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**GENERAL PURPOSE STANDING COMMITTEE No. 5**

Thursday 16 September 2010

Examination of proposed expenditure for the portfolio areas

**WATER, CORRECTIVE SERVICES**

The Committee met at 2.00 p.m.

**MEMBERS**

The Hon. I. Cohen (Chair)

The Hon. R. L. Brown  
The Hon. A. Catanzariti  
The Hon. D. Clarke  
The Hon. R. H. Colless

The Hon. S. Cotsis  
The Hon. L. A. Foley  
Dr J. Kaye

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**PRESENT**

**The Hon. P. J. Costa**, *Minister for Water, and Minister for Corrective Services*

**NSW Office of Water**

**Mr D. Harriss**, *Commissioner*

**Mr B. Muldoon**, *Director, Finance Control*

**State Water**

**Mr G. Warne**, *Chief Executive Officer*

**Ms J. Redden**, *Chief Financial Officer*

**Sydney Catchment Authority**

**Mr M. Bullen**, *Chief Executive Officer*

**Hunter Water Corporation**

**Mr K. Young**, *Managing Director*

**Sydney Water Corporation**

**Dr K. Schott**, *Managing Director*

**Mr D. Kelly**, *Manager, Corporate Affairs and Government*

**Corrective Services NSW**

**Mr R. Woodham**, *Commissioner*

**Mr G. Schipp**, *Deputy Commissioner, Corporate Services*

**Mr P. Peters**, *Assistant Commissioner, Office of Commissioner and Human Resources*

**Mr L. Grant**, *Assistant Commissioner, Offender Services and Programs*

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**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**

**CHAIR:** I declare the inquiry into budget estimates 2010-2011 open to the public. I welcome Minister Costa and accompanying officials to the hearing. Today the Committee will examine the proposed expenditure of portfolios for Water and Corrective Services. Before we commence, I will make some comments about procedural matters. In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings*, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of the Committee, you must take responsibility for what you publish or the interpretation you place on anything that is said before the Committee. The *Guidelines for the Broadcast of Proceedings* are available on the table by the door.

Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. I remind the Minister that he and officers accompanying him are free to pass notes and refer directly to each other while at the table. I remind everyone to please turn off their mobile phones or, if they are taking messages, to leave them on silent mode and put them away from microphones. The Committee has agreed to the following format: the Water portfolio will be examined from 2.00 p.m. until 4.00 p.m. and Corrective Services will be examined from 4.00 p.m. to 6.00 p.m. As resolved by the House, it would be appreciated if responses to questions on notice could be returned within 21 days. The transcript for this hearing will be available on the Web from tomorrow morning.

**MICHAEL BULLEN**, Chief Executive Officer, Sydney Catchment Authority,

**DAVID HARRISS**, Commissioner, New South Wales Office of Water,

**KEVIN YOUNG**, Managing Director, Hunter Water Corporation, and

**KERRY SCHOTT**, Managing Director, Sydney Water Corporation, affirmed and examined:

**GEORGE WARNE**, Chief Executive Officer, State Water Corporation, sworn and examined:

**CHAIR:** Questions will be asked in 20-minute allotments, commencing with the Opposition.

**The Hon. RICK COLLESS:** Well, gentlemen, it is nice to see you all again.

**Mr PHILLIP COSTA:** It is nice to see you.

**The Hon. RICK COLLESS:** Minister, I will commence with questions regarding Sydney Water. Given that the relocation of Sydney Water to Parramatta occurred in 2009, why are you now considering relocating the State Water Corporation to the Sydney central business district [CBD]?

**Dr JOHN KAYE:** Balance.

**Mr PHILLIP COSTA:** We certainly welcomed the move of Sydney Water to Parramatta. It was a very sensible, strategic move in terms of the operations of Sydney Water. But in the case of State Water—later I will ask the chief executive officer to make further comments—it is about the quality of the operations. Most of State Water has already been decentralised out towards Dubbo and other places. What we have is an interface between the staff at Dubbo and the staff in Sydney. Being closer to the airport is of key importance in terms of the interface and the time. There is a logistical reason for it. It is about the practical operation of the centre. There are some plans in terms of how we will manage the staff within State Water in Sydney, but that is one of the main parameters behind it. I will ask George to elaborate.

**Mr WARNE:** I will just reinforce the Minister's comments. Our head office is in Dubbo, New South Wales, and we have major operations in Tamworth and Albury. We have 35 other rural offices. Our head office has been in Dubbo since 2005 and we are progressively moving people to Dubbo, Tamworth and Albury. As recently as six months ago we moved our whole IT branch out of Parramatta to Dubbo. Our office at Parramatta was 1,400 square metres; we need something more like 700 or 800 square metres. Our connectedness with our customers and our stakeholders and the rest of our staff coming into Sydney really needs to align with the Sydney rail line. That has been the driver. We have taken a five-year lease. Our view is already to start to offer incentives to further decrease our Sydney operations and try to increase our populations in, particularly,

Tamworth, Dubbo and Albury. But there is a real issue about specialist legal and engineering staff in terms of the sort of expertise we require and attracting them to the bush.

**The Hon. RICK COLLESS:** Those divisions will remain in Sydney. Is that correct?

**Mr WARNE:** No. Administration, finance and IT operations are currently based in Dubbo and some operations are in Albury. We have a project management team of approximately 20 that is based across the State, but most of those guys are in Parramatta. We have a survey group. A couple of senior surveyors have agreed to move to Dubbo, but we have our administrative, legal, liaison-with-government group and our company secretariat in Sydney. There is some sense in that.

**The Hon. RICK COLLESS:** How many people are in those sections?

**Mr WARNE:** In the whole of State Water there are 302 permanent positions, and there are between 55 and 60 in Sydney. The only thing about the move is that it will enable us to close our expensive and, really, poorly operational George Street office, which we have had since our formation.

**The Hon. RICK COLLESS:** What sort of money are we looking at for all the estimated costs of restructuring?

**Mr WARNE:** We are actually saving money. The rental market at present is pretty reasonable in Parramatta and pretty terrible in Sydney.

**The Hon. RICK COLLESS:** Once you do the move you are saving money. The cost of actually moving will be a factor.

**Mr WARNE:** No. The incentives are more than \$780,000, or two years rent, so it is very significant. It leads to a year-on-year cost saving for the organisation, despite some of the initial costs.

**The Hon. RICK COLLESS:** Right. What about the relocation of staff at Leeton? What is occurring with those people?

**Mr WARNE:** State Water has moved into a main street office that was previously operated by Country Energy. It is smaller, cheaper and enables all our staff to be on one level. The previous heritage building was very difficult because our operations were on three floors at Leeton. Leeton is a major operational centre for State Water.

**The Hon. RICK COLLESS:** Minister, given the reported 8 per cent increase in Department of Water and Energy [DWE] staff in 2009, how do you account for the \$2.6 million increase in voluntary redundancy payments shown for 2008-09?

**Mr PHILLIP COSTA:** I cannot give you the specifics. I will ask George to answer that in a moment. We have been working with staffing operations very closely to bring things into a budget that we believe will be met. But in terms of the specifics, once again I will ask George to give you an answer.

