



The Hon. John Barilaro MP
Deputy Premier
Minister for Regional New South Wales
Minister for Industry and Trade

Question 1 (Page 4 of transcript)

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.

ANSWER:

The Financial Report for the Restart NSW Fund has not yet been released.

Question 2 (Page 9 of transcript)

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.

ANSWER:Development applications for coal and gas

Since 2009, 6 applications & 3 modifications for coal and gas projects have been refused.

For further information, see the table below:

ID	Project Name	PType	Branch	Decision	Decider	Industry	Sub Industry	Date Determined
2150	Wallerah 2 Coal Project	Part3A	MDA(M&E)	Refused	Minister	Mining	Coal Mining	3/03/2011
3639	Warkworth Extension Project	Part3A	MDA(M&E)	Refused	Court	Mining	Coal Mining	3/02/2012
4814	Drayton South Coal Project	Part3A	Resource Assessments & Compliance	Refused	IPC-N	Mining	Coal Mining	17/10/2014
6446	Modification 4 – Mine Extension	Part3AMod	Resource Assessments & Business Systems	Refused	IPC-N	Mining	Coal Mining	17/10/2014
6451	Modification 2 – Mine Extension	Part3AMod	Resource Assessments & Business Systems	Refused	IPC-N	Mining	Coal Mining	17/10/2014
6875	Drayton South Coal	SSD	Resource Assessments & Compliance	Refused	IPC-N	Mining	Coal Mining	22/02/2017
5156	Rocky Hill Coal Project	SSD	Resource Assessments	Refused	IPC-N	Mining	Coal Mining	14/12/2017

			& Compliance					
7897	Modification to Stratford Extension Project	SSD Mod	Resource Assessments & Compliance	Refused	IPC-N	Mining	Coal Mining	14/12/2017
6367	Bylong Coal	SSD	Resource Assessments & Business Systems	Refused	IPC-N	Mining	Coal Mining	18/09/2019

Question 3 (Page 9 of transcript)

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.

ANSWER:

Environmental requirements are primarily regulated by the relevant consent authority (through conditions imposed on consent) or by the Environment Protection Authority.

In relation to environment related breaches under the Mining Act, 9 penalty notices were issued and three prosecutions were completed in FY18/19. A total of \$212,500 in fines for environment related breaches was imposed due to Resources Regulator action in FY18/19.

Question 4 (Page 24 of transcript)

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.

ANSWER:

For the purposes of a response to this question, annual commitments listed in Table 1 below refer to all relevant Wood Supply Agreements which have a duration equal to or in excess of 5 years for log products which either wholly or partially contain sections of logs which would meet the minimum log quality and size specifications for High Quality Large and Small Logs as described in the Upper and Lower North East Regional Forestry Agreements.

However, Wood Supply Agreements for Poles, Piles and Veneer have specifications which sometimes would enable a single log product to contain components which would meet minimum specifications for High Quality Large and Small Logs as well as Low Quality logs. These log product commitments are not clearly segregated and described into these categories in respective Wood Supply Agreements so the total allocations described in the table below have not been separated.

Table 1 – Annual Allocations

Financial Year	Product Group	HQ Sawlog (cubic metres)	Girders (cubic metres)	Piles (cubic metres)	Veneer (cubic metres)	Poles (cubic metres)
2015	High Quality Large	128457	4150	260	16502	31600
	High Quality Small	46664				

	Low Quality or Pulp Quality					
2016	High Quality Large	127137	4150	260	16502	31600
	High Quality Small	45984				
	Low Quality or Pulp Quality					
2017	High Quality Large	127137	4150	260	16502	31600
	High Quality Small	45984				
	Low Quality or Pulp Quality					
2018	High Quality Large	127137	4150	260	16502	31600
	High Quality Small	45984				
	Low Quality or Pulp Quality					
2019	High Quality Large	127137	4150	260	16502	31600
	High Quality Small	45984				
	Low Quality or Pulp Quality					

Table 2 – Annual Yields

Financial Year	Forest Type	Product Group	HQ Sawlog (cubic metres)	Girders (cubic metres)	Piles (cubic metres)	Veneer (cubic metres)	Poles (cubic metres)
2015	Native	HQL	130459	3135	791	4969	26602
	Native	HQS	44614	170		848	

