Okay.

The Hon. JOHN GRAHAM: But you did commit to it.

Mr JOHN BARILARO: I said we are looking for access for the resource. The people of that region—and let us not forget this decision was a political decision on your watch. Under a Labor Party in 2010—

The Hon. JOHN GRAHAM: This is a backdown, is it not, Minister?

Mr JOHN BARILARO: —Nathan Rees, in a grubby deal with The Greens for preferences—

The Hon. MICK VEITCH: But this is a backdown.

Mr JOHN BARILARO: Let's just make this clear while we are here.

The Hon. MICK VEITCH: But this is a backdown. You did say degazettal. There would be a bill for degazettal.

Mr JOHN BARILARO: After 150 years of logging of that forest—

The Hon. MICK VEITCH: There would be a bill for degazettal. That is what you said.

The Hon. TREVOR KHAN: Point of order—

The CHAIR: Let us hear the point of order. I know what it is going to be about.

Mr JOHN BARILARO: I think the Chair would be more interested in my response on this.

The Hon. TREVOR KHAN: The Minister is entitled to answer.

The CHAIR: Yes, and from the point of view of Hansard, there is too much speaking over the top of each other.

Mr JOHN BARILARO: I have not had a chance to actually answer.

The Hon. MICK VEITCH: They are brilliant.

The Hon. TREVOR KHAN: Yes.

The Hon. MICK VEITCH: They need resourcing too. They need extra resources as well.

The CHAIR: Who is going first?

Mr JOHN BARILARO: I am finishing my answer.

The CHAIR: Finish your answer and then Mr Veitch—

The Hon. MICK VEITCH: I think you had finished.

Mr JOHN BARILARO: I find it odd that after 150 years—

The Hon. MICK VEITCH: There is no bill for degazettal.

Mr JOHN BARILARO: —of logging that somehow we were able to present a forest as a national park. It must have been in pristine condition to do so, which means that you can have sustainable logging and a timber industry.

The Hon. MICK VEITCH: So there is no bill to degazette the national park?

UNCORRECTED

Mr JOHN BARILARO: There is no bill from this Government in relation to degazetting the national park.

The Hon. JOHN GRAHAM: It is a total backflip.

Mr JOHN BARILARO: You should ask the Chair.

The Hon. JOHN GRAHAM: It is a total backflip.

Mr JOHN BARILARO: He has a bill, or the Shooters have a bill for that. We are looking for resources. We are looking for a commonsense approach.

The Hon. MICK VEITCH: Have you spoken to Minister Kean about this?

Mr JOHN BARILARO: Absolutely. Minister Kean and I are working—

The CHAIR: I think that is a thumbs-up for supporting it.

The Hon. MICK VEITCH: And he supports your position to degazette the national park?

Mr JOHN BARILARO: No. No, we are not degazetting the national park. Can I just say this—

The Hon. JOHN GRAHAM: You were, though.

Mr JOHN BARILARO: —I am fighting for more resource for the timber industry in a sustainable way and an ecological pilot program has shown—

The Hon. MICK VEITCH: We are just after some clarity on your position?

Mr JOHN BARILARO: —you can do that. Minister Kean's job, as the environment Minister, is to fight for national parks and the environment.

The Hon. MICK VEITCH: And stop you!

Mr JOHN BARILARO: And we can get both.

The Hon. MICK VEITCH: And stop you, that is what he is doing.

Mr JOHN BARILARO: No, we can get both outcomes.

The Hon. MICK VEITCH: He is stopping you, isn't he?

Mr JOHN BARILARO: More resource—

The Hon. MICK VEITCH: Minister Kean is in your road.

Mr JOHN BARILARO: —in an ecologically sustainable way for a strong forestry industry. Do you not support a forestry industry, a timber industry, in regional New South Wales?

The Hon. JOHN GRAHAM: Your job is to do what you promised, and you do not ever do it.

The Hon. MICK VEITCH: You said you were going to do it; you have not done it.

Mr JOHN BARILARO: No, no. We are working through it.

The Hon. MICK VEITCH: Minister Kean.

The CHAIR: I've done it for him.

Mr JOHN BARILARO: We are working through it. Four years, my friend; four years of this Government. We got elected in March.

The Hon. MICK VEITCH: You have had eight years.

The Hon. JOHN GRAHAM: And you have already backed down.

The Hon. MICK VEITCH: You have eight years before now. Don't forget the previous eight.

Mr JOHN BARILARO: I know that that is a heavy loss that you are still struggling with, Mr Veitch.

The Hon. MICK VEITCH: You had eight years before.

Mr JOHN BARILARO: It is a heavy loss that you are still struggling with, but we have a four-year term to deliver.

The Hon. JOHN GRAHAM: I agree with that.

UNCORRECTED

The Hon. MICK VEITCH: We just want you to deliver on what you have said.

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: So you are going to deliver on what you said?

Mr JOHN BARILARO: And what is that? What have I said?

The Hon. MICK VEITCH: The degazettal of the national park.

Mr JOHN BARILARO: No, I have not said degazettal. Full stop.

The Hon. MICK VEITCH: So no degazettal?

Mr JOHN BARILARO: Absolutely not.

The Hon. MICK VEITCH: Okay.

Mr JOHN BARILARO: I have said it already three times. You just don't want to listen.

The Hon. MICK VEITCH: Can I just move on to the Kosciuszko and the brumby issue?

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: This is another one of these issues where there has clearly been a lot of movement in the position, I suspect, of the Government. Anyway, that is the bit I want to clarify. What is your position right now on the wild horse management plan for Kosciuszko National Park?

Mr JOHN BARILARO: My position has not changed in the eight years that I have been a local member. It has not changed since the moment I introduced let's call it the brumby bill to the House last September, which is a managed approach in relation to managing horse numbers in Kosciuszko in a way that we have never achieved before. After Guy Fawkes, where we shot horses from the sky from helicopters and watched them die for days on end—watching mares that foaled, to watch them die—

The Hon. MICK VEITCH: So—

Mr JOHN BARILARO: No, let me finish. We have—

The Hon. MICK VEITCH: So shooting is not in the plan?

Mr JOHN BARILARO: —not been able to achieve management of horse numbers and the protection of that environment for decades. My bill puts in place a cultural connection and understanding of the cultural connection of those horses that have been there for 160-plus years but puts in place tangible ways that we can reduce numbers. Those numbers could be through homing, rehoming, trapping—

The Hon. MICK VEITCH: So what are the numbers? What are the appropriate numbers?

Mr JOHN BARILARO: Some of these horses will end up being destroyed at the abattoir. But what—

The Hon. MICK VEITCH: So what are the appropriate numbers?

Mr JOHN BARILARO: —we will not accept is shooting them from the sky and shooting horses and leaving their carcasses to rot on the forest floor. We could even look at, of course, sterilisation long term.

The Hon. MICK VEITCH: I think you and I, Deputy Premier, both know the country very well up there.

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: Shooting from helicopters is not achievable in Kosciuszko National Park.

Mr JOHN BARILARO: Absolutely not. Correct.

The Hon. MICK VEITCH: So let's be very clear—

Mr JOHN BARILARO: We have ruled that out.

The Hon. MICK VEITCH: —no-one is advocating on this side—

Mr JOHN BARILARO: I hope so.

The Hon. MICK VEITCH: Because shooting from helicopters in those ravines will not—

Mr JOHN BARILARO: Mr Veitch, if the Labor Party gets its bill to repeal, you actually reintroduce shooting from—you have not ruled that out. I am sorry, Mr Veitch—

UNCORRECTED

The Hon. MICK VEITCH: No, we are going to talk about the management of the actual horse numbers. That is the next thing. What in your mind is the appropriate population of brumbies, of wild horses in Kosciuszko National Park?

Mr JOHN BARILARO: That is the million-dollar question. That is why we have got an advisory committee that has just been appointed. We have got the scientific committee, we have got the Chief—

The Hon. MICK VEITCH: Why did it take so long to get the committee appointed?

Mr JOHN BARILARO: We have got the Chief Scientist. We have brought every stakeholder to the table to find a way forward. Depending on the survey—

The Hon. JOHN GRAHAM: Did you confirm this week though that we are heading to 600 horses? Did you confirm this week publicly that we are heading to 600 horses?

Mr JOHN BARILARO: No, we will not head to 600 horses.

The Hon. JOHN GRAHAM: You did not say 600 in the media?

Mr JOHN BARILARO: No. Under previous—

The Hon. JOHN GRAHAM: You did not say that?

Mr JOHN BARILARO: Under a previous management plan the 20-year forecast, the 20-year plan was to achieve a population of—

The Hon. JOHN GRAHAM: Did you use the number 600?

Mr JOHN BARILARO: —of 600 horses in 20 years—

The Hon. TREVOR KHAN: Point of order—

Mr JOHN BARILARO: I opposed that. That is why we ended up with the brumby bill. My belief is once we finish the survey, an audit of those—

The Hon. JOHN GRAHAM: So you did not say 600?

Mr JOHN BARILARO: —horse numbers in Kosciuszko, you then allow—

The Hon. JOHN GRAHAM: You did not say 600?

Mr JOHN BARILARO: —the advisory committee and the scientific committee to determine what is a sustainable horse population in the park long term. That is not a decision for me; that is for the advisory committee.

The Hon. MICK VEITCH: So 600 is the number? Is that what you—

Mr JOHN BARILARO: Absolutely not. We will rule out 600 today.

The Hon. JOHN GRAHAM: That is not what you have said this week though.

Mr JOHN BARILARO: That is wrong, Mr Graham. You are misleading this Committee hearing. My position has been absolutely clear. Unfortunately the Labor Party has flip-flopped, the Shooters have flip-flopped. Let's see when you debate your repeal bill in the upper House what you have to say on this bill.

The Hon. MICK VEITCH: With regard to the appointment of the committee, why did it take so long?

Mr JOHN BARILARO: The appointment of the committee, firstly, I do not know if you remember but in March we had an election. There is a period there of changing of Ministers. The Minister has every right to go through a process that gives confidence in the appointment of the committee. That committee has now been appointed. The scientific committee has always been there. A management plan has always been in place. The drought itself has had an impact on—

The Hon. MICK VEITCH: Yes, absolutely.

Mr JOHN BARILARO: —those horse numbers. We all know that.

The Hon. MICK VEITCH: So the timeframe for the committee's work?

Mr JOHN BARILARO: Sorry?

The Hon. MICK VEITCH: The timeframe for this committee's work.

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Mr JOHN BARILARO: The timeframe is that this committee is here forever and a day, I hope, until unfortunately—

The Hon. MICK VEITCH: So the sustainable numbers of horse numbers—

Mr JOHN BARILARO: —you get elected, you will rip the committee out and you will repeal the bill.

The Hon. MICK VEITCH: The sustainable horse numbers in the park, this committee is looking at that. When do you expect that body of work?

Mr JOHN BARILARO: That will be up to the committee. I am not going to dictate to the committee. The whole purpose of putting an advisory committee in place is so they can advise the—

The Hon. MICK VEITCH: Some time in this term of Parliament?

Mr JOHN BARILARO: Well, not in this term of Parliament. I know what you are trying to get to. What we are going to do is, first, do the survey, get the numbers, identify what I would believe to be a sustainable—

The Hon. MICK VEITCH: Are you in constant dialogue—

Mr JOHN BARILARO: —a sustainable target and then you put in place the management plan to achieve that.

The Hon. MICK VEITCH: Are you in constant dialogue with Minister Kean around this sustainable management plan?

Mr JOHN BARILARO: The good news is that Minister Kean and I have spoken plenty in relation to the advisory committee—

The Hon. MICK VEITCH: You get along so well with Minister Kean.

Mr JOHN BARILARO: Sorry?

The Hon. MICK VEITCH: You get along so well with Minister Kean.

Mr JOHN BARILARO: Minister Kean's job as the environment Minister is to fight for national parks, the environment and environmental outcomes. I do not actually think we have had an appointment of a Minister who is so strong in this space. I respect his views. We may not always agree. I am sure you do not agree with everyone in your party, especially with what is happening at ICAC. You definitely would not be agreeing with everyone in your party. The reality is—

The Hon. MICK VEITCH: I don't know. The Libs do not agree with you and they have got Minister Sidoti heading that way, so you know.

Mr JOHN BARILARO: The strength of our Coalition, the strength of this Government is actually being able to go to Cabinet in a robust way and fight for what you believe in and there is a democratic process—

The Hon. JOHN GRAHAM: Deputy Premier, I note you announced during the election that you had aspirations to be Treasurer. Did you ever raise that with the Premier?

Mr JOHN BARILARO: I never announced that—

The Hon. MICK VEITCH: That noise was the Libs just breathing in.

Mr JOHN BARILARO: I never announced that. I will give Alex Smith from *The Sydney Morning Herald* credit for her creativity.

The Hon. JOHN GRAHAM: I am not going to ask Mr Pratt to comment on this on the record, but I think we can all agree there would have been a couple of hundred Treasury officials who did not sleep well that week.

Mr JOHN BARILARO: Forget the 30 per cent in restaff if I was Treasurer, I also just want to make note that the response from the Treasurer was a funny one.

The Hon. JOHN GRAHAM: Indeed.

Mr JOHN BARILARO: He announced that he wanted to be the leader of the National Party. That would be two new seats and a new party for him—

The Hon. JOHN GRAHAM: I agree with that. You talked about the Regional Growth Fund before. I want to ask you about the biggest component of it, the Growing Local Economies fund.

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Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: It is a \$500 million fund. It was urgently suspended at midnight on 14 July 2019. How much notice was given of that suspension of this fund?

Mr JOHN BARILARO: I am not aware of a suspension of the fund.

The Hon. JOHN GRAHAM: It has been paused. You are not aware of the suspension of the biggest part of the Regional Growth Fund?

Mr JOHN BARILARO: Firstly, the Growing Local Economies fund, we are making commitments against that right across the State, including the fast-tracking of \$170 million as part of the drought stimulus to bring forward—

The Hon. JOHN GRAHAM: But you are not aware that the fund has been paused?

Mr JOHN BARILARO: No. I will refer to Mr Hanger—

The Hon. JOHN GRAHAM: We will come back to the officials.

Mr JOHN BARILARO: No, let's get an answer. We need to clarify this; otherwise we cannot continue.

The Hon. JOHN GRAHAM: Can we confirm that the fund has been paused?

Mr HANGER: Paused for new applications. That is correct.

The Hon. JOHN GRAHAM: Yes, correct.

Mr JOHN BARILARO: For new applications, not the fund.

The Hon. JOHN GRAHAM: No, the fund has been paused.

Mr HANGER: Projects are still under assessment. There is a pipeline of in excess of 50—

The Hon. JOHN GRAHAM: Yes, if they got in before the deadline of 14 July.

Mr HANGER: Yes.

The Hon. JOHN GRAHAM: Deputy Premier, are you aware, have any individual projects been investigated under this fund?

Mr JOHN BARILARO: I am not aware of any project being investigated.

The Hon. JOHN GRAHAM: If you are not aware of it we will come back to that question with your officials. I want to ask you, Deputy Premier, have you or your office been advised in relation to the second round of \$8 million funding to the Country Universities Centre that it should have been put out to tender by your department?

Mr JOHN BARILARO: I am not aware of that. It is a commitment that I am proud of and it is a commitment that I am seeing change the landscape for people in regional and rural New South Wales to access tertiary education. I am comfortable with the investment decision. Why? It is such a unique model. I am proud of that.

The Hon. JOHN GRAHAM: I understand. Thank you. Have you or your office been advised that there is not a basis for direct dealing in relation to the Country Universities Centre?

Mr JOHN BARILARO: I cannot answer that. I am not aware if my office has been advised. I do not know every email, every notification.

The Hon. JOHN GRAHAM: Have you been advised?

Mr JOHN BARILARO: I am not aware of it. I am unaware.

The Hon. MICK VEITCH: Has anyone raised with you and your office the process, the actual process of allocating the funds?

Mr JOHN BARILARO: The process of the allocation of the funding goes through the department. I am more than happy for the relevant agency official to answer that.

The Hon. JOHN GRAHAM: Deputy Premier, why has the secretary of your department written this—

Mr JOHN BARILARO: Can you name the secretary please?

The Hon. JOHN GRAHAM: Simon Draper.

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Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: The secretary at the time wrote:

As we have previously discussed with the DPO [Deputy Premier's Office] if we have a funded program, this seems like something that should be put through a competitive process. Unless there is something I am not aware of, we don't appear to have a basis for direct dealing. In other areas, we have been at pains to consider whether there was a case for direct dealings in accordance with ICAC guidelines.

Mr JOHN BARILARO: When was this so-called email?

The Hon. JOHN GRAHAM: This was sent on Wednesday 3 October 2018.

Mr JOHN BARILARO: To whom?

The Hon. JOHN GRAHAM: At 8.19—

Mr JOHN BARILARO: To whom?

The Hon. JOHN GRAHAM: To officials in the NSW Department of Industry.

Mr JOHN BARILARO: But not to my office?

The Hon. JOHN GRAHAM: No, but it refers to—

Mr JOHN BARILARO: Well, I cannot be aware of—

The Hon. JOHN GRAHAM: —discussions with your office. Do you accept that?

Mr JOHN BARILARO: I cannot be aware of an internal memo or email through the agency. I am not aware, and that was your question.

The Hon. JOHN GRAHAM: Yes. Do you accept, listening to that email from the secretary of your department, that your office has been advised that—

Mr JOHN BARILARO: No. Actually that email does not say anything about my office being advised and you have admitted that yourself, Mr Graham.

The Hon. JOHN GRAHAM: It says this:

As we have previously discussed with [your office] if we have a funded program, this seems like something that should be put through a competitive process.

Mr JOHN BARILARO: But, again, of course we have probably had conversations in the past about all sorts of processes but that email—

The Hon. JOHN GRAHAM: Can you confirm this? You did in the end proceed with a direct deal—no tender, a direct deal in relation to this? You can confirm that, can you not?

Mr JOHN BARILARO: We go through a process internally that gives us cover that we believe is robust. I am more than happy for you to ask the officials about the actual process. I am very comfortable with the \$8 million being invested in the Country Universities Centre. Why? It is such a unique model and you know that it is.

The Hon. JOHN GRAHAM: Deputy Premier, last time we met I asked you if you had ever met Mr Lukin, who was the managing partner of ROC Partners, and you said you had not. This was in relation to what became known as the "surf and turf" scandal.

The Hon. MICK VEITCH: Minister for surf and turf.

The Hon. JOHN GRAHAM: Minister, do you accept that that is a photo of you at the time meeting with Mr Lukin? Do you want to correct the record here at this estimates?

Mr JOHN BARILARO: No. Firstly, it is not a scandal and you should take that back. Secondly—

The Hon. JOHN GRAHAM: That was not the bit I was asking you—

Mr JOHN BARILARO: No, no, but you cannot use this—

The Hon. JOHN GRAHAM: —to correct the record on. Have you met Mr Lukin? Here is a photo—

The Hon. TREVOR KHAN: Point of order: I have allowed this to go on, but the way this works is a member asks a question and the Minister answers it. The Minister is not getting three words out before Mr Graham puts on his stunt of talking over the top of him. It is an abuse of the process to allow this to go on in this way. It just has to slow down.

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The Hon. JOHN GRAHAM: To the point of order: I am happy to let the Deputy Premier answer.

The Hon. TREVOR KHAN: That is a good change.

Mr JOHN BARILARO: Firstly, I am not the Minister responsible for Jobs for NSW, which is responsible for that program; that should be a question asked of the relevant Minister.

The Hon. JOHN GRAHAM: Yes, but have you met—

Mr JOHN BARILARO: In relation to the meeting, I am sure—like you—we appear in many photos. Do you actually meet the person? Do you actually know who the person is?

The Hon. JOHN GRAHAM: I am simply asking you. I am giving you the opportunity to correct the record.

Mr JOHN BARILARO: There is a photo there; it probably was the announcement day—

The Hon. JOHN GRAHAM: Correct.

Mr JOHN BARILARO: —in relation to the investment out at Ebor. I would have to put that in the back of my head. Did I meet him? According to that photo, yes—but what is the term of a meeting? I am sure there are meetings—people that you meet—and I am sure there are photos that you probably consider you are very uncomfortable with, but the sort of people that appear in your photos.

The Hon. JOHN GRAHAM: I am offering you the chance to correct the record. You have done so, and I thank you for it.

Mr JOHN BARILARO: I am not correcting the record; I am saying it is irrelevant. Just because I have appeared in a photo, it is not necessarily a meeting.

The Hon. JOHN GRAHAM: Did you, did your office or your agency edit answers to this Parliament to delete the information from questions on notice that indicated that Mr Lukin was on the invite list? Did they take that out of the answers as they came back to this Parliament?

Mr JOHN BARILARO: You are making a serious accusation in relation to my office in relation to that issue. I do not know the answer because, at the end of the day, I cannot answer for every member of my office. But I think that is a serious accusation and unless you have proof you should not be making it and using this platform—hiding behind privilege—to make such an accusation.

The Hon. JOHN GRAHAM: Thank you for that answer. This program is being closed. Can you confirm that the Jobs for NSW board has now gone?

Mr JOHN BARILARO: I am not the relevant Minister. You need to ask—

The Hon. JOHN GRAHAM: Yes, but you can confirm that the board has gone, can't you?

Mr JOHN BARILARO: You need to ask the question to the relevant Minister.

The Hon. JOHN GRAHAM: Well, you can confirm that portfolio has been taken off you. Jobs for NSW no longer reports to you as Deputy Premier.

Mr JOHN BARILARO: That is because since then there was an election and a change of portfolios. I am now the Minister for Regional New South Wales, Industry and Trade—the carve up of the Investment and Industry portfolio between myself and Minister Ayres. Minister Ayres has responsibility as the Minister responsible for Investment and Jobs. He is now the relevant Minister for Jobs for NSW.

The Hon. MICK VEITCH: Deputy Premier, does Dr Keniry still have your support in his capacity with the Natural Resources Commission [NRC].

Mr JOHN BARILARO: At the end of the day it is not about an individual—be it Dr Keniry or any individual. What we want is robust reporting on issues that are important to the decision-making of this State. We want to make sure that that evidence is correct and that those reports are correct. The question mark is more about process. I know where you are leading to, and as far as I am concerned I have confidence in all public officials.

The Hon. MICK VEITCH: The final report has now been delivered—after budget estimates last Friday—by Minister Pavey. Have you had a chance yet to be appraised of the recommendations in the final report?

Mr JOHN BARILARO: No, I have not. I have had the opportunity like everybody to read it in the press in relation to what the report may or may not contain—the final report. I will take my time and I will make sure I am aware of the recommendation in the report.

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The Hon. MICK VEITCH: They have not changed much from the draft report.

Mr JOHN BARILARO: Well, that is great news.

The Hon. MICK VEITCH: So what are your views around Dr Keniry's statements that had to be softened? "Softened" is probably the best way to say this. Minister Pavey said there was one sentence in a paragraph that she took offence at. Did you take offence to that statement as well?

Mr JOHN BARILARO: Absolutely. I think with the change of that particular sentence, don't you believe that there is an admission that they probably overstepped the mark based on—

The Hon. MICK VEITCH: This was a softening of the language.

Mr JOHN BARILARO: That probably accounted for some of the wrong data, and they have acknowledged that. I think that is actually quite commendable of the NRC.

The Hon. MICK VEITCH: So you are saying they got it wrong in the interim report?

Mr JOHN BARILARO: Why would you change the report if you did not get it wrong?

The Hon. MICK VEITCH: Interesting. With regard to extraction decisions being made in the current environment in the Barwon-Darling system—I will be careful how I word this—are you in discussion with Minister Pavey to ensure that any initial flushes down that river will go all the way to the bottom before extractions can take place?

Mr JOHN BARILARO: This is a budget estimates meeting of my portfolio.

The Hon. MICK VEITCH: Yes, regional New South Wales.

Mr JOHN BARILARO: The Water portfolio does not sit with me. They are questions for Minister Pavey.

The Hon. MICK VEITCH: So you are not having those conversations in the capacity of regional New South Wales.

Mr JOHN BARILARO: I am having conversations in relation to the dire conditions that we are facing in regional and rural New South Wales where—

The Hon. MICK VEITCH: It is a pretty critical issue.

Mr JOHN BARILARO: —water is a big issue. It is a big issue, but when average inflows are running at around 1.5 per cent into our river systems we have a serious problem.

The Hon. MICK VEITCH: Which is why you would agree that getting the flush as far down the river system is critical to all those communities.

Mr JOHN BARILARO: Do you know what I agree with? I agree with making sure that regional communities do not run out of water. That is why we are investing in pipelines like Armidale to Guyra so communities do not run out of water.

The Hon. MICK VEITCH: Because there are communities running out of water.

Mr JOHN BARILARO: Communities are running out of water.

The CHAIR: I am glad we both agree—it is bipartisan.

The Hon. MICK VEITCH: It is true. That is right.

Mr JUSTIN FIELD: Can we talk about forestry this morning? In 2014 the New South Wales Government bought back 50,000 cubic metres a year of high-quality saw logs from the wood supply agreement with Boral for \$8.55 million. Are you familiar with that transaction?

Mr JOHN BARILARO: Yes, I am aware of it.

Mr JUSTIN FIELD: You are aware that it happened. Based on Forestry Corporation documents that have been obtained under the Government Information (Public Access) Act [GIPAA], after the buyback the remaining wood supply agreements for high-quality logs—that is North Coast high quality logs, both large and small combined—reduced to about 175,000 cubic metres, what we were required to supply as part of the agreement.

That same data also shows that high-quality saw logs cut over the last three years—since that buyback—have been in excess of the wood supply agreement to the tune of about 30,000 cubic metres each year, in excess

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of the agreements. Why has Forestry Corporation been cutting more wood than it is required to cut under the wood supply agreements?

Mr JOHN BARILARO: Wood supply agreements is something that goes through Forestry Corporation and those companies. I will refer to Mr Roberts.

Mr ROBERTS: In the first instance I am aware that we have provided some numbers to individuals who have asked about the volumes which we have been harvesting and selling over recent years, but I have not seen those calculations. So I would like to see those calculations in order to understand how they have been made, and we could then provide some further comment on them.

Mr JUSTIN FIELD: To that point, you do not contest that the wood supply agreements over the last three years have been for 175,000 cubic metres. That would not be contested? They are your own figures.

Mr ROBERTS: For the wood supply agreement numbers I could not quote the exact number today. I can check that.

Mr JUSTIN FIELD: Can I get a commitment through the Deputy Premier? Will you take on notice and provide to the Committee the wood supply commitments over the last five years and the yield figures over the same period?

Mr JOHN BARILARO: I would be more than happy to come back to the Committee.

Mr JUSTIN FIELD: Also—this is potentially to the Forestry Corporation—if there has been overcutting, if you are taking more wood out of the forests than you are required to under the agreements, how is that wood being sold in the market at the moment?

Mr ROBERTS: Again, I would have to reference the numbers that you are talking about, but the wood supply agreements have flexibility provisions in them. So individual companies can take an undercut, and they can catch up on an undercut in later years. In addition to that, going back to 2011-12, there was a very significant series of rainfall events on the North Coast. As a consequence of those rainfall events we were unable to access the forest. We were unable to meet the log supply commitments—the wood supply agreement commitment—and we declared force majeure with our customers at that time.

The customers made representations to us on the basis that—unlike in some situations in a manufacturing plant, where you have lost the manufacturing capacity as a consequence of an event like this—the trees are actually still in the forest. We reached an agreement with those mills that there was an opportunity to catch up that volume in subsequent years. So we carried it over because we had not had the opportunity of harvesting it due to this extensive rainfall event. So the wood supply agreement numbers—yes, they are a reference point, but they are not the only reference point that we use.

Mr JUSTIN FIELD: I am quoting yield figures from GIPAA-ed documents, so potentially what we need to do is get an agreement on the actual figures before we continue this conversation. Based on what has been taken on notice that would be very useful. Can I ask: Have any additional timbers, in excess of Boral's wood supply agreement, been sold back to Boral? Have we bought back some wood from Boral and then sold them additional wood in excess of their agreement?

Mr ROBERTS: We meet Boral's wood supply agreements as best we can with regard to total volume, and with regard to the species KPIs in that agreement.

Mr JUSTIN FIELD: I am quoting from the Government at the time of the buyback. It said about that supply of timber from the regional forests, the purpose of the payment of \$8.55 million to buy back that amount of wood was "to bring the supply of timber from the region's North Coast forests back to a sustainable level". Deputy Premier, wouldn't you agree that if there has been overcutting—if more wood has been taken in excess of the agreement over the last three years—that that logging is happening at an unsustainable level?

Mr JOHN BARILARO: I do not agree. And again I do not know the detail of the quantum that you are referring to but in my view, and understanding the sector and as being the Minister for the last, what is it, four or five months, I believe there is actually a problem with supply not demand. And we are part of a sector. As we all sit here at our beautiful timber tables, this is a sector that will grow in demand by 40 per cent over the next 25 years. Again I do not know the details of your very question. I am not sure if Mr Roberts wants to answer further.

Mr JUSTIN FIELD: We can continue this after lunch, Mr Roberts, if you like.

Mr JOHN BARILARO: Okay. Well, leave it at that.

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Mr JUSTIN FIELD: I might move on then, Deputy Premier. I know some of this will be prior to your appointment in this particular role, but Forestry Corporation opened up an expression of interest [EOI] into elements of the North Coast forest supply back in March 2018. This was an expression of interest process to supply a bit more than 415,000 tonnes of pulp, residues and low-quality saw logs. It represents about 60 per cent, I think, of the total resource removed from North Coast forests. Has stage one of the EOI process been finalised?

Mr JOHN BARILARO: I refer to Mr Roberts.

Mr ROBERTS: No, it has not.