**Mr WARNE:** I am sorry, DWE does not exist any more. So you are either talking about the New South Wales Office of Water—

**The Hon. RICK COLLESS:** Water, I am referring to.

**Mr WARNE:** That is not State Water. State Water is a smaller operation than it ever has been, so it obviously has to do with the New South Wales Office of Water, which is not ours.

**The Hon. RICK COLLESS:** Okay. Minister, can you shed any light on that?

**Mr HARRISS:** I am sorry, Mr Colless. I do not have the information in front of me. If I could take that one on notice, it would be appreciated.

**The Hon. RICK COLLESS:** Certainly, thank you. I have a couple of questions with respect to the Menindee Lakes. I gather that is Mr Warne's area.

**Mr PHILLIP COSTA:** You want to be the Minister. It is very complex.

**Dr JOHN KAYE:** I think he does, actually.

**The Hon. RICK COLLESS:** I could make a comment, but I will not.

**Mr PHILLIP COSTA:** That is quite all right.

**The Hon. RICK COLLESS:** Minister and Mr Harriss, you would be fully aware of the Darling River Water Saving Project Part B, Final Report, which was released in March 2009.

**Mr PHILLIP COSTA:** Yes.

**The Hon. RICK COLLESS:** What was the cost of the preparation of that report?

**Mr HARRISS:** Again, I do not have that off the top of my head. The cost was shared between the Commonwealth Government and the New South Wales Government. If I can take that on notice, I will report back.

**Mr PHILLIP COSTA:** The New South Wales and Commonwealth governments each committed \$650,000 to part B of the studies. The part B report presented six options, which you may be familiar with—

**The Hon. RICK COLLESS:** I am aware of that.

**Mr PHILLIP COSTA:** —with potential water savings ranging from between 34 gigalitres to in excess of 200 gigalitres, depending on the magnitude and the change and the option opted for.

**The Hon. RICK COLLESS:** Obviously you would be aware of the terms of reference for that report. Do you endorse the six options that that report came up with, and which of those proposed schemes do you prefer?

**Mr PHILLIP COSTA:** There were six options in the study, and there were some options that we have discussed. We have of course landed with the Federal Government on option one to review it in a bit more detail. Until we do some deep analysis of what will be the actual benefit from each of those options—that is what is happening now in relation to option one; option one is the one that the memorandum of understanding was signed off against—there is some work to be done in terms of further investigations to see if it will actually deliver the benefits that are articulated in the report. We are working through some of the preferred options. We have some unofficial beliefs that one of the options is probably more useful than the others, but we are working through this with the Federal Government as we speak. I will get Mr Harriss to add to that.

**Mr HARRISS:** That is correct. Part A and part B identified a range of options that have been mooted over the past 20 odd years. Part B focussed on more than six particular options but also on extensive structural works. Effectively, part B proved that there would be modest savings only achieved by extensive structural works and that you could get some additional water in the river, if you like, as opposed to water savings by changing the operations of the lakes by, effectively, keeping less water in the bottom two lakes over a more frequent period of time and increasing the release strategy to reduce evaporation. That brought down the focus on six preferred options, five of which had a rapid draw-down phase and one which had the same kind of operations that are currently included in the Murray-Darling Basin agreement.

The Commonwealth Government has identified that the additional water achieved in the river, which is not necessarily able to be stored, would be achieved by option one, and it has sought a memorandum of understanding with New South Wales to investigate that option further. We are currently undertaking the hydrological modelling and looking at the potential environmental impacts or consequences of option one. Options one to five also require alternative drought water supply to Broken Hill, so the Commonwealth is currently investigating alternative water supply options for Broken Hill as part of the investigations. To reiterate what the Minister said, each of those options was identified and the next phase was to further investigate those options, including the appropriate planning and environmental assessment procedures.

**The Hon. RICK COLLESS:** Do you know whether the options that were included in the URS report of 2002 or 2003 were considered as part of this process?

**Mr HARRISS:** They were certainly considered in part A and moved progressively into part B. A comprehensive review of all the options has been included in the URS report, including in the Menindee Lakes ecologically sustainable development project and projects that, as far as I am aware, have looked at investigating alternative management arrangements for the Menindee Lakes since 1995.

**The Hon. RICK COLLESS:** In the terms of reference a few phrases keep appearing—that is, the "operational flexibility of the river", "water storage management", to "meet the needs of water users", to "protect water quality and water security for water users" and to "contribute to economic development of the region". Surely option one, which is the never-fill option, and the reduced-use options for Menindee and Condilla—most of which only save small amounts of water compared to the 248 gigalitres that option one claims to preserve—do not meet those terms of reference, particularly in relation to operational flexibility, water storage management, security for water users and the economic development of the region?

**Mr PHILLIP COSTA:** And that is exactly why the work that is being done now is being done. We need to ensure that what is proposed in option one will not have an adverse impact on a suite of other parts of the agreements. For example, as the New South Wales Minister for Water my paramount concern is the security of the water supply to Broken Hill, which is on top of the list. Whatever the Federal Government wishes to pursue, that is still a very high consideration for me. Secondly, the environmental assets in Menindee must be protected and ensured—that is a significant concern to us.

Thirdly, there must be no adverse impacts on third-party users of the system downstream. We appreciate the point you are getting to, and it is not that I disagree. I actually agree with what you are saying. But we are working with the Federal Government to see if this option can come through this space after we have done more reviews. What the outcome of that might be, we will have to wait and see. But it is the option that the Federal Government felt that it could derive more savings from and it was the one it wanted to pursue. It made some sense to look at option one to see if it can cross those parameters. If not, then we move on to another option.

**The Hon. RICK COLLESS:** I am at a loss to understand this concept of never fill and much reduced use options—reduced storage as it is called in proposals two to six. Are you aware that by upgrading the regulators and drainage facilities these two lakes can save up to 500 gigalitres of water from evaporation when the lakes are at full supply level, and on an average those works would save about 200 gigalitres per annum? They are discussions I have had over many years with staff from the Department of Water.

**Mr PHILLIP COSTA:** Yes, I am aware of that, and I will ask Mr Harriss to elaborate on that.

**Mr HARRISS:** Over many years there has been a lot of speculation about what savings can be achieved, and you talk about when the lakes are at full supply level. When the lakes are at full supply level they effectively cover 453 square kilometres. They are in an area that evaporates at about two metres net per year. In fact, when they are at full supply level is when the losses are greatest, because they have the greater surface area. The option we have looked at to effect water savings is to reduce that surface area, and that is why they are focussed on reducing the surface area. Why that delivers the greatest water savings—which as modelling has become more and more detailed has demonstrated a significant reduction in water savings—is because you only achieve water savings when there is no water in the lakes because there is no evaporation.

So the option that is being investigated, option one, has less water in Lake Menindee and Lake Condilla most of the time, so you effect less surface area and that generates more water. It cannot necessarily be saved because there is nowhere to store it, if you are not storing it in those two big lakes, so it passes down the river. The point I make is that it is 453 square kilometres when full, with two metres net evaporation a year. At the maximum, that will generate about 700 megalitres of savings a year, but that depends on the lakes being totally full all the time. The Menindee Lakes, being in the Far West of New South Wales, are never constant. They dry out regularly as a consequence of reduced inflows and fills on floods.