Financial Year	Forest Type	Product Group	HQ Sawlog (cubic metres)	Girders (cubic metres)	Piles (cubic metres)	Veneer (cubic metres)	Poles (cubic metres)
	Native	Other				125	
	Plantation	HQL	3972			721	1801
	Plantation	HQS	1815			4	
	Plantation	Other					
2016	Native	HQL	132155	4924	1036	8056	24676
	Native	HQS	52321	393		2613	
	Native	Other				3225	
	Plantation	HQL	3724		1016	523	
	Plantation	HQS	2089			6	
	Plantation	Other				514	
2017	Native	HQL	131825	6504	568	9292	30673
	Native	HQS	47109	516		2139	
	Native	Other				4259	
	Plantation	HQL	8318	31	5072	895	
	Plantation	HQS	4559	2		179	

Financial Year	Forest Type	Product Group	HQ Sawlog (cubic metres)	Girders (cubic metres)	Piles (cubic metres)	Veneer (cubic metres)	Poles (cubic metres)
	Plantation	Other				851	
2018	Native	HQL	134070	5617	1033	7588	20183
	Native	HQS	49755	903		2377	
	Native	Other				1728	
	Plantation	HQL	11068	12		1610	4770
	Plantation	HQS	6006			357	
	Plantation	Other				2652	
2019	Native	HQL	136051	6546	1174	7840	24319
	Native	HQS	46763	182		1900	
	Native	Other				1821	
	Plantation	HQL	10089	110		1431	6504
	Plantation	HQS	7094			347	
	Plantation	Other				2069	

Question 5 (Page 38 of transcript)

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.

ANSWER:

This matter should be referred to the Minister for Agriculture and Western NSW.

Question 6 (Pages 41-42 of transcript)

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 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.

ANSWER:

This question was answered during the hearing, see below and refer to page 68.

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.

Question 7 (Page 42 of transcript)

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.

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—

ANSWER:

The record of that meeting is contained in the Deputy Premier's diary disclosures.

All other questions were answered during the hearing, see below and refer to page 68 of the transcript.

Mr WRIGHT: 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.

Question 8 (Page 43 of transcript)

The Hon. JOHN GRAHAM: 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.

ANSWER:

This matter should be referred to the Minister for Energy and Environment

Question 9 (Page 44 of transcript)

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.

ANSWER:

This matter should be referred to the Minister for Energy and Environment.

Question 10 (Page 45 of transcript)

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.

ANSWER:

11 projects were approved under Round Six of Resources for Regions for a combined grant value of \$26 million.

Question 11 (Page 46 of transcript)

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.

ANSWER:

Five of the 11 projects approved for funding under Round Six of the Resources for Regions program were resubmissions from the previous round (Round Five). For Rounds One to Four it is more difficult to accurately identify resubmissions to Round Six given the time that has passed since these rounds were run and changes to many project titles, proposed scope of works and projected costs since the Resources for Regions program commenced.

Question 12 (Page 46 of transcript)

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.

ANSWER:

Forestry Corporation sells timber under wood supply agreements some of which are long term and some are for shorter periods of time. Sales of High Quality Large and Small sawlogs have been made to both types of contract from time to time.

Question 13 (Page 47 of transcript)

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.

ANSWER:

Some of the assumptions leading to the calculation of the indicative quantities of Pulp/Residue Timber which could be sustainably produced have changed since the original EOI document was released however FCNSW has not gone back to the market with these as the change in quantities was not considered significant enough to warrant this. All current direct negotiations are for Pulp / Residue Logs and are focused on proposals for domestic sawing or peeling of these logs or export woodchip operations for the production of paper or other reconstituted wood products.

Question 14 (Page 47 of transcript)

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.

ANSWER:

The quantities identified in the Expression of Interest Document dated 16 March 2019 were identified as indicative quantities which FCNSW could sustainably make available under longer term wood supply agreements. These quantities would be produced as a by-product of harvesting for high quality timber products necessary to meet its existing contractual obligations.

Some of the assumptions leading to the calculation of the indicative quantities of Pulp/Residue Timber which could be sustainably produced have changed since the original EOI document was released however FCNSW has not gone back to the market with these as the change in quantities was not considered significant enough to warrant this. Calculations on any changes to the indicative LQ Sawlog quantities identified under the original EOI as capable of being sustainably produced as a by-product of harvesting for HQ timber products are incomplete.