Mr JUSTIN FIELD: So stage two has not started and there have been no direct negotiations with any buyers started?

Mr ROBERTS: There are discussions going on with people who have expressed an interest in that resource, yes.

Mr JUSTIN FIELD: They have expressed an interest through the EOI process, have they?

Mr ROBERTS: Yes, they have.

Mr JUSTIN FIELD: It sounds like it has been finalised.

Mr ROBERTS: Sorry, in terms of your phase one, phase two, I am not sure exactly—

Mr JUSTIN FIELD: That is referenced from your own expressions of interest document.

Mr ROBERTS: I do not have it in front of me. But in terms of your question, "Are there discussions going on," yes, there are.

Mr JUSTIN FIELD: Okay. So some people have expressed interest and it has started some direct negotiations but there has not been a competitive tender process started.

Mr ROBERTS: We have not yet reached a conclusion on what is going to happen with regard to that wood, no.

Mr JUSTIN FIELD: Given that that amount of timber is currently coming out of those forests, I assume. You are cutting high-quality saw logs. There are inevitably low-quality saw logs and residues that come out. How is that currently being sold into the market given the EOI process has not been finalised?

Mr ROBERTS: We have a number of different wood supply agreements—we have type A, type B, type C and type D. Those agreements cover different types of log product and we have commitments to supply those to the market. So we produce large high-quality saw logs, we produce small high-quality saw logs—

Mr JUSTIN FIELD: I am talking about—this is the log.

Mr ROBERTS: Yes, I know, but we produce salvaged logs and then there is available volume in the forest which we are not harvesting. There are thinnings from plantations which we have an opportunity to do something commercially with and to sell those log products. That is the opportunity that we are looking at at the moment.

Mr JUSTIN FIELD: This is essentially in excess of what is currently coming out of the forest. This is extra opportunities for Forestry Corporation.

Mr ROBERTS: Some of it will be extra opportunities; some of it will be opportunities that are not being realised through the current harvesting operations. So there will be some log products which we are not currently recovering in the forest. There will be some incremental harvesting, particularly plantation products, which will be a part of this volume.

Mr JUSTIN FIELD: Thank you.

The Hon. EMMA HURST: I want to take you back to a conversation you were having with the Hon. Mick Veitch around brumbies, if I may. You mentioned immunocontraceptives. Are you supportive of a trial of immunocontraceptives in Kosciuszko?

Mr JOHN BARILARO: I am supportive of fertility control of what is available. My understanding is some of the fertility control measures from abroad may not work. I know there is some research being done in this space. Definitely fertility control has to be one of the tools that we use for long-term management of horse numbers.

The Hon. EMMA HURST: I have just got a text to say that Minister Kean has just authorised the building of traps and they are going to round up brumbies over the next couple of weeks in Kosciuszko to slaughter

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them. Many of them are heavily pregnant and many of them also have young at foot. Do you know any information about this?

Mr JOHN BARILARO: My understanding is that the trapping of horses, that part of the management plan, has always been on the table. It is part of the tools that we will use going forward. They are not all going to be slaughtered. Some of those horses are about getting rehomed. I hope that we increase the rehoming targets. I think in the past it has only been around 20 per cent or 25 per cent. As part of the brumby bill the commitment we have made is to see more rehoming. But I have to accept that some of these horses will end up at an abattoir.

The Hon. EMMA HURST: I want to move on to agtech. On 22 August you issued a press release about a report from the University of Sydney. The report showed that Australia had the potential to become a world leader in the fast growing field of agtech. You said that this field would likely lead to new businesses and jobs for New South Wales as well. Are you aware of the particular ag-technology surrounding lab grown meat, whereby companies are now able to grow meat in a lab using a handful of cells from an animal and turn them into burger patties and other meats?

Mr JOHN BARILARO: No. Look, I know that is something on the table. I have not directly been informed about that particular company or that process but I think that is on the table, no different to an event that was at the University of Sydney recently where we can get protein out of algae. Algae is an opportunity in the agtech space. But no, not directly—I do not know the answer to that.

The Hon. EMMA HURST: That is fine. A report that was published by Deloitte Access Economics in the past week showed that this kind of alternate meat industry could be worth \$3 billion by 2030. Considering that, within the area of agtech that the Government is currently supporting, would you look to supporting some of these lab grown meats—considering there is so much economic value in it?

Mr JOHN BARILARO: I do not think it is just economic value, Ms Hurst. Firstly that is a new industry and we are supportive of all new agtech industries. But the reality is that as we grow as a population globally we are not going to be able to feed people. We should be looking at every alternative in relation to how we deliver protein, how we grow our food and fibre, and we should never rule anything out. I am very supportive of the science and the developments that are happening in the agtech space.

The Hon. EMMA HURST: Great. That is good to hear. Thank you. It was reported by the ABC this week that you had "urged governments to respond to the real threat of climate change" while you were visiting some of the bushfire-affected communities. What is it that you think the Government could and should be doing to respond to climate change?

Mr JOHN BARILARO: Yeah, it is easy when you are Leader of the National Party—people dismiss any National Party that we do not believe in climate change. I have made it very clear in my whole career that the impact of climate change is actually real and we feel it in regional and rural New South Wales, be it the drought, be it floods when it is extreme weather, and we are going to see more of those extremes at both ends of that spectrum and in relation to the fires. Climate change is real in the impact that it is having on society. As a society we have to respond and I have no doubt we will respond.

We have signed to the Paris Agreement. We are making inroads in relation to a number of programs. But it has to be in a measured way. I think I have always responded in a measured way. What can we do? Of course we have to change the way we live as a society and the impacts we are having on the environment. But there is no one fix, there is no one issue and we should not treat it in an alarmist way—we should do it in a managed way that brings people on the journey.

The Hon. EMMA HURST: You mentioned things like drought, obviously, as a major thing for the regional communities and a major issue within climate change. These lab grown meats again would significantly reduce our water usage, reduce deforestation. Would you encourage people to switch to either plant-based alternatives or to reduce their meat intake to reduce the effect on drought?

Mr JOHN BARILARO: I am not going to tell people what they can and cannot consume or do but I think society over time, over the next decades, will realise that we have to look at other options in relation to food and fibre and how we as a society respond. I would always encourage people to try something new. I am a bit of a chef. I like to try different cuisines and I like to cook all sorts of strange and wonderful spices. I recently had an opportunity at Fine Food Australia on Monday where we got to use some of the Aboriginal bush tucker, the spices that are natural in the environment. We should always be open. We are as a society going to move to other alternates when it comes to food and that is why the science and the investment behind it is important.

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The Hon. EMMA HURST: Great. Thank you. You have just come from areas that have been affected by the bushfires. Do you have any estimates at this stage as to how many hectares of the New South Wales forest has actually been lost due to the fires?

Mr JOHN BARILARO: I do not, just some information on the day I know around Tenterfield it was about 43,000 hectares, around Tyringham it was possibly 70,000-odd hectares, and everything in between—Drake et cetera. The reality for us will be that the winds are changing. The weather is not going to be kind to us this weekend and the fear for our firefighters is that that may impact in doubling all that burnt estate. There are 43-plus fires happening in regional and rural New South Wales as we speak. At the end of the day, whatever the quantum of that impact it is something that we will have to manage going forward.

The Hon. EMMA HURST: In regards to the quantum of that impact, is there any assessment that is being done on the health of the native forests or the population of threatened native animals, such as the koala and gliders, particularly if we are going to continue with logging? Is the loss of lives through fires actually considered in a balance in any way?

Mr JOHN BARILARO: Well, I hope so, but it is too early to be talking about the impact of this fire when we are still fighting fires and we have volunteers on the ground risking their lives to protect our wildlife, to protect families, infrastructure, homes and communities. Let us get through the fires and we will deal with that at the other end.

The CHAIR: Just going back to some questions about regional freight, in 2016 Regional Development Australia [RDA] Orana conducted a freight feasibility study recommending greater air connectivity to increase exports for the Dubbo region. Are you aware of that feasibility study?

Mr JOHN BARILARO: Not really.

The CHAIR: One of your colleagues was there in 2017 to take happy snaps for the release of it. You are probably going to take this on notice. In May you announced another feasibility study into this. From around the table, is there something wrong with that feasibility study that they did in 2016 for you guys to do another one in 2019 essentially on the same topic?

Mr JOHN BARILARO: Regional Development Australia committees are funded by the Federal Government. They are independent of this Government. They pursue their own projects. I assume you are talking about Dubbo airport and freight connectivity. I answered earlier that with the Snowy funds and under the Economic Blueprint for regional New South Wales for the next 20 years we have identified international freight airports for regional and rural New South Wales. Dubbo would have been one of probably eight or nine that we are now looking at. It has nothing to do with disrespecting the work of that RDA, no different to the rail line down in the Monaro. Progress associations have done some work in the past but Transport for NSW is looking at the rail line. It is not about disrespecting that report but we have to go through our own process as part of a bigger program.

The CHAIR: Will your feasibility study take into consideration that report, look at what they found and test some of their assertions or assumptions?

Mr JOHN BARILARO: Possibly we could but at this stage we have not responded to the work that we have done in relation to the international freight airports out of regional New South Wales.

The CHAIR: Are you looking to extend beyond freight and look at how we can expand that to commercial and get more tourism out into western New South Wales?

Mr JOHN BARILARO: No, what we are doing there is about international freight airports but I will refer to Mr Barnes.

Mr BARNES: Just on the work that has been undertaken by KPMG in relation to freight, what we asked KPMG to do was to look at all its stamped material and studies that have been done. We encouraged councils to provide those because, just like Dubbo council, there would have been a range of other councils, either themselves or partnering with other organisations, that have done that. Yes, all of those things would have been taken into consideration through this latest report.

The CHAIR: Just on to the Resources for Regions review, it was announced in April that you were going to do that. Do you have a time line for that review in terms of how long it is going to take to conduct and when it is going to be released?

Mr JOHN BARILARO: Resources for Regions is a fantastic program seeing something like \$295 million go back to those communities impacted by mining. I will quote Mr Veitch. I think he gave a compliment to Government that he wished the Labor Party had come up with such a program.

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The Hon. MICK VEITCH: In 2011, just to be clear.

Mr JOHN BARILARO: Yes, but I will never forget those great words in 2011.

The Hon. MICK VEITCH: As you know, I am honest. I will say what it is. I will call it.

Mr JOHN BARILARO: Mr Banasiak, I think that review will be completed within the next four weeks.

The CHAIR: Are you taking concerns from councils about the impediments that they see in terms of making their contributions? Also some councils have expressed concerns about neighbouring councils that do not necessarily have that direct impact from mining and they are accessing funds that necessarily should be going back to them.

Mr JOHN BARILARO: Yes, we expanded what we call the Resources for Regions catchment footprint: communities or local government areas that were impacted not necessarily by having mining in their local government area but maybe the roads in and out. We made those changes. This review has come off the back when in this last round—and do not forget the panel makes independent decisions about what we fund or what we do not fund and that panel was made up of stakeholders out of the sector.

The difficulty there when I saw a community like the local government area of Singleton miss out—and no one at this table could say Singleton is not impacted by mining yet missed out on an investment—that was the cause and the catalyst behind why I have asked for the review. The review will look at the whole program. It has been eight years running and it has delivered fantastic investment in regional and rural communities. Now is the time to review it to a point that we actually get the right outcomes for those communities. Like I said, communities, stakeholders, local government and those councils are all putting input into the learnings of the past eight years.

The CHAIR: Finally, you have been well documented in the media about your desire to build more water infrastructure and dams. You have been heavily quoted about, "If a few frogs have to die, so be it."

Mr JOHN BARILARO: Yes, absolutely.

The CHAIR: Considering that building dams is a long-term strategy, we are talking 10 years, and on top of the media you have the Federal Government saying, "The States are not doing enough", the States are saying, "When is the Federal going to kick the tin?" Would you not agree that this mentality of, "Go ask your mother, go ask your father," is a little bit frustrating for the people of New South Wales? Pushing back that 10-year period even further, is it time for us as a State to take the lead and say, "If the Federal is not going to blink, then we will blink and we will get on with it"?

Mr JOHN BARILARO: We have actually said that.

The CHAIR: I know you have said it but I have not heard it from anyone else.

Mr JOHN BARILARO: It is a good point and we are not playing the blame game. The Wyangala Dam wall raising, that is 650 gigalitres, that is the equivalent to a new dam. We are going it alone, \$650 million. We are not waiting for Federal funding. But the unfortunate thing is the environmental impact studies—three layers of local government, State and Federal—are what will slow the process down. That is why you refer to the 10 years. I think it is time that we call for a water crisis, a drought emergency in this State, where we truncate a heap of processes so we can build dams in a timely manner in this term of government. That was why I said, "If a few frogs have to die." But you would think if you build more dams more frogs. More habitat, you will get more frogs.

The CHAIR: Besides Wyangala—which was referenced by Minister Pavey—are there any projects that you have in the back of your mind? There is the high-profile Tillegra Dam that was shelved by you.

Mr JOHN BARILARO: Yes, Dungowan Dam up at Tamworth.

The CHAIR: Tillegra?

Mr JOHN BARILARO: Sorry?

The CHAIR: Tillegra? That was shelved by your Government several years ago.

Mr JOHN BARILARO: Tillegra is not on the agenda. There are seven projects that Minister Pavey has identified that we want to fast-track, that is, either new dams, raising dam walls or pipelines. It is about building a water grid of some sort to protect our communities for the long term. I am committed to delivering in this term of government dams in this State.

The Hon. JOHN GRAHAM: Deputy Premier, during the election the Premier was asked, "Will you sell any further assets?" She said, "We have said no." She then volunteered, "If we were we would have told you up-front, which is what we did last time". Why is Forestry now on the selling block, given that comment?

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Mr JOHN BARILARO: It is not on the selling block. What we have announced, and we have been up-front about it, we have put out a release—

The Hon. JOHN GRAHAM: A scoping study.

Mr JOHN BARILARO: —in relation to a scoping study to see how we best manage what is a significant sector in this State, and that is Forestry. The pine plantations that are about 200,000—

The Hon. JOHN GRAHAM: Yes, I will stop you there, Deputy Premier. The Treasurer was really up-front about this in his estimates.

Mr JOHN BARILARO: I am being up-front.

The Hon. JOHN GRAHAM: He said this about putting it in private hands potentially, depending on the result of the—

Mr JOHN BARILARO: Well, we have to wait for the scoping study.

The Hon. JOHN GRAHAM: You are not saying this—

Mr JOHN BARILARO: Do you know what this is about?

The Hon. JOHN GRAHAM: You are not investigating privatisation though, are you?

Mr JOHN BARILARO: It is about growing this State, about growing jobs and growing the sector. Pine plantations—you look at a place like New Zealand, it grows radiata pine and it does it better than Australia.

The Hon. JOHN GRAHAM: You are talking about the rationales.

Mr JOHN BARILARO: We are a net importer. We should be embarrassed. Of course we should look at opportunities.

The Hon. JOHN GRAHAM: It is a scoping study about privatisation. Do you accept that?

Mr JOHN BARILARO: It is a scoping study in relation to what happens with Forestry Corp in better management and in relation to, in my belief, increasing the opportunities around pine plantations.

The Hon. JOHN GRAHAM: And it might involve putting it in private hands.

Mr JOHN BARILARO: Yes, absolutely it might. You know what, if you look at all of the other States, they have all done it bar Western Australia. They have all done it to a positive result for the industry.

The Hon. JOHN GRAHAM: Why did the Premier say, "We have said no"? "Will you sell any further assets?" "We have said no." How do you reconcile that with the fact that Forestry is on the chopping block?

Mr JOHN BARILARO: We are being honest with the public. That is why the scoping study is out there. We are flagging to the public that we are looking at this.

The Hon. JOHN GRAHAM: Do you accept though that it is a breach of what the Government took to the election?

The Hon. TAYLOR MARTIN: No, you misrepresented it, Mr Graham.

Mr JOHN BARILARO: No, I do not accept that. As governments we have to manage the books. We have storm clouds, as you are aware. Our revenues are starting to go down—GST, stamp duty. We have to look at other opportunities for investment. The money and the proceeds that could come from a sale or a lease, as you have seen, is invested in enabling infrastructure.

The Hon. JOHN GRAHAM: Do you accept this then? This was not raised with the public before the election. Do you accept that?

Mr JOHN BARILARO: What I accept is in 2004 the Labor Party started the process. I think it starts in the 1990s. It has never been off the table. It has been something that we have always considered and looked at. The Labor Party—Jodi McKay has been quoted about saying she supports it.

The Hon. JOHN GRAHAM: Do you accept that you did not tell the public before the election?

Mr JOHN BARILARO: There are a lot of things in government that we do not tell the public.

The Hon. JOHN GRAHAM: Exactly.

Mr JOHN BARILARO: Isn't that right?

The Hon. JOHN GRAHAM: That is my concern.

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Mr JOHN BARILARO: Have we laid out every single agenda item? At the end of the day, last week we made an investment up at Newcastle in the new aerospace precinct.

The Hon. JOHN GRAHAM: This was one of those things that you were hiding though, was it not?

Mr JOHN BARILARO: Did we take it to the public that we were going to invest \$11 million in the aerospace precinct? No. This is the course of business.

The Hon. JOHN GRAHAM: And this is another one that you did not take to the public.

Mr JOHN BARILARO: We are being honest with the people. We have been honest with the people of New South Wales that we have put out a scoping study.

The Hon. JOHN GRAHAM: You are being honest after the election.

Mr JOHN BARILARO: Let us wait for the scoping study.

The Hon. JOHN GRAHAM: I am asking you about before the election.

Mr JOHN BARILARO: You are jumping the gun, Mr Graham. Let us wait for the scoping study to come back and then you can, of course—probably at next year's budget estimates—bring this back up again.

The Hon. MICK VEITCH: The scoping is just for the softwood operations, not the hardwood?

Mr JOHN BARILARO: I believe so, that is correct.

The Hon. MICK VEITCH: Why is that?

Mr JOHN BARILARO: I think our native forests should be in the hands of government and I think there will be members at this table who would agree with that. There is an opportunity to grow the real estate, which is the pine plantations. As I said, other States have got out of it and we should give consideration that probably core business for government is not pine plantations.

The Hon. MICK VEITCH: The scoping includes the radiata pine nursery at Blowering?

Mr JOHN BARILARO: I will refer to—

The Hon. JOHN GRAHAM: We will come back to the agencies on those questions. I just want to ask you this: The call for papers relating to this privatisation reveals that legal advice was sought by the Forestry Corporation on 15 February 2019, before the election, before caretaker.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: These plans were underway before the election, were they not?

Mr JOHN BARILARO: I was not the forestry Minister, so I cannot answer that question. All I know is that—

The Hon. JOHN GRAHAM: That is how it looks on paper, is it not?

Mr JOHN BARILARO: That is how it looks on paper, but I could argue that that is how it has looked on paper since 2004 when the Labor Party put it on the table.

The Hon. JOHN GRAHAM: So we might return to that with the Forestry Corporation. How many employees are there in the softwood plantation side of the Forestry Corporation?

Mr JOHN BARILARO: On my understanding there are just over 200 employees in softwood plantation, and I will ask Mr Roberts to confirm.

Mr ROBERTS: Yes, that is a good number.

The Hon. JOHN GRAHAM: Fantastic, and will their jobs be protected?

Mr ROBERTS: If this is something that we would pursue, as you have seen with the poles and wires, there are measures by the Government that protect jobs long term.

The Hon. MICK VEITCH: Minister, with the \$262 million Shenhua deal, why has the Government not released a deed of settlement? What are the impediments to that?

Mr JOHN BARILARO: Can I refer that to the appropriate—

Mr WRIGHT: It is a commercial-in-confidence document.

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The Hon. MICK VEITCH: So it is the commercial-in-confidence aspect. Deputy Premier, how did the \$262 million to Shenhua change the actual operations there? What impact did that have on the operations?

Mr JOHN BARILARO: Firstly, the \$262 million was to reclaim 51.4 per cent of the black soil, and I think it was in step and in line with the community that we protected the black soils, that we protected some of the best agricultural land in this State, and I do not think there is anyone in the community that disagrees that that investment on behalf of the people of New South Wales was not the right investment.

The Hon. MICK VEITCH: It has been publicly reported that it did not change the operations at all. You would disagree with that?

Mr JOHN BARILARO: I think it has. If you put it in this context, Shenhua is the current operator. If we did not buy the 51.4 per cent back, it could have on sold that project to any other operator that would still be considering mining on black soil, so it has changed that because that piece of land—the 51.4 per cent—is now protected forever. I think that is an investment that has changed the shape of that, remembering that Shenhua bought that project I think to the tune of \$300 million.

Mr WRIGHT: That is correct.

Mr JOHN BARILARO: Which gave them the right to go through a proposal for mining on those lands. We have now secured that land for agriculture in the future.

The Hon. MICK VEITCH: How did we get to the \$262 million number? Are you able to tell us what the process was to get to that number?

Mr JOHN BARILARO: Goodness gracious, I was not the Minister. I know it was headed up by people on a higher payroll than me, but I do not know if anyone—

The Hon. TREVOR KHAN: It was more robust than your lot did when they flogged it off in the first place.

The Hon. MICK VEITCH: I will ask the bureaucrats this afternoon.

Mr JOHN BARILARO: I am not sure if anyone at this table can answer that question.

The Hon. TREVOR KHAN: Bloody outrageous what you blokes did!

The CHAIR: Order!

The Hon. MICK VEITCH: We will ask the bureaucrats this afternoon.

Mr JOHN BARILARO: It would be worth asking them.

The Hon. MICK VEITCH: We will explore it.

Mr JOHN BARILARO: Remember, we are cleaning up the mess that we inherited from pre-2011, especially around coal seam gas [CSG].

The Hon. TREVOR KHAN: Yes, absolutely, you should be embarrassed to ask any questions about it.

The Hon. JOHN GRAHAM: I am glad you have raised coal seam gas. I want to come to the Chief Scientist and Engineer's report on coal seam gas. Why haven't the recommendations of this report been implemented?

Mr JOHN BARILARO: Who would like to answer that?

The Hon. JOHN GRAHAM: We will come back to the agencies. Are you aware—

Mr JOHN BARILARO: I am not aware that the recommendations have not been—I am not sure what those recommendations are.

The Hon. JOHN GRAHAM: You are not sure what those recommendations are? They are pretty important.

Mr JOHN BARILARO: It is pretty important, that is why we have a gas plan in this State—and don't forget that, under you guys, 60 per cent of the State was covered in ELs. Under our watch, we have cleaned up, we have invested and we have had a buy-back period.

The Hon. JOHN GRAHAM: Minister, are you aware of the report from the Chief Scientist and Engineer on this? Are you aware?

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Mr JOHN BARILARO: I do not have the detail of that report in front of me.

The Hon. JOHN GRAHAM: Are you aware of the report though?

Mr JOHN BARILARO: No, I am not.

The Hon. JOHN GRAHAM: This is the key report that deals with the regulation of coal seam gas in the State of New South Wales and you are telling us that you are not aware of it?

Mr JOHN BARILARO: I have a note here, if you would like me to read it?

The Hon. JOHN GRAHAM: You can educate yourself, and if you then want to educate us I am open to that.

Mr JOHN BARILARO: Fourteen of the 16 recommendations made by the Chief Scientist and Engineer are complete or complete and ongoing. The outstanding recommendations are recommendation 4 led by the Environment Protection Authority that the full cost to the Government of the regulation and support of the CSG industry be paid by industry and be reflected in the budget, and recommendation 9 led by the EPA, that the Government develop an appropriate insurance—

The Hon. JOHN GRAHAM: When will those two recommendations be implemented?

Mr JOHN BARILARO: The Government passed—sorry, what was the question?

The Hon. JOHN GRAHAM: When will those two recommendations be implemented?

Mr JOHN BARILARO: I think that is a question you might want to ask the public service this afternoon.

The Hon. JOHN GRAHAM: Sure, we will come back to that. On 13 May you met with Santos to talk about Narrabri?

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: Surely this report came up in that meeting?

Mr JOHN BARILARO: No. I met with Santos as the new Minister for resources in this State, as I have met with many other companies. I also met with Lock the Gate.

The Hon. JOHN GRAHAM: Did you talk about Narrabri with Santos?

Mr JOHN BARILARO: They, of course, put forward their project—of course.

The Hon. JOHN GRAHAM: But you did not put forward the key report from the Government?

Mr JOHN BARILARO: No.

The Hon. JOHN GRAHAM: Because you were unaware of it at that time?

Mr JOHN BARILARO: The report was not spoken about. They had the opportunity to meet the new Minister and to put forward their view about Narrabri gas.

The Hon. JOHN GRAHAM: I was hoping you might raise it, as the Minister.

Mr JOHN BARILARO: But if you look at my comments publicly, that I am not going to be pressured by companies in relation to approvals, we have an independent process through the IPC that will assess that project in due course and report back to the Government hopefully in the next six to nine months.

The Hon. MICK VEITCH: I want to pick up on a line of questioning from the Hon. Mark Banasiak regarding Resources for Regions and the review.

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: Just to clarify the process of that review, you said it is to be delivered in about four weeks?

Mr JOHN BARILARO: I can ask Minister Barnes to answer that.

The Hon. MICK VEITCH: Congratulations on your promotion or demotion, however you want to see it.

Mr JOHN BARILARO: Sorry, Mr Barnes.

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Mr BARNES: Thank you, Deputy Premier. It is common practice that after we run a number of rounds of funding programs we undertake reviews.

The Hon. MICK VEITCH: So it is just a normal review?

Mr BARNES: Yes, but this review, as the Deputy Premier has indicated, we believe will be complete within the next four to six weeks. It is being run out of my office and we hope to present the options to the Deputy Premier in that time frame.

The Hon. MICK VEITCH: Deputy Premier, that report will come to you and you will then take that to Cabinet. Is that the process?

Mr JOHN BARILARO: I am not sure if it has to go to Cabinet.

The Hon. MICK VEITCH: It may not have to, that is what I am asking.

Mr JOHN BARILARO: Whatever the process is, firstly, as the Minister, I will take note of the review. I will make sure that it is in line with what I am hearing on the ground. I am travelling across the State and speaking to local government, making sure that it is in line and that some common sense prevails. As I said, when Singleton misses out, you have a problem.

The Hon. MICK VEITCH: Are we at risk of underspending this year's program then?

Mr JOHN BARILARO: No, not at all.

The Hon. MICK VEITCH: The allocation?

Mr JOHN BARILARO: We are in that space where \$290-odd million has already been invested and we will continue to invest. It is a signature program for us.

The Hon. MICK VEITCH: With regard to the review, Deputy Premier, is this an internal departmental review, a normal statutory review, or has there been consultation with local government and other stakeholders?

Mr JOHN BARILARO: Mr Barnes?

Mr BARNES: There will be the full range of consultation with people in local government, people within the mining sector that represent their interests, and the normal practice for this is that once the Deputy Premier considers these things we will make amendments to the guidelines, and those guidelines typically then—

The Hon. JOHN GRAHAM: Thanks, Mr Barnes, we might come back to that in the later session with you.

Mr JOHN BARILARO: But those guidelines then go through—what we get is an external probity officer to go through those and set the new guidelines.

The Hon. JOHN GRAHAM: Deputy Premier, you have said about the Murray-Darling Basin Plan that it is untenable. We are still in the plan. What happened?

Mr JOHN BARILARO: No, I did not say it was untenable. I said—

The Hon. JOHN GRAHAM: You did not say it was untenable?

Mr JOHN BARILARO: Mr Graham, you have to stop—

The Hon. JOHN GRAHAM: You put out a press release calling it untenable.

Mr JOHN BARILARO: What I have said is some of the decision-making when we are seeing South Australia receive all the water while communities in regional and rural New South Wales miss out.

The Hon. JOHN GRAHAM: Are you saying that you did not say the plan was untenable, it was the decision-making that was untenable?

Mr JOHN BARILARO: No. I have said that if we cannot get the outcomes that we need as a State, which is the additional water that has been asked by the plan—we are in the worst drought, no water—that if South Australia does not start doing some of the heavy lifting, like lifting the barges, what was a saltwater lake, now a freshwater lake—

The Hon. JOHN GRAHAM: You are walking back now from your press release.

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Mr JOHN BARILARO: No. Not at all. Just let me finish the answer. If they cannot come to the table—I am fighting for team New South Wales. You might be fighting for team South Australia but I am fighting for team New South Wales. If we cannot come to a resolution, absolutely we walk away from the plan.

The Hon. MICK VEITCH: Have you asked the bureaucrats to commence what that would look like, walking away from—

Mr JOHN BARILARO: You know what? It is not about the bureaucrats, Mr Veitch. It is about the communities that I have travelled down to in the Riverina in the southern Basin, in the northern Basin who have got no water. They are watching water go past their front gate down to South Australia so they can have their regatta—

The Hon. MICK VEITCH: That is Tumut. It is going past Tumut.

Mr JOHN BARILARO: —and we miss out. It is about the communities.

The Hon. MICK VEITCH: The preparation work has not commenced?

Mr JOHN BARILARO: I am learning more in this space by turning up. I have been to the Riverina on a number of occasions talking to irrigators, north and south, and we will come to a conclusion.

The Hon. JOHN GRAHAM: When might we get to that flashpoint? In your judgment dealing with this issue, how soon might that happen?

Mr JOHN BARILARO: You cannot put a time on it. If it were so easy we would have resolved it. It is so complex.

The Hon. JOHN GRAHAM: I accept this is not easy.

Mr JOHN BARILARO: In relation to the northern Basin and southern Basin, it is so complex because you are dealing with other States and jurisdictions. I tell you what, what you are not going to get from me is cowering to put the fight up against our Federal colleagues, the plan itself, and making sure that team New South Wales wins in this.