**The Hon. RICK COLLESS:** I am aware of all those points, but the point I am making is that if the lakes were managed individually and separately by being better regulated and having a capacity to drain Lake Condilla before any water was taken out of Lake Menindee, then that immediately saves all the evaporation that is occurring at Lake Condilla. The problem with the lakes at the moment, which I am sure you are aware, is that

they operate in tandem. They go up and down together until they get to a very low level, so you have double the evaporation any time there is water in the lakes.

**Mr HARRISS:** What the Darling River part B savings has shown is that if you save more water in the top lakes and have less water go into Lake Condilla in the first instance, or even into Lake Menindee, then you reduce that long-term evaporation and reduce the surface area. The laws of physics say that keeping the water out of Lake Condilla, rather than filling it and then draining it, will provide more savings and reduce the evaporation losses. Part B of the water savings clearly demonstrates that.

**The Hon. RICK COLLESS:** I did not pick that up in the documents I read. The fact that it is a scheme called "never fill Lake Menindee and Lake Condilla" sends a very bad message to the people of western New South Wales that there will never be any water going into the lakes again. That is the impression that is coming from the people out there who talk to me.

**Mr HARRISS:** The modelling and the part B savings study is based on the premise that there will never be water going into Lake Menindee and Lake Cawndilla under any circumstances. The hydrological modelling we have gone into now will say what are the maximum savings by having no water in there—how much would those savings be reduced by putting water in there and over what period of time? As soon as there is water into those two lakes the volume of savings claimed to be achieved will be diminished very significantly.

**Mr PHILLIP COSTA:** That is what further hydrological modelling is doing right now. That is what we are looking at. I share the same concerns that you are raising but it is prudent to actually do the work first, find out exactly what will be the impact and what we can do. It is not an agreement to do it at this point; it is about doing some additional studies to see what those impacts will be, and is there any space in between?

**The Hon. RICK COLLESS:** I will watch the process.

**Mr PHILLIP COSTA:** I will too because one of the options is for Broken Hill. It is about a solution that can be put forward for Broken Hill, one of which is to use the aquifers.

**The Hon. RICK COLLESS:** In relation to the lakes, do you disagree with the concept of filling them from the top down and emptying them from the bottom up?

**Mr PHILLIP COSTA:** I am not dismissing any option, because I believe a little more work needs to be done. If you were to ask me a question about Menindee at the end of last year when we needed to move some water around, my view at that time was that our forefathers or forbearers who put those systems in place probably got it pretty close to right.

**The Hon. RICK COLLESS:** Yes. The problem was it was never completed.

**Mr PHILLIP COSTA:** Yes. What we need to do is to probably look at how we might tweak that. As the Minister for New South Wales I will be very adamant about those comments that I mentioned when I began today. It is about a secure water supply for Broken Hill and about ensuring the integrity of the environmental assets in Menindee. So, however we land, they will be the things that will be driving me.

**The Hon. RICK COLLESS:** In an answer to a question on notice from the member for Burrinjuck you outlined the towns that received an allocation of funding under the Country Towns Water Supply and Sewerage Program this year. Barraba was not on that list, yet in an answer to a question without notice on 2 September you advised the House that you had sorted out Barraba's water supply that morning. What action did that involve? How is the Government securing Barraba's long-term water supply?

**Mr PHILLIP COSTA:** Well, it rained.

**The Hon. RICK COLLESS:** That is not securing a long-term water supply for Barraba, I can assure you, because it has rained in the past.

**Mr PHILLIP COSTA:** It has indeed. Barraba is very important. I have been there and met with the people. I certainly support what they are trying to achieve. There is no question in my mind that unless we get a secure water supply for Barraba, the town has not got the capacity to grow let alone cope with any more dry spells. The water at the moment is being drawn from groundwater, and there are fractured rocks and we just do

not know what the supply is. When I looked at the creek where they draw their water—it is nothing less than a pond really—it concerned me that the town was depending upon that kind of water supply let alone bore water.

I met the leaders of the town including the mayor of Tamworth, the local member and the community and there is an option for a pipeline from Split Rock. We also have an option in terms of drought of access to the groundwater supply. We made money available to trial the capacity of the groundwater and that is happening as we speak. They had some groundwater but we wanted to see its capacity. Personally, I have concerns about what is there. We have also made some dollars available, in partnership with council and the Federal Government, to begin the process of looking at the feasibility of the pipeline.

When we have got both works done we can compare the two. It will put us in a very strong position to allocate funds. You cannot just wake up in the morning and say that that is a better option than that. I have some constraints in terms of the way in which we allocate funds. I need to find the best cost option as part of my responsibility as the Minister for New South Wales but it has also got to be a reliable option and one that is going to deliver. It is Tamworth Council's project and we are helping it with funds and support. It is up to council then to complete those pieces of work, which I believe it is doing, and then make a call about which is the best cost option for the town for what it wants to do. That is the space we are in at the moment.

I am very keen to progress with that. I know that the town has concerns about the potential for industry to come into town and water is a constraint. Recently some people spoke to me about their belief that the test bores are already impacting on their access to groundwater. I have asked the Office of Water to look into that. If that is happening then I need to know that. What I do know at the moment is that we are physically or practically trialling the bores. We have also put some money in the space to get on with the option of the pipeline to see how it stacks up as well. Once all of that is done we will talk once again with council and the Federal Government to see if we can progress the best option.

**CHAIR:** A review of the State Water Corporation Act 2004 took place earlier this year. What were the significant issues raised by submissions to the review? Do you intend to introduce amendments to the State Water Corporation Act to address issues raised by the submissions and review?

**Mr PHILLIP COSTA:** Any specifics, because a number of things were in there or is it all those details?

**CHAIR:** It is up to you.

**Mr WARNE:** There was a compulsion when the State Water Corporation was formed at the fifth anniversary for a review to be carried out. Such a review was carried out and we looked at a number of issues with regard to our powers and a few other things. But in terms of, if I can use laymen's terms, drop-dead issues there were very few. We had quite detailed discussions with the Minister about things we may want to introduce but none of them were considered to be that compelling that they required to go into this session.

**CHAIR:** Are the minutes of all critical water advisory committees available on the website of the Office of Water?

**Mr HARRISS:** No, we do not keep minutes of the meetings. They are not statutory committees. They are advisory committees which were effectively nominated by industry and stakeholders themselves. They provide advice by way of a report through to the Office of Water or through to the Minister and we consider their advice, but certainly no minutes are kept of those meetings. There are summaries of those meetings which are kept and distributed to the participants.

**CHAIR:** Do you consider that is of public interest? I am surprised that no minutes are taken of the meeting.

**Mr HARRISS:** Records are kept of the meetings and they are distributed for the participants but they are not formal minutes. We have never been requested to provide any minutes from the meeting or any summaries to anyone other than the participants. What typically happens is that we get the advice and we consider that advice in the determination of our allocations or our management actions as we have through the course of the drought. They are typically made public in numerous communiqués that we distribute widely, and press releases, all of which are included on the website of the Office of Water.