Pulp / Residue Timber – Indicative Quantities			
Indicative Estimates	Regrowth Forest (tonnes)	Plantation Forest (tonnes)	Total (tonnes)
Original EOI (Mar 2018)	143,450	178,400	321,850
Revised quantities (Jun	177,773	150,065	327,838

Pulp / Residue Timber			
Revised Indicative Quantities (Jun 2019)	Regrowth Forest (tonnes)	Plantation Forest (tonnes)	Total (tonnes)

Supply Zone 1	18,360	88,695	107,055
Supply Zone 2	42,660	8,900	51,560
Supply Zone 3	83,971	35,460	119,431
Supply Zone 4	8,403	12,502	20,905
Supply Zone 5	2,530	4,508	7,038
Supply Zone 6 (Walcha)	10,350		10,350
Supply Zone 6 (Styx)	11,500		11,500
Total	177,774	150,065	327,839

Question 15 (Page 50 of transcript)

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—

ANSWER:

Treasury monitors compliance with the mandatory requirements of the Internal Audit and Risk Management Policy (TPP 15-03) through receipt and review of an annual attestation of compliance signed by the head of the agency. Treasury also supports agency compliance through initiatives such as working with icare on the development and delivery of risk education to the sector and, most recently, working with sector Chief Risk Officers to develop a Risk Maturity Model to enhance risk management throughout the sector.

Question 16 (Page 50 of transcript)

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.

ANSWER:

The review of the Firearms Regulation was completed, and the regulation remade in September 2017. The Treasurer was assigned responsibility for the regulatory policy framework in December 2017. Responsibility for the regulatory policy framework resided with the Minister for Better Regulation prior to its transfer to the Treasurer.

Since December 2017, Treasury has engaged with regulatory agencies to promote accordance with the NSW Government Guide to Better Regulation and continues to build capabilities across the sector on regulatory best practice.

For questions relating to the administration of the Firearms Act 1996 and the Firearms Regulation 2017, operational aspects of the firearms registry and approvals for shooting ranges, please refer to the Minister for Police.

Question 17 (Page 51 of transcript)

The Hon. JOHN GRAHAM: How many applications [for the Growing Local Economies Fund] 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.

ANSWER:

Between when the GLE pause was announced on the Regional Growth Fund website on 21 June 2019, and when applications closed on 14 July 2019, the following number applications were submitted:

- 4 Detailed Applications
- 15 Expressions of Interest.

Question 18 (Page 52 of transcript)

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.

ANSWER:

Treasury has not provided advice regarding the pause of the Growing Local Economies Fund.

Question 19 (Page 53 of transcript)

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.

ANSWER:

The SEIFA refers to the Index of Socio-Economic Indexes for Areas. This is a product developed by the Australian Bureau of Statistics that ranks areas in Australia according to relative socio-economic advantage and disadvantage. Of the 35 approved projects funded to date under the Growing Local Economies Fund, five have been approved under 2018 Guidelines (requiring the minimum 25% co-contribution and allowing for an exemption for hardship). Of the five projects, two have been granted an exemption from the minimum co-contribution of 25%. To date, 35 projects totalling \$238.7 million have been allocated funding under the Growing Local Economies Fund.

Question 20 (Page 54 of transcript)

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.

ANSWER:

Financial Year 2018 Dividend is reported in Forestry Corporation's Annual report available on the website.

Question 21 (Page 55 of transcript)

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.

ANSWER:

During Financial Year 2019, in addition to the sale of the former Batlow Workshop, the Corporation also sold surplus property at Forbes (former nursery) and Taradale (surplus rural cottage).

Question 22 (Page 55 of transcript)

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?

Mr ROBERTS: No, we have not. Again, I can give you the exact figures. We have spent about \$1.5 million so far.

ANSWER:

The \$24 million equity injection is intended for expenditure over 4 years. As at 30 June 2019 Forestry Corporation has spent \$1,165,887 of this on land acquisitions to add to the State's plantation assets. All of these are cut-over lands including a section of regrowth plantation from former private plantations.

Question 23 (Page 56 of transcript)

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.

ANSWER:

Forestry Corporation holds a high security water licence for Blowering nursery which has not been traded for at least the past 5 years. We also hold a general security licence and a portion of this has been traded (4 times since Nov 2014).

Question 24 (Page 56 of transcript)

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.