The Hon. MICK VEITCH: Talking about not cowering, you have made some noises about the Coalition agreement in recent—

Mr JOHN BARILARO: It is not a question for this estimates, Mr Veitch, and I ask the Chair to rule this out.

The Hon. MICK VEITCH: I think regional New South Wales has an interest in what they get out of the Coalition agreement. You are in government.

Mr JOHN BARILARO: Absolutely. Haven't they won. Double the investment of what you guys left.

The Hon. MICK VEITCH: Were you a part of the negotiations on the Coalition agreement?

The Hon. TREVOR KHAN: Point of order—

Mr JOHN BARILARO: You know, Mr Veitch, if you want to talk about the Coalition agreement and what the National Party has achieved for regional and rural New South Wales, you cannot have it on one hand where you call me Pork Barilaro—

The CHAIR: Deputy Premier.

Mr JOHN BARILARO: —because we are pork-barrelling regional New South Wales but at the same time trying to say that we are actually missing out.

The Hon. TREVOR KHAN: Point of order: This is plainly outside the scope of budget estimates.

The Hon. MICK VEITCH: Apparently not because the Deputy Premier answered the question. So it is fine.

Mr JOHN BARILARO: I am happy to continue to answer the question because your track record pre-2011, we have doubled the investment in regional New South Wales.

The Hon. MICK VEITCH: But you negotiated the Coalition agreement.

Mr JOHN BARILARO: We have a 30 per cent fund, 100 per cent of Snowy Hydro, every single cent going to the regions.

The Hon. MICK VEITCH: You are taking credit. So you negotiated it.

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Mr JOHN BARILARO: And now you are saying the Coalition agreement is failing! I tell you what, the Labor Party's result in the last election clearly shows the value of your party in regional and rural New South Wales.

The Hon. MICK VEITCH: We took a seat off you, I think.

Mr JOHN BARILARO: Zero.

The Hon. MICK VEITCH: We took a seat off you, did we not?

The CHAIR: We took two.

Ms ABIGAIL BOYD: Just coming back to mining, if we can please, Deputy Premier. I think it is fair to say that we have learned a lot about the importance of the quality and quantity of water in this State in the last couple of years.

The Hon. TREVOR KHAN: That was your last gig, working for the mining companies, was it not?

The CHAIR: Mr Khan, please.

Ms ABIGAIL BOYD: Again, no.

The Hon. TREVOR KHAN: Oh, really?

Ms ABIGAIL BOYD: That was an attempted slander. It was a very ineffective one.

The CHAIR: Just disregard him.

Ms ABIGAIL BOYD: Thank you.

The Hon. TREVOR KHAN: Everybody else does.

Ms ABIGAIL BOYD: You have rightfully referred to the water crisis, the importance of water and the importance of not misusing our water. I am wholeheartedly in agreement with you there. When it comes to Wallarah 2, are you aware that any pollution of that groundwater on the Central Coast will take a minimum of 10 years to clear? We would have a situation on the Central Coast where 320,000 people would not have access to drinking water if this company, which is a subsidiary of a foreign corporation that in itself does not have a huge amount of assets in this country—if we are to put all of our reliance on that company to protect the Central Coast drinking water, we could end up with a very similar situation on the Central Coast to what is being experienced in regional New South Wales. Do you not think that there is a role for government to step in and protect that drinking water catchment from this mine?

Mr JOHN BARILARO: I am not going to use this estimates hearing to slander a company. That is not the role of this Committee. That went through a very rigorous process and your question is built on an if. I am not going to answer a question based on an if.

Ms ABIGAIL BOYD: Do you think that there is any circumstance where a mine should be allowed to go ahead even though it risks the drinking water of 320,000 people?

Mr JOHN BARILARO: The environmental impact studies, the studies, the process, the Independent Planning Commission [IPC] consider all this information when it makes a decision.

Ms ABIGAIL BOYD: The Mining Act is set up in such a way as to not allow for a rejection of the mine on that particular ground, that it might pollute the water, or in their own admission it has quite a good chance of polluting the groundwater. Your Mining Act that you are responsible for does not allow that to be rejected, only for a whole number of conditions to be put on and those conditions are completely at the mercy of the particular company to comply with.

Mr JOHN BARILARO: You are referring just to the Mining Act. The approval of mines are not just through the Mining Act. There is the whole planning Act, the EPA, the environmental impact studies. That all comes into the decision-making, and I am happy to refer to Mr Wright.

Ms ABIGAIL BOYD: Is there a circumstance in which your Government could step in and say that actually that mine is posing an unacceptable risk to the community?

Mr JOHN BARILARO: That is a question that I have actually been asking for a little while because at the end of the day—here is the question. You are asking me about political interference in relation to decision-making of the IPC in the planning process. So if I answer that we can interfere to stop something, what stops me from interfering to approve something? That is a very loaded question.

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Ms ABIGAIL BOYD: It is fascinating, isn't it? It is as though we cannot distinguish the two. Instead of saying yes, political interference to put through a mine that should not be put through is bad but then to use that to then say that to stop a mine that we know is going to harm a community is political interference too. It is very convenient.

Mr JOHN BARILARO: No. But you are referring just to the Mining Act. As I said, the broader decision-making in relation to an approval is actually at arm's length of government through the Independent Planning Commission. Again, if Mr Wright wants to add to this, I would be more than happy so that you get an answer.

Ms ABIGAIL BOYD: I have limited time and I would like to direct my questions to you, Deputy Premier. Do you not think it looks a little bit like the New South Wales Government is subservient to the mining industry?

Mr JOHN BARILARO: Not at all. Firstly, I will make this absolutely clear. I would like to see New South Wales as the mining investment destination in this country. There is no doubt that mining is an important part of our sector. It is a growth sector, almost \$2 billion in royalties. It builds hospitals, schools, roads and rail.

Ms ABIGAIL BOYD: The current regime that we have in New South Wales that allows mines to pretty much—I am using Wallarah 2 as an example but as you are no doubt aware there are at least 40 active campaigns across New South Wales against mines by communities who do not want them and do not see any value in them.

Mr JOHN BARILARO: There are about 53 proposals for mines in this State to the tune of \$19 billion.

Ms ABIGAIL BOYD: So you are saying that regardless of the impact on the community—

Mr JOHN BARILARO: No.

Ms ABIGAIL BOYD: —regardless of the impact on the environment and regardless of the impact on water quality that these mines should be allowed to go ahead?

The Hon. TAYLOR MARTIN: That is nothing like what the Deputy Premier said.

Ms ABIGAIL BOYD: Without the interjections please.

Mr JOHN BARILARO: Ms Boyd—

The Hon. TAYLOR MARTIN: Point of order: You want to worry about the time.

Mr JOHN BARILARO: —that is actually incorrect because you are just referring to a mining Act which is about supporting a sector and it is about setting the parameters of a sector. There is a planning process for approvals of mines in this State. As I touched on earlier, Rocky Hill was rejected.

Ms ABIGAIL BOYD: On merits review.

Mr JOHN BARILARO: No, it was not. That was the appeal.

Ms ABIGAIL BOYD: Which is now not allowed.

Mr JOHN BARILARO: The IPC, based on the information from the planning department, refused Rocky Hill. The proponents took us to court and it was that judge who upheld our decision and added on other merits. So you cannot say that it was on a merit base through the court system. We actually refused it.

Ms ABIGAIL BOYD: Do you think that the regime within New South Wales for "approving" these mining projects is working when what you end up with is a mine like Wallarah 2 that is allowed to go ahead on the basis of meeting quite whimsical and outrageous conditions and putting at risk 320,000 people's drinking water? Do you think that is a mining regime that is working?

Mr JOHN BARILARO: Since being in the regional chair since the election and my appointment as the resource Minister, the criticism of this State is that we are not as easy as Queensland or Victoria or other States, we are actually the hardest State to get an approval on a mine. That has been a long, drawn-out proposal, one that has gone through a process that is so rigorous that we are getting accused that we do not want mining in this State. The IPC, through the planning process, looks at every aspect of a proposal, including the impacts it has on drinking water, on water supply, on the environment. All of that is taken into account.

Ms ABIGAIL BOYD: In 2011 all of the political parties said this was a bad idea because of the impact of the mine on the drinking water. The only thing that has changed is that now we have conditions on the licence that say that the—

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Mr JOHN BARILARO: To protect the drinking water.

Ms ABIGAIL BOYD: Oh, yes, because we are going to recycle. What we are going to do is rely on this corporation to protect the drinking water by putting in place adequate recycling, even though we know that with the Clarence Colliery—

The Hon. TREVOR KHAN: You don't like recycling?

Mr JOHN BARILARO: Ms Boyd, as a member of The Greens—

Ms ABIGAIL BOYD: —we have had breaches.

The Hon. TAYLOR MARTIN: Ask Singapore how it works for them.

Mr JOHN BARILARO: I thought you would be supportive of us recycling water.

The Hon. TAYLOR MARTIN: No, they don't support the science.

Mr JOHN BARILARO: During this drought, what is worrying me with this drought—

Ms ABIGAIL BOYD: But what you are recycling is mine water. My children on the Central Coast are desperate to drink dirty mine water?

Mr JOHN BARILARO: —we are looking at recycling targets for Sydney at 3 per cent and we worry about the drought and the dam levels. I am surprised you do not support recycling of water. As I said, the conditions of that approval went through a very independent process.

Ms ABIGAIL BOYD: You know that does not make any sense, right?

Mr JOHN BARILARO: It went through a very independent process, one that has no political interference and one that actually takes on board every aspect from community environmental, social and economic.

Ms ABIGAIL BOYD: Again, you as the responsible Minister cannot look at this mine and decide that it is an unacceptable risk? You have no powers to step in and protect the community?

Mr JOHN BARILARO: I cannot interfere in the planning process, correct.

Ms ABIGAIL BOYD: You could change the laws though, couldn't you?

Mr JOHN BARILARO: That could be a question for another day.

Ms ABIGAIL BOYD: You could review the Mining Act and actually have a Mining Act that is effective.

The CHAIR: You have still got two minutes, Mr Barilaro. You still have two minutes!

The Hon. TAYLOR MARTIN: Our politicians make these decisions.

Mr JOHN BARILARO: I am sorry, what was your question?

Ms ABIGAIL BOYD: We could have a Mining Act that actually was effective and allows the—

Mr JOHN BARILARO: We do have a Mining Act that actually allows for investment in mining in a measured way. We have a planning Act that puts in place the measures to protect the environment, community, social outcomes and economic outcomes. We do all of that. We have some of the toughest regimes, not just in Australia but in the world when it comes to our mining sector. I find it hard to accept that we are demonising a sector that is so important to the economy.

Ms ABIGAIL BOYD: No-one is demonising a sector. We are talking about protecting a community.

Mr JOHN BARILARO: And we do.

Ms ABIGAIL BOYD: Is it relevant that three of the four lower House members in that area are Labor members as opposed to members of the Coalition?

Mr JOHN BARILARO: What has that got to do with an independent process through planning?

The Hon. TAYLOR MARTIN: So that is how you think decisions should be made?

Ms ABIGAIL BOYD: No, I certainly do not but it seems very odd that a community that has been fighting a mine for 20 years, one that has such obvious problems with it, is not being supported by your Government.

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Mr JOHN BARILARO: But don't we have a process that takes all this into account?

Ms ABIGAIL BOYD: No.

Mr JOHN BARILARO: Including the community.

Ms ABIGAIL BOYD: No, we don't.

Mr JOHN BARILARO: Yes, we do, through the planning process, the community consultations, and we have to rely on the science and the expertise. I am struggling to understand.

Ms ABIGAIL BOYD: All of that leads to a series of conditions, 200 conditions on a licence.

Mr JOHN BARILARO: But you want now a Minister who does not have the expertise to somehow truncate or come over the top of the decision.

Ms ABIGAIL BOYD: Let's change and look at the value of these people who have been given the licences and their ability to pay in the circumstance where something terrible happens, such as the contamination of the Central Coast drinking water. In 2017 the Auditor-General determined that the security and the rehabilitation bonds paid by mining companies were inadequate. It has been more than two years since then. What have you been doing to ensure more adequate bonds from mining companies?

Mr JOHN BARILARO: Again, I think on our watch, when we look at the bonds, are they adequate? It is all part of the approvals, but I am more than happy for Mr Keon to answer that.

Ms ABIGAIL BOYD: I am asking you the question though. Has it been reviewed? Have you increased the requirements beyond the level that the Auditor-General was looking at two years ago?

Mr JOHN BARILARO: I do not have the answer. If you want me to refer to Mr Keon, he probably can answer you and we can save some time.

The Hon. EMMA HURST: We were talking about biosecurity before.

Mr JOHN BARILARO: Yes.

The Hon. EMMA HURST: I have just received a message that—

The Hon. TREVOR KHAN: From whom?

The Hon. EMMA HURST: —at a piggery in New South Wales there has just been some undercover footage that has come out.

The Hon. TAYLOR MARTIN: Illegal trespass? Illegal footage?

The Hon. EMMA HURST: I do not actually know because I did not collect the footage myself. I have no idea. A lot of this footage actually comes from workers most of the time. Apparently nobody can find out if the Government is investigating. I am not sure if this is a question for Mr Scott Hansen. If you could take it on notice?

Mr JOHN BARILARO: If you have just been given a text message that something has occurred while we have been sitting in this room, it is a little bit unfair to be asking the officials or me on an issue that may be current?

The Hon. EMMA HURST: As I said, I am happy to take it on notice if you do not know it on the spot.

Mr KEON: As we talked earlier in the week, the enforcement agencies are the RSPCA, the Animal Welfare League and the NSW Police Force.

The Hon. EMMA HURST: I believe that this is a biosecurity issue rather than an animal welfare issue.

Mr KEON: In which case we will take that on notice and come back to you after the break.

The Hon. EMMA HURST: Thank you very much. Back to the fires, Deputy Premier, are you concerned that if we continue to log while we have drought and bushfire-prone conditions we will increase our risk of additional fires? Should this not be something that we are considering right now?

Mr JOHN BARILARO: I would assume that thinning out the forest, reducing the fuel on the forest floor would actually be the opposite to that, and that is to protect communities from what would be intense fires.

The Hon. EMMA HURST: My understanding is that when we log a lot of wood is left behind on the forest floor, so it actually increases the fire risk. You debate against that?

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Mr JOHN BARILARO: I think that you will find that the logs are removed because that is the resource that we have just heard today is a supply issue. It is insufficient for demand. That resource is what we are looking for and then there is opportunistic cleaning of the forest floor through back burning. We have some great examples of that. But, no, I would argue against your view that logging increases the chances—

The Hon. EMMA HURST: I am sorry, it is not my view. It is advice that experts have given me.

Mr JOHN BARILARO: —that logging increases the chances of fires.

The Hon. EMMA HURST: It is not my view. It is advice that I have been given by experts in the area.

Mr JOHN BARILARO: Well, I disagree with that advice. I am more than happy for you to ask Mr Hansen. He would answer that perfectly.

The Hon. EMMA HURST: I am going to go back to ag technology. You have a program called the Global Attorney General-Tech Ecosystem initiative? Is that still running?

Mr JOHN BARILARO: Which Mr Hansen oversees.

Mr HANSEN: Yes, that is.

The Hon. EMMA HURST: There was an intake that started in June. Has that happened?

Mr HANSEN: Yes, that is correct.

The Hon. EMMA HURST: There is a start-up at the moment called VOW, which recently set up in Sydney. It is the first of its kind to set up laboratory-grown meat in New South Wales. Do you think that lab-grown meat companies and start-ups like this would be suitable for that type of program?

Mr JOHN BARILARO: Mr Hansen, you know the program.

Mr HANSEN: The program actually puts out calls and has companies that are interested in having mentoring and assistance provided to them to start taking either what is a concept-of-business idea through to commercial trial or through to proof of product. If a company that is interested in this space would be interested in putting up their hand. Whether they would meet the criteria in terms of eligibility and whether they are at the stage of development in which we can assist or the partners that we have in the program can assist, that is something that each individual applicant is assessed on merit. But we certainly encourage them to put their hand up.

Mr JOHN BARILARO: Minister Ayres, through his portfolio, does. I think this week he put out a media release in relation to minimum viable product grants for start-ups to access \$25,000 in seed funding to support and get through. There are some grants outside of this program within government encouraging start-ups in all sectors.

The Hon. EMMA HURST: So it would be suitable for something like their program as well?

Mr JOHN BARILARO: Absolutely.

Mr HANSEN: Yes. For example, in the last strand that went through, a start-up group came forward with alternative food uses for chick peas. So alternative food products and alternative food uses is something that we have looked at in previous rounds.

The Hon. JOHN GRAHAM: Minister, I want to return to the Murray Valley National Park to ask about the thinning program. Just give us some sense: What tonnage of wood do you want to be available from the thinning program in the Murray Valley National Park? Can you give us some sense?

Mr JOHN BARILARO: I do not know what that final tonnage is. It is in relation to an industry that I believe can do so in a sustainable way. But remember that after the decision of 2010 there were 200-plus businesses down there. A lot of them have closed up shop. There are only a handful of them left there but it is still an industry that I believe if we expanded the ecological thinning program will give us resource sufficient enough to sustain an industry with minimal impact. That is the pilot program. I know that the Department of Primary Industries [DPI] has done some work on it and I think that the CSIRO put out a report on it. It could actually sustain an industry and protect the park.

The Hon. JOHN GRAHAM: Yes, and you accept that what you are talking about I think is a shift from some of these trees being thinned to potentially commercial thinning. That is what we are talking about here—allowing people to sell some of that thinned product.

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Mr JOHN BARILARO: Sure. Correct me, Mr Hansen, but under the last program we made a change where we actually did give back resources. From the last ecological thinning program it was stockpiled in the forest there.

The Hon. JOHN GRAHAM: Yes.

Mr JOHN BARILARO: It was stockpiled in the park but then we changed some rules and we gave access to some of that lumber, that timber, to be used for the local industry. Is that correct, Mr Hansen?

Mr HANSEN: That is correct.

The Hon. JOHN GRAHAM: We might well come back to that question. I want to ask you this: Will you rule out moving a private member's bill on this thinning question? Will you rule that out?

Mr JOHN BARILARO: Sorry? Will I rule out what?

The Hon. JOHN GRAHAM: Will you personally or a member of your National Party team rule out moving a private member's bill?

The Hon. TREVOR KHAN: Oh, you never know what we might do.

Mr JOHN BARILARO: Mate, I struggle. Unlike the Labor Party where you are faction controlled and your faction masters control the individual—

The Hon. TREVOR KHAN: Oh, yes.

The Hon. JOHN GRAHAM: I know the Hon. Trevor Khan can be trouble.

Mr JOHN BARILARO: —I have a democratic party and I think in recent debates on an issue I have proven that.

The Hon. JOHN GRAHAM: Minister, will you rule it out?

Mr JOHN BARILARO: I cannot rule it out.

The Hon. JOHN GRAHAM: Will you rule out you moving it?

Mr JOHN BARILARO: I will not be moving a private member's bill. I am a member of the Government. We have an opportunity through our cluster to come forward with a program

The Hon. MICK VEITCH: It has never stopped Trevor.

The CHAIR: He does not need to move it. I have done it.

The Hon. JOHN GRAHAM: I want to move now to the Murray-Darling Basin Plan and to your press release that you put out. My recollection is that you said the plan was untenable. Your recollection is that you were talking about the decision-making in the plan being untenable. Can I read you the headline from your press release?

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: "Murray-Darling Basin Plan untenable for NSW".

Mr JOHN BARILARO: Great, untenable, fantastic.

The Hon. JOHN GRAHAM: But you keep backing off and changing what you are saying here, don't you, Deputy Premier?

Mr JOHN BARILARO: Mr Graham, I explained to you—

The Hon. JOHN GRAHAM: Isn't that the problem?

Mr JOHN BARILARO: No, I have explained to you.

The Hon. JOHN GRAHAM: You are just prepared to say anything to anyone.

Mr JOHN BARILARO: No, not at all. Not at all.

The Hon. JOHN GRAHAM: Isn't that the problem?

Mr JOHN BARILARO: If you would let me answer, I have explained to you clearly: There has been no more ferocious warrior for the people of New South Wales than me in relation to the Murray-Darling Basin Plan. The plan has to work—

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The Hon. JOHN GRAHAM: But you keep changing the story. You keep—

The Hon. TAYLOR MARTIN: He is giving the answer, Mr Graham.

Mr JOHN BARILARO: The plan has to work for the people of New South Wales. We are going through the worst drought, the lowest inflows and yet we are asked to do the heavy lifting while South Australia gets away with it. You know what? If that is the basis of the plan, guess what? It is not tenable and we will withdraw.

The Hon. MICK VEITCH: Deputy Premier, just going back to the thinning bill. I think the Shooters have got the bill up. Will the National Party be supporting the Shooters bill?

Mr JOHN BARILARO: The Shooters bill is actually not a thinning bill. Their bill, I think, is to degazette—

The CHAIR: No, I will confirm it is a thinning bill. It is quite clear in its title.

Mr JOHN BARILARO: They have also included another area as well, as I recall. No, it is not common practice, as you would be aware, of governments to support private members' bills. Definitely The Nationals will not be supporting a bill from the Shooters, which is really just a protest party that looks for opportunity.

The CHAIR: Well, what an opportunity it is.

The Hon. TAYLOR MARTIN: I think he is going to wrap it up now.

The CHAIR: I think we are. On that note, that concludes our morning session. Thank you Deputy Premier for attending this hearing. We are finished with your questioning. We may see you back for a supplementary hearing, we may not, depending—

Mr JOHN BARILARO: Fair enough.

The CHAIR: —on how you go. The Committee will now break for lunch and return at 2.00 p.m. for further questioning of government officers.

(The Minister for Regional New South Wales, Industry and Trade withdrew.)

(Luncheon adjournment)

The CHAIR: Welcome back, everyone.

The Hon. JOHN GRAHAM: Thank you to everyone for being here. We will cover a range of the ground we covered this morning, and a couple of other areas. I want to start with the issue we raised with the Deputy Premier about the Chief Scientist and Engineer's report, which he was not aware of. Understood. That is an issue for him. I want to make sure that we have satisfied the Committee, though, that that material was available to him, as it would be to any incoming Minister. I think this is best directed to you, Mr Betts, but feel free to redirect. Of course you would expect an issue like that to be in the ministerial incoming briefs?

Mr BETTS: I am not sure who—

Mr WRIGHT: Is this the gas plan?

Mr BETTS: Yes, it is. It is the gas plan supported by the Chief Scientist and Engineer's prior report, which pretty much informed the framing of the gas plan as something which landed prior to the Deputy Premier stepping into his current role.

The Hon. JOHN GRAHAM: Correct.

Mr BETTS: I will ask Mr Wright to give you the background.

Mr WRIGHT: I would need to go back and look at the incoming briefs. I am fairly sure, though, that it would have been included. I will check on that.

The Hon. JOHN GRAHAM: To be fair, there are two things here. First, the final report of the Chief Scientist and Engineer, who performed an independent review of coal seam gas activities—that is the report I was asking about this morning. Secondly, as you have both just observed, the NSW Gas Plan is principally driven off that report, is it not?

Mr BETTS: Correct. Yes. I stand to be corrected, but my understanding is that the Government has accepted all the recommendations from the Chief Scientist and Engineer and has implemented all but two of them, which are in their final stages of being implemented, or are certainly in a very advanced stage. Perhaps part of the

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reason that it did not loom larger in the Deputy Premier's thinking this morning was that it has been adopted and we have kind of moved on.

The Hon. JOHN GRAHAM: Yes. Again, I think that is a matter for him. He is not here; let's not speculate about why. I just want to be clear about the significance of this report and what was available. I think that is the appropriate line of questioning while we are here with you. Incoming briefs, of course you would expect both those things to be referred to—the key report and the NSW Gas Plan itself? You would both agree with that? That is your expectation but you are going to check on notice. Is that correct?

Mr BETTS: Correct. Yes.

The Hon. JOHN GRAHAM: I will refer to the NSW Gas Plan. The New South Wales Government website talks about the gas plan. The very first thing it states is:

The NSW Gas Plan sets out the regulations for all Coal Seam Gas (CSG) activities in the State. Importantly, the NSW Gas Plan is based on the findings of the Chief Scientist and Engineer's Independent Review of CSG Activities in New South Wales.

So I think it is agreed that it is just fundamental to that framework. It would be fair to say that this is probably one of the key land use conflict issues in the State—coal seam gas, particularly in the north-west of the State—between miners and farmers. Would you agree with that?

Mr BETTS: It is certainly a source of considerable contention, yes.

The Hon. JOHN GRAHAM: In your time in this role, Mr Betts, it has certainly come across your desk reasonably frequently?

Mr BETTS: Yes, although there are a lot of other deputy secretaries who deal with these things in more detail than I do.

The Hon. JOHN GRAHAM: Indeed, and you have a lot of things coming across your desk.

Mr BETTS: Sure.

The Hon. JOHN GRAHAM: The Minister met with Santos. Again, he agreed with that today. That is appropriately declared in his diary. His diary is clear that this meeting on 13 May canvasses the Narrabri project. Can you confirm that the department would have provided a meeting brief for that meeting?

Mr BETTS: I cannot confirm that. Certainly, if we had been requested to do so by the Deputy Premier's office we would have provided a brief.

The Hon. JOHN GRAHAM: Mr Wright?

Mr WRIGHT: As the secretary has indicated, if it had been requested we would have provided advice. I cannot recall whether we were or were not requested.

The Hon. JOHN GRAHAM: Perhaps on notice you could confirm whether one was requested and supplied. You would agree, though, Mr Betts, that it would be usual for a Minister having a meeting, to have a meeting briefing. It would be very unusual not to.

Mr BETTS: It would depend on the nature of the subject matter, but it is standard. If we were asked we would, absolutely, provide a brief. If I were meeting with Santos, which I have, I would request a brief too.

The Hon. JOHN GRAHAM: Exactly. Was there someone from the agency at that meeting on 13 May?

Mr BETTS: I would have to check that. I will take that on notice.

The Hon. JOHN GRAHAM: No worries. Without being able to answer that question, you will not be able to say, I imagine, what was discussed at that meeting.

Mr BETTS: No.

The Hon. JOHN GRAHAM: Is there a record of that meeting?

Mr BETTS: I do not know. I will have to take that on notice.

The Hon. JOHN GRAHAM: There may be a record, though, so if you could take that on notice that would be—

Mr WRIGHT: I can say that no-one from the Division of Resources and Geoscience was present at that meeting.

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The Hon. JOHN GRAHAM: That is helpful. I appreciate that. Could you tell us those things. If there was a meeting brief in a meeting with Santos about Narrabri there is no doubt that it would include a reference to either the gas plan or to this report? Would you agree with that? If there was a brief—and this is the key regulatory—

Mr BETTS: I cannot really comment on the contents of a brief which may or may not exist. I do not want to mislead the Parliament; I am under an affirmation.

The Hon. JOHN GRAHAM: Perhaps you could tell us on notice, but you would agree that this is the key regulatory report which sets out a whole framework for government.

Mr BETTS: It is an important document. In the context of Narrabri there is also, of course, the interaction with the statutory planning system—

The Hon. JOHN GRAHAM: Indeed.

Mr BETTS: —which is the—

Mr BARNES: And the EPA and the regulators.

The Hon. JOHN GRAHAM: Yes. That is a fair point.

Mr BARNES: I am just pointing out that the EPA is the regulator for gas.

The Hon. JOHN GRAHAM: I agree with that Minister Barnes. Can we just return to the recommendations. In my surprise at the Deputy Premier's answer, I did not quite catch which are the two recommendations that have not yet been implemented.

Mr WRIGHT: Recommendation 4 and recommendation 9, both of which are led by the EPA.

The Hon. JOHN GRAHAM: Okay. Can you tell us what is the effect of those recommendations? I have got them here but I think it would be helpful for the Committee.

Mr WRIGHT: I am going to read from my notes. Recommendation 4, which is led by the EPA, is that the full cost to government of the regulation and support of the coal seam gas industry be paid by industry and be reflected in the budget. Recommendation 9, led by the EPA, is that the Government develop an appropriate insurance environmental risk policy for the coal seam gas industry for short- and long-term financial projects.

The Hon. JOHN GRAHAM: Noting that they are led by the EPA, not by any of the agencies here, can you give us any guidance about the expected implementation of those?

Mr WRIGHT: I would have to refer that to the agency.

The Hon. JOHN GRAHAM: I appreciate that. Can you alert us to any reasons why those might not have been implemented? There would have been cross-agency discussions about that. Is there any reason why these have not been progressed?

Mr WRIGHT: That is a question best directed to the EPA, which is leading the implementation of those recommendations.

The Hon. JOHN GRAHAM: Mr Betts is obviously correct when he says that the Government was very clear that it was accepting all these recommendations. The previous Minister, Minister Roberts, spelt out, "We are for all these recommendations," and highlighted the importance of this independent report. So perhaps you could take that on notice, if you are happy to do that.

Mr BETTS: We will source the information from the EPA and provide it to the Committee.

The Hon. JOHN GRAHAM: That would be very helpful. The other aspect of this that I want to ask about is the Commonwealth has been quite outspoken on what it regards as unwarranted restrictions on the development of gas in New South Wales. Obviously that is a contentious statement on this contentious issue. Noting that the Commonwealth has been outspoken, what discussions or engagements have there been that the agencies are aware of—some of these might have happened politically—with the Commonwealth where they have pressed that view? Mr Betts, can you give us any background on that?

Mr BETTS: I am unaware of any such discussions. Others may be—

Mr WRIGHT: I am unaware of any such discussions.

The Hon. JOHN GRAHAM: I am surprised by that answer. It has clearly been the subject of discussion politically. Are you saying that there is no forum in which these agencies are active, where the Commonwealth has put this to New South Wales?