**CHAIR:** Minister, would you update the Committee on discussions about facilitating the trading of domestic and stock water allocations? What discussions have taken place within the department? Which stakeholders are being consulted in relation to the proposal?

**Mr PHILLIP COSTA:** We are looking at all classes of water and how they are managed across the State. We have been looking at stock and domestic supply. Some of the concerns we have with some of the stock and domestic licences is that the quantum that comes out of some of those is quite high. We need to actually manage that because, particularly in a dry spell, we have some of our stock and domestic users using significant amounts of water. We are looking at how we might be able to manage that, particularly in a dry spell. We are in the process of developing some policy on that as we speak. We are not in a position to bring something very soon—from the last discussions we have had—it has only been works in progress within the department and with me at the moment.

**CHAIR:** The New South Wales Government, through its various agencies, provided the Murray-Darling Basin Authority with listed wetlands throughout New South Wales so that the Murray-Darling Basin Authority could ensure that they were taken into account in the development of the Murray-Darling Basin Plan. Does the Office of Water intend to evaluate the effectiveness of the plan in maintaining and restoring these wetland sites when the guide for the proposed basin plan is released in October, I understand?

**Mr PHILLIP COSTA:** That is a great question. The environmental assets in New South Wales are, without a doubt, world class and we must do what we can to ensure their integrity or their safety. In terms of environmental water management, that is in my colleague's portfolio. We supply the water, but through Minister Sartor we have the management of those assets. In respect of the agreements we have, we treat environmental water holders the same as all other water holders in terms of access to water and we pro rata that water out to those groups or to the community. The Murray-Darling Basin Plan is something that the Federal Government is driving. The Federal Government has been very active in acquiring environmental water and it is up to it how that water is used. It is up to us to make it available to the Federal Government based on pro rata, depending how much water is available.

I am very keen to see this plan because none of us have—I genuinely have not seen the Murray-Darling Basin Plan detail. What is going to be released on 8 October is a guide to the plan, not necessarily the actual plan. I have not seen the guide or the plan, so I do not know what either of them looks like. But the guide is going to give us a very clear indication of what the plan is proposing and it will give some guidance on some of the issues, including access to and use of environmental water. That guide will be on exhibition or available for four weeks and that will give us all an opportunity to prepare ourselves for a response and help us to get some notion of what the plan is proposing, particularly for environmental assets.

Following that four weeks there will be a 16-week exhibition of the actual plan, so we are going to have at least 20 weeks to look at the plan, see what is in it and have some capacity to engage all the stakeholders across the State to respond to it. So in terms of how that impacts on the environmental assets, we will know more detail when we see what is being proposed. That will not happen until 8 October. I know that we have been doing some very good work with our own department—Department of Environment, Climate Change and Water [DECCW]—in relation to acquiring water. So it has assets as well and we are going to have to bring all these things together. It is going to take a very disciplined and cooperative process to get this right, but we do have time. We have, we believe, at least 20 weeks—maybe even more.

**The Hon. ROBERT BROWN:** There has been a lot of debate about the Tillegra Dam and whether it will go ahead. If the Tillegra Dam does not go ahead, what are the options for securing long-term water supplies to the lower Hunter? Are there other sites on which dams can be built or will it have to be done by other means, such as desalination?

**Dr JOHN KAYE:** All the options.

**Mr PHILLIP COSTA:** The Tillegra Dam has not got approval at this stage. The assessment process is not complete; we are still working through that. We also need to have some discussions with the new Federal Government—which is happening very soon—to look at its role in this, which is part of the Ramsar wetlands proposal. Getting back to your question in relation to alternatives, alternatives have been examined. I have read quite a lot. To put this into perspective for the Committee, I came into this position at a time when the decision to move forward on a dam at Tillegra was made. That is the space I landed in. It was not a case of whether I should or should not be working with Hunter Water towards securing a water supply for the lower Hunter. That

decision had been made, and it was made some months before I arrived. So I thought it would be very wise—and necessary, as the new Minister—to read what was available, and I did.

I read quite a lot of material, and there were lots of options considered over time and there are other solutions—there is no doubt about that. But in terms of finding the best, most cost-effective solution to give some degree of security to the people of the lower Hunter, I have been absolutely convinced that the option that the Tillegra Dam has delivered is the best option. I landed on that because of a whole suite of matters that were brought to me. I had to find out, first, whether the Hunter would need water into the future, let alone today—what was being planned for the Hunter, what is going to happen to that community in the decades ahead—and, secondly, is there any evidence that supply is a problem. There was a supply problem some time ago in the 1980s.

**Dr JOHN KAYE:** When was that, Minister?

**Mr PHILLIP COSTA:** From 1979 to 1981. So was there a risk with supply? There was. I do not know what level restrictions were put on—up to level five or something like that—but the fact is that there was a risk to supply.

**The Hon. ROBERT BROWN:** The same as applied to Sydney when the desalination plant was planned.

**Mr PHILLIP COSTA:** Absolutely, yes. So we needed to ask: Why should we put a community the size of the Hunter in a position where it is concerned about its water supply? We had a responsibility as leaders to put things in place to take that concern off the agenda. Then we looked at the options, and there were a number of them. There were options to do some work on existing infrastructure, there were some options in terms of groundwater and there were some options in terms of desalination. I read those and I read what was made available and I was absolutely convinced, particularly since Hunter Water and the players have been processing the idea of a dam at Tillegra for some time. They did not wake up in the middle of the night and say, "We're going to build a dam"; they have been acquiring land for decades. So way back someone said, "This is a good location for a dam and this is a solution for the Hunter supply." When I looked at all of that—that is, Minister Costa looked at all of that—

**The Hon. ROBERT BROWN:** Who is a genius.

**Dr JOHN KAYE:** Because of his huge experience with water supply—you have your own water tanks.

**Mr PHILLIP COSTA:** I was absolutely convinced that what we were proposing was a very logical, sensible solution.

**The Hon. ROBERT BROWN:** Thank you for your answer. I do not think you answered my question but I will give you the rest of it on notice. My next question is what capacity is there for the augmentation of Warragamba Dam—any or none?

**Mr PHILLIP COSTA:** None.

**The Hon. ROBERT BROWN:** So Sydney has to look at non-dam solutions in the future?

**Mr PHILLIP COSTA:** Yes, without a doubt.

**The Hon. ROBERT BROWN:** What happens if we end up with the additional six million people that some people say we are going to need by the middle of the century—I will not be here—and some of them end up at Goulburn? How would you water a place like Goulburn?

**Mr PHILLIP COSTA:** Goulburn has its own water supply issues. The council has a 3A application in to build a pipeline from Wingecarribee to Goulburn to augment their supply. There are concerns over what future climatic conditions might be—in other words, are we going to have drier dries and wetter wets, et cetera? They have landed on a solution to bring water from Wingecarribee to Goulburn to augment their supply.

**The Hon. ROBERT BROWN:** What about Welcome Reef? I know it has been put on the backburner because of concerns about it being too shallow et cetera, but it is likely that catchment areas are going to be coastal catchment areas, not inland catchment areas, in the future. Is it an option to be reconsidered?