ANSWER:

There are two 2 permanent full time roles at Blowering nursery and 16 people are employed on casual seasonal employment contracts.

Question 25 (Page 59 of transcript)

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.

ANSWER:

Tax is calculated at the corporate level and not separated into Hardwood and Softwood divisions. Applying a notional tax rate of 30 per cent, which is very similar to Forestry Corporation's effective tax rate, produces the result below: Hardwood Financial Result 2017-18 Operating profit before tax \$3,584,000 less Notional tax @ 30% -\$1,075,000 Net profit after tax \$2,509,000.

Question 26 (Page 60 of transcript)

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.

ANSWER:

Cost of harvest and haul operations: \$1,084,522; Price paid for delivery of products: \$976,274. In this region, Forestry Corporation passes through a delivery charge for timber to its customers. The delivery charge is averaged across all operations, which means that some delivery charges break even or return a small loss because of the distance involved in transporting timber from more remote areas. Any delivery charge losses are offset by margins made in locations with shorter haulage distances. In line with sustainable forest management practices, Forestry Corporation does not access the same forests every year and must spread operations over a large area, including remote forests. Buckenbowra SF is classed as a remote forest in the context of all FCNSW timber harvesting operations on the South Coast.

Question 27 (Page 61 of transcript)

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.

ANSWER:

An equivalent report is already available through the Plan Portal. The information in the plan portal will be updated continuously and will be more comprehensive than previously provided data. Information collected in the plan portal is managed in accordance with Forestry Corporation's privacy policy.

Question 28 (Page 61 of transcript)

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.

ANSWER:

Information collected in the plan portal is managed in accordance with Forestry Corporation's privacy policy. The activities of logged in users on the site are only able to be viewed by the portal administrator and these activities are not routinely checked or shared. If a user chooses to subscribe to a plan their username, which does not have to be their legal name, is visible to staff. Subscription to a plan enables the system to auto email changes of plan status to people on the list.

Question 29 (Pages 61-62 of transcript)

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 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.

ANSWER:

Since July 2018, the NSW Government has received three formal complaints. Treasury is currently reviewing implications of the introduction of the Commonwealth's Skilled Work Regional (Provisional) visa (subclass 491) which replaces the 489-visa.

Question 30 (Page 64 of transcript)

The Hon. MICK VEITCH: How many employees are accommodated at Mineral House?

Mr WRIGHT: Around 300 but I will take it on notice.

ANSWER:

There are 302 staff accommodated at Mineral House (516 High Street Maitland)

Question 30 (Page 67 of transcript)

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.

ANSWER:

Please see the answer to the question regarding firearms registry on page 50.

Question 31 (Page 68 of transcript)

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.

ANSWER:

Please see the answer to the question regarding firearms registry on page 50.

Question 32 (Page 69 of transcript)

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.

ANSWER:

Calculations undertaken in 2014 indicated rates for harvestable forests could be around \$1.5 million. This was not broken down by local government area and no further analysis has been done.

Question 33 (Page 69 of transcript)

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.

ANSWER:

FCNSW's rating exemption exists where it operates on Crown land as the land is not held under a lease for private purposes. The scoping study will consider the viability of a long-term lease of FCNSW's commercial softwood plantation business. If a private sector operator was granted a lease for the softwood plantation business, Treasury's current understanding is that the Crown land exemption referred to above would no longer apply. The scoping study will consider this issue in more detail.

Question 34 (Pages 71-72 of transcript)

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?

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.

ANSWER:

Forestry Corporation undertook an incident investigation following advice from a contractor that a koala had been found unwell in a timber plantation harvesting area near Kempsey. When the koala was noticed by the contractor it was sitting on the ground. Contractors on the site immediately stopped work and contacted Forestry Corporation who contacted the Port Macquarie Koala Hospital. The hospital's volunteers took the animal to the koala hospital where we were informed it later died. The investigation looked at the circumstance leading up to the discovery of the koala and the handling of the situation. The investigation determined that staff were competently trained and the contractor had previously demonstrated compliance with the need to search for koalas. On this occasion the koala was not spotted before falling the tree, noting that the koala may not have been in the tree at the time. The communication process once the koala was detected was effective. Recommended actions following this incident include reinforcing the need for active searching for koalas during plantation harvesting operations; conduct pre-harvest assessments of upcoming areas of plantation operations; review and update the Koala Field Guide for Forestry Operations; and incorporate koala awareness into CIFOA training for all timber industry employees.