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Mr BETTS: I cannot say that with certainty. I can only answer from my own knowledge or experience.

The Hon. JOHN GRAHAM: If they were going to raise it, what is the forum in which they would raise it?

Mr WRIGHT: Probably the COAG Energy Council.

The Hon. JOHN GRAHAM: Yes. So it may be it is being dealt with on the energy side of things. I want to essentially ask the same question about a specific element of this, which is the development of a gas reservation scheme. Again the Commonwealth has been quite outspoken on this. Is this an issue which the agencies here are aware of being raised with the New South Wales Government?

Mr BETTS: No. It may be that that is being dealt with by the energy group within environment, energy and science which is giving evidence in the other hearing for the energy and environment Minister.

The Hon. JOHN GRAHAM: Understood. Could you just take on notice where those discussions are taking place, if any? I do not want to go to the nature of the discussions if they have not happened here, but if you can give us clear direction about if they have happened elsewhere, where have they happened, that would be helpful.

The Hon. MICK VEITCH: Mr Betts, I would like to pick up on some of the stuff from this morning's testimony as well. I will start off with the Resources for Regions program. The first line of questioning is to do with the review that we started talking about. You may need at some stage to defer to Mr Barnes. The first thing, we are looking at four to six weeks for that review. As I understand it from this morning's testimony that is an internal departmental review—it is not a public consultation review.

Mr BETTS: I will ask Mr Barnes to talk to that but I think he indicated this morning that there will be engagement with local government and with some of the other key stakeholders in the minerals sector.

Mr BARNES: I might pass over to Mr Hanger because his team is running the review but my understanding is that there will be consultation, as I indicated this morning, both with local governments—and some of those have already commenced—along with the industry bodies. So, Mr Hanger?

Mr HANGER: It is an internal review. Consultation has already been undertaken with the Association of Mining and Energy Related Councils; Infrastructure NSW—Resources for Regions is a Restart NSW-funded program currently; the NSW Minerals Council; relevant resources and mining staff in the Department of Planning, Industry and Environment, particularly in the mining area; and obviously mining impacted councils that will be picked up by that association.

The Hon. MICK VEITCH: The Auditor-General's review essentially looked at the rollout of Restart and other programs. Is this review picking up on some of the commentary arising from the Auditor-General's report?

Mr BETTS: The Auditor-General's report related in part to Resources for Regions but to a number of other programs which were funded from Restart in the early stages. From memory it confirmed the effectiveness of Infrastructure NSW's supervision of that program. To the extent that it made recommendations around things like post hoc benefits review, those may well be picked up in the review. But I think the principal purpose is to go back to basics and ask whether the way in which the program is currently framed is fit for purpose and is addressing the underlying issues when it was originally designed back in 2011-12, adequately. Mr Hanger?

Mr HANGER: As was discussed this morning, when you have mining impacted regions that do not feel that they are able to be successful under this program then we need to review and make sure that the program is delivering what the Government wants, which is support for those mining-related communities.

The Hon. MICK VEITCH: As a part of the review are you looking at the impact of projects needing to attain a benefit-cost ratio [BCR] of one?

Mr HANGER: Yes. That is a requirement under the Restart Act. Clearly we will look at the whole set of program criteria—mining impactedness, requirement for economic benefit being shown through a BCR.

The Hon. MICK VEITCH: Okay.

Mr BETTS: Just to be clear, it is not so much it is a legislated requirement but rather those are the rules that Cabinet has adopted to ensure that Restart money is recycled into economically beneficial infrastructure, which is a requirement under the legislation.

The Hon. MICK VEITCH: Mr Betts, the agency is providing local councils, in particular, assistance in working up their business cases to assist them in applications for funding under Resources for Regions.

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Mr BETTS: Assistance is provided from time to time. We obviously have to be careful when it is a competitive submissions-based program that it is done within the appropriate constraints of the guidelines which are signed off by probity auditors. But Mr Hanger can give you further details on that.

Mr HANGER: We do as best we can. We have made it a far simpler process. So rather than requiring councils to compute a benefit-cost ratio themselves we provide data sheets and ask them to input the raw data that is then analysed by the investment appraisal team that is now resident in the Department of Premier and Cabinet [DPC]. Previously they would have to undertake all of that work and it is fair to say many councils probably struggled, so we have made the process easier over time. But as the secretary notes, there does need to be a delineation between how much support we provide applicants who we then have to assess in terms of those business cases they submit.

The Hon. MICK VEITCH: Mr Betts, that is actually interesting. Within the constraints or confines of the program to provide that assistance—which, by the way, I think is quite valuable because a lot of the councils, particularly in regional New South Wales, would appreciate being assisted through the process—just how do we do that without breaching any of the requirements? That must be an interesting process that you have to take internally to assist.

Mr BETTS: Yes. As we have alluded to, the process is overseen by Infrastructure NSW, which I was CEO of until April. There is some method to that in the sense that it is a body which is at arms-length from other government departments. It is an independent advisory body and therefore when decisions are being made as to the projects to be recommended to the Expenditure Review Committee of Cabinet they come through a process which is independently auspiced and which has assessment panels on it which are themselves comprised of independent members and operate within guidelines approved by Cabinet and signed off by probity auditors. The emphasis has been on acknowledging the fact that there are a large number of programs out there now, which the Deputy Premier talked about this morning, and councils are often stretched in terms of their capability and resources.

They are trying to keep the show on the road, particularly in a time of drought. So it is not so much coaching but trying to make sure that our documentary requirements in support of their submissions are as streamlined as they can be and that we enable them to complete the forms and the paperwork in a way which does not require them to spend a lot of money, for instance, on consultants, which is not in our interest or theirs. We have a good body of expertise within government now. We have been running these programs for eight years. We have people with the Department of Premier and Cabinet in the economics team there who have worked closely with councils to engage with them to make sure that it is as user-friendly a process as possible. But at the end of it we cannot be picking winners in an inappropriate way or coaching applicants in a way which might give an unfair advantage to one municipality over another or one proponent over another.

The Hon. MICK VEITCH: I think that is important to get on record. The most current round I think is round six; is that right?

Mr HANGER: Yes.

The Hon. MICK VEITCH: How many successful projects?

Mr BETTS: I will just source that for you.

The Hon. MICK VEITCH: The two things I am after is the number of successful projects and the quantum of the funding allocated. You can take it on notice if you need to.

Mr HANGER: Yes, I might take that one on notice.

The Hon. MICK VEITCH: So as I said the two things are the quantum and how many projects. How do we deal with the people who miss out, the unsuccessful bidders?

Mr BETTS: I will ask Mr Hanger to answer that. We are keen to make sure that where people put in a proposal which is a good one but which simply does not make the cut because it is out-competed by more worthwhile proposals that that does not mean that the proposal dies—people have the opportunity to come back in subsequent rounds if that is what they choose to do. I will ask Mr Hanger to respond to that.

Mr HANGER: Every unsuccessful applicant has an opportunity for direct feedback from DPIE now—it was DPC—about where their project could be strengthened. It is a chance for us to say, particularly probably around business cases, where they may be able to not only improve how they capture benefits related to that project but also where are other potential funding sources that may be more suitable for the project that they have put forward. There is through the program an opportunity not only to learn how to put together better proposals but where else might you be successful for funding if you have been unsuccessful in Resources for Regions.

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The Hon. MICK VEITCH: Thank you. That leads to the next question which is: How many of the successful bidders in round six were resubmissions from previous rounds that have gone through that process?

Mr HANGER: We will take that one on notice because we will have to go back through all the other five rounds.

The Hon. MICK VEITCH: But there is a good chance there are some that have gone through—

Mr HANGER: We know projects have submitted in multiple rounds.

The Hon. MICK VEITCH: And so the review, Mr Betts, will come to the agency first of all, because it is internal or an agency review before it then goes—I just want to get this clear—to the Minister's office first?

Mr BETTS: I imagine it would go to the Deputy Premier's office.

Mr BARNES: It will come through the secretary to the Deputy Premier.

The Hon. MICK VEITCH: Will it be made public at any stage?

Mr BETTS: That will be a matter for Ministers. They would need to decide that. Depending on what the nature of the recommendations are, it may also be referred to the Expenditure Review Committee of Cabinet, which is the ultimate decision-making body on which projects are accepted or given funding on the basis of the recommendation from Infrastructure NSW. That would make it Cabinet-in-confidence if that were the case, so it is a bit hard to respond.

The Hon. MICK VEITCH: If that were to happen, yes.

Mr BARNES: Mr Veitch, I can tell you that every one of the projects that met the BCR requirement and the other requirements were funded. There were 11 successful projects that were announced on 30 April.

The Hon. MICK VEITCH: Eleven?

Mr BARNES: Yes.

Mr JUSTIN FIELD: Mr Roberts, some of these questions might be for you. I would like to return to some of those forestry-related questions, particularly around whether or not there has been overcutting going on over the last few years since the Boral buyback and subsequent extension of their licence. I know that you undertook to come back to the Committee with some of the specific details. Can I ask again—you may have looked since the break—are you aware of any overcutting of high-quality logs, large or small, in excess of the wood supply agreements that have been in place over the last three years?

Mr ROBERTS: I cannot answer that question categorically. The wood supply agreement volume is, as I mentioned earlier today, one of the criteria against which we target. The other criteria is the plus and minuses which contract holders have on their agreement. They can have swing volume.

Mr JUSTIN FIELD: How much would that swing volume normally amount to?

Mr ROBERTS: It could be 10 per cent either way. Then there is the force majeure volume, which I also mentioned this morning, 11 to 12, significant storm events, an inability to harvest the volume. So we were short on all of our volume across the North Coast. We did offer to roll that forward to be picked up by the wood supply agreement holder at some time when they chose, subject to our being able to harvest that volume at the time. It is very difficult to be specific without looking at the specific numbers, which I have not seen.

Mr JUSTIN FIELD: In the last three years have there been any high-quality sawlogs, small or large, that have been sold—I do not know if there is a spot market that you use—to a buyer that you do not have a current wood supply agreement with?

Mr ROBERTS: It is quite possible, yes.

Mr JUSTIN FIELD: Is that something you could confirm and come back to the Committee with?

Mr ROBERTS: I could certainly confirm it but—

Mr JUSTIN FIELD: How much and who. Is that possible?

Mr ROBERTS: We could certainly do that, yes.

Mr JUSTIN FIELD: I would like to move back to the expression of interest document, if I could.

Mr ROBERTS: Yes.

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Mr JUSTIN FIELD: Obviously the expression of interest process seems to be happening alongside the review of the Integrated Forestry Operations Approval [IFOA] and it actually went out before the Regional Forest Agreement [RFA] and the Coastal IFOA were finalised. Now that the Coastal IFOA has been finalised, has that changed any of the expected volumes that will be available in terms of pulp and low-quality logs that you have offered up to the market in the expression of interest?

Mr ROBERTS: No, I do not believe it has. Again, I would like to refer back to our marketing people just to make sure that I am right in telling you what I am saying today. But as I recall, when those documents went out there was headroom over and above what was being offered to market to keep pulpwood. With regard to salvaged logs, which we have not progressed at this stage, that would be a different situation where that supply is considerably more tight than it is with pulpwood.

Mr JUSTIN FIELD: There are very specific figures in the expression of interest document in terms of what would be available for sale to the market, including broken into the different regional zones, broken down between native and plantation and then broken down again between pulp, residue logs and low-quality sawlogs. If you could take on notice whether or not any of those assumptions have changed—if you have gone back to the market with an updated expression of interest document that has changed those figures, that would be very useful.

Mr ROBERTS: Yes, sure.

Mr JUSTIN FIELD: Are you having any direct negotiations at the moment with businesses that are seeking to use any of this low-quality log or pulpwood for burning for energy here in Australia?

Mr ROBERTS: I am not clear on that, as to exactly what products are anticipated for any export products to be sent into. I would have to check that and come back on notice.

Mr JUSTIN FIELD: I was not at the export stage yet. I was asking if there were any direct negotiations with companies that would be looking to burn the wood for energy here in Australia?

Mr ROBERTS: Not as I am aware, no.

Mr JUSTIN FIELD: I get the sense though that you may be in discussions with some who are seeking to export pulp or residues for burning overseas.

Mr ROBERTS: The international pulpwood market has been particularly strong over recent years. So I am saying that is a possibility but I would have to check that.

Mr JUSTIN FIELD: If you could come back, I would be interested in volumes that are part of these negotiations. Obviously I understand there might be some commercial-in-confidence but a sense of who you might be working with or for what purpose. You mentioned before that a portion of this wood that is being offered up in this expression of interest is already being sold into market but some may currently be sitting on the forest floor because I assume you do not have a market. Is any of the existing wood that is being sold subject to wood supply agreements that you have forward obligations on?

Mr ROBERTS: No, not that I am aware of. Certainly not the pulpwood component.

Mr JUSTIN FIELD: How is that sold to market?

Mr ROBERTS: Pulpwood?

Mr JUSTIN FIELD: At the moment.

Mr ROBERTS: In terms of pulpwood I guess we have very limited markets. We have one market at Raymond Terrace where we have a company that is making an external cladding board. They do buy a pulpwood component from the forests in the southern part of the North Coast. We are exporting some volume through the Port of Brisbane, particularly thinnings coming out of our plantations. That would be about it.

Mr JUSTIN FIELD: Could you confirm with the Committee the volume by weight? It is very specific in the EOI document about the total volume by weight that is being offered up through this expression of interest.

Mr ROBERTS: Yes.

Mr JUSTIN FIELD: Could you confirm over the last three years how much of that pulp or timber that is being offered up through the EOI is currently actually being sold to market? That will give us an indication of where the opportunities are.

Mr ROBERTS: What I can say is that this wood, which is being offered to market, will not prejudice any existing supply contracts. Where we have domestic contracts on the North Coast, they will continue to be supplied and this would be an increment to that volume.

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Mr JUSTIN FIELD: Sorry, we might be talking about different things because you said before that you did not have any existing wood supply agreements for the low-quality logs and the pulpwood.

Mr ROBERTS: No, I did clarify. We have a customer at Raymond Terrace.

Mr JUSTIN FIELD: I assumed that was by delivery or spot. So you actually have an agreement with them?

Mr ROBERTS: No, sorry. Yes, that is an agreement we have with them.

Mr JUSTIN FIELD: And you have an agreement with some export out of Brisbane as well?

Mr ROBERTS: Short-term sales, yes.

Mr JUSTIN FIELD: Thank you. We will come back to some of this.

The Hon. EMMA HURST: I have some more questions for Mr Roberts. It has been reported that there is logging at the site of high-use koala habitats in the Braemar State Forest, which is home to one of the most significant koala populations in New South Wales, and that it is due to start this week. Is that correct?

Mr ROBERTS: With regard to Braemar and a lot of our activities over the next few weeks, it will be rather fluid given the fire situation on the North Coast. We have a lot of harvesting gear that is currently being applied to the fire face to take out dangerous trees. I would say that it is pretty fluid as to when we will be into Braemar.

The Hon. EMMA HURST: It might not start this week, is that what you mean? You are not sure?

Mr ROBERTS: Yes, exactly.

The Hon. EMMA HURST: I have been advised by the North East Forest Alliance, which is very concerned about this logging, that under the old rules for protecting koala habitat, about 100 hectares of the State forest will be protected as the koala high-use area. However, there are now new rules that have come into place that only five feed trees per hectare will be kept. Can you confirm that this is correct and also explain why there was a change in the rules?

Mr ROBERTS: During the period 2011 to November of last year there was an extensive renegotiation of the Integrated Forestry Operations Approval, which is the regulatory framework that sits on top of all of our activities in hardwood forests. That was a very long and extensive process. It went into a lot of detail and there were a number of scientific committees that were brought in to assist and guide the outcomes in terms of what a new regulatory framework might look like. If I could characterise the old framework, it was highly prescriptive as to what it was that we were supposed to do and it was very light on outcomes and environmental effects. Those two things are now more contemporary in terms of how we might think about regulation.

There has been a change or a shift in the way that the regulation applies and it is more about outcomes, environmental effects and also, in particular, landscape effects, rather than focusing on a very small area within a forest, what is happening across the landscape—so what is happening to the population, let's say. The new regulations came into effect on 16 November of last year and there is a two-year phase-in. If we start an operation during the first 12 months of the new regulatory framework we have 12 months to complete it, so that is your two-year period. You would be aware we are now sitting early in September.

There is some debate about when we will be able to start in Braemar. If we run past 16 November we will have to harvest that block under the terms of the new regulatory framework. Accordingly—I do not know specifics of this particular case—but what I would say that the planning team have done is said, "There is some doubt as to exactly when we are going to need this block, it is likely that it is quite possible that it will drift past 16 November, so we will need to plan it under the terms of the new regulatory framework, not the old one."

The Hon. EMMA HURST: With the scientific committees, and you also mentioned an environmental framework, was animal welfare considered to bring about this change with the reduced trees for koalas?

Mr ROBERTS: Absolutely, and I think that there has been a change. In terms of specifics about koalas, the historic change was largely about looking for scats, so looking for scats under trees and using those scats as a proxy for determining whether or not koalas were in that tree or in that particular location in the forest. The new framework has moved to one where we now map koala habitat and we have very strict rules as to what we can do within those classes of habitat. There are two particular classes, high-use and intermediate-use koala habitat, and there are different tree retentions, koala feed tree retentions, for those areas.

In addition to that we have a requirement to preserve 5 per cent of the landscape that we are going to operate in as a clump and we add that clump onto another existing buffer zone. So we may have a buffer zone

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along a creek line or a river and we will add 5 per cent to the area targeting particular tree species which we know are going to be beneficial to koala populations, so we add that in. That applies come what may, whether or not there are koalas in the particular block. So the koala prescriptions in terms of our operations have actually become more stringent than they used to be.

The Hon. EMMA HURST: When you are talking about scats under trees to determine how many koalas are in an area, did it come out that there were less koalas and that is why there would need to be less feed trees per hectare? Having less feed trees obviously is not going to be good for the koalas. What was the science behind that decision?

Mr ROBERTS: The science is actually that there are now more feed trees. We are leaving more feed trees than we used to and in some cases—

The Hon. EMMA HURST: Is that because of the extra 5 per cent that you mentioned?

Mr ROBERTS: Yes, there is 5 per cent clump and then the number of trees we retain per hectare is either five or ten. So on average we are preserving more than we used to under the old prescription. As I say, it also applies whether or not a koala is in that area. We might go through a block and find no scats but if there is koala habitat in that block we will now preserve it and feed trees.

Mr HANSEN: I might just add, if I can?

The Hon. EMMA HURST: Yes, please.

Mr HANSEN: I think members of this Committee might have had some of this evidence presented to it in the standing committee or the select committee you have on koala population and habitat as well because, as Mr Roberts pointed out, one of the key changes in the IFOA arrangements—and this is where when you start moving from one set of measurements to another there can be some confusion about comparing like for like. We are moving away from very much a site survey-specific response in terms of protections to a more habitat-based mapping and therefore application of protections. I think some of the Forestry staff at those hearings talked you through that. That does not replace, and in fact there continues to be, that walk-through that is done to identify if there is presence within an area and those additional protections then kick in over and above the habitat and the mapping protections which are applied. I think it is almost 240,000 hectares of additional protection area in that north coast—

The Hon. EMMA HURST: What was that number, sorry?

Mr HANSEN: About 240,000 hectares.

Mr ROBERTS: I cannot remember the number.

Mr HANSEN: About 240,000 hectares is the area now that is protected koala habitat and State Forest on that north coast.

The CHAIR: Does the framework that you are speaking about take into account that historically we have had dense populations of koalas go through a crash period in terms of their population when we have drought? In the millennium drought we saw numbers crash, and we are potentially seeing numbers crash again due to drought conditions. Does the framework take account of the fact that perhaps we get an upsurge of koalas when things are good and then this inevitable crash when things go bad? Does the framework take into consideration the historical evidence that suggests that?

Mr HANSEN: It is an area that not a lot of data is available on already, so there is a lot of work that is being done. I think the Chief Scientist's report in this space highlighted some of the information and data gap. I know we are using new technologies now. We have some projects underway at the moment that are using acoustics and being able to record bellows from male koalas in areas and get some population mapping based on that. Again I think this Committee might have had some of that evidence presented to it. What that evidence has shown is that there is no significant difference in population numbers between forested areas and national parks and wildlife areas but what we do not know is the migratory or movement patterns of those koalas, if they are just moving through areas, if they are transient or if they are stagnant populations. So we are also now catching and putting GPS tracking collars on a number of koalas to try to follow those movements—all part of building our knowledge and our data. But I must say we act as agencies on behalf of Environment, Energy and Science, which is down the corridor having their hearing at the moment, who have oversight in this space.

The CHAIR: Yes, I am conscious of trying not to delve into that area.

Mr HANSEN: Yes.

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The CHAIR: Mr Pratt, is it correct that New South Wales Treasury's internal audit and risk management policy for the New South Wales public sector requires department heads and governing boards of statutory bodies to establish and maintain a risk management process?

Mr PRATT: Yes, that is correct.

The CHAIR: What measures does the Treasury have to ensure that all agencies actually comply with that mandatory governance, internal audit and risk management requirement issued by that document?

Mr PRATT: We issued a new risk management policy across government fairly recently. I would need to check the date but it would be within the last six months. I could perhaps take that on notice and get details of that to you, which would encompass—

The CHAIR: Outside of issuing that directive, what do you do to ensure that they are adhering to it? You have issued the directive. What do you do to make sure that they actually follow that directive?

Mr PRATT: Primarily it is the responsibility of each secretary and their respective cluster around managing their own risks. So you would find that in each cluster they would have their own risk map identification and risk registers and those cluster secretaries would be signing off those risks relative to the production of their annual report.

Mr BETTS: And attesting to our compliance with the framework established by Treasury.

The CHAIR: Sorry, say that again?

Mr BETTS: And we are required to attest to our agency's compliance with the framework established by Treasury.

The CHAIR: Are you familiar with the circular TC1803 about program evaluation and the fact that all government agencies have to go through a process of evaluating the programs that they are running? One of my staffers is passing that to the secretary so you can have a reference point.

Mr PRATT: I am not familiar with this specific document. But I am happy to take questions if you have got a question on it.

The CHAIR: Is it mandatory that all agencies comply with this circular?

Mr PRATT: Yes, the circular says that it applies to all general government agencies and government businesses.

The CHAIR: Are you aware that the NSW Firearms Registry has not submitted a single program evaluation report between 2011 and August 2019?

Mr PRATT: No, I am not.

The CHAIR: From a GIPAA inquiry that we requested—and I am happy for you to have a copy of this—that is the case. Has the Treasury actually issued any directives to the NSW Firearms Registry or the NSW Police Force for not complying with this circular, ever?

Mr PRATT: I am not aware of this specific issue, Chair. I am happy to take it on notice and follow up. To answer your question, not that I am aware of.

The CHAIR: If you find when you take it on notice that they have not, can you come back as to why not? It seems like we have a government agency that is not adhering to a directive from the Treasury, and you have not done anything about it. We have a rogue government agency not adhering to your directives and no-one is pulling them up on it. If you could come back as to why or why not that has occurred, that would be great. Thank you.

Mr PRATT: That is correct. We will.

The Hon. JOHN GRAHAM: I return to one of the issues we raised this morning, which is the Growing Local Economies fund. Just to confirm a couple of details first, it was established on 17 August 2017, so it is relatively recent. Is that correct?

Mr BARNES: Yes. That is correct.

The Hon. JOHN GRAHAM: It is a \$500 million fund, correct?

Mr BARNES: Correct.

The Hon. JOHN GRAHAM: It is the biggest part of the Regional Growth Fund, correct?

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Mr BARNES: That is correct.

The Hon. JOHN GRAHAM: There was no issue with it, it was in the budget on 18 June 2019.

Mr BARNES: Correct.

The Hon. JOHN GRAHAM: But it was paused on midnight 14 July 2019, is that correct?

Mr BARNES: I believe so, but I will ask Mr Hanger just to confirm that.

Mr HANGER: That is correct.

The Hon. JOHN GRAHAM: How much notice was given of that suspension or that pause?

Mr HANGER: It was put on the website for Growing Local Economies three weeks beforehand. We also notified all regional mayors and general managers on 1 July.

The Hon. JOHN GRAHAM: What you said was it will be paused ahead of time.

Mr HANGER: You have an opportunity to submit an EOI. If you already have been requested to submit a detailed business case you can submit that after the pause closes.

The Hon. JOHN GRAHAM: If you are partly in train through your application, you can finish your application?

Mr HANGER: Yes.

The Hon. JOHN GRAHAM: How many applications were received in that what you are describing as a three-week period?

Mr HANGER: I will have to take that on notice.

The Hon. JOHN GRAHAM: If you could also take this on notice: How many applications were completed in the manner you are describing in that—

Mr HANGER: How many were submitted?

The Hon. JOHN GRAHAM: How many were submitted and how many were completed in the manner you are describing after that first notification?

Mr HANGER: Detailed applications coming in?

The Hon. JOHN GRAHAM: Yes.

Mr HANGER: I will take that on notice.

The Hon. JOHN GRAHAM: When will it reopen?

Mr HANGER: We are doing a review of the program. We would expect that it is likely to be by the end of the year. Just to give some context, there are 50 projects that are under assessment at the moment. We have had so far 175 applications come in requesting \$1.4 billion. So there is a very significant pipeline of projects. We want to make sure that we give all of those the opportunity to assess them as quickly as we can.

The Hon. JOHN GRAHAM: That is useful context. What is the reason why—and you may be starting to answer it there—this program is being reviewed?

The Hon. TREVOR KHAN: There is \$1.4 billion worth of projects.

The Hon. JOHN GRAHAM: Let me put it another way. Is that the reason why these are being reviewed, because it has been very popular?

Mr HANGER: It has been very popular. It is a bit similar to Resources for Regions. It is appropriate for government to review programs after they have been open for a while. We have had this program open for two years. It is enormously oversubscribed, we would say, \$1.4 billion. It is very appropriate to have a look at how that is delivering two years into the program.

The Hon. JOHN GRAHAM: That is not the stated reason for the review though. The stated reason is that a review of the program will make sure that the program is being administered effectively and is on track to deliver the stated objectives. In what way was this program not being administered effectively?

Mr HANGER: I would say it is being administered effectively.

The Hon. JOHN GRAHAM: Why do we have to review the administration of it if it was being administered effectively?

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Mr BARNES: It probably goes to a question that was raised by the Chair. We do comply with the program evaluation guidelines of Treasury.

The Hon. JOHN GRAHAM: I am happy to hear.

Mr BARNES: For every one of those programs at some point external audit—the audit office will come and have a look at them. Therefore, we have a program evaluation which includes regular opportunities to take stock of programs, how effective they have been. This is a program also that is administered through the auspice of Infrastructure NSW [INSW]. It is a somewhat atypical program insofar as it is not rounds based. So it has been consistently open.

The Hon. JOHN GRAHAM: The door is open. Anyone might walk in at any time on this program.

Mr BARNES: That is right. As Mr Hanger said, we have actually got 50 programs simultaneously in the pipeline at the moment and we are working our way through that to make sure that we can deal with those effectively.

The Hon. JOHN GRAHAM: And there are a lot of programs in this space, I can definitely understand that. That is helpful context.

Mr PRATT: Mr Graham, could I just add, I mean from a Treasury perspective?

The Hon. JOHN GRAHAM: Yes.

Mr PRATT: One of the things constantly for me is evaluation of what has occurred, how successful. We are moving to an outcome-based budgeting framework where clusters will be held accountable for every dollar of spend. But on the back of that we are establishing something we are calling the evidence bank. A gap in government in my opinion has been this ability to do post-implementation reviews—

The Hon. JOHN GRAHAM: Yes, I would agree with that.

Mr PRATT: —and capture the learnings and make sure we put those into future projects. We are in the throes of establishing that evidence bank at the moment. From that we will use that data clearly to learn from across government.

The Hon. JOHN GRAHAM: That is very helpful. Had Treasury expressed any concerns about the administration of this particular fund?

Mr PRATT: Not that I am aware of, no.

The Hon. JOHN GRAHAM: But you have got that general concern driving your—

Mr PRATT: It is a broader concern. It is not specifically about this program.

The Hon. JOHN GRAHAM: Understood. Treasury did not express a view about this particular pause either?

Mr PRATT: Not that I am aware of. Some of my Treasury officers may have been involved, but not to my knowledge.

The Hon. JOHN GRAHAM: Which would not be unusual. If you were able to take that on notice I would appreciate it.

Mr PRATT: Fine.

The Hon. JOHN GRAHAM: Thank you. Mr Barnes, maybe in your words, what caused the concern with this program? What is the best way to describe it? Because the wording here is quite opaque, which is not unusual on a government website. What was the issue here?

Mr BARNES: I think this was a planned regular review where, you know, we're almost half way through that program in terms of timing. The program was designed specifically to give—one of the things that we did is that we carved regional New South Wales up into functional economic regions and for every one of those functional economic regions we assisted local governments and sometimes there are four or five in one of those—we call them FERs. We assisted them to develop a 10-year economic development strategy. We call them REDS, the regional economic development strategy. We lodged every one of those REDS with INSW. We had them independently audited by a panel of economic specialists. They are lodged and they are publicly available. They are the reference document that INSW's independent regional group uses to help make an assessment about whether things are being done in accord with the legislation.

The Hon. JOHN GRAHAM: Who is conducting this review?

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Mr BARNES: It will be an internal review.

The Hon. JOHN GRAHAM: Okay.

Mr BARNES: But we will include always NSW, who are our partners. We will go and talk to the key funding recipients to make sure that it is working for them. We have done that on a number of occasions already.

The Hon. JOHN GRAHAM: Thank you for that.