**Mr PHILLIP COSTA:** Welcome Reef, as you said, has been put on the backburner. We do not believe it is necessary at this stage.

**The Hon. ROBERT BROWN:** When you say "at this stage"—

**Mr PHILLIP COSTA:** We have not disposed of the land.

**The Hon. ROBERT BROWN:** I understand.

**Mr PHILLIP COSTA:** It is a bit like Tillegra, we have not disposed of the land because we believe it is a solution to their long-term water supply. Welcome Reef will be a decision of a future government and people. We are very confident that we have Sydney's water supply well and truly in a good space with our four-pronged approach, and at least until 2025 we can supply—

**The Hon. ROBERT BROWN:** That is not far away, 15 years.

**Mr PHILLIP COSTA:** That is exactly right. We have to think further out. The desalination plant, despite some of the criticism, is one part of that solution. At the moment it has the capacity to knock out 15 per cent of Sydney's drinking water on a daily basis. We built it so it can knock out 30 per cent if necessary, with an upgrade to the filtration plant, but the in-ground infrastructure is big enough. For your information, in terms of quantum the Sydney desal plant produces in 12 months the same amount of water that Cordeaux Dam holds.

**The Hon. ROBERT BROWN:** Bugger all!

**Dr JOHN KAYE:** Minister, I take you back to an answer you gave to Mr Brown. You said you had read a large number of documents to come to your commitment to Tillegra Dam as an option. Did you read the 2003, 2004, 2005 and 2006 integrated water resource plans for Hunter Water?

**Mr PHILLIP COSTA:** I read lots of documents from Hunter Water.

**Dr JOHN KAYE:** Did you read the 2003, 2004, 2005 and 2006 documents?

**Mr PHILLIP COSTA:** Before I begin—

**Dr JOHN KAYE:** No, no—

**Mr PHILLIP COSTA:** With all due respect, Mr Chairman, there are many disturbing comments that come from Dr Kaye and I would like to take the opportunity to raise a couple of matters. I am very concerned—

**Dr JOHN KAYE:** Point of order: This is not an opportunity for the Minister to launch an attack on me. It is an opportunity for us to ask questions.

**CHAIR:** Mr Kaye, you have asked the question and the Minister has a right to answer as he sees fit. If he does launch an attack that is unreasonable, I will take issue.

**Mr PHILLIP COSTA:** I appreciate that. I have been a very reasonable person all the way through this process and I have been finding it difficult to accept that throwaway lines and comments about out-of-context statements have put a lot of people in the Hunter in a very difficult space. To say I have been disappointed with Dr Kaye's assessment is an understatement.

**Dr JOHN KAYE:** Like I care!

**Mr PHILLIP COSTA:** Particularly over recent times, for example, there has been concern about making sure that radio and newspapers respond to one-off statements that he or his team have found in some document. It is shameful to mislead the community in the way it has been happening.

**Dr JOHN KAYE:** You would know!

**CHAIR:** Let the Minister answer.

**Mr PHILLIP COSTA:** I have not gone on the public record about this. I have respected Dr Kaye's comments and his position and I respect where he wants his position to be and where he is going. I would like to indulge for a couple of minutes about a few things that have happened.

**Dr JOHN KAYE:** Excuse me. Chair, this is more by way of a statement, which this Committee decided it did not want. This is not answering a question and has nothing to do with the question I asked. I am happy for the Minister to table his disappointment with me, but I now have about four minutes left to ask some very important questions about a dam that does concern people. If the Minister wants to table that document I suggest he do so.

**CHAIR:** Would the Minister be prepared to table that document?

**Mr PHILLIP COSTA:** No, I will not be tabling any documents.

**CHAIR:** Is it generally relevant to the question asked by Dr Kaye?

**Mr PHILLIP COSTA:** Yes, because I have been asked a question about documents that I may or may not have read. I have read a lot of documents. I am not a person who packs everything in the back of his head. I have read quite a lot of material. What happens is that certain documents are taken out of context and certain comments or interpretations are made about those documents and certain information about what I say or do not say is interpreted in a particular way.

**CHAIR:** If it is directly relevant to the Tillegra Dam issue, I think—

**Dr JOHN KAYE:** I asked specifically whether the Minister had read four documents.

**Mr PHILLIP COSTA:** I cannot answer that right at this point.

**Dr JOHN KAYE:** Okay, I will ask you another question if you cannot answer that question.

**Mr PHILLIP COSTA:** I can say I probably have, but I cannot give you an answer. I do not want to mislead the Committee.

**Dr JOHN KAYE:** Are you aware that in those documents Tillegra Dam—

**Mr PHILLIP COSTA:** This is exactly what I mean.

**Dr JOHN KAYE:** —was the second least favourable water supply option and desalination was the least favourable water supply option?

**Mr PHILLIP COSTA:** What was the most favourable supply option? Give me another solution.

**Dr JOHN KAYE:** The favourable supply options were, firstly, managing the water use better—demand management.

**Mr PHILLIP COSTA:** That will not get extra water.

**Dr JOHN KAYE:** The second option was to do with infrastructure. Those options were seen as adequate right up until 2006.

**Mr PHILLIP COSTA:** Can I answer the first question? If they are the documents you are referring to, yes I have read material on that. I cannot give you the exact time.

**Dr JOHN KAYE:** What went wrong between 2006 and 2007? Why did you suddenly abandon the integrated water resource plan? In everything you said up to 2006 it was adequate and suddenly it was not. Suddenly we had to have Tillegra.

**Mr PHILLIP COSTA:** There are two points. Firstly, in my opening statement on the Tillegra I said where I came into this space. Secondly, I have read quite a few documents and I was not going to go back on the information that others had considered. I might get the CEO of Hunter Water to respond.

**Mr YOUNG:** It is quite simple. We do an integrated water resource plan every five years. It was produced in 2003, based on work done in 2002. There are no reports for 2004, 2005 and 2006. There are progress reports against the original document from work done in 2002. The period from 2003 to 2008 was a pretty intense time for the water industry. If you look at every integrated water resource plan for every city in Australia you will find a dramatic change between 2003 and 2007. The water industry has spent \$20 billion on drought security for every major city, generally with desalination. Would you find it in their integrated water resource plan document five years beforehand? The answer is no.

**Dr JOHN KAYE:** Is it not true, Mr Young, that that money was spent by cities that were in drought? Your city had no drought restrictions through that period, not one.

**Mr YOUNG:** Yes, and as we have said before we were very lucky with the rain, but does that mean our city does not face the chance of a severe drought that could take us to the point of the city running out of water? The answer is it does, absolutely.

**Dr JOHN KAYE:** Mr Harris, has any officer in your department at any stage expressed to you or a senior member of your department any concerns in respect of the development of a dam at Tillegra?

**Mr HARRISS:** Yes, we have. We encourage debate within my organisation and at the end of that debate we weigh up all the factors that come from all sides of the argument and produce a comprehensive position on behalf of the organisation, which we then put to the Minister or out to the public domain or the Department of Planning, as appropriate.