Question 35 (Page 72 of transcript)

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.

ANSWER:

- The project is being delivered by an alliance comprising Local Land Services, Soil Conservation Service, Crown Lands, Border Fence Maintenance Board and Public Works Advisory and governance arrangements have been established.
- The Engagement Strategy is underway for the project and will ensure significant landholder involvement in project planning and delivery. Formal stakeholder engagement has commenced.
- Procurement planning and engagement is underway to ensure significant financial investment in small-to-medium enterprises in western NSW. There will be opportunities for landholders and Aboriginal people to be involved in construction and ongoing operation of the extended dog fence.
- A register of interested parties is being kept to ensure participation with targeted suppliers
- Discussions with manufacturers to discuss production timelines and best-practice materials and methods is underway
- Approvals have commenced and public works advisory has commenced their review.

Question 36 (Page 73 of transcript)

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.

ANSWER:

The NSW Government Guide to Cost-Benefit Analysis was updated in 2017. The update was designed to make the Guide more accessible to non-practitioners and to add some technical appendices to reflect advances in the literature. The process of doing CBA and the BCR calculation remain unchanged. However, Box 2.6 of the Guide outlines that in cases where a Government proposal generates costs or benefits affecting neighbouring Australian jurisdictions, the CBA should report both a central estimate showing costs and benefits to the NSW community, and a separate result showing interstate costs and benefits.

Question 37 (Pages 73-74 of transcript)

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—

Mr PRATT: No, I will come back to you on that.

ANSWER:

Please see the answer to the question on page 73.

Question 38 (Page 74 of transcript)

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.

ANSWER:

As at the 2019-20 Budget, around 800 rural and regional projects and Restart programs, worth \$7.4 billion, have been approved for funding, with \$2.1 billion in further Restart funding reserved for ongoing regional grant programs or projects. This represents roundly 29 per cent of all budgeted and planned Restart funding since inception (of \$33.1 billion).

This calculation does not take account of the allocation of future receipts (for example, interest and investment earnings) or changes in the actual cost of existing projects or programs. It also includes expenditure which may occur after the 2019-20 Budget and forward estimates period. For example, the funding arrangements for the Broken Hill water pipeline, which has already been delivered, included a long-term subsidy to the asset owner from Restart for the difference between the allowable revenue from the pipeline and that recovered from customers (rather than Restart paying for the pipeline during construction).

Treasury has made a four-year cashflow estimate as at the 2019-20 Budget of the future profile of cash payments from Restart, based on current Government decisions to commit funding for identified projects, plus an estimate of the future profile of expenditure for current reservations (but not unreserved monies). The later estimate necessarily relies on assumptions about the timing of approval of future projects, the delivery profile of future projects, and the timing of claims for funding.

The cash flow estimate prepared by Treasury showed the cumulative proportion of Restart cash payments for regional projects to total payments was 27.4 per cent at the end of 2022-23. This estimate was supported by a growing regional share of total payments, including an estimate of 65.6 per cent in 2022-23.

However, this cash flow estimate should be viewed as indicative only and could vary from the actual outcome including because of changed timing of project approvals, changes in the assumed funding profile of both current and assumed projects, reductions in the absolute value of approved projects relative to approved funding, the proportion of metropolitan projects relative to regional projects within programs and, most critically, prospective decisions by the Government as to the acquittal of future receipts and to iteratively manage delivery on their stated target of 30 per cent.

Question 39 (Page 75 of transcript)

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.

ANSWER:

Please see the answer regarding Restart Funding provided to the Question on page 74.

Question 40 (Page 75 of transcript)

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.

ANSWER:

The Department has recently completed a review of the Port Kembla Community Investment Fund.

Question 41 (Page 76 of transcript)

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.

ANSWER:

The quarterly WHS reports were due on 31 July. As of 13 September 2019 there were 2,722 reports outstanding and overdue.

Question 42 (Page 76 of transcript)

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.

ANSWER:

Failure to submit QWHS report in accordance with clause 130 of the Work Health and Safety (Mines and Petroleum Sites) Regulation 2014:

Maximum penalty in the case of an individual—\$6,000, or in the case of a body corporate—\$30,000.

Penalty notice offence in the case of an individual—\$720, or in the case of a body corporate—\$3660.

Question 43 (Page 78 of transcript)

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.