Mr BARNES: That is the councils and the—

The Hon. JOHN GRAHAM: This is a flagship that the Deputy Premier has spruiked quite widely. Did anyone tell him that it has been suspended? He seemed quite surprised. It would be unusual to suspend it and not—

Mr BARNES: We meet with the Deputy Premier's office on a weekly basis. The Deputy Premier's office certainly was made aware of this planned pause.

The Hon. JOHN GRAHAM: Which would be the usual process?

Mr BARNES: Correct.

The Hon. JOHN GRAHAM: Thank you, Mr Barnes. I might hand to my colleague at this point.

The Hon. MICK VEITCH: Is there a co-contribution requirement in this funding program?

Mr HANGER: Yes, 25 per cent.

The Hon. MICK VEITCH: Is there ever an exemption applied to a co-contribution?

Mr HANGER: We do look at hardship for councils, obviously. We have talked significantly about drought and the impact of drought, so we do look at hardship.

The Hon. MICK VEITCH: This is hard, so are there criteria around the hardship provisions?

Mr HANGER: Yes. We look at the SEIFA index as a starting point.

Mr BETTS: Would you explain that?

Mr HANGER: SEIFA is the Socio-Economic Indexes for Areas. I will dig out the exact details.

The Hon. MICK VEITCH: Hansard will love you if you could do that because it makes their job a whole lot easier. Thank you. But you are making provisions for hardship, particularly around the drought because some of the councils, particularly the small councils, will find it difficult to make that contribution. Do you not agree?

Mr HANGER: And there is a dedicated drought stimulus package.

The Hon. JOHN GRAHAM: How many exemptions have been granted for that 25 per cent contribution?

Mr HANGER: I will have to take that on notice.

The Hon. MICK VEITCH: I will move on.

The Hon. JOHN GRAHAM: I will chip in with one final question, if you could also tell us on notice how much of this program has been allocated.

The Hon. MICK VEITCH: With regard to this morning's line of questioning around Forestry Corp and the proposal to privatise, as I understand it, the scoping on the softwood portion of Forestry Corp, how long has that scoping been underway, Mr Betts?

Mr BETTS: I will ask Mr Pratt to answer that because it is part of Treasury.

Mr PRATT: The scoping study was announced approximately two weeks ago. The Treasurer announced it. It would have been 28 August.

The Hon. MICK VEITCH: Had there been any work conducted within the department prior to that being announced?

Mr PRATT: There was the preparation of the scoping study, obviously getting that ready to go, yes.

The Hon. MICK VEITCH: So the scoping study has been announced. I am a little unclear on when that would be expected to be finalised and a decision made.

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Mr PRATT: We have not set a time line on that yet but I would expect that that would take a number of months. The intention is really to understand the market, the players, the opportunities, what the issues are. So to do that justice I would expect that would be a few months in that process.

The Hon. MICK VEITCH: I am just trying to understand this particular business a bit better. Is there a cross-subsidisation from the softwood timber to the hardwood timber arrangements to help to balance the activities of hardwood?

Mr ROBERTS: I can answer that. No, there is not.

The Hon. MICK VEITCH: There is no cross-subsidisation?

Mr ROBERTS: No. We have a relatively small corporate number of staff and those costs are allocated according to usage down to the two businesses and we run both businesses as best we can as individual profit centres. They have their own sets of accounts, their own balance sheets. They are separate.

The Hon. MICK VEITCH: Thank you for that. Will the regional jobs guarantee, which was meant to be discussed this morning around Essential Energy with the Deputy Premier and which was mentioned in the Treasurer's and Deputy Premier's media release on 29 August, be modelled on the Illawarra regional presence requirements for the sale of Pillar?

Mr PRATT: It is early at this stage to respond on that basis but what I would say to you is clearly the retention of regional jobs will be a key element of where we land on the scoping study, yes.

The Hon. MICK VEITCH: It is pretty important. I live at Tumut, so there is a fair bit of interest in this, let me tell you and as you can imagine.

Mr PRATT: Right.

The Hon. MICK VEITCH: With regard to—no, that is probably part of the scoping so I will leave it there. Is there a dividend that is paid from Forestry Corp to Treasury?

Mr ROBERTS: Yes, there is.

The Hon. MICK VEITCH: Just as a matter of interest, what was that in the last financial year?

Mr ROBERTS: I can—

The Hon. MICK VEITCH: You can take that on notice.

Mr ROBERTS: I can tell you this year it will be \$32.5 million, in round numbers.

The Hon. MICK VEITCH: As a State-owned corporation [SOC] are you exempt from the efficiency dividend requirement? Sorry, through Mr Betts, are you exempt from the efficiency dividend requirements of the State Government?

Mr ROBERTS: No, we are not.

The Hon. MICK VEITCH: You have to find the efficiency dividend as well?

Mr ROBERTS: Yes, we do.

The Hon. MICK VEITCH: Are you able to tell us how you are doing that? Not all of it, but just give us a bit of the flavour of some of the projects you might be doing and how you are going to find the funds.

Mr ROBERTS: Look, it is implemented over the next two or three years. You have probably seen the numbers. We still have quite a bit of planning to do in order to be able to achieve that but we are looking at those compressible costs with regards to contractors and external advice that we might get where we might use some of that money. In terms of specifics, I could not give you those today.

The Hon. MICK VEITCH: It is not causing you any angst though?

Mr ROBERTS: Not at this stage. Not this year.

The Hon. MICK VEITCH: I like the qualifier. It's very good. Thank you.

The Hon. JOHN GRAHAM: Wait until the plan comes out.

Mr JUSTIN FIELD: When it is in the plan it cannot be changed.

The Hon. MICK VEITCH: Yes. The Forestry Corp annual report 2017-18 at page 65 it shows a fall in employee numbers both in office-based and field-based employees of about 10 per cent over the period 2015 to

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2018. There is about a 10 per cent reduction in staff. Is that just natural attrition or was there an intentional management decision to reduce the staffing in the Forestry Corporation?

Mr ROBERTS: Over the years, and I cannot be specific to the period that you have talked about, but, for example, we used to run regional workshops. When Forestry was first started as a commission, the only way that it could service its equipment was to run its own workshops because there were no facilities in the regions.

The Hon. MICK VEITCH: So Batlow, for instance.

Mr ROBERTS: Yes, exactly. Over time—and we did this in two different moves—we closed the coastal workshops and then we closed our inland workshops. There were obviously numbers of staff who were involved in those closures. One of the nice things about workshops is that the mechanics are in very high demand in regional locations so they were all able to move on and get additional or new employment. There have been moves like that over the years. It will be that kind of thing that you will probably be looking at there.

The Hon. MICK VEITCH: For instance, when you closed down workshops in Batlow, was there any offloading of the asset? Did we sell land, for instance?

Mr ROBERTS: Yes. The Batlow workshop has been subject to a sale process.

The Hon. MICK VEITCH: That followed the usual arrangements that Treasury put in place for the offloading of land asset?

Mr ROBERTS: We go through a process of getting it independently valued and putting it on the market in a competitive environment, yes.

The Hon. MICK VEITCH: Thank you. That is Batlow. Were there any others? You can take that on notice.

Mr ROBERTS: Yes, sure.

The Hon. MICK VEITCH: Just to be certain. The other issue relates to the supply contracts, particularly softwood supply. I know some of the mill operators in particular are a bit concerned about 18 or 19 years out on the contracts, mainly because people are liquidating private softwood and harvesting. They are lodging a better return now than they would have if they had hung on. Will that pose a problem for the overall supply to our softwood mills in New South Wales down the track—years 18, 19 and 20?

Mr ROBERTS: I guess in the long term a lot will depend on what happens with the private plantations that are being harvested, as you referred to, at the moment. We have been in the fortunate position where we have been able to acquire some of those blocks of land subsequent to harvesting and we are going to replant them as part of the \$24 million equity investment. We have been able to do that. In some cases those blocks and forests have been acquired by timber investment management organisations that will do the same thing. In terms of the long run, 30 years out it is very hard to predict exactly what that wood supply will look like. However, to the extent that an active wood market can be encouraged in all of the regions we operate in, all the better.

The Hon. JOHN GRAHAM: How much volume of supply have you been able to replant in the manner you describe?

Mr ROBERTS: In terms of?

The Hon. JOHN GRAHAM: As you are replanting, what is your projection about the volume of supply?

Mr ROBERTS: We replant about 8,700 hectares a year—

The Hon. JOHN GRAHAM: Yes. Some of that is your general operation, some of that is the way you are describing—you are getting private land using this equity injection. That second component—maybe on notice; I do not want to slow this down—

Mr ROBERTS: Yes, look, I can tell you we bought a 550 hectare property in Bombala two years ago. We have bought about 300 hectares in the last year. I can get you those details—

The Hon. JOHN GRAHAM: I think we will keep going, but we will come back on notice.

The Hon. MICK VEITCH: If you could take that question on notice that would be good, Mr Roberts.

Mr ROBERTS: Yes, sure.

The Hon. MICK VEITCH: The other thing is with regard to the \$24 million equity investment. Has that been fully expended? Have you utilised all of those funds?

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Mr ROBERTS: No, we have not. Again, I can give you the exact figures. We have spent about \$1.5 million so far.

The Hon. MICK VEITCH: Please. That would be good. You were talking about the locations—so Oberon, Bombala. Is that predominantly where you have purchased?

Mr ROBERTS: We have been looking at Bathurst, Oberon, Tumut, Tumbarumba and Bombala. Those are the areas where there is land available on the market on a regular basis.

The Hon. MICK VEITCH: And existing softwood operations?

Mr ROBERTS: Some are, but we have also been looking at farmland. That is proving to be exorbitantly expensive.

The Hon. MICK VEITCH: Yes. If you could take that on notice and get back to us that would be good as well. Does Forestry Corporation hold any water licences?

Mr ROBERTS: Yes, we do.

The Hon. MICK VEITCH: Do you trade those?

Mr ROBERTS: We have some high security water at Blowering for our nursery.

The Hon. MICK VEITCH: At Blowering, yes, for the nursery.

Mr ROBERTS: We have been using that. I do not believe that has been traded at the moment. We have in the past but I do not believe that we are at the moment. Let me take that on notice to be sure.

The Hon. MICK VEITCH: I understand there is an expansion of the Blowering Nursery to take place. Is that right?

Mr ROBERTS: No.

The Hon. MICK VEITCH: Thank you.

Mr DAVID SHOEBRIDGE: Mr Roberts, do you give a guarantee that the Blowering Nursery will not be privatised?

Mr ROBERTS: I cannot do that. I guess your question is in relation to the scoping study and I do not know what the nature of that will look like.

Mr DAVID SHOEBRIDGE: Does the scoping study include the Blowering Nursery?

Mr ROBERTS: Again, I do not know at this stage what is intended to be included in that study. The nursery is certainly an integral part of the forest operations that we run at the moment.

Mr DAVID SHOEBRIDGE: You decided to engage the scoping study. Is that right?

Mr ROBERTS: No.

Mr PRATT: No, that was by Treasury, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: By Treasury? Did you help inform the scoping study?

Mr ROBERTS: No.

Mr DAVID SHOEBRIDGE: How many jobs are currently at the Blowering Nursery?

Mr ROBERTS: I would have to take that on notice.

Mr DAVID SHOEBRIDGE: When I say currently, how many jobs are there over the year at the Blowering Nursery? Because obviously it is a highly seasonal workforce.

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: When did Forestry Corporation first start looking at the privatisation of the softwood estate? I think there might have been some initial scoping some years ago. However, in the last two years or so when did Forestry Corporation first begin looking at the privatisation of the softwood estate?

Mr ROBERTS: We have not looked specifically at the privatisation at all.

Mr DAVID SHOEBRIDGE: When did you first start considering privatisation, doing some investigations about privatisation of the softwood estate? Was it last year? When was it?

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Mr ROBERTS: I think it would be fair to say that since 2004 there has been ongoing debate about what might happen to the softwood plantations. That was when the last scoping study was undertaken. As you are probably aware all the softwood plantations in Australia that were State-owned—apart from Western Australia—have been privatised, as have those in New Zealand. The concept of something happening in New South Wales is certainly feasible in people's minds.

Mr HANSEN: If I may, Mr Shoebridge? I know that the department's first conversations with regards to the potential scoping study looking at the softwood part of the forestry business commenced post the induction briefings that we had with an incoming Minister, being the Deputy Premier, into the forestry space. In those we talked through the various components, the various parts of the forestry state in New South Wales, the various parts of the business. Over a series of conversations about what options there are going forward for that forestry estate, that lead to other conversations. That led to the Treasurer announcing that they would go out to market to initiate a scoping study which will focus just on the softwood as part of the business but will need to look at the full part of the Forestry Corporation in terms of potential impact.

Mr DAVID SHOEBRIDGE: So Forestry Corporation gave a briefing to the Government post-election? I assume that was—

Mr HANSEN: No, we gave—

Mr DAVID SHOEBRIDGE: The department gave a briefing to the Minister.

Mr HANSEN: The department gave a briefing to the incoming forestry Minister, which is the Deputy Premier.

Mr DAVID SHOEBRIDGE: You must have done some ancillary work before that in order to do the briefing. What led you to put privatisation on the agenda for the briefing that you gave the incoming Government?

Mr HANSEN: We did not put privatisation on the agenda for the incoming Government briefing. What we put on the agenda was the various components of the forestry estate, the various components of the business. From there, conversations about government's levers and controls around the native forestry business and around the softwood plantations business continued to develop to the point where it was: Have we ever done any work or scoping study on this? The answer was: Twice before there have been scoping studies done—in, I think, 1993 and 2004. That then led to conversations about whether it is appropriate for us to revisit and look at, in the current marketplace, whether a scoping study is warranted. That then led to the conversation and the decision by the Treasurer to announce a scoping study be commissioned.

Mr DAVID SHOEBRIDGE: Mr Roberts, did Forestry Corporation seek any advice from any external experts—be they technical, legal, financial—in the months of this year leading up to the State election?

Mr ROBERTS: I guess in terms of where I think your question is going, I would have to declare privilege of the nature of those inquiries. However, yes, there was an inquiry made in the middle of last year, a verbal inquiry, which then resulted in a more formal inquiry earlier this year.

Mr DAVID SHOEBRIDGE: That more formal inquiry was before the State election?

Mr ROBERTS: It was.

Mr DAVID SHOEBRIDGE: If Forestry Corporation is going to make a decision as important as the privatisation of the softwood estate, surely there would be a discussion with your shareholders or information with your shareholders before that kind of action is initiated? Surely?

Mr ROBERTS: Forestry Corporation does not and would not make such a decision.

Mr DAVID SHOEBRIDGE: Well, before you decide to spend Forestry Corporation's assets or money on such a venture you would surely consult with your shareholders, would you not?

Mr BETTS: What is the venture to which you are referring?

Mr DAVID SHOEBRIDGE: Privatisation of the plantation estate.

Mr BETTS: Forestry Corporation has not taken a decision to privatise—

Mr DAVID SHOEBRIDGE: That was not my question, Mr Betts.

Mr BETTS: I am trying to clarify what your question is.

Mr DAVID SHOEBRIDGE: With due respect, Mr Betts, my questions are not to you. They are to the Forestry Corporation—

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Mr BETTS: They may be misdirected to the head of Forestry Corporation when they are more properly policy questions for us.

Mr DAVID SHOEBRIDGE: —and these are decisions about the State-owned corporation. You do not have any capacity to direct Forestry Corporation do you, Mr Betts?

Mr BETTS: There are powers of direction under the legislation but I think they come from shareholder Ministers—

Mr HANSEN: The shareholder Ministers have power, yes.

Mr DAVID SHOEBRIDGE: Mr Roberts, before you commence a venture as significant as privatising the softwood plantation estate you surely spoke with your shareholders, didn't you?

Mr ROBERTS: I cannot stress in any more definitive terms: We have not made that decision and it would be completely inappropriate, as you say.

Mr DAVID SHOEBRIDGE: Before you start spending money on investigating such an important decision—this is public money we are talking about—and before you spend public money on whatever range of experts are needed, surely you consult with your shareholders?

Mr ROBERTS: No, we did not. This was a relatively minor inquiry in the nature of a clarification of a particular technical issue that we had been asked to address in conversation with our board.

Mr DAVID SHOEBRIDGE: Sorry, so the board asked you to address an issue about privatisation?

Mr ROBERTS: We had a conversation and I volunteered to check out the answer.

Mr DAVID SHOEBRIDGE: Was there a board decision made about investigating privatisation? If so, when was that?

Mr ROBERTS: No, there was not.

Mr DAVID SHOEBRIDGE: What do you mean by a conversation with the board about privatisation?

Mr ROBERTS: What I mean is that in terms of the issue that we sought advice on, it was just a clarification that in the event there was a circumstance when a privatisation was considered would this particular form of arrangement work for the sale or the lease?

Mr DAVID SHOEBRIDGE: When was that conversation?

Mr ROBERTS: That conversation was held—we sought that advice verbally—in the middle of last year.

Mr DAVID SHOEBRIDGE: It is your evidence that, to the best of your knowledge, those issues were never raised with your shareholders prior to the State election?

Mr ROBERTS: Not that I can recall; no.

Mr DAVID SHOEBRIDGE: When it comes to privatising the softwood estate, if the softwood estate is lost from Forestry Corporation, Forestry Corporation would fall into a chronic deficit situation, wouldn't it?

Mr ROBERTS: No.

Mr BETTS: No. We have answered that question.

Mr DAVID SHOEBRIDGE: The softwood estate is the only thing that props up the viability of Forestry Corporation, apart from funds from the Government under the community service obligation.

Mr ROBERTS: No, that is not the case.

Mr BETTS: We answered this, perhaps when you were out of the room.

Mr DAVID SHOEBRIDGE: In the last year the hardwood division had a very narrow earnings before interest and tax [EBIT] profit. What was the actual, final number?

Mr ROBERTS: For the prior year, 2017-18, \$3.6 million.

Mr DAVID SHOEBRIDGE: That was before tax, before interest?

Mr ROBERTS: That was EBIT, yes.

Mr DAVID SHOEBRIDGE: What about after tax and interest?

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Mr ROBERTS: We pay a national tax equivalence of 30 per cent, so I can get you the number. We pay 30 per cent tax. There is no interest to be paid on the hardwood balance sheet.

Mr DAVID SHOEBRIDGE: What was the final amount that was delivered to Forestry Corporation from the hardwood division—the final amount, net of everything?

Mr ROBERTS: I do not have that number with me today, but I can get that for you.

Mr DAVID SHOEBRIDGE: Was it positive or negative?

Mr ROBERTS: It would have been positive.

Mr DAVID SHOEBRIDGE: For the last 10 years, how many times has it been positive and how many times has it been negative?

Mr ROBERTS: For each of the last five years, including this year just closed, we have produced a positive EBIT.

Mr DAVID SHOEBRIDGE: Of one, two or three million dollars?

Mr ROBERTS: Between \$1 million and \$5 million, yes.

Mr DAVID SHOEBRIDGE: What, if any, proportion of the hardwood division's businesses are subsidised by the community service obligation in terms of roadmaking and other matters?

Mr ROBERTS: I do not believe there is any subsidy. We have a service level agreement with the department, and the department contracts the Forestry Corporation to undertake certain activities on their behalf, which a normal forestry business would not undertake. So there is recreation and tourism, there is maintenance of roads for the community benefit, there is firefighting and a whole range of different things which are encompassed in that amount.

Mr DAVID SHOEBRIDGE: How much was the community service obligation contribution to the hardwood division's operations in the last financial year?

Mr ROBERTS: During the June 2019 financial year, the hardwood division received \$12,274,355.

Mr DAVID SHOEBRIDGE: If you deduct the subsidy given to you by the community service obligation, the hardwood division last year was running at about an \$8 million to \$9 million loss. Is that right?

Mr ROBERTS: No, that is not right.

Mr DAVID SHOEBRIDGE: Well, you have a \$3 million-odd profit before interest and tax, you have a \$12 million or \$13 million subsidy in that—

Mr ROBERTS: It is not a subsidy.

Mr DAVID SHOEBRIDGE: If you took that out and provided the same level of service you would be in a \$9 million deficit.

Mr ROBERTS: If we provided the same level of service, but what I am saying is that a forestry company would not normally undertake that level of activity, which is why there is a Community Service Obligation grant.

Mr HANSEN: The two single largest budget items in our community service obligation agreement with Forestry Corporation is road construction and maintenance for community purposes, and firefighting for community purposes as well.

Mr BETTS: So it is a fee for service, no subsidy.

Mr HANSEN: Exactly.

Mr DAVID SHOEBRIDGE: How do you distinguish between road building for logging and firefighting for protecting the timber assets, and road building for community and firefighting for community protection? How do you distinguish those?

Mr ROBERTS: We have two million hectares, in round terms, that we are responsible for. One million hectares of that is not utilised for operational forestry purposes. We are harvesting about 1 per cent of that second million hectares. We know exactly which routes we are going to be carting logs on. We have an annual operating plan which identifies where the coops are, that we are going to harvest, so we know exactly where we are spending money for production purposes. With regard to community access, there are clearly roads that we maintain, grade and look after that have no logging activities anywhere near them, so we are able to segregate those activities through our accounting and expense recording system.

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Mr DAVID SHOEBRIDGE: Could I take you to the Buckenbowra logging of compartments 516 and 517, right next to the Corn Trail? Surely, Forestry Corporation would know what the cost has been of preparation, monitoring and undertaking of the logging of those compartments. Can you tell me what the cost was?

Mr ROBERTS: No, I cannot.

Mr DAVID SHOEBRIDGE: Why not?

Mr ROBERTS: We do not record the numbers in that particular way.

Mr DAVID SHOEBRIDGE: Do you know if Forestry Corporation logged that at a profit or at a loss?

Mr ROBERTS: I can tell you how much we made out of it in terms of gross revenue, yes. I do not have the number with me here today.

Mr DAVID SHOEBRIDGE: So you can tell me the gross revenue but you cannot tell me the cost. Who runs a business like that? Who runs a business where you can identify the revenue from an activity but you cannot identify the cost?

Mr ROBERTS: We know what it cost to harvest, and what it cost to haul those logs. We know what our gross margin was for those logs that came out of Buckenbowra, and then we know what our overhead contribution would have been in a general sense for those activities.

Mr DAVID SHOEBRIDGE: Why don't you give me all of those numbers?

Mr ROBERTS: I can do that.

Mr DAVID SHOEBRIDGE: You will provide those on notice?

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: Did you take into account the environmental and cultural damage done to the Corn Trail in the logging? Did you have any regard to the damage being done to the Corn Trail when the approval was made to log 516 and 517?

Mr ROBERTS: With regard to the Corn Trail, in terms of the way we harvested that particular block, there was a buffer zone constantly along the side of the Corn Trail of at least 50 metres. So we did not go anywhere near the Corn Trail.

Mr DAVID SHOEBRIDGE: You went to within 50 metres of the Corn Trail.

Mr ROBERTS: Your question was that we had some damage to the Corn Trail.

Mr DAVID SHOEBRIDGE: Not it was not. My question was, was there any consideration given to the Corn Trail?

Mr ROBERTS: In that regard, yes there was.

Mr DAVID SHOEBRIDGE: A 50 metre buffer zone, which is a standard buffer zone?

Mr ROBERTS: That was the buffer zone along that strap, yes.

Mr DAVID SHOEBRIDGE: So there was no additional consideration given because of the historic and environmental values of the Corn Trail. It was just a standard buffer.

Mr ROBERTS: That was the consideration that was given to it.

Mr JUSTIN FIELD: For a long time now, Forestry has provided stakeholders with a monthly report from each relevant regional office. I think they call it "The Monthly" generally. As I understand it, that report is no longer being issued, or is no longer available. I assume that that is because of Forestry Corporation's new portal that has been established. Is that the case?

Mr ROBERTS: Really, I could not tell you at that level of detail. I am not aware of exactly what has happened but we obviously have different ways of communicating with the community now, yes.

Mr JUSTIN FIELD: This is one of the main documents that stakeholders are interested in in terms of understanding Forestry Corporation's operations in local areas. As I understand it, not as much information is available through the portal as was available on the monthly reports. If that is the case would you undertake to continue to provide the monthly reports? I assume this is information you already collect and maintain internally.

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Mr ROBERTS: What we do is on the website. We publish all of our logging plans and all of the timing around those logging plans. We advise through that particular portal exactly when we are going to be starting our harvesting activities. So I believe we are communicating and letting people know what we are doing.

Mr JUSTIN FIELD: I am not questioning that at all. I think the reality is that when you have to go in and look at individual harvest plans and on the portal go and look at individual sites that is one way to see information. When you can see it in a single spreadsheet and you can have a look at what is currently happening, what is forecast, you can see it, obviously you would use that information to plan and run your business. That is understandably useful for other stakeholders. I will ask again: Would you be prepared to continue to publish the monthly reports and make them available to those who are interested?

Mr ROBERTS: Let me ask the question and, yes, I will come back to you.

Mr JUSTIN FIELD: If it is the case that the information that was available on the monthlies is not available through the portal, that may be something else to consider, I guess.

Mr ROBERTS: Yes.

Mr JUSTIN FIELD: With regards to the portal, how would you manage private information that might be gathered as a result of people registering to use the portal?

Mr ROBERTS: We would be forced to comply with the privacy Act.

Mr JUSTIN FIELD: Do you have a specific privacy policy that the Forestry Corporation uses?

Mr ROBERTS: Yes, we do.

Mr JUSTIN FIELD: Is that published on your website?

Mr ROBERTS: I could not say for sure but it should be.

Mr JUSTIN FIELD: Would that privacy policy relate to any information that you collect about people who register to use your website?

Mr ROBERTS: It would apply to any information we collect about anybody.

Mr JUSTIN FIELD: Are you aware that there is information kept about people who log on to look at specific elements of the portal? Are you aware if a particular user, given that they have to register, goes and has a look at information about a particular forestry area, who logged on and when is available to you? Does anyone go in and check who is logging on and looking at information about certain coops?

Mr ROBERTS: Not that I am aware of, no.

Mr JUSTIN FIELD: Would you be prepared to take on notice and ask whether or not that information is kept and at all shared throughout Forestry Corporation?

Mr ROBERTS: Yes, I am.

Mr JUSTIN FIELD: As I understand it, people have had the experience of logging on to collect information and when they have gone out to look in the forest have had private messages left for them in advance from people seemingly aware that they are about to go out there and have a look at a particular forest. The suggestion is that someone has monitored them going onto the portal and having a look at information and then that information has been used to almost follow them out there.

Mr ROBERTS: I would be most surprised if that was the case.

Mr JUSTIN FIELD: Thank you. I have a separate question. If I could, Ms Bell, this might be for you. I recently wrote to the Deputy Premier. It related to some concerns that I have had about how Regional Development Australia [RDA] Far South Coast had been engaging with certain applicants for the 489 regional visa—Mr Matthew Williams, who I assume works for you or you would know.

Ms BELL: No.

Mr JUSTIN FIELD: Or someone else on the panel—Director, Investment Attraction.

Ms BELL: Oh, Matt Williams—sorry, yes.

Mr JUSTIN FIELD: He came to visit me with a senior manager from Business and Skilled Migration. I really appreciated that opportunity. I raised some of the concerns that had been brought up in my community. I got the sense that working with RDAs was a bit of a bugbear for your department and that you had received

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many complaints from the community about working with RDAs in regard to the skilled visas. Is that the case and would you be able to provide to the Committee the numbers of complaints against the regional RDAs?

Ms BELL: I would have to take the number of complaints on notice because I am not aware of the number. So I will take that on notice for you.

Mr JUSTIN FIELD: But are you aware that there have been a number of complaints?

Ms BELL: I would not say the word "number" is correct. I would say there has been one or two that I am aware of. But more broadly we will come back to you on the volume.

Mr JUSTIN FIELD: Thanks very much.

Mr BARNES: And just to note, Mr Field, that RDAs are wholly funded by the Federal Government.

Ms BELL: The Commonwealth.

Mr JUSTIN FIELD: I understand.

The Hon. JOHN GRAHAM: I do not mean to upset you but I am going to return to where Mr Shoebridge left off with a couple of questions relating to the scoping study and the privatisation proposal.

The Hon. TREVOR KHAN: But you will be more pleasant.

The Hon. JOHN GRAHAM: You be the judge. Mr Roberts, firstly, thank you for that information. I just want to clarify some aspects of it. The middle of the year, the board conversation, I think was the word you chose, did that occur at a board meeting or did it occur with board members?

Mr ROBERTS: I really cannot recall.

The Hon. JOHN GRAHAM: The more formal inquiry you describe, which you have agreed was before the election, you would also agree though that it was before the caretaker convention, that is, it happened in February, not in March?

Mr ROBERTS: The advice was provided in February, yes.

The Hon. JOHN GRAHAM: Thank you. When you say it was a formal inquiry you mean it was a written inquiry.

Mr ROBERTS: Yes. There was an emailed request with some documents attached.

The Hon. JOHN GRAHAM: One of the questions the Committee has is: What was the trigger for that conversation for that inquiry? That really goes to the heart of Mr Shoebridge's questions. Obviously you operate under the policy framework set by the Government and your policy Minister. That framework had not changed. What triggered this inquiry?

Mr ROBERTS: Other legislation related to the nature of the inquiry.

The Hon. JOHN GRAHAM: And what was that legislation?

Mr ROBERTS: As I say, I have to declare legal privilege and so I am not prepared to go into the detail of that but it was related to the nature of a suspected change in legislation that might have impact on a particular technical aspect that some clarification was being sought on.

The Hon. JOHN GRAHAM: No worries. I am not certain that is privileged but I am not pressing that at the moment. The policy framework had not changed though. We have talked about the shareholder Ministers. Was there any suggestion about a change in the framework made by your policy Minister or their office?