**The Hon. LUKE FOLEY:** Minister, would you care to provide us with a free character reference for Dr John Kaye? Seriously, would you care to comment on any alternative policy positions with respect to water policy in the Hunter?

**Dr JOHN KAYE:** I would like a character reference.

**Mr PHILLIP COSTA:** I would be more than delighted to give it to you.

**Dr JOHN KAYE:** This is not my time for questions. I do not care what you do now!

**Mr PHILLIP COSTA:** This is not about homing in on an individual; it is about homing in on information about a very important project. This is not a game. This is about ensuring water security for a very important large community of New South Wales. This is not about today; it is about tomorrow and about finding some solutions to a very important issue. I will not go into too much detail, but I am sure they had this debate in the 1940s and 1950s when they looked at Sydney's water supply. This is a debate about looking way into the future for the people of the Hunter. It is an area with enormous potential and one that will require additional water resources, without a doubt. There is no question about that.

**CHAIR:** I appreciate what you are saying. You have proudly stated in the media and to me personally that Sydney's water consumption is about the equivalent of the 1970s despite the massive population increase, due in great part to the strategies that you have very proudly undertaken. Why does the same not apply for Tillegra Dam and the Hunter?

**Mr PHILLIP COSTA:** It does apply. Sydney has a very robust dam system backing it up. It is a hugely important part of the water supply to Sydney. Without it we would be in dire straits. We must do all of the above in both valleys and both communities. We do not have a choice because we are not confident that the rain we are experiencing now will continue in its current format. Climate change tells us that we will have drier dry seasons and wetter wet seasons.

**CHAIR:** Has it not moved out to the dam catchment on the coast where we could set up—

**Mr PHILLIP COSTA:** I am building a dam on the coast so that we can catch the heavy rainwater.

**Dr JOHN KAYE:** What dam are you building on the coast?

**Mr PHILLIP COSTA:** Tillegra Dam.

**Dr JOHN KAYE:** Is Tillegra on the coast?

**Mr PHILLIP COSTA:** Yes, of course it is. It is a coastal dam. Dr John Kaye should join me when I visit Menindee and Bourke.

**The Hon. RICK COLLESS:** Dubbo is on the coast!

**Mr PHILLIP COSTA:** Dubbo is on the coast! There is a big difference between what is happening on the eastern seaboard and what is happening in the west. I am sure that the member would appreciate that it is cheese and chalk. At the end of the day this is about capturing coastal water. We are attempting to ensure that members of the community know the truth. I have been patient in relation to this issue. Some comments were made, for example, about the cost per ratepayer of Tillegra Dam, which quickly went to the press. Outrageous statements were made—

**Dr JOHN KAYE:** Comments made by me?

**Mr PHILLIP COSTA:** Outrageous statements were made about the cost of Tillegra Dam. I place on the record that the cost per ratepayer in the Hunter will be \$32 a year and not the \$200 or more that I have read about in the press. That deals with the question that was asked, which is why I raised this issue. There are additional costs in the Hunter because Hunter Water is doing other work. It is doing some work relating to recycling, efficiency and demand management. It is doing those things that are happening in other good cities. That is happening at the same time. I have no other solution to Tillegra other than a desalination solution. It is a solution for new water that is stored and that is available to people. It is a myth to say that cities the size of those in the Hunter will continue to cope with the availability of water that they have at the moment. I have seen quite a bit and I am convinced of that.

All kinds of comments have been made. The other day someone made the comment that we were not pumping water from the Williams River, or from Balickera, because we wanted to advance the case of Tillegra. We did not pump water from Balickera because Grahamstown Dam was full. Why would we pump water into a dam that already has quite a bit of water in it? We did not pump water during that period—another issue raised by Dr John Kaye—because when we were able to pump some water across there was an algal bloom. We do not pump toxic water into a good storage system. People should establish why the Government is doing something. Another reason we had to stop pumping was that we had to do some work on the electric pumps. We cannot pump water if the electric pumps have been turned off. Those pumps also have to be maintained.

All those issues were left out of the debate. I have been patient but I have been very concerned. Common sense tells us that we are allowing for proper and due assessment process, which is exactly what is happening. Unfortunately, some people have interfered with that process. Dr John Kaye has been pressing a whole stack of buttons and he has been suggesting—an issue about which I take offence—that I am on some other agenda. I am not on any other agenda. My agenda is to supply the people of the Hunter with a reliable water supply over time. This is a good solution. The process to determine that is still being carried out. We are still moving through that process. Comprehensive studies have been undertaken in relation to this issue. Another issue that was raised related to the fact that that the dam was not stable, that the location of the dam was inappropriate and that the dam would wash away. We brought five of the world's best experts—

**Dr JOHN KAYE:** That is not true.

**Mr PHILLIP COSTA:** You said that it needed rim work.

**Dr JOHN KAYE:** Nobody ever made that accusation and you know that to be true.

**Mr PHILLIP COSTA:** Five international dam experts came out and had a look at our plan and design. Five internationally renowned dam experts said it was a sound and an appropriate local dam. The other group I have working with me is the Dam Safety Committee which has an ongoing role to play now and afterwards. It

is a safe dam, it is a good location and it is a good solution for the Hunter. With all due respect to Dr John Kaye—

**Dr JOHN KAYE:** You are not showing much, but that is okay.

**Mr PHILLIP COSTA:** You gave me a hiding in the public arena.

**Dr JOHN KAYE:** I did not give you a hiding; I gave your dam a hiding.

**Mr PHILLIP COSTA:** I agree that you gave the dam a hiding. I accept that.

**Dr JOHN KAYE:** The Minister should continue as I am enjoying myself.

**Mr PHILLIP COSTA:** If I wanted to build a dam anywhere I think I would have a problem with Dr John Kaye. He would not support the building of a dam anywhere. I appreciate the position he is coming from but I had to step back and look logically at this issue. I have had some problems in other places. However, in this instance we have been acquiring the land for a long time. Significant work is being done on the environmental impact of this dam and significant agreements have been reached relating to the management of this dam and its environmental flows once it is built and filled. A significant amount of work has been done on its engineering and on its environmental and economic benefits. So far as I am concerned they all add up positively.

As I said earlier, I have one focus: I am determined to give the people of the Hunter the most economically viable, long-term solution to their water supply. That is my focus and that is where I have been going. I have not moved away from that focus. As I have been questioned in relation to this project I have looked into the matters that have been raised by others. When Dr John Kaye said that the dam needed rim work I asked the experts whether this dam was safe. I asked, "Will this dam do what we said it would do? Will it require any additional engineering to prevent the sides from washing in?" I use laymen's terms but others use engineering terms.

That is why I commissioned those international assessments. I asked the experts whether this dam would deliver what we said it would deliver. If questions are asked I, as the Minister, check every aspect of those questions so that I remain committed to what is happening. It is now up to the Department of Planning to do its bit. The Federal Government has a role to play, and we will see what the outcome will be. I will now get off my hobbyhorse.