ANSWER:

As part of the environmental assessment, specialist consultants will be engaged to determine the potential impact the fence may have on fauna - including any impact the fence may have on the movement of native fauna. Targeted surveys of threatened species and ecological communities either known to occur, or with the potential to occur in the study area, will be undertaken, and an assessment of the likely impacts associated with the construction and ongoing operation and maintenance of the dog fence will be made. These works will be undertaken by qualified ecological consultants in accordance with the NSW Biodiversity Conservation Act 2016 and the Commonwealth Environment Protection and Biodiversity Conservation Act 1999.

All Local Land Services management practices for wild dogs are conducted in accordance with the Model Code of Practice for the Humane Control of Wild Dogs.

Question 44 (Page 81 of transcript)

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.

ANSWER:

This is a matter for the Minister for Transport and Roads

Question 45 (Page 82 of transcript)

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.

ANSWER:

This is a matter for the Minister for Transport and Roads

Question 46 (Page 82 of transcript)

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.

ANSWER:

Forestry Corporation has implemented the voluntary prescriptions for wombats in compartments in Glenbog, Corunna and Mogo State forests.

Question 47 (Page 82 of transcript)

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.

ANSWER:

Forestry Corporation works with LLS to manage pests in State forests and uses a range of methods including traps. In some instances steel-jaw traps with rubber teeth are used. These are checked daily.

Question 48 (Page 83 of transcript)

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.

ANSWER:

Pulp logs from the south coast sub-region of the Southern Regional Forest Agreement are sold under a single delivered price. The residual value, or stumpage, is highly variable and based on the distance from the mill and difficulty of harvesting. The current weighted average residual value is \$3.72/t. The current weighted average cost to harvest and haul pulp logs, including an administration charge, is \$72.28/t. Pulp logs sold from south coast are primarily from sections of those trees harvested to supply local sawmills with sawlogs thus providing significant additional non-monetary value through the supply chain. END, ANSWER TO NEXT QUESTION People dumping items in State forests is an ongoing problem. We investigate incidents of illegal dumping, report serious incidents to the Environment Protection Authority or NSW Police and work collaboratively with other government agencies and land managers on this issue. We are investigating the dumping in Corunna State Forest and options for removing these items.

Question 49 (Page 84 of transcript)

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.

ANSWER:

As at 30 June 2019, \$133.2M has been committed.

Question 50 (Page 85 of transcript)

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.

ANSWER:

The Review of Jobs for NSW and the Jobs for NSW Fund includes the Regional Investment Attraction Fund and the Western Sydney Investment Attraction Fund which are components of the Jobs for NSW Fund.

Question 51 (Page 86 of transcript)

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.

ANSWER:

Office	Actual cost 2018/19 (\$'000)
Abu Dhabi	689.7
Guangzhou	669.6
Jakarta	118.8
Kuala Lumpur	160.2
London	348.0
Mumbai	619.1
San Francisco	584.8
Shanghai	1,308.9
Singapore	327.5
Seoul	267.7
Tokyo	653.7

(Page 86)

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.

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.

ANSWER:

	Budgeted cost 2019/20 (\$'000)
Export Capability Building program	150
Premier's NSW Export Awards	99
Operational expenses and salaries of 8 export advisers	1,900

Question 52 (Page 87 of transcript)

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.

ANSWER:

The University of Technology undertook independent choice modelling for the assessment of projects submitted under Round One of the Regional Communities Development Fund. Choice modelling is used to validate the level of community support for projects and allow comparison of support levels across the projects submitted in a round. Members of the local community (where a project is proposed) are surveyed to identify:

- If the community support funding being allocated to the proposed project proceeding
- If the community believe the project will deliver economic, social, cultural or environmental outcomes for the community
- If the community would prefer the proposed project to receive funding over other infrastructure or services in the same Local Government Area

The results of the survey are used to identify an overall measure of community support for each project.

Question 53 (Pages 88-89 of transcript)

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.

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.

ANSWER:

As part of the 2019-20 Budget, the NSW Government committed \$8m over four years to establish at least another five Country Universities Centres across regional NSW. This investment was an election commitment of the incoming government, costed by the Parliamentary Budget Office (Y089). This built on an earlier \$8m funding commitment announced in 2017.

NSW Treasury advice to ERC, including in relation to budget resource allocation issues and decisions, is cabinet-in-confidence.