Mr ROBERTS: No.

The Hon. JOHN GRAHAM: Or by the agency they report to?

Mr ROBERTS: No.

The Hon. JOHN GRAHAM: I think the other surprising thing about that advice being sought at that time is the Premier had ruled out selling assets after the election, indicating the policy framework would not change. Can you enlighten us any more about the trigger for that? Is there anything else you want to add about the trigger for those inquiries?

Mr ROBERTS: No. Like I say, the inquiry was first made in the middle of last calendar year.

The Hon. JOHN GRAHAM: Thank you for that. I might turn to the agency. Mr Hansen, thanks for your observations there. You have detailed post-election now, clearly, some agency discussions about this issue,

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you have provided the standard ministerial briefs about the structure and then this discussion has come up subsequent to that. That is as I understood the evidence you have already given.

Mr HANSEN: Yes, that is correct.

The Hon. JOHN GRAHAM: And were those discussions in which this then came up in briefings with the Deputy Premier?

Mr HANSEN: With the Deputy Premier and subsequently with his office.

The Hon. JOHN GRAHAM: Were they in briefings at which the Treasurer was present or this was just the Deputy Premier?

Mr HANSEN: No, this was just the Deputy Premier.

The Hon. JOHN GRAHAM: It was not in the briefs that you were raising. This was a question then that was raised by the Deputy Premier in discussion.

Mr HANSEN: No, this came out of the conversations that talked about the levers available to government around native forestry operations and the difference between those and the levers available within plantations and the separation between the hardwood business and the plantation or softwood business within Forestry Corp. And it was over those series of conversations about what are the future policy options that we could be looking at in terms of those levers that the option of a scoping study came up, bearing in mind a lot of the commentary seems to have jumped ahead of the scoping study and assumed that the outcome of the scoping study—

The Hon. JOHN GRAHAM: I accept that. We are at the point of the scoping study.

Mr HANSEN: That is right. And so at that point it was flagged that it is a worthwhile conversation to be having. That was when the Deputy Premier and Treasurer obviously have had a conversation with the Treasurer being the shareholder Minister and the rest is the release on 28 August that we have already covered.

The Hon. JOHN GRAHAM: The Committee has been looking at the Premier's comments. You can understand me asking who raised this. Who put this on the agenda? Was it the agency or was it the Ministers?

Mr HANSEN: It would be fair to say it was a shared exploration of policy options for a new incoming Minister looking at the policy field in forestry for the forward four years. It was an evolution of discussion around policy levers that were available, policy levers that existed and the differentiation in the business between the plantations, the softwood and the native forest.

The Hon. JOHN GRAHAM: It sounds like the sort of free-ranging discussion to which we were treated by the Deputy Premier this morning.

Mr BETTS: It sounds like the fairly standard Westminster-system dialogue between the public service and Ministers.

The Hon. JOHN GRAHAM: I agree with that. That is a comment, it is not a question.

Mr PRATT: Mr Graham, can I just add though that clearly looking at the softwood business is not new. Given where we are relative to other States, this is an ongoing dialogue about balance sheet management, as you would expect that we would have, without specific action though other than what we have talked about.

The Hon. JOHN GRAHAM: I understand. The thing that has drawn attention to it was the political framework and the questions that were appropriately put in another place to the Ministers about what the public expectation was. But I accept your points. Do you want to add something finally, Mr Hansen?

Mr HANSEN: I was just going to say obviously in the preceding couple of years the conversations around forestry policy and the levers were heavily focused on the forestry roadmap, the implementation of the relevant pillars within that forestry roadmap and their delivery. With the instigation of a number of the key activities under that, it was a logical discussion post-election with an incoming Minister about what are the new policy options following on from the roadmap that had been delivered up until the election.

The Hon. JOHN GRAHAM: Mr Pratt, do you regard there may be competition issues that are raised by this sale? I am not asking you to make a judgement now but do you regard that as a significant or not a significant issue that will be focused on in the scoping study? Is that likely to be something that is on the radar or not at all?

Mr PRATT: I would expect that to be fleshed out in the scoping study. That is one of the reasons for it, yes.

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The Hon. JOHN GRAHAM: There have been previous scoping studies. Is that a factor from a Treasury point of view?

Mr PRATT: I cannot talk to previous studies. I have not seen those. But to your direct question, I would expect that that will be part of the study in terms of what we get.

The Hon. JOHN GRAHAM: Part of the study but you cannot say at this point how significant?

Mr PRATT: No.

The Hon. JOHN GRAHAM: You talked before about some engagement I think with potential interested parties from the private sector?

Mr PRATT: No, we have not.

The Hon. JOHN GRAHAM: Can you give us any background on what engagement or what interest there has been from the private sector at this point?

Mr PRATT: I certainly have not had any discussions with the private sector. I am not aware—obviously I am not a party to discussions with Ministers in this regard. Not to my knowledge, no.

The Hon. MICK VEITCH: Just as a matter of interest, the 2004 scoping study, does that in any way provide any information that might be of benefit to the current scoping or is it redundant?

Mr PRATT: It may well be of benefit. I have not looked at it at this point.

The Hon. MICK VEITCH: I am going to move on to another matter and I am not sure who this is—I will start with Mr Betts and I will work from there. Has there been any form of review or has there been any work done within the agencies to look at the department's accommodation needs in the Hunter Valley?

Mr BETTS: In the Hunter Valley broadly, yes. For instance, we have looked at options around accommodation needs in Maitland. We have office accommodation where the lease was due to expire at the end of the year. We have looked at options for consolidation of the various lease holdings that we have within the Maitland area. There may be other accommodation issues that are reviewed from time to time but not a major setpiece review that I am aware of.

The Hon. MICK VEITCH: When you are looking at your accommodation needs, are you looking at other agencies as well where there is a chance for co-locations or consolidation into one place of all the other agencies as well to try to maximise resourcing of government?

Mr BETTS: Yes, we do look at that. Through Property NSW, which now sits within our cluster, the Government is always looking at ways of rationalising its real estate, reducing its accommodation costs, not least in the context of the efficiency dividends that we are required to produce. For instance, a number of us are moving to Parramatta at the end of the year and we will be sharing office accommodation with the Department of Customer Service. There will be savings for both departments as a result of that.

The Hon. MICK VEITCH: You mentioned Maitland. Is that Mineral House in Maitland?

Mr WRIGHT: That is Mineral House, yes.

The Hon. MICK VEITCH: Are you looking at moving staff from there to somewhere else? Is that a part of the—

Mr WRIGHT: No, we are not.

The Hon. MICK VEITCH: So the staff will stay at Mineral House in Maitland?

Mr WRIGHT: That is correct.

The Hon. MICK VEITCH: There is no plan to divest ourselves of that piece of real estate?

Mr BETTS: No, we are looking to secure a new lease.

The Hon. MICK VEITCH: How many employees are accommodated at Mineral House?

Mr WRIGHT: Around 300 but I will take it on notice.

The Hon. MICK VEITCH: This is interesting because it follows up from the scoping study from 2004. Have we actually gone through this exercise of looking at the accommodation requirements for our staff in the Hunter previously? This would not be the first time we have looked at this, would it be fair to say?

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Mr WRIGHT: I understand there was some work done by the previous Department of Industry looking at accommodation across the Hunter.

The Hon. MICK VEITCH: Where did that land?

Mr WRIGHT: I was not part of the department at that time.

The Hon. MICK VEITCH: With regard to Mineral House, we are not going to sell it, the staff are going to stay there and are there plans—

Mr WRIGHT: The Government does not own that building. It is a leased premises.

The Hon. MICK VEITCH: You are going to renew the lease. Are there plans at some stage to consolidate any staffing at all in the Hunter into Newcastle?

Mr BETTS: No. The plan is not to relocate staff from Maitland or anywhere else into Newcastle.

The Hon. MICK VEITCH: Can I now go to the work that is being done around the Murray Valley National Park, this time more within the department. Has the department been engaged or requested to prepare a bill, a piece of legislation, regarding the degazettal of the Murray Valley?

Mr BARNES: Mr Hansen might be best to answer that one.

Mr HANSEN: The work we are doing at the moment is actually in partnership with our colleagues in the NSW National Parks and Wildlife Service looking at the different scenarios around the ecological thinning and potential outcomes from ecological thinning.

Mr BARNES: The answer is no in respect to preparation of any bills.

Mr BETTS: Degazettal.

The Hon. MICK VEITCH: What about legislation required for moving around ecological thinning? Is any work being done on that?

Mr HANSEN: No.

The Hon. JOHN GRAHAM: Do some of the options you are considering though require legislation?

Mr HANSEN: Across the full suite of options that we will be looking at and providing to the relevant Ministers for consideration, they stretch all the way from enabled under current regulatory tools that are in play at the moment all the way through to proposals that may require proposals to come before the House.

The Hon. JOHN GRAHAM: Can I just ask about the issue I was raising before. I thought the answer before was appropriate because it really was more of a question for the agencies. For a thinning program in the Murray Valley National Park to have some impact on jobs—that is really the community concern here—can we thin in this park at a level which is going to create some employment? What is the scale of thinning that would be required, in the view of the agency?

Mr HANSEN: I guess that is the part that we are modelling at the moment—modelling around what is the best set of parameters for thinning to generate the best ecological outcomes, what kind of volumes does that create of what kind of material into what kind of market at the moment. They are all things that are currently being assessed and modelled.

The Hon. JOHN GRAHAM: You will look at it from all of those angles. You will say, "What is the environmental impact of this? What is the volume? What jobs might it create?" and you will be modelling those. Is that correct?

Mr HANSEN: That is right. We will be working with our colleagues in National Parks because there have obviously been trials that National Parks have been conducting in terms of ecological thinning within the park down there. There has previously been silviculture work that has been carried out by Forestry Corp when it was a forest. We can make assessments between those two in terms of type of volume and type of quantity. We know what current market conditions are. So we can start to play with that kind of quality of various types of material, what is the incentive and attractiveness to create new business opportunities or additional jobs whilst at the same time maintaining ecological opportunity.

The Hon. JOHN GRAHAM: Can I put this uninformed view to you, but I am interested in your reaction. You would have to do quite a lot of thinning to create much work. Is that a fair statement, as you are modelling, or what is your reaction to that view?

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Mr HANSEN: I do not think we are at a point where we can be as conclusive as that statement is, but I understand what your statement is.

The Hon. JOHN GRAHAM: I am pleased to hear you are considering it more carefully than I have but can you give us any other—

Mr HANSEN: No. Honestly, at the moment we are still modelling and looking at what those parameters are.

The Hon. MICK VEITCH: Have there been any approaches at all regarding commercial activity for ecological thinning out of the Murray Valley National Park? Have there been any proposals or approaches to purchase that?

Mr HANSEN: The current ecological thinning has actually produced residues and material, the vast majority of which I believe is firewood. I might ask Mr Roberts because Forestry Corporation I think was charged with the commercial sale of a number of those materials. Is that right?

Mr ROBERTS: Yes, we did. In the first trial that National Parks undertook—I just forget the volume but about 11,000 tons from memory was produced and most of that volume was of a residue nature, so it ended up as firewood. Quite a large volume was provided through the National Parks permit system, so the logs were delivered to a particular processor who then, on furnishing a National Parks permit, was given a trailer load of wood to take home, and then there were small volumes which were converted and sold as commercial firewood.

The Hon. JOHN GRAHAM: How much employment did that volume support?

Mr ROBERTS: In that particular case there was no new operation that was created as a consequence of that, so it was marginal and incremental work adding to the existing activity that is going on down in the Murray Valley.

The Hon. MICK VEITCH: The main thing for us to satisfy here is that there is no effort within the department at the moment to prepare legislation and you do not envisage any legislative requirements to undertake your ecological thinning?

Mr HANSEN: There are two pieces there.

The Hon. MICK VEITCH: Yes.

Mr HANSEN: There is no work going on at the moment around degazettal. But in terms of what range of regulatory options may be required around those thinning parameters, I would not want to put off the table the fact that there might need to be changes depending on what series of parameters we end up having to come up with.

The Hon. MICK VEITCH: I want to go back to Mineral House at Maitland. How long is the lease that you are working towards?

Mr BETTS: My understanding is that it runs until 31 December this year.

The Hon. MICK VEITCH: Yes, and you are proposing—

Mr BETTS: We are in negotiations to extend it and we are looking at other options within Maitland as well.

The Hon. MICK VEITCH: Has there been any work done with the staff within that building about potential relocation if the lease is not secured?

Mr BETTS: There is no option which involves relocation out of Maitland.

The Hon. JOHN GRAHAM: My final question on forestry privatisation is on job numbers. The job protection consideration, which has been referred to quite directly and has been speculated about in the media, relates to the 200 staff that I think Mr Roberts referred to earlier, or 190 staff as referred to in the *Australian Financial Review*, not to the broader number of staff in Forestry Corporation. Is that correct or not? Is that what is being considered or not? This is not about protecting the broader number of employees.

Mr PRATT: No, the direct in scope is the softwoods business, which as I understand is approximately 200 staff.

Mr ROBERTS: Yes, that is correct.

The Hon. JOHN GRAHAM: So this is yet to be decided and there are no decisions here, but any job protections would apply to those 190 or 200 workers, not to the 520 FTE or thereabouts in the broader Forestry—

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Mr PRATT: With the caveat though that that is the prerogative of Government clearly, and of course at this point we do not have a transaction either so—

The Hon. JOHN GRAHAM: Well, no, I do not accept that because my question is what is the scope of the scoping study. Job protections are clearly on the agenda as part of that.

Mr PRATT: That is part of the study, yes.

The Hon. JOHN GRAHAM: But for this specific group of workers, not the broad—

Mr PRATT: That is correct but my point is that we do not have a transaction. That is the point of the scoping study.

The Hon. JOHN GRAHAM: Yes, and I totally accept that.

Mr HANSEN: Chair, if I might add, I think there is also the regional job guarantee that comes into play for that other group of staff. I would hate for them not to think of that.

The Hon. JOHN GRAHAM: Yes, that is a good point.

The CHAIR: Going back to you, Mr Pratt, on my previous line of questioning about program evaluation—and some of this is a bit contextual—one of the programs of the New South Wales Firearms Registry is the management of ranges, which it does via a Range Users Guide and has done so for many years. We have sought advice on this from Parliamentary Counsel and what we have found is that the Range Users Guide is not a statutory instrument and does not hold any statutory authority. But decisions are being made that see the closure of ranges and the loss of revenue to, in most cases, not-for-profit associations because of those closures. Does it concern you that essentially the actions of the New South Wales Firearms Registry has opened the coffers to potential class action from these not-for-profit associations because they have had a revenue stream taken from them on no legal basis, from what we can see. Does that concern you?

Mr PRATT: Chair, clearly I am interested in any revenue stream that we might look at.

The CHAIR: We are talking about a potential loss of revenue for you guys.

Mr PRATT: Exactly, but I am not aware specifically of that issue. That question is probably best directed at the agency concerned.

The CHAIR: I think it has a direct impact on you, the programs that you run and essentially the money you can raise. There seems to be no oversight in terms of these programs being evaluated and whether they are operating within the parameters of legislation.

Mr PRATT: No, there is oversight and agencies are required to go back annually to ERC with reporting. That is part of the policy. But specifically on this program, I am not aware of it. I am happy, if you want me to take that on notice, to follow it up for you.

The CHAIR: Yes, that would be great. We found out the other day that the Minister for Better Regulation is not actually responsible for the *NSW Guide to Better Regulation*; that fits under Treasury.

Mr PRATT: That is the separation of the operator from policy, which makes a lot of sense in my opinion.

The CHAIR: Are you aware that in 2017 there was a review of the firearms regulations and weapon prohibition, and I asked this question of the Minister for Better Regulation and he has obviously deflected to you guys because of that separation. Are you aware that this review did not follow the *Guide to Better Regulation* in several instances but probably the most telling is that it did not follow the consultation period—the consultation period was shorter than 28 days—and the regulatory impact statement did not include any quantitative data to support why we are having this review in the first place?

Mr PRATT: So this was a regulatory review by the operator?

The CHAIR: From my memory, it was a regulatory review by the operator, yes.

Mr PRATT: What has happened with the changes that you mentioned earlier is that we have now separated the policy ownership in regulatory review from the operations. So Treasury's responsibility now is to be involved in regulatory impact statements, for example. So any of these proposals going through to Cabinet, we will have a say in those statements and work with the particular agencies.

The CHAIR: That is moving forward, but looking back—

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Mr PRATT: Looking back, that would have been, in that particular case, I would think, under the previous structure where both the regulator policy and operator were sitting together. That was not in Treasury, so I am not familiar with that.

The CHAIR: Given the concerns I have raised particularly around the fact that we have had the Firearms Registry for essentially eight years not evaluating any programs according to your directives and it has gone through an auditor's report, which was fairly scathing but in my personal opinion probably did not go far enough, will you now go back and have a closer look at the New South Wales Firearms Registry and give some assurances to the people that are subject to its actions that it is adhering to Treasury directives and is not acting as a rogue agency, which clearly it has been for the last eight years?

Mr PRATT: Yes, Mr Banasiak, I am quite prepared to take that on notice and come back, yes.

The CHAIR: Thank you. Mr Wright?

Mr WRIGHT: Can I respond to two questions I took on notice earlier in relation to briefing of the Deputy Premier and the Gas Plan?

The CHAIR: Yes. Was that from Labor?

Mr WRIGHT: That was from Mr Graham.

The CHAIR: I will just call Mr Graham to attention so he can take note of some previous—

Mr WRIGHT: This is in response to the questions on notice in relation to the briefing of the Deputy Premier and the Gas Plan. The briefing material prepared by the division, the incoming Minister noted that the Gas Plan sets the direction for the regulatory framework for gas in New South Wales and this material also noted the Chief Scientist's recommendations inform the plan. Subsequent briefings of the Deputy Premier by the division have also noted the role of the Gas Plan and that it was informed by the Chief Scientist's recommendations. In terms of the meeting the Deputy Premier had with Santos on 13 May, there was a request for a briefing note from the department which was provided. It did not deal with the Gas Plan.

The Hon. JOHN GRAHAM: Or the Chief Scientist's—

Mr WRIGHT: There was no reference to the Gas Plan or the Chief Scientist's report in that particular meeting brief.

The Hon. JOHN GRAHAM: Just finally, you are or are not able at this point to confirm whether there was an agency person in the meeting?

Mr WRIGHT: No agency person at the meeting on 13 May.

The Hon. JOHN GRAHAM: You are confirming positively there was no agency person present at that meeting?

Mr WRIGHT: That is correct.

The CHAIR: One final question, this morning the Deputy Premier mentioned water infrastructure, talking about trying to reduce the time taken to get this sort of infrastructure approved. Has he or anyone from the Government actually spoken to anyone across this table about how that might be achieved?

Mr BETTS: I have had some preliminary discussions with the Deputy Premier, water Minister and WaterNSW, which is the bulk water supplier, but very preliminary, about how we can be smarter in terms of running the statutory planning process to enable critically needed drought-related water infrastructure to progress more rapidly through the planning system. It is very preliminary.

The CHAIR: Are you allowed to give us any more detail of what those preliminary conversations look like or what potentially some of those—

Mr BETTS: No. The question has been asked and we will do some analysis and provide some advice in due course on that.

The CHAIR: You do not have a time line for what that advice or process would look like?

Mr BETTS: No.

Mr DAVID SHOEBRIDGE: The question of removing the rating exemption for parts of State forests that are being commercially logged has been raised by the Independent Pricing and Regulatory Tribunal [IPART]. Has Forestry Corporation done any analysis about what the cost would be to Forestry Corporation of removing the rating exemption?

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Mr ROBERTS: Can you clarify the nature of the question? I am sorry, I am not quite sure where you are going with that.

Mr DAVID SHOEBRIDGE: Are you aware that IPART recommended that the rating exemption for State forests that are used for commercial logging be removed? Are you aware of IPART's recommendation?

Mr ROBERTS: This is council rates?

Mr DAVID SHOEBRIDGE: Yes.

Mr ROBERTS: I am aware that that has been mooted, yes.

Mr DAVID SHOEBRIDGE: Surely, you have done some analysis to work out what that would cost Forestry Corporation in responding to that?

Mr ROBERTS: We have a rough idea as to what the rates might cost, yes.

Mr DAVID SHOEBRIDGE: That is what I am asking you. Can you elaborate?

Mr ROBERTS: I believe it is about \$1.5 million.

Mr DAVID SHOEBRIDGE: It is as little as \$1.5 million, is that right?

Mr ROBERTS: I believe that was the number when it was last calculated. But again, that is the kind of number that we will be going back to and doing further analysis on.

Mr DAVID SHOEBRIDGE: Submissions to the Office of Local Government on that issue close today.

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: Has Forestry Corporation made a submission or done an analysis to provide a submission?

Mr ROBERTS: I am not sure. I know that we have carried out the analysis in the past. In terms of a particular submission, I am not sure whether there has been one made today or not.

Mr DAVID SHOEBRIDGE: Could you provide whatever details you can on notice about your prior analysis?

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: If you have, if you could break it down by local government area, if that is what the analysis has done and what your current estimate of removing the rating exemption would be?

Mr ROBERTS: Yes. I will take that on notice.

Mr DAVID SHOEBRIDGE: Is the removal of the rating exemption for commercial logging part of the scoping study that has been undertaken? What is the assumption in the scoping study for the privatisation of forests? Is the assumption that the rating exemption will continue or is the assumption that the rating exemption will be removed for the scoping study? Mr Pratt?

Mr PRATT: I am not aware that it specifically raises that issue. I could come back on that, Mr Shoebridge, take that on notice, but I am not aware of that being raised as a specific issue in the study.

Mr DAVID SHOEBRIDGE: You would accept that there is no policy rationale to create a rating exemption for privatised forest activities? You would accept that, there is no rational policy basis?

Mr PRATT: I will defer to my colleague on that.

Mr ROBERTS: Private forestry operations do pay rates. We also pay rates on freehold land that we own. But in terms of the Forestry Corporations activities and our balance sheet, we own the commercial crop that sits on the land. The underlying land is Crown land and we are exempt from rates.

Mr DAVID SHOEBRIDGE: But there would be no rationale to exempt land used for private commercial forestry from rates. There is no rationale for that. That would be deeply unprincipled, would it not?

Mr ROBERTS: I think that is a reasonable proposition but I do not know where the scoping study will go with regard to that particular issue.

Mr DAVID SHOEBRIDGE: Mr Hansen, are you able to shed any light upon whether or not that issue is picked up in the scoping study?

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Mr HANSEN: No, other than the fact that obviously at the moment Crown land is treated in a uniform way with regards to rating. So the question at this point is more in line with keeping a consistent approach to the rating approach for land that is owned by government. In the scoping study, and I would expect that the scoping study would look at a full range of what are the future options, including what is the business component of this that needs to be considered, and that would then have to throw up and look into—and I assume it will cover—such issues as rates, amongst other things.

Mr DAVID SHOEBRIDGE: The size of the softwood plantation estate that is potentially up for privatisation is in the order of 230,000. Is that right, Mr Roberts?

Mr ROBERTS: Yes, 220,000 net.

Mr DAVID SHOEBRIDGE: Did you say 220,000 net?

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: In the last decade what is the next largest plantation estate that has either been privatised or sold in all of the Australasian region, that is Australia and New Zealand?

Mr ROBERTS: Sorry, could you ask me that question again?

Mr DAVID SHOEBRIDGE: There is potential to sell 220,000 hectares of softwood plantation estate in New South Wales.

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: That dwarfs any individual privatisation or sale in all of Australia and New Zealand over the last decade, does it not? It dwarfs it.

Mr ROBERTS: In terms of the specifics of the sales over that time, I could not be specific, I could not comment on that. I just do not have that information in my head, but there are ways that you can get a register of all the sales that have been made in Australia and New Zealand.

Mr DAVID SHOEBRIDGE: But surely Forestry Corporation has had a look at this? You have had a look at what previous sales are? Could you tell me on notice what the next largest individual privatisation or sale has been in the last 10 years?

Mr ROBERTS: Look, it is not—

Mr DAVID SHOEBRIDGE: If you have that information.

Mr ROBERTS: It is not a part of our business. That is just information which is available in the open market. It is not something that we specifically track as part of our business.

The Hon. TREVOR KHAN: It is probably called Google.

Mr DAVID SHOEBRIDGE: If I put it to you that the next largest privatisation that we have seen in the last few decades even was the South Australian privatisation, which was well less than half of the size of the New South Wales estate, on what basis is the Government testing the market, given this sale is so disproportionately large?

The Hon. TREVOR KHAN: This is not a question for this witness.

Mr BETTS: It is not a question you can answer.

Mr ROBERTS: I cannot answer that.

Mr DAVID SHOEBRIDGE: Is that part of the scoping study, Mr Betts, or Mr Pratt?

Mr PRATT: I would expect that would absolutely be part of the scoping study, yes, to understand the market and prior sales that have gone on, absolutely.

Mr DAVID SHOEBRIDGE: What protections are proposed for the hundreds and hundreds of jobs that depend upon secure, decade-long supply of softwood estate? What protections are there to stop a private owner harvesting the estate before it comes to maturity to maximise the individual returns year by year?

Mr PRATT: Mr Shoebridge, you are getting into hypotheticals. We do not even have a transaction.

Mr DAVID SHOEBRIDGE: It is not a hypothetical, it has happened every time—

Mr PRATT: It is. It is a hypothetical—

Mr DAVID SHOEBRIDGE: —we have seen privatisations. It crushes the industry.

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Mr PRATT: We are doing a scoping study to understand the market. That is why we are doing it.

Mr DAVID SHOEBRIDGE: I am not asking about the market. I am asking about protections.

Mr PRATT: We do not have a transaction at all yet.

Mr DAVID SHOEBRIDGE: So there are none of those protections in the scoping study? You are just looking at the amount you will get now in the market?

Mr PRATT: No. The very nature of a scoping study is to have a broad look at all these issues. That is why we are doing it.

The Hon. EMMA HURST: Mr Roberts, I am going to take you back to koalas. I know it has been a little while but the Northeast Forest Alliance [NEFA] is really concerned about the logging at the Braemar State Forest. They are concerned that the logging, despite what you have told us this afternoon about the changes with the hectares in regards to logging, will still devastate the local koala population. Can you confirm that you think those concerns are unfounded, and why?

Mr ROBERTS: What I can confirm is that we will comply with the regulation, with the IFOA, which is the legal framework that we have to comply with. I mentioned all the protections in terms of habitat that are occurring with the new IFOA coming into force. In addition to that, the thing I did not say is that when we mark the block and mark the trees that are going to be retained as feed trees for koalas we are also undertaking an inspection at that time to see if there are any koalas in the block.

The Hon. EMMA HURST: How does that happen?

Mr ROBERTS: We have people on the ground. We have a GPS, basically an app that sits on an iPad. We have individual technicians and ecologists who walk through the block looking for the trees that need to be retained. We mark those trees with paint. They locate that tree.

The Hon. EMMA HURST: I just meant how do you know whether there is a koala in the tree or not?

Mr ROBERTS: We look for koalas.

The Hon. EMMA HURST: So it is just a visual look-around?

Mr ROBERTS: Yes. We look around to see if there is any evidence of koalas in the block.

Mr DAVID SHOEBRIDGE: You do not normally look for koalas. You look for koala poos and koala scratches.

Mr ROBERTS: It depends.

The Hon. EMMA HURST: I just imagine that it would be quite difficult to see a koala in a big forested area.

Mr ROBERTS: Yes. We have got people who are skilled and who do this as part of the job all the time. We look for those koalas. When the harvesting operation commences we continue to look for koalas with the crew that is operating in the area.

The Hon. EMMA HURST: A study released by the NEFA in March this year identified that the Forestry Corporation has logged 2,500 hectares of koala habitat despite that area being deemed the highest priority for protection by the Office of Environment and Heritage [OEH]. Why is the Forestry Corporation continuing to log these areas, despite the sensitive koala habitats?

Mr ROBERTS: I think I said earlier that there is a change in the way the regulation works. Here I am relying on the work of scientific panels, which have looked at different ways that these activities can be carried out and at the same time provide maximum protections for koalas. It is that regulatory framework with which we comply.

The Hon. EMMA HURST: Okay. So there are issues probably with the regulations.

Mr ROBERTS: As I say, I think the regulations provide incremental protections to koalas as compared to the previous operating framework. We are committed to following it.

The Hon. EMMA HURST: On 3 May this year the Forestry Corporation issued a press release saying that a koala was found and "a koala had been found unwell in a timber plantation harvesting area near Kempsey. The koala was taken to the Port Macquarie koala hospital but later died." At the time of the press release the Forestry Corporation said that it did not know the cause of the death but that it was investigating. Can you give me an update of this investigation or if there was an outcome, and whether a cause of death was determined?

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Mr ROBERTS: No. I am sorry, I do not have that information with me today.

The Hon. EMMA HURST: Could I get you to take that on notice, please?

Mr ROBERTS: Yes. I do not believe that we had any information come back, but let me take that on notice.

The Hon. EMMA HURST: If you could take that on notice and also take on notice another question: Have there been any more sick or dead koalas found in the timber plantation harvesting area near Kempsey since May or any other harvesting areas? Could you take that on notice?

Mr ROBERTS: I can tell you that I have worked for this organisation for 12 and a half years and there is only one other occasion when we found a sick koala in a block and it was suffering from chlamydia. They are the only two in 12 and a half years that I am aware of.

The Hon. EMMA HURST: Thank you. Last week it was reported that surveys conducted by ecologist Mark Graham had documented 17 sightings of threatened greater gliders in compartments 125 to 128 of the Kalang headwaters, which are scheduled for logging soon as well, I believe. Was the Forestry Corporation aware of the existence of the gliders on that specific area prior to this?