**Dr JOHN KAYE:** Ask about me again.

**Mr PHILLIP COSTA:** I have run out of nice things to say.

**The Hon. SOPHIE COTSIS:** Minister, I note that the review of the Metropolitan Water Plan is one of the key activities undertaken by the NSW Office of Water. What information can you provide concerning the review of the Metropolitan Water Plan and the recently announced 2010 plan?

**Mr PHILLIP COSTA:** Sydney Water and this Government can be proud of the Metropolitan Water Plan, which provides for our good water storages. For a long time that plan has delivered and supported the largest city in the country through some of the driest periods. I am happy to advise the Committee on this important issue. A safe and affordable water supply is essential for a growing city—an issue I articulated in my last response—and, in particular, for Sydney. Sydney has a large community when we take into account the Blue Mountains and the Illawarra. The Metropolitan Water Plan, which covers all those areas, has a mix of measures to ensure the long-term integrity of our water supply.

We know that Sydney's population is growing and that climate and rainfall are highly variable. Through our experience over many decades we understand the impacts of a prolonged drought. We have come through some tough times. We understand also the need to balance the supply of water to people with the supply of water for the environment—an extremely important part of the delivery of this plan. The plans put in place by this Government will ensure that its approach to water management remains innovative, flexible and—importantly for the Sydney Basin and for other areas—adaptive, which is what this plan is. The Metropolitan Water Plan is a very adaptive plan. Progress is reviewed and reported every year and a major review and update are conducted every four years.

It is not reviewed in four years and then put aside. Every year we conduct a progress review of where the plan is heading. This four-yearly review considers changing circumstances, advances in technology, latest research and social, environmental and economic analyses. The current plan has reflected those changes in the past four years. In this way we ensure the most effective and appropriate solutions are in place for securing the water needs of greater Sydney.

Our recent review of the 2006 Metropolitan Water Plan has confirmed that the New South Wales Government has made a sound investment in water supply and water efficiency programs over the past four years, ably led by Sydney Water. These investments have benefited both the people and the environment of the greater Sydney region. The review found that only minor adjustments to the directions of the 2006 plan are needed to ensure that greater Sydney has enough water to meet its needs to at least 2025, and to help protect river health through variable environmental flows. The 2010 Metropolitan Water Plan builds on the significant achievements of past plans by continuing to concentrate on four key elements: dams, a very important part of the city supply; recycling; desalination; and water efficiency. Literally hundreds of projects are underway right now all over Sydney as part of the Metropolitan Water Plan.

To outline the scale of this Government's efforts to secure water, I can tell the Committee that by 2015—which is not far away—we are definitely on track and recycling will meet 12 per cent of Sydney's needs, that is, 70 billion litres of water recycled every year; desalination will meet up to 15 per cent of our needs, providing clean, fresh water that is not reliant on rain, which is a new source of water; and water efficiency for the great people of Sydney will shave 24 per cent off our water use through saving about 145 billion litres every year. We have to retrain and maintain these types of programs to ensure long-term supply, which is what we are doing.

Let me take this opportunity to outline just some of the achievements of the 2006 Metropolitan Water Plan. In 2009-10 we re-used about 33 billion litres of recycled water across Sydney for industry, irrigation and agriculture as well as for flushing toilets, watering gardens and other outdoor uses. We saved an estimated two billion litres of drinking water each year through 70 stormwater projects across greater Sydney. We can now access deepwater storage from Warragamba and Nepean dams, which can provide an extra 20 billion litres of water, or six months supply, in extreme drought. Sydney's desalination plant was delivered on time and \$89 million under budget, and is able to supply up to 90 billion litres of water per year. We also provided almost one million rebates for water conservation and offers.

In collaboration with our partners, the Government rolled out education and training programs and media campaigns to encourage the community to continue to use water wisely, support the implementation of the Water Wise Rules and build an understanding of greater Sydney's changing water supply system. Our real success is, and will continue to be, in encouraging the people of Sydney to be part of the water story. In addition, we spoke to our communities to ensure that we reflect community values and attitudes in the updated plan, under the expert guidance of the Metropolitan Water Independent Review Panel, which I thank for a wonderful job and the work it did. By working together, Sydneysiders are now using the same volume of water, as mentioned earlier by the chairperson, as in the early 1970s even though greater Sydney has an extra 1.5 million people. We need to continue that approach because the city will keep growing.

The environment is a big winner from the successful implementation of the Metropolitan Water Plan, with new infrastructure allowing variable environmental flow releases and fish passages from Sydney's dams and weirs in the upper Nepean River system, which began on 1 July; new infrastructure to release variable environmental flows and to allow fish passage at Tallowa Dam on the Shoalhaven River to protect downstream river health; and more water available for the environment and less nutrients entering our iconic Hawkesbury-Nepean river system through the Hawkesbury-Nepean Recovery Program.

I assure the Committee that we will be diligent in our adaptive management of the plan to ensure that we continue to provide a secure supply of water to meet the medium-term needs of a growing city while keeping long-term goals in mind. That is why the plan is adaptive. We have the capacity to make changes if necessary. We want also to continue to help protect the health of our precious river system and ensure that our water supplies are adequate during drought, and minimise the cost to the community. All the work we do, irrespective of the element, involves a cost. As a community and as a country we have come to appreciate that a cost is involved to ensure quality water supply to communities. That is a cost we need to bear if we are to continue to have some of the world's best water supplies not only in the cities but also in regional New South Wales.



As I mentioned at the outset, the analysis underpinning the development of the plan shows that with everyone continuing to be water wise and with dams, recycling, desalination and the drought-readiness strategies, greater Sydney has enough water for future droughts and our growing population while continuing to improve river health at least until 2025. I believe it will be longer, but we are in a very good space in the city of Sydney, the Illawarra and the Blue Mountains—a space we have put ourselves in after extensive infrastructure expenditure and an extensive education program to bring the communities forward with us. Of course, we are trying to do that in other valleys as well.

**The Hon. TONY CATANZARITI:** The Government is continuing to invest in recycled water projects. What is the status of the Government's plans particularly in respect of water recycling and stormwater harvesting?

**Mr PHILLIP COSTA:** Much of the response to this question I covered in my previous answer. I will mention a couple of things quickly. We have a suite of solutions. Some of the biggest recycling programs in the country are in Sydney. The Replacement Flows Project at St Mary's will replace 18 billion litres of drinking water a year. We are replacing some of what we would normally release from Warragamba Dam with other high-quality water. This important recycling program saves our drinking water. We certainly are on track with that project.

The Rosehill-Camellia Recycled Water Scheme will provide over four billion litres a year of high-quality recycled water for industry in the Rosehill, Camellia and Smithfield areas. The previous Premier and I visited that excellent project. We have in excess of 70 projects across the city involving a range of programs for recycling and stormwater management. No doubt we will have to continue to work in that space. It is an important part of the solution to the city's water needs and one we believe the community has embraced—it has certainly been working with us. We have quite a few other projects on the boil.

**The Hon. RICK COLLESS:** I refer again to the Menindee Lakes. You mentioned that the memorandum of understanding was signed by the Premier. When did that occur?

**Mr HARRISS:** I do not know the exact date, but it was early July.

**The Hon. RICK COLLESS:** That is close enough. Minister, were you consulted by the Premier before that memorandum was signed?