Mr ROBERTS: With regard to the Kalang area in behind Bellingen, first off it is a very light selective harvesting operation that we are going to undertake there. I think the reservation area within that set of compartments is about 82 per cent so we are only harvesting on the ridge tops. It is just a light selective harvest. We have done some preliminary inspection of roadworks. We have undertaken a look at the threatened species atlas that sits within OEH but we have not yet done mark-up of that particular block. When we go in there all of those criteria will be considered and taken into account in formulation of the final plan.

The Hon. EMMA HURST: There might be some adjustments to the plan to protect the gliders. Is that what you are saying?

Mr ROBERTS: As we go in and carry out our ecological surveys, we will take into account whatever it is that we find and whatever information there is about that block in order to make sure that we comply with the regulations.

The Hon. EMMA HURST: And that will include the surveys conducted by the ecologist, Mark Graham?

Mr ROBERTS: Look, if that information is made available to us, we will certainly take it into account.

The Hon. EMMA HURST: Thank you. I have a question for the Deputy Secretary for Regional NSW. One of the highlights of the 2019-2020 budget for regional New South Wales is said to be an investment of \$37.5 million over three years to extend the wild dog fence in western New South Wales to prevent the wild dogs entering the State. Can I please get a status on the construction of this fence?

Mr BARNES: I will take that question. This sits with the agriculture Minister and with the CEO of Local Land Services. I am happy to provide you with that. I think he was asked that earlier this week so we will make sure that we get you that.

The Hon. TREVOR KHAN: He's good.

The Hon. EMMA HURST: He answered a question about construction of the fence?

Mr BARNES: Yes, he did and took on notice a follow-up. But I will take that on notice for you right now. A part of the fence that was in disrepair out near Broken Hill currently is being accelerated to be repaired. He is undertaking and working with Infrastructure NSW to make sure that the rest of the fence is constructed quickly but in such a way that we can maximise local employment, which is absolutely important during a time of drought when local blokes with trailers can do the job rather than flying in or driving in someone else.

The Hon. TREVOR KHAN: He has been in Temora today.

The Hon. MICK VEITCH: "Accelerate" is a word that does come to mind when you think about the agriculture Minister.

The Hon. JOHN GRAHAM: I am worried about the deer in Temora.

Mr BARNES: Mr Veitch, just before we move on I want to let you know that the Growing Local Economies program, which officially opened in August 2017—so halfway through—it is \$238.7 million, which is half. As we said previously we are currently looking at a range of applications that would almost exhaust that fund if all of them were to be successful.

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The Hon. JOHN GRAHAM: Or in scope.

Mr BARNES: Yes, correct.

The Hon. JOHN GRAHAM: That is a very broad scope.

The Hon. TREVOR KHAN: We have 50 minutes to go, John. We are waiting for the big hits here. Come on.

The Hon. JOHN GRAHAM: There are no hits. We are just engaged in a dialogue here. I want to turn to Restart NSW. I want to understand what the changes are to the way that assessments have happened over time. The first of those is the change that was driven through Mr Betts at INSW, which was convening a Regional Independent Assessment Panel, which provided an extra level of review. Can you give us some background about what that change was, how it worked, and what it actually did in the process?

Mr BETTS: I took over as CEO of Infrastructure NSW in mid-2013. The Regional Independent Assessment Panel was up and running then for a range of programs that were being managed out of INSW. The process was that we would run through submissions-based programs. We would invite councils and not-for-profit and other organisations to submit applications for funding of programs like resources for regions, fixing country roads and other programs like that. For a number of those—

The Hon. JOHN GRAHAM: I think you have answered my question though. So it is not a change at all; it has been there all the way through?

Mr BETTS: Certainly in my memory it has been there since 2013.

The Hon. JOHN GRAHAM: Okay. Let's leave that there. I might then ask Mr Pratt: The 2017 NSW Government Guide To Cost-Benefit Analysis was an update to the 2007 guidelines. I think the view is that this did not really make any significant changes to the way BCRs are calculated or the way it might impact on, say, regional projects bidding into this—although it did make some changes. Can you give us any background about—

Mr PRATT: Mr Graham, I cannot, I am sorry. I can certainly take it on notice and come back to you.

The Hon. JOHN GRAHAM: I think you are aware of the general concern from regional communities. They are having trouble jumping the BCR threshold. The advice to date has been that that threshold, set in policy not legislation—your observation, Mr Betts—has not changed, which I think is correct but I am inviting you to—

Mr BETTS: For Restart NSW funding it remains in place. However, I would also make the observation that whilst there is—occasionally you hear a view expressed that the requirement for a BCR of greater than one is preventing good proposals getting up. In fact, all of those Restart programs are heavily oversubscribed with extremely worthwhile proposals from the regions with BCRs that can be as high as six or 10.

The Hon. JOHN GRAHAM: Yes, but that might not apply to other funding streams. I agree with that.

Mr BETTS: That is true. There are some other funding streams that sit outside Restart and outside the requirement for a BCR of greater than one.

The Hon. JOHN GRAHAM: Correct. Mr Pratt, you would obviously agree with Mr Betts. Do you want to add anything, though?

Mr PRATT: No. I think if I could come back to you on your question around 2017 just with any changes that were made then.

The Hon. JOHN GRAHAM: I am just interested in what—there were some changes, although the argument is it did not materially revise the methodology for BCRs. What were the changes? What effect did they have?

Mr PRATT: More broadly—I just comment from a Treasury perspective—the rigour of BCR is a good rigour to have in place.

The Hon. JOHN GRAHAM: Understood.

Mr BETTS: It is. It has been progressively improved over time. While the changes may not be spectacular it is a steady improvement in the richness and robustness of the methodology that we have used.

The Hon. JOHN GRAHAM: One of the issues that has been raised is about the use of the BCR in border communities. I understand that that guide did make some changes there and it now shows two different estimates of the potential impact. Mr Pratt, I do not know if you can give us any background now on that. If you would like to take that on—

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Mr PRATT: No, I will come back to you on that.

The Hon. JOHN GRAHAM: Yes, take that on notice as well. Do you accept, though, that it is still a problem in border communities? This is still an issue being raised in Albury and Tweed Heads, the way these calculations are taking place and the complex issue about working out which bits are the benefit or the cost—which bits of the benefit are accruing in New South Wales and over the border is still the subject of significant dissatisfaction.

Mr HANGER: I might just add two things. One, in regards to the Deputy Premier's portfolio, programs that do not require BCR assessment total \$890 million. That includes the dedicated NSW Cross-Border Commissioner fund of \$20 million. There are obviously technical limits about how BCRs are calculated in regards to border communities. However, the Cross-Border Commissioner's fund does not require a BCR.

The Hon. JOHN GRAHAM: So you are saying \$890 million of the funds that report to the Deputy Premier have no BCR requirement?

Mr HANGER: The Stronger Country Communities Fund, \$400 million; Drought Stimulus Package, \$170 million; NSW Regional Communities Development Fund, \$100 million; Regional Sports Infrastructure Fund, \$100 Million; Regional Cultural Fund, \$100 million; NSW Cross-Border Commissioner's Infrastructure Fund, \$20 million.

Mr BETTS: All these funds have rules, they have guidelines, they have structures and processes—

The Hon. JOHN GRAHAM: Yes. Guidelines, criteria.

Mr BETTS: —but not a requirement for a BCR of greater than one.

The Hon. JOHN GRAHAM: Mr Pratt, are you alarmed yet?

Mr PRATT: That is quite a list, isn't it? I might add to that, because we have just gone out with the My Community Dividend. Mr Hanger has played a key role in that. That does not have a BCR either.

The Hon. JOHN GRAHAM: Just staying on Restart for now, Mr Pratt, I think I firstly want to ask you to confirm the thing that the Deputy Premier did confirm but then we ran out of time to confirm it elegantly.

The Hon. TREVOR KHAN: You kept talking over the top of him. That was the problem.

The Hon. JOHN GRAHAM: I am not going to respond to that. He put the view that the regional proportion of Restart funding will reach 29 per cent at some point in the future. Can you confirm though, we are not going to reach the Government's policy objective of 30 per cent in this budget, in these forward estimates? That is correct, is it not?

Mr PRATT: First of all, if I could just confirm that the 29 per cent is confirmed. That is correct.

The Hon. JOHN GRAHAM: In which financial year?

Mr PRATT: That is in terms of forward commitments. This is more about the cash flow timing than it is about the commitment timing. So 29 per cent is committed but not cash flows.

The Hon. JOHN GRAHAM: Yes. Although you are cashflowing this fund now?

Mr PRATT: Yes, we are now.

The Hon. JOHN GRAHAM: In what year do you show that?

Mr PRATT: But in the time frame, as to this term of Government or not, I would need to revert to you on that.

The Hon. JOHN GRAHAM: Okay. But in this forward estimates can you confirm we will not reach 30 per cent? I accept what you are saying about the 29 per cent. I agree with that. Can you also confirm—now, if possible—that reaching that 29 per cent would require in this budget, in these forward estimates hitting 65.6 per cent of the Restart money going into the regions in 2022-23?

Mr PRATT: I would have to come back to you on that.

The Hon. JOHN GRAHAM: Yes, okay.

Mr PRATT: What I can say is Restart is budgeted. It is in the budgets, in the forwards. But the exact number, to your question, I will have to come back on.

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The Hon. JOHN GRAHAM: Yes, okay. I will put this view to you both now or feel free to take this on notice: Given the expenditure to date, if that was the case—65.6 per cent having to go into the regions in that financial year—that is pretty heroic compared to what has happened to date. It is significantly higher than the level we are achieving in a year or on average to date.

Mr BETTS: You made a good point this morning, which was that part of the reason why the regional percentage is relatively low is because there has been some big, chunky expenditure on some metropolitan projects like Sydney Metro City and Southwest. That has overshadowed, if you like, the regional proportion to date, whereas when a number of the regional commitments were made in light of the poles and wires transaction back in 2015 there was over \$6 billion worth of commitments given to regional New South Wales.

However, that involved a very wide spread of different projects—some of them tied to the submissions-based programs that we have been talking about today, including Growing Local Economies, which take time and rely on a council's capacity to apply for those funds, absorb them and then spend them. Then there are other major investments in regional highways. For instance, the Newell Highway is a major recipient—large program of expenditure there. Some of it has been contingent on the availability of Commonwealth funding to match New South Wales funding. It would not surprise me at all if at some point in the forward estimates period there was a rapid pivot, if you like, towards the balance of spending moving from metropolitan to regional.

The Hon. JOHN GRAHAM: I agree with all those complications, Mr Betts, which makes me more concerned about the sudden uptick in the final year of the forward estimates and whether it will be achieved in practice.

Mr BETTS: Yes, but there are real issues—

The Hon. JOHN GRAHAM: But I accept the point you are making more broadly.

Mr BETTS: —around the capacity to spend in the regions, which is one of the reasons why having the Public Works Advisory available as part of Mr Barnes' team is helping local councils deliver on the ground.

Mr PRATT: It is a good question. We will take it away and look at it.

The Hon. MICK VEITCH: In light of the other programs we have been talking about today where there are reviews now taking place, is there a scheduled review coming up for the non-BCR programs, the ones that you listed for us, Mr Hanger?

Mr HANGER: As we have sort of discussed in terms of Treasury directives, all programs delivered by Government have to have an evaluation and review as part of their structure and their establishment.

Mr BARNES: Typically, for example, we do it after every round. Stronger Country Communities, we went out after round two and spoke to the councils. We had about 30 small councils say, "We are finding it really hard to pull together our business cases. Can you give us help?" We made Public Works Advisory hours available to those people who were stretched. They gave us feedback around the level of detail for quotations and we made adjustments there. It is very normal that after every round we undertake that review and work out whether we can further improve the program according to what we want it to deliver for the Government.

The Hon. MICK VEITCH: So is there a review of the Port Kembla Community Investment Fund taking place?

Mr BARNES: I would need to take that on notice, but that fund allocates, I think, about \$1 million per annum, although I think there has been an agreement, following a review after a couple of years of that, to maybe bring forward a couple of years in one go so that bigger types of projects could be delivered for the community. Again that came from community feedback. I will check when the next review point is for that, and we will take that on notice.

The Hon. MICK VEITCH: In the very nature of the Port Kembla Community Investment Fund, do those reviews involve discussions with the local member?

Mr HANGER: I can update. In 2016 the Government committed to a review. The review is being conducted by the regional New South Wales group. That has obviously reached out to stakeholders locally, and that would include the local member of Parliament.

The Hon. MICK VEITCH: So the review is—

Mr HANGER: As Mr Barnes indicated, one of the reforms was that it is an allocation—an annual \$1 million allocation—but following input from the community about the best way to run a program for, I believe, the 100-year life of the lease for the port, instead of doing small, million-dollar rounds, consolidate a couple of years into a larger round so that larger-scale community projects can be funded.

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The Hon. MICK VEITCH: Thank you. Mr Betts, has the department been undertaking any work, specifically at the Deputy Premier's request, around uranium mining and/or nuclear generation. This is outside the current formal work being conducted by the State Development Commission chaired by the Hon. Taylor Martin. This is just very specific information for the Deputy Premier, at the Deputy Premier's request.

Mr WRIGHT: We are aware of the private member's bill on uranium mining and facilities, and the division has been looking at what information we can provide to that committee for its investigation.

The Hon. MICK VEITCH: That is handy, but I am asking specifically about a request of the Deputy Premier. Has he asked for any information regarding nuclear generation or uranium mining?

Mr WRIGHT: The Deputy Premier has requested advice on the private member's bill.

The Hon. MICK VEITCH: On the private member's bill?

Mr WRIGHT: Correct.

The Hon. MICK VEITCH: I want to move now to the quarterly work health and safety reports in mining. Have the quarterly work health and safety reports required from all mine operators been received?

Mr KEON: There are some overdue.

The Hon. MICK VEITCH: How many are overdue?

Mr KEON: I would have to take that on notice.

The Hon. MICK VEITCH: Is that at 30 June? Is that the date they have to have them in by?

Mr KEON: That is correct. They used to have to provide the quarterly reports six monthly. That time frame has now been extended. They are provided annually now.

The Hon. MICK VEITCH: When they present these reports, are they sometimes considered incomplete?

Mr KEON: Some could be. Yes, that is correct.

The Hon. MICK VEITCH: Does that mean that they are then classified as received or not received?

Mr KEON: They would be classified as received but incomplete. So they have not met their obligations in terms of the reporting.

The Hon. MICK VEITCH: They have not met their obligations?

Mr KEON: That is correct.

The Hon. MICK VEITCH: What penalties apply if your report is after the due date or incomplete?

Mr KEON: I would have to take on notice the specific penalty.

The Hon. MICK VEITCH: Have there been any? That is where I am going with that.

Mr KEON: No. If anything, we would probably issue improvement notices or other correspondence to get them to supply that. It is used as a lag indicator to try to predict where incidents are occurring. Under the work health and safety framework there are very stringent requirements to report at the time when there are incidents. If there is a serious incident or someone has been off work for seven days they have to report that to the regulator at the time. These quarterly reports are looking at lower level injuries. It is to give us a lag indicator of lower level issues across the industry for intel purposes.

The Hon. MICK VEITCH: So, just to be clear, you would issue an infringement notice—

Mr KEON: No. If we were experiencing problems, our primary response would probably be to do it through an engagement approach, first, to get them to comply. We have powers under the work health and safety legislation to issue improvement notices. So when someone has not complied with their obligations we can give them a notice to comply with those obligations, and if they do not, that creates another offence.

The Hon. MICK VEITCH: Are there repeat offenders in this scenario?

Mr KEON: Yes there would be. And we will consider that as part of our escalated enforcement approach.

The Hon. MICK VEITCH: How intransigent do they need to be before you escalate this up to some sort of infringement notice or greater penalty?

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Mr KEON: Each case on its merits. You would have to look at the compliance history. As well, you have to weigh up what is the benefit or the harm being derived from that offending. So if it is late we would have to take into consideration how late the submission was, or whether there has just been straight-out noncompliance and also are there any mitigating factors as to why they were not able to supply that information.

The Hon. MICK VEITCH: So there is a review process of each of the quarterly reports that are lodged.

Mr KEON: That is right. Any offence in our organisation, regardless of whether it is for work health and safety or the Mining Act goes through a triage process. So every single offence is considered by a committee. That committee then determines what resources will apply to any investigation or enforcement action. But if we are to take enforcement action that goes through another governance committee. That is all dealt with through that process.

The Hon. MICK VEITCH: Have you looked at a different reporting regime to the existing process?

Mr KEON: We are currently reviewing the requirements for quarterly reporting. So we have an internal review occurring into that—as to the benefit and whether we can streamline that, and what value we are getting from that information.

The Hon. MICK VEITCH: That is the scope of your review. Are you looking at anything other than those matters, or is it just into those matters you have mentioned?

Mr KEON: The review is looking at all the data we are currently collecting as part of that requirement and that process—what we are using that data for and if it is providing value, and whether we need to segment that for various parts of the industry. For smaller operators we are certainly looking at the level of information we are requiring them to supply versus the benefit we are getting from that information.

The Hon. MICK VEITCH: Much greater timeliness in the reporting of this information would be of benefit.

Mr KEON: There are significant lags on the data. It has some value to us, but limited value. As I said, for the more serious incidents there is a requirement to immediately report it, or report to us as soon as reasonably practicable, and no longer than seven days. That is our primary intelligence too and primary compliance requirement that we focus on in making sure we get those notifications so we can respond at the time and make sure those incidents can be investigated where appropriate. Because of the lag we are looking at it being potentially up to 18 months later when we get information about a lower level injury. There is only limited benefit to that information, so we are currently considering what sort of benefit versus what burden that placed on industry.

The Hon. MICK VEITCH: What is the time frame for your review?

Mr KEON: The time frame is to have that completed by the end of this year.

The Hon. MICK VEITCH: With a view to making changes for next financial year's reporting?

Mr KEON: We would hope so, but we would then have to look through what the mechanism is to make those changes—whether it is something that we can gazette or whether it requires a regulatory change through an Act that will change the regulation.

The Hon. JOHN GRAHAM: I would just like to ask about one of the issues we raised some concerns about at the last estimates committee. Have there been any more investments made out of the GO NSW Equity Fund since the first two equity investments were made?

Mr PRATT: There have been no further equity investments.

The Hon. JOHN GRAHAM: Has the fund been closed?

Mr PRATT: No it has not, at this point. It is subject to review, so one of the pieces that I initiated with the machinery of government changes was to look at the Jobs for NSW structure and its focus. So we are looking at that in totality—the equity, the lending book and also the grants.

The Hon. JOHN GRAHAM: I might come back to that, Mr Pratt.

The Hon. TREVOR KHAN: Good idea.

The CHAIR: Thanks for the hot tips, Mr Khan.

The Hon. TREVOR KHAN: Not always!

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The CHAIR: I want clarification on one of the answers you gave to Ms Hurst about the koala situation. You said that you checked for scat and, in the absence of scat, you look at the habitat. In what would be considered koala habitat you just assume that they may be there. Is that correct? Is that what you are saying?

Mr ROBERTS: There is a bit of confusion between the old regulation, which was very much scat based, and the new regulations, which are very much habitat based in terms of protections that we apply. So instead of looking for a specific sign of a koala, which may or may not be there, we lock in place the protections when the habitat is there.

The CHAIR: And then would you re-evaluate that assessment if we thought about what Mr Hansen was saying in terms of acoustic testing that was done after that effect? And if acoustic testing came, I guess, as a zero or a blank—there were no koalas—would you then review that protection?

Mr ROBERTS: If we find a koala, yes, we would do.

The CHAIR: If you did not find a koala would you then—

Mr ROBERTS: Then we would stick with the regulations.

The CHAIR: I think, Mr Wright, you said that the Deputy Premier had not sought any advice around the private member's bill.

Mr WRIGHT: No, had sought advice.

The CHAIR: He had sought advice, okay. I was just going to clarify that. In terms of scoping study for Forestry Corp, and it might be Mr Hansen or Mr Roberts, have we considered in the scoping study other forest users and their socio-economic contribution to regional New South Wales as well as New South Wales in its entirety? For example, in R licence alone in terms of hunting in State forests, that contributes over \$119 million in gross State product without even considering the flow-on effects to those communities in terms of people spending money in those regions. Will that form part of your scoping study in terms of those other forest users and how they would be impacted by potential privatisation?

Mr PRATT: Mr Banasiak, perhaps I could answer that and also in response to Mr Shoebridge's earlier question. I have a list here of what the scoping study entails so if I could just give that to you. There are a number of things. Firstly, consider benefits and risks of government versus private ownership and operation; stakeholder considerations and engagement; legislative and regulatory issues; industrial relations issues; potential transaction process, sale timing and mechanism; potential transaction conditions—that is, public access, environmental protections, employee protections; and indicative valuation analysis. That is the list of what this will look at. In respect of an earlier question about prior transactions, Queensland, 210,000 hectares was completed in 2010; Victoria, 170,000 hectares in 1998; and South Australia, 90,000 hectares in 2012. I hope that answers the questions that you had earlier.

Mr DAVID SHOEBRIDGE: It does. Thanks, Mr Pratt.

The CHAIR: That is all I have. I will happily pass over to Ms Hurst.

The Hon. EMMA HURST: Mr Barnes, just before we got cut off before you were going to take on notice the status of the construction of the fence. Could I ask you to also take a second question on notice in regard to the fence, if that is all right?

Mr BARNES: Sure.

The Hon. EMMA HURST: Thank you. The question I wanted to put on notice is: What studies have been undertaken to determine the environmental impacts of extending the fence as well as the impact on the welfare of the wild dogs and any other native animals that will be restricted by the fence?

Mr BARNES: Absolutely no problem taking that on notice.

The Hon. EMMA HURST: Great. Thank you very much. If I could just follow up, just to try to clarify in my mind, I know you said the scats were no longer the main source of information. That is because it is not very indicative of where the koalas are and how much they are using. Is it a combination of methods then that are used including the scats and scratches and various other things? How is the science based to try to work it out?

Mr ROBERTS: The new regulatory framework is based on habitat map. That is the primary focus of the new regulatory framework but that is also accompanied by a search for koalas as we go through and mark up the block.

The Hon. EMMA HURST: So how do you actually map that habitat though? To determine where the koalas are—

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Mr DAVID SHOEBRIDGE: It is a desktop study, I think.

The Hon. EMMA HURST: Yes. That is what I am trying to determine. If we are not using scats any more, what measures are used to determine what that map is?

Mr ROBERTS: DPI Science and Research and the OEH undertook a study to map out the particular habitat. This is relatively straightforward to do in the sense of the species of tree that koalas like to browse and so they are able to map out the habitat across the North Coast and therefore determine where there is a likelihood there will be koalas.

The Hon. EMMA HURST: Thank you. This is a question to anyone on the panel who may have any information. I understand that the 2019 Fine Food Australia festival is taking place in Sydney and it was great to see a number of vegan food products that were chosen to be part of the 2019 Flavours of NSW stand. Are you able to tell me about any other specific projects or funding that industry New South Wales is providing to support plant-based food manufacture in New South Wales?

Ms BELL: We recognise that it is a growing industry in Australia and worth around about \$150 million a year now, in fact. We have advanced manufacturing and food and beverage manufacturing I guess what we call strategies for those sectors. Currently this is not something that we have looked at but we certainly recognise that if there is growing interest from consumers in New South Wales and Australia more broadly that it is something we could pick up. But at the moment I do not think my group—and maybe Mr Hansen within the Department of Primary Industries can talk about that—but there are no specific initiatives underway for that particular group other than we promote all food and beverages promoted and manufactured in New South Wales to international markets and here domestically. Mr Hansen might talk a little bit about research.

The Hon. EMMA HURST: Just a quick follow-up. You mention \$150 million a year. If that continues to grow do you think it will develop a specific group?

Ms BELL: That is something we will certainly look at.

The Hon. EMMA HURST: Okay. Thanks.

Mr HANSEN: It is probably worthwhile adding to that list of things that we do for the food plant-based industry but broadly for the plant-based industry. I think we talked on Tuesday—

The Hon. EMMA HURST: We did.

Mr HANSEN: —about our current research portfolio in plant production is just over \$160 million, so actually bigger than the industry of plant-based foods. Importantly, over \$85 million of that is actually commercial funding that we receive from businesses, enterprises, production systems, producers in that industry into our research capability and into the research that we are doing.

The Hon. EMMA HURST: How does that money break down into supporting that plant-based industry? I know it is a big question, but just a generalised view.

Mr HANSEN: The largest in those areas will be in the cereals and pulse research sectors followed by our horticultural research base. We split that north and south with it being a pretty even split between northern production of cereals and pulse growing. But what we are looking for is not only a blend of disease and pest resistance, improved efficiency in water utilisation and improved soil types, less vulnerability to frosts and to high temperatures, low temperatures for various crops, but then importantly we also factor in the changing dynamics of the consumer in terms of the different products they are looking for. So, for example, the work we do around durum wheat continues to try to target the changing marketplace for wheat-based products. The work we do around rice tries to target changing consumer demand, tastes and preferences for different rice products. So we build that into the research programs.

Ms BELL: And I should just clarify that when I talk about those, I guess, vegetable meat replacement meals I am talking about vegetable products that are designed to look like meat.

The Hon. EMMA HURST: Oh, okay.

Ms BELL: That is a specific growing industry.

The Hon. EMMA HURST: Yes, and that is a separate industry that has not yet—

Ms BELL: Obviously—

The Hon. EMMA HURST: Plants in general.

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Ms BELL: Plants in general, much bigger industry across Australia and across New South Wales, but I am talking specifically about vegetarian food like vegetarian burgers or vegetarian sausages that are designed to look like meat products.

The Hon. EMMA HURST: So at the moment there is a lot going into the general plant-based agriculture but at the moment, just to confirm, there is no specific funding or initiatives around plant-based meats or clean meats like lab meats and things like that? Is that a good summary?

Ms BELL: Not within the Trade portfolio. We promote all food including plant based.

The Hon. EMMA HURST: Okay.

Mr HANSEN: And it is always difficult to work out where the crossover comes. Because, for example, we have been doing some work on high-pressure processing as a sterilisation for food safety, which obviously is a particular tool that may be used.

The Hon. EMMA HURST: True.

Mr HANSEN: Within our Science portfolio we have a number of pieces that will obviously undermine or provide platform technologies for some of the new foods.

The Hon. EMMA HURST: Okay. Thank you.

Mr DAVID SHOEBRIDGE: Mr Pratt, thank you for giving us those details about what the scoping study will be looking at. But I was more than a little surprised to find that there is an express reference to two elements, which is long-term secure supply of softwood to the industry and, secondly, job retention and job growth in regional New South Wales. Why were those two elements not identified as express and essential parts of the scoping study?

Mr PRATT: On the second issue, the point around industrial relations issues, I would expect that would come through that requirement.

Mr DAVID SHOEBRIDGE: I read that as just being what you could do with your current employees. That is what industrial relations issues means. That is not about job growth and it is not about job retention.

Mr PRATT: My expectation is it would be covered by that. It is going to be a clear requirement of Government's expectations of me to do that.

Mr DAVID SHOEBRIDGE: I will be quite frank with you, I cannot see how you get that from industrial relations, which has a distinct meaning. It is quite separate from job retention and job growth. Anyway, I am sorry; I interrupted you, Mr Pratt. I will let you finish.

Mr PRATT: To be fair—no, that is all right. There is another issue I raised here, I did not read you the full script, but potential transaction conditions, one of which is employee protections. That would be covered under that as well.

Mr DAVID SHOEBRIDGE: As we know in a privatisation, at best, that is a two-, three-, four- or five-year protection. What about long-term job retention, long-term job growth in the regions? The softwood industry is a great success story because it has the long-term secure supply from government-owned plantations, yet the scoping study is not looking at long-term job growth and long-term job retention.

Mr PRATT: I cannot accept that, Mr Shoebridge. The first point I made was: Consider the benefits of risks of government versus private ownership and operation. The very issue you have just raised would be an element of that.

Mr DAVID SHOEBRIDGE: Is it going to look at long-term secure supply and ensuring the long-term secure supply of softwoods to the industry?

Mr PRATT: By definition, surely that is part of the decision about whether it remains in government ownership or not.

Mr DAVID SHOEBRIDGE: Which is why I was surprised it was not one of the clear and express elements in the scoping study.

Mr PRATT: I am suggesting to you it would be implied in what I have put to you. That would be an expectation.

Mr DAVID SHOEBRIDGE: If you look at it from a distance without your glasses on you will see it, Mr Pratt. Implied—what does "implied" mean?

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Mr PRATT: I have given you the list of what it will cover. The issues you are raising are valid issues and my expectation is they would be covered in the scoping study. I cannot be clearer than that.

Mr DAVID SHOEBRIDGE: Despite not being expressly referenced.

Mr PRATT: I cannot be any clearer to you than what I have just said.

Mr DAVID SHOEBRIDGE: I accept that. You read the terms of the scoping study. I accept that.

Mr PRATT: No, I have answered your question as well on the two issues you have just raised.

Mr DAVID SHOEBRIDGE: Mr Roberts, has the wood supply agreement with Allied Natural Wood Exports been finalised?

Mr ROBERTS: It is in the final stages of being completed. Commercial negotiations have been going on for a while. Yes, it is very close to finalisation.

Mr DAVID SHOEBRIDGE: What is the time frame for finalising?

Mr ROBERTS: Within a couple of weeks.

Mr DAVID SHOEBRIDGE: Is it going to allow for the export of whole logs?

Mr ROBERTS: No. There are two contracts to supply logs to Allied Natural Wood Exports.

Mr DAVID SHOEBRIDGE: Which is the Eden chip mill, basically.

Mr ROBERTS: Yes. There are pulp logs that are delivered to that facility. The proposal that we are talking to them about at the moment is for the installation of a sawmill on that particular site. Their proposal is to acquire a sawmill. I understand that they have made a press release this last week advising that they have put a deposit on a new sawmill. They have employed three apprentices and have begun demolition works for construction of facilities on that site.

Mr DAVID SHOEBRIDGE: What is the contract length or what is the expected continuing contract length with Blue Ridge Hardwoods?

Mr ROBERTS: Blue Ridge Hardwoods currently have a parcel sale with us which runs until the end of this 12 months, until the end of December. There is a reasonable volume of log in their yard, so the expectation is that mill would run until sometime in the middle of next year. I do not know exactly when but something like that.

Mr DAVID SHOEBRIDGE: So your contract concludes in December and you are assuming that they will have an ongoing store to keep them going after the conclusion of the contract?

Mr ROBERTS: For some period of time, yes, but we are not the only log supplier to Blue Ridge Hardwoods.

Mr DAVID SHOEBRIDGE: You know that they have said that their business is not viable if the contract is transferred to the Eden chip mill?

Mr ROBERTS: I am aware that they have said that, yes.

Mr DAVID SHOEBRIDGE: On what basis did Minister Constance come up with a figure of \$150,000 per employee for a redundancy payment for Blue Ridge?

Mr ROBERTS: That is a policy decision. It is not within the purview of Forestry Corporation.

Mr DAVID SHOEBRIDGE: Mr Hansen, does it matter how long you work there you get \$150,000? Did he go through some process? Did he consult with the union? How did he come up with the figure?

Mr HANSEN: It is a fair way away from Forestry policy so I might need to take that on notice.

Mr DAVID SHOEBRIDGE: Is it still the figure? Is that the figure?

Mr PRATT: Mr Shoebridge, I would expect the basis of separation arrangements would have been discussed with the industrial relations team.

Mr DAVID SHOEBRIDGE: If these are just expectations but not knowledge, Mr Pratt, can you provide us with details about—

Mr PRATT: I cannot give you knowledge of it, no.

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Mr DAVID SHOEBRIDGE: Can you provide us with details about who the Minister consulted with before floating that figure of \$150,000 per employee who loses their job at Blue Ridge, and how that figure will be allocated to employees?

Mr PRATT: I can follow it up for you, Mr Shoebridge, but that is really a question for Minister Constance.

Mr DAVID SHOEBRIDGE: Surely it did not just float out of his mouth. Surely there was some advice or policy underpinning for it. That is what I am asking you about. If there is none, then tell me there is none.

Mr PRATT: I would think so but that is a question for him, is it not?

Mr DAVID SHOEBRIDGE: I am asking you what, if any, advice—

Mr PRATT: I do not have responsibility for industrial relations.

Mr DAVID SHOEBRIDGE: He did not make the statement as the Minister for industrial relations. If you are saying that there is no information at all, that will be the answer I get that you can give.

Mr PRATT: Not around this table as far as I am aware, no.

Mr DAVID SHOEBRIDGE: Mr Roberts, on how many occasions have proscriptions to protect wombat burrows or other species which are not listed or threatened been applied to logging operations in the Eden and southern RFA regions?

Mr ROBERTS: I could not give you an answer to that today. I could take it on notice.

Mr DAVID SHOEBRIDGE: You know that there were proscriptions to protect wombat burrows negotiated in relation to Glenbog State Forest after the very controversial burying alive of wombats in those forestry operations. Do you remember that?

Mr ROBERTS: I am aware that we made some provisions that time, yes.

Mr DAVID SHOEBRIDGE: Have those proscriptions been applied in any other forest since that time?

Mr ROBERTS: I would have to take that on notice.

Mr DAVID SHOEBRIDGE: If you could, please provide the details—including the locations of those proscriptions. You have to give a verbal answer, Mr Roberts.

Mr ROBERTS: Yes.

Mr DAVID SHOEBRIDGE: Mr Roberts, are there still steel-jaw traps being used in State forests?

Mr ROBERTS: I do not know. I would have to come back to you on that. I do not believe so but I will come back to you on that.

Mr DAVID SHOEBRIDGE: Is there any policy at all to prohibit the use of steel-jaw traps in State forests, or is there a policy to permit them, for example, on wild dog programs?

Mr ROBERTS: No, not that I am aware of.

Mr DAVID SHOEBRIDGE: Could you take on notice that question and include any consideration that Forestry may have given about the animal cruelty that is inherent in the use of steel-jaw traps?

Mr ROBERTS: If we use them, yes.

The CHAIR: While you are answering questions, the Committee resolved that we probably only have about 35 minutes or 40 minutes worth of questioning. We resolved that we could push on with your approval. We will give you five minutes to go to the bathroom and have a quick drink but we can all get out of here by about 5.30 p.m. if that is agreeable to the panel of witnesses.

Mr DAVID SHOEBRIDGE: Or you could all come back at 6.00 p.m. for half an hour.

Mr BETTS: I will go with option A.

The CHAIR: We will come back in five minutes.

(Short adjournment)

The CHAIR: Thank you for coming back. I will go to Mr Shoebridge for his questions and then we will go to the Opposition.

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Mr DAVID SHOEBRIDGE: Thank you and, given the time, I was hoping these questions might be able to be taken on notice, Mr Royton.

Mr ROBERTS: My name is Roberts.

Mr DAVID SHOEBRIDGE: Sorry, Mr Roberts, and I have called you Royton before because I misread a document. I apologise; there was nothing intended. Mr Roberts, there was an answer on notice given on 18 September which said, in part, that pulp in the Southern RFA region is now sold under delivered price arrangements, so a royalty is no longer applicable. I assume that is correct?

Mr ROBERTS: Pulp from the southern region?

Mr DAVID SHOEBRIDGE: Yes, sold under-delivered price arrangements, so a royalty is no longer applicable. Could you, on notice, provide on what basis is the delivered price for pulp logs calculated, what is the assumed stumpage price for pulp logs as a component of the delivered price and what are the other components and their values of the delivered price?

Mr ROBERTS: Yes, I can do that.

Mr DAVID SHOEBRIDGE: Finally, there have been very real concerns raised by locals about junk and material in the Corunna State Forest, and I have seen it myself, including large amounts of building rubble and an entire truck that has been dumped in the Corunna State Forest following recent logging. Whose responsibility is it to clear it up and will Forestry Corporation ensure that Corunna State Forest is made good?

Mr ROBERTS: I can tell you that it is an ongoing problem for our business. When we have State forest close to metropolitan regions people do go and dump all sorts of stuff in the forest. We work with council and the EPA to tidy those up as best we can, and that is what we will do in this particular case.

Mr DAVID SHOEBRIDGE: My hope was that you would take it on notice—

Mr ROBERTS: Yes, I will.

Mr DAVID SHOEBRIDGE: And you would remove the truck and then tell us in 21 days that the truck is gone. That is the plan.

Mr ROBERTS: Is that right? Okay, that is good of you, thank you.

The Hon. JOHN GRAHAM: Mr Pratt, I want to return to where we were with the GO NSW Equity Fund. You have confirmed that there are no more investments after those first two equity investments. You have confirmed, I think, that the fund is not closed formally, although there will be no future investments.

Mr PRATT: Not clear at this point. If I could just go back briefly for you, Jobs was established in 2015 with a four-year limited funding window which finished at 30 June this year. The objective was the creation of 20,000 jobs by 2021. The count I have at the moment is that 14,300 have come through the raft of grants and equity to a much smaller extent, and loans. What we did with the machinery of government change, in bringing it into Treasury, I was keen to just hit the pause button, given that the funding had run out, and say, "What has been successful, what can we learn and where do we go from here", given the Government's commitment to jobs creation. And that is exactly what we are doing. We have put all three of those options on hold, so we are not doing any more grants or loans or equity, while that review is going on. I would expect to have that review in the next month, and that will obviously go to the Treasurer and Minister Ayres for review, and then to Cabinet. That is, in summary, where we are at the moment.

The Hon. JOHN GRAHAM: When you do that review—you have given us the jobs in aggregate, thank you—will you be looking at which of those programs you consider the key drivers in terms of job creation?

Mr PRATT: Definitely.

The Hon. JOHN GRAHAM: So you will be able to indicate which of those programs is driving those 14,300 jobs and how much—

Mr PRATT: Yes, and I do not want to be negative about it, I think there are some very positive aspects. The Startup Hub in York Street—I do not know if you have been there?

The Hon. JOHN GRAHAM: I have not, no.

Mr PRATT: A highly successful initiative—400-odd start-ups have come through there now. So there are some things that I think have gone very well. There are some things that I would consider we need to look at, such as equity, and that is what we are doing.

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The Hon. JOHN GRAHAM: But it is slightly more than just a review, though. Did your briefing paper perhaps suggest closing down these grant funding schemes and exiting some of the investments? I am referring now to public reporting. Is that a fair characterisation or not?

Mr PRATT: It is more about putting them on hold until we have done the review. If we do look to exit then we will look at options around that, but I can assure you that no decision has been made yet.

The Hon. JOHN GRAHAM: Okay, so specifically for GO NSW Equity Fund investments, you have not exited those yet?

Mr PRATT: No.

The Hon. JOHN GRAHAM: Or made any change to the shareholding while this is going on?

Mr PRATT: That is correct, we have just held that position, yes.

The Hon. JOHN GRAHAM: What about any of the loan guarantees or loans?

Mr PRATT: Nothing in that respect has changed either.

The Hon. JOHN GRAHAM: So it really is all on hold.

Mr PRATT: Yes.

The Hon. JOHN GRAHAM: In any of these programs now you have made no decisions to exit?

Mr PRATT: That is correct. To your original question, technically the fund is still open, but under those three we are not applying any. There is a small component of that that we have looked at for the regional investment fund, working with Gary and his team we are looking at a few of those, but other than that there is no other work in terms of grants going on.

The Hon. JOHN GRAHAM: So your plan is to rapidly review that?

Mr PRATT: Yes.

The Hon. JOHN GRAHAM: Because obviously the Government will want job creation to be going on supported by government programs and then to reset?

Mr PRATT: That is correct. I mean the Government has made very clear to me its commitment to job creation, so coming out of that will be some firm recommendations on jobs from here and how we take it forward.

The Hon. JOHN GRAHAM: Why does the target extend to 2021 but the funding extends to just now? Was it the original view that the funding would be extended further?

Mr PRATT: I was not involved at that point, as you would appreciate, Mr Graham, but I would suggest the reason for that would be jobs will be created over a period of time. You might get the funding today, but as you build the business you will start adding more jobs, so I would think they took a view at the time that 2021 was a reasonable window for those jobs to be fully created in that time frame.

The Hon. JOHN GRAHAM: Of the funding that was originally allocated—I think it was \$190 million; is that correct?

Mr PRATT: I would have to check that for you.

The Hon. JOHN GRAHAM: I think Mr Barnes is nodding.

Mr BARNES: It sounds right.

Mr PRATT: It sounds right, yes.

The Hon. JOHN GRAHAM: My question is how much ended up committed out of that initial fund?

Mr PRATT: Yes, if I can get that for you quickly I will, or I will take it on notice.

The Hon. JOHN GRAHAM: Yes, I would be very happy with that on notice. Can you give us any sense of where you think this might go in the future? Is there any early agency view or perhaps government discussion about lessons that have been learned that you might apply to future jobs programs?

Mr PRATT: It is clearly a decision for the Government, as you would appreciate. I would not want to pre-empt the review. What I would say to you is that we are having a very intensive look at what has worked and not worked. As you would appreciate with any program like this, not everything will work, so it is important to pause and review.

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The Hon. JOHN GRAHAM: Yes.

Mr PRATT: But from my perspective, as I said to you, we will get this completed I hope in the next month.

The Hon. JOHN GRAHAM: I suggest probably you should do this on notice: If you are able to supply the names of the funds that are in scope for that particular review, that would be helpful.

Mr PRATT: Right.

The Hon. JOHN GRAHAM: Because obviously there is quite a lot of them and it sometimes is not entirely evident from this angle exactly what is and is not in scope.

Mr PRATT: Yes, I understand.

The Hon. JOHN GRAHAM: So what is considered as part of that review that is now being conducted.

Mr PRATT: We will come back to you on that. That is fine.

The Hon. MICK VEITCH: I have a couple of questions about the recent announcement of an Agent-General in London. The Premier made the announcement. Would that position be responsible for reporting to the Deputy Premier?

Mr PRATT: That would be through me, Mr Veitch. The Deputy Premier has responsibility for trade, so we are looking at the re-establishment of that role. If you think about a \$600 billion economy in the State, we have one representative in the UK. Clearly that is not sufficient, particularly with Brexit and the whole range of other things that are going on at this point, so we are reviewing not just London but our global presence right now, so part of that re London is looking at the reappointment of what we used to have as an Agent-General, but no decision has been made on that. Treasury is doing that review work now and Kylie is very much involved in that work.

The Hon. MICK VEITCH: You are reviewing all of the current trade posts?

Mr PRATT: Yes, we are.

The Hon. MICK VEITCH: Are there key performance indicators [KPIs] or benchmarks or clear expectations as to how we can measure performance of these—

Mr PRATT: I might get Ms Bell to talk to that.

Ms BELL: Yes, there are. We have 11 offices around the world in 10 countries. The Agent General is obviously a UK-specific position because of the diplomatic title with the UK. We have commissions in China, in India, in Japan, in the United Arab Emirates and in the USA. The KPIs are typically helping businesses export to that country and attracting investment from that country.

The Hon. MICK VEITCH: Attracting a dollar amount?

Ms BELL: That is correct, and number of sales, for example.

The Hon. MICK VEITCH: Is that publicly available information or not publicly available?

Ms BELL: It is not typically public. We do not publish it on our website. Some of it is commercial-in-confidence because it relates to specific companies.

The Hon. MICK VEITCH: I can understand that. Can I go back to the Agent General's position that we are creating. There will be a pretty clear expectation around performance of whoever happens to be the incumbent in that position?

Mr PRATT: Certainly if I have anything to do with it, I can assure you there will be.

The Hon. MICK VEITCH: It will not be a free-for-all. There will be some very clear instructions around what Government expects in return?

Mr PRATT: Absolutely. A key requirement of this role, in my opinion, given that we are signing MOUs with large firms in western Europe and the UK, is the ability to obviously network and relationship manage but also manage a pipeline.

The Hon. MICK VEITCH: It will be based in London but will also feed into Europe as well?

Mr PRATT: That is what we are working through at the moment. I expect that role will go beyond the UK, yes.

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The Hon. MICK VEITCH: I am asking these questions because my colleague, the Hon. Trevor Khan, might be interested in putting his hand up for the role.

The Hon. TREVOR KHAN: No. My post-political career does not extend beyond this coast.

Mr PRATT: Well, if he can manage a pipeline there may well be an opportunity.

The Hon. MICK VEITCH: The Agent General's position will be based in London, co-located with any Federal positions?

Mr PRATT: At this point we are co-located in Australia House. I would expect that will remain our venue. Victoria and South Australia have a presence there as well.

The Hon. MICK VEITCH: And the time frame for having someone in this position in London doing this work?

Mr PRATT: That is with the Government. I really cannot answer that, Mr Veitch, at the moment.

The Hon. MICK VEITCH: Arising out of the budget was \$2.15 million allocated to the TradeStart and Export Capability Building Program. I am not sure who is responsible?

Ms BELL: That is me.

The Hon. MICK VEITCH: Just what is the criteria for businesses to engage in this export program?

Ms BELL: It is a free service that is eligible to all New South Wales businesses as long as they have an Australian Business Number essentially. Within New South Wales, I think at the moment there are around about 14,500 businesses that are exporting. We work with companies before they export and when they export. We work with them to get them ready and to increase that number. We have offices across regional New South Wales as well as two advisers here in Sydney. They are very much focused on western Sydney and the start-up community, for example. But it is a free service open to all.

The Hon. MICK VEITCH: How does a business, say from far western New South Wales, feed into the system if they have got something they would like to export somewhere in the world?

Ms BELL: They can contact our office, either here in Sydney or the seven offices that we have in regional New South Wales. I will have to tell you which one they could contact. The export advisers are out and about every day. We do, I guess, workshops; we do export seminars across the State; and we have, as I mentioned, those regional locations. It is just a matter of picking up the phone or the email and getting onto us.

The Hon. MICK VEITCH: The \$2.15 million, is that staffing or actual monetary assistance for the individual businesses to develop their export plan or pursue their export initiatives?

Ms BELL: I think that \$2.1 million also includes some of our international office costs because obviously they connect together. We have obviously the team onshore that works with businesses here, then we have the team offshore in those 11 offices that introduce those Australian and New South Wales exporters into customers offshore. It is a double-edged approach. We work here to get them ready, to coach them up and then our team offshore deliver things like in-market programs or missions to help them sell them to new customers.

The Hon. MICK VEITCH: Does each of those 11 offices have a global budget?

Ms BELL: Each office has a budget, yes.

The Hon. MICK VEITCH: Are you able to take on notice and provide for each of the 11 what their budget is?

Ms BELL: Yes, sure.

The Hon. MICK VEITCH: Thank you. I am interested because you say that a part of this \$2.15 million—

Ms BELL: Yes. It probably includes some of our staff and costs here as well. I can give a breakdown how that works.

The Hon. MICK VEITCH: Can you take on notice that TradeStart and Export Capability Building Program, \$2.15 million, just how that expenditure is broken down.

Ms BELL: We also receive co-funding from the Federal Government to deliver that in New South Wales, and that is around about \$670,000 a year.

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The Hon. MICK VEITCH: If you can take it on notice and break it down for me. It was not very clear and you may have helped a little bit. Thank you.

Mr PRATT: Chair, could I go back to Mr Graham, your question around how much of the fund is being used? I will get you the break-up, but at 30 June 2018 \$117 million of the \$190 million has been committed. I do not have a 30 June 2019 figure, but that is 30 June 2018.

The Hon. JOHN GRAHAM: That is really useful. Thank you.

Mr PRATT: I will come back to you with the break-up.

The Hon. JOHN GRAHAM: I might also ask about what I think is one specific element of the fund which is being reviewed, that is part of the Regional Growth Fund, the NSW Regional Communities Development Fund. Is that one of the funds—

Mr BARNES: That is not a part of Jobs NSW. That is part of the Regional Growth Fund.

The Hon. JOHN GRAHAM: You can see exactly why I am confused. So they are not under review, not currently running through at the moment but waiting for successful projects to be notified at the end of 2019, is that correct, Mr Barnes?

Mr BARNES: Mr Hanger could fill you in on that.

Mr HANGER: There have been 14 projects successful under that. Approximately \$80 million in funding so far.

The Hon. JOHN GRAHAM: Just tell me that again?

Mr HANGER: There are 14 projects, \$80 million.

The Hon. JOHN GRAHAM: What is the value of this fund?

Mr HANGER: It is \$100 million.

The Hon. JOHN GRAHAM: When was it established?

Mr HANGER: In the 2018-19 budget.

The Hon. JOHN GRAHAM: It commenced from 1 July following that budget, is that correct?

Mr HANGER: It commenced this year, 2019-20, just commenced.

The Hon. JOHN GRAHAM: Just commenced. What are the criteria for this fund? Feel free to supply them on notice.

Mr HANGER: Essentially this is for projects that have very strong community support that have otherwise struggled through. We have talked about BCR being a challenge for regional projects. These are for projects where there might be a very strong community need; it has not necessarily crossed that BCR threshold but is important for the community. We will use choice modelling, which is essentially a way of assessing communities preferences for the projects to identify those projects that are strongly needed by communities but do not necessarily meet a BCR threshold through other programs.

The Hon. JOHN GRAHAM: On notice, could you supply a little bit more information about how you do that choice modelling? I think that will be interesting.

Mr BARNES: That is done independently by the University of Technology Sydney.

The Hon. JOHN GRAHAM: Is this a trial or is this now being driven into the mainstream of grant allocation?

Mr HANGER: Choice modelling has been used, particularly in earlier rounds of the Stronger Country Communities Fund. It is a very well recognised survey tool and can act as a proxy where, for instance, benefit-cost ratio is not necessarily the best way to assess the value of a project.

Mr BARNES: We had to include robust evaluation criteria in our program evaluation because, again, we know that all of these programs will be subject to external scrutiny and so our probity advisers would have ticked that away as an appropriate methodology. I think it is also one of the suite of methods that Treasury approve as well.

The Hon. JOHN GRAHAM: Mr Pratt, do you want to add anything to that?

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Mr PRATT: No. I used to use that approach in banking 10 years ago, so it is a very well recognised approach. Mr Graham, I actually have a 30 June 2019 report. from my efficient team.

The Hon. JOHN GRAHAM: Fantastic, I am pleased.

Mr PRATT: It is \$133.2 million.

The Hon. JOHN GRAHAM: Of the \$190 million. One of the reasons I was asking about it is one of the key dot points is that this is a program that really is for projects that have not been successful through other funds, including Regional Growth. It is quite an unusual criterion to have up-front.

Mr HANGER: As we discussed, in the programs with the Regional Growth Fund there are some that require a benefit-cost ratio, which is approximately half. There are others that do not. But many of the projects that come through the programs that require that benefit-cost ratio have been unsuccessful. So if they are picked up by something like the Regional Communities Development Fund or the stimulus package, which do not require a benefit-cost ratio, we are still able to make sure that those communities get those important projects but do not compromise the integrity of those Restart programs that require the benefit-cost ratio.

The Hon. MICK VEITCH: Is there any work done to guide the submission makers to the right programs so that they do not spend a lot of time preparing a submission and missing out?

Mr HANGER: Yes. One of the earlier answers I gave was that not only is there feedback to applicants but we ask them to engage early with the regional network. There are business development managers—about 100 staff around the State—and their job is to talk to communities, whether that is local government, not-for-profits or industry and say, "Your idea of your project looks like this. What are the most appropriate support services and funding pathways to make sure you are not spending time on something you are less likely to be successful for?"

The Hon. JOHN GRAHAM: I want to turn to another project. I asked the Minister about this but, Mr Betts, I think it would be appropriate to give you the chance to put any views that you want to on the table. I asked the Minister about your predecessor, or the former secretary, Simon Draper's advice on the Country University Centres. This was internal advice within the Department of Industry. If I just recap for you, I am really interested firstly in any views you want to put on the record. The advice said:

As we have previously discussed with the DPO, if we have a funded program, this seems like something that should be put through a competitive process. Unless there is something that I am not aware of, we don't appear to have a basis for direct dealing. In other areas, we have been at pains to consider whether there was a case for direct dealings in accordance with ICAC guidelines.

Are there any views you want to put on the record at this point?

Mr BETTS: Only that those are exactly the right questions you would want a public servant to be asking at the initial stage of a process.

The Hon. JOHN GRAHAM: I agree with that.

Mr BETTS: I might hand over to Mr Barnes.

Mr BARNES: My knowledge of this program is that that related to round two.

The Hon. JOHN GRAHAM: Correct, I agree.

Mr BARNES: The program has gone across to Education because my understanding is that it is being funded out of Training Services NSW which has gone over to Education. Minister Lee outlined the approach that Education would be taking in relation to the second round, \$8 million, for further work on Country University Centres [CUC].

The Hon. JOHN GRAHAM: I exactly agree that this is in relation to the second round. Can you confirm the thing that I think we all agree on, which is that this was not subject to competitive tendering and was in the end directly funded?

Mr BARNES: Neither Mr Betts nor myself were in that particular agency at that time.

The Hon. JOHN GRAHAM: I am comfortable with that. Mr Pratt, do you have any views about this, given your role?

Mr PRATT: No, I do not. I have not been involved, sorry.

The Hon. JOHN GRAHAM: Treasury did provide advice on some of this funding, I think perhaps in the first round at \$8 million.

Mr PRATT: Highly likely we did. Yes, we are generally involved, but I am not personally aware of it.

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The Hon. JOHN GRAHAM: That Treasury assessment has been reported as being done reasonably rapidly, given the initial process, having raised some concerns about the ability to properly assess the benefit-cost ratio. Can you give us any information at this point about Treasury's view, about either the first or the second round?

Mr PRATT: Look, I am not aware personally but I can come back. I can take it on notice and come back to you.

The Hon. JOHN GRAHAM: And perhaps we might put some specific questions on those. Mr Barnes, did you want to add something?

Mr BARNES: No. I was just saying that I had been to the Broken Hill CUC and had a look at what is being offered. It is life changing for young adult people in those communities who cannot access a university. Sometimes they are first in the family that will go to university. My background is a little bit in education. This is a fairly unique program. I have not seen the like of it before in regional centres. It certainly is delivering. I am not so sure that programs like this are best assessed through benefit-cost ratios because they are hard to roll out.

I remember when we were looking at expanding in my time in another jurisdiction the Clontarf program and Treasury required us to do a benefit-cost ratio it did not stack up but it has led to changing the lives of several thousand boys, the lives of their kids and their kids after that. If you can find people a job, then usually that is the biggest predictor for their kids having jobs. It certainly has received some very positive feedback from the communities because the program is set up so that the community owns the program. I believe that the initial funding was just to get it up and running.

The Hon. JOHN GRAHAM: Thanks for those views, Mr Barnes. You will note I am asking about a limited scope in relation to this set of issues. I do want to agree with Mr Betts' observation that these are exactly the sorts of questions that should be asked if we are considering direct dealing because in any instance in which there is direct dealing it should be visibly evident what the public benefit is in the way you are describing. That is the test. It has to be able to be publicly explained. I think we have explored that as far as we can today. We may have one or two other questions on notice.

The Hon. MICK VEITCH: This will not take long. The Space Agency has been relocated to Adelaide. I understand South Australia won the bid, which I do not think makes sense but that is a decision made by others. What I would like to know is in the light of that, have the agencies conducted or sourced dialogue with the Federal Government around why it went to South Australia and just where New South Wales missed out? The nine elements they were looking for New South Wales had, so it would have made sense to have it here. I am just wondering what agency work has been done to find out what we could have done better to try to win that agency.

Ms BELL: I can talk a little bit to that. We have definitely sought feedback. It was part of a City Deal that the Federal Government signed with Adelaide similar to what they had done with western Sydney around the Western Sydney Aerotropolis airport. We actually have representatives of the Space Agency in Sydney and they work closely with us but they have located their head office in Adelaide. We have definitely sought feedback. It was largely driven by a Federal political decision.

The Hon. JOHN GRAHAM: To what extent will we have some of that work in Sydney or New South Wales? Do you have a view about what the potential is of that? We clearly have very strong research, probably the country's leading researchers here in New South Wales.

Ms BELL: We absolutely do. The Space Agency, just prior to the election—I do not think they were able to publicly announce because of caretaker mode in New South Wales—committed \$2 million to \$2½ million to work with us on developing a space agency with a focus on western Sydney and continue to work with us around programs for the development of the industry here in Sydney. Absolutely, as I mentioned—

The Hon. JOHN GRAHAM: And that will be focused around the airport, I presume?

Ms BELL: It will be focused around how, I guess, we can commercialise some of the research that is coming out of universities, like the University of Sydney and the University of New South Wales, and of course we have greater land capacity towards western Sydney. It will be focused on how we can start to manufacture there.

The Hon. JOHN GRAHAM: I wanted to return, Mr Pratt, to your observations about the relationship with the UK and those memorandums of understanding that have been signed now—I think there were four recently. It is clearly a relationship we should be exploring at the moment. Some of those MOUs, though—and I am thinking specifically of the BAE Systems one—have been criticised for being pretty general, pretty weak commitments. One view that has been put—I am interested in your reaction to this—is that BAE has committed

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to have the right to explore participating in the campus surrounding the airport in that aerotropolis region that we are trying to get exactly this sort of business in, providing jobs in that area of Sydney.

Have you got any views about that specific MOU or about the four MOUs that have been signed? Do you want to defend—are they sort of very early attempts to tie down this highly mobile relationship? How do they compare to what we have signed in the past?

Mr PRATT: I do not have specific details. I was just trying to see if I found it for that one. More broadly, there are 17 MOUs now that have been signed. They commenced as part of a trade fair that the Government did last year—

Ms BELL: In May 2018.

Mr PRATT: —in May with the intention of attracting global players into the aerotropolis development. The focus of the team has been to get MOUs in place. To your question, these MOUs, by definition, are very general; they are not specific. They are rather an intention to cooperate, to investigate et cetera. The next stage of that right now is to turn those MOUs into hard deals. That is the focus of the western airport team that we have, the WCAA team, which they are working on right now. The four that have been recently signed are absolutely in scope. I am sorry, I cannot give you more detail on that but that is where we are at the moment.

The Hon. MICK VEITCH: Mr Pratt, "WCAA", for Hansard, is an acronym.

Mr PRATT: Yes.

The Hon. MICK VEITCH: What does it stand for?

Ms BELL: The Western City Aerotropolis Authority.

The Hon. MICK VEITCH: Thank you.

Mr PRATT: Sorry about that.

The Hon. JOHN GRAHAM: You would almost describe them as almost in the expression-of-interest category compared to what we might have used as an MOU as a tool in the past for the State. It is at a level of generality that is different to what I would have—

Mr PRATT: To me, it is a signature of intent on both sides to go forward together but negotiate the detail into a hard agreement. That is really what it is.

The Hon. JOHN GRAHAM: Okay. Thank you. I think we are done.

The CHAIR: Alright. Perfect.

The Hon. TREVOR KHAN: That is really good, in terms of the timing.

The CHAIR: It worked out well, didn't it? That concludes our questioning. Thank you to all the government officers for your attendance today. The Committee secretariat will be in touch in the near future regarding any questions taken on notice and any supplementary questions that we have. Thank you for your attendance and your candour.

(The witnesses withdrew.)

The Committee proceeded to deliberate.