**Mr PHILLIP COSTA:** We have had conversations with the office, yes. My office and the Premier's office and the Premier and I have been talking about Menindee Lakes and the options—yes, without a doubt. The actual day of signing was up to the Premier and the Prime Minister.

**The Hon. RICK COLLESS:** You were consulted prior to that signing taking place?

**Mr PHILLIP COSTA:** Yes, I had spoken to the Premier about it.

**The Hon. RICK COLLESS:** Mr Warne, were you consulted prior to the signing of the memorandum?

**Mr WARNE:** State Water is the operator, not the natural resource manager. But we have been involved with the Minister's office and the Office of Water in discussing how the option might work from a practical sense as the operator and bulk water facility.

**The Hon. RICK COLLESS:** Minister, I turn now to the Greater Metropolitan Region Water Sharing Plan. Can you tell the Committee what the agricultural allocation under the plan is proposed to be?

**Mr PHILLIP COSTA:** We cannot do that in terms of quantum because of the flexibility of the plan, but I have met with irrigators on the river—I think it was only yesterday, or this week anyway—and we are in the process of setting up a ministerial advisory committee to speak with them about how we can progress this plan so that it has minimum impact on their economic activity. I must look after the people who operate on the river. There are a number of very important considerations in that plan. One is that the river environment needs help. I have made sure, particularly with the environmental flows coming out of the system now, that the environment will deliver a much healthier system, but at the same time look after those who access water from the river.

Mr Colless, I will give you an indication of the reason that I am doing this. The river is in two bits. You have the upper reaches of the Upper Nepean and then you have downstream of the Penrith Weir particularly, and the tidal pool at the end. We have had to manage these differently because they have different operating regimes in different environments. We met extensively with both. We have landed, particularly in the upper reaches of the Nepean, with operating rules and extraction rules that not only protect the river in terms of environment but also give irrigators confidence in planning forward. The real challenge was that that was able to be landed on. It was difficult, but we have come to a very good landing with all the stakeholders. At the bottom end of the river, particularly the tidal pool where quite a few people take water, their concern was not so much about quantum but more about cease to pump and the capacity not to pump.

**The Hon. RICK COLLESS:** So cease to pump rules do not apply in the upper section?

**Mr PHILLIP COSTA:** They do, but we have been able to address that with different triggers. It is a different set of triggers there compared with the bottom of the river. We have had to do that because it is a river system that has a lot of weirs and structures across the river that change its operating regime. Down at the bottom end of the river and in the tidal pool the irrigators were concerned—because they are market gardeners et cetera—that they would not be able to get access to water in an extreme weather condition when they really need to access it. At the same time it could be—we believe this would be a very rare occasion—that just because it is an extreme weather condition, it does not mean that there is not water in the river. But if it gets to a stage when the amount of water in the river and an extreme weather event coincide, what can we do? Where can we access water for them to do what they need to do to keep their livelihood going?

That conversation about finding a solution is still being had. We are confident we can do it. It also relates directly to the question you asked about quantum. Their entitlements are still kept at 100 per cent, but what will change is the allocation because of what is available in the system at the time. That is where some of the irrigators are finding that concept difficult to work with. We are trying to work our way through that. We will land on this. I have gone to a number of meetings with them. I have a very good appreciation of the concerns they have had and how we might be able to move forward. To address that, I have set up a ministerial advisory committee specifically to deal with the problem because the others have been pretty well addressed. In terms of allocation as opposed to entitlement, the entitlement is there. That has not been removed.

**The Hon. RICK COLLESS:** There will be no reduction in their entitlements. It is more like the western rivers, which are controlled in relation to supply depending on the amount of water that is available.

**Mr PHILLIP COSTA:** I will ask David to elaborate.

**Mr HARRISS:** There is a reduction in the long-term average annual extraction rate. As the Minister has pointed out, the issue is access in extreme dry conditions on a daily basis. We have established a working group to work through with the irrigators about what their needs are in most periods of extreme dry conditions.

**Mr PHILLIP COSTA:** For example, one of the solutions is that, with the new plant being built at St Marys, we have environmental flows going into the river to compensate for what comes out of the Warragamba. We have agreed with the farmers along South Creek that there will be a certain amount of water that will come down for their needs. We have also set up an arrangement whereby we will actually make water available to them in a dry spell based on their needs. So we will actually change that.

**The Hon. RICK COLLESS:** That water will come from the treatment plant?

**Mr PHILLIP COSTA:** From the treatment plant, yes. They certainly had no access to that in the past, so what we have done is set up an operating regime to ensure that, when they need it, the water is there, basically. We are trying very hard and we will be successful; I am very confident we will be. I am a very strong advocate for agriculture in the Sydney Basin. You cannot have agriculture in the Sydney Basin without water. What needs to happen is that we need to find water without compromising the environmental objects we have set as well. What we need to do is ensure that we treat what we do with sewage treatment plant [STP] water as important, what we do with environmental water as important in terms of carriage, and also what is available to the irrigators at any point in time as important. It is very complex. I can say to you that their entitlement is protected, but what is available at any point in time will vary.

**The Hon. RICK COLLESS:** Thank you for that. I turn now to the issue of what has been referred to as tainted water from AGL near Broke being disposed of from a coal seam gas trial operation. I understand that

AGL holds a licence under the Water Act. The water that AGL distributed back onto the land was done within the bounds of that licence. Can you tell the Committee what the conditions are on that licence?

**Mr PHILLIP COSTA:** What I can say is that there are some very precise ones. This was brought to me before. I have asked this question. Surely we have given some very strict conditions on a licence to do what they are doing. Are we investigating to ensure that that licence is being complied with? Are they doing exactly what they are supposed to do? I do not have a response to that, but I will take that question on notice because I am also very interested in that report. If we have given a licence on this with some conditions that are not being honoured, then we need to do something about it. I have asked for the same sort of material. I will get that response to you.

**The Hon. RICK COLLESS:** Can you tell the Committee what sort of discussions you might have had in relation to the broader issue of water extraction as part of a coal seam gas operation? This is an issue that is developing at break-neck speed in the north-west, as you are probably aware.

**Mr PHILLIP COSTA:** I have had some conversations with some of the northern operators and there is some concern there. But there has been some discussion at the officer level within that. The reports I have read, particularly regarding Queensland, are very concerning. We are doing so much good work with the boards and the cap-and-pipe program there that we do not want our water to be contaminated. We have had some discussion, but mainly at the officer level.

**Mr HARRISS:** Thank you, Minister. It is a reasonably complex issue, but one of the principles adopted by NSW Office of Water is that any activity that intercepts water requires a licence under the Water Management Act, just as if you are extracting water from a river or an aquifer.

**The Hon. RICK COLLESS:** I think it is different from the Queensland situation.

**Mr HARRISS:** It is far different from the Queensland situation. I think we are a bit more advanced than the Queenslanders in requiring any impact on water availability to be addressed by way of licensing. That will of course come with a variety of conditions of consent, which are typically determined by the Department of Planning under the part 3A approvals process. A number of the issues that you raise are probably in the bailiwick of the Industry and Investment portfolio rather than ours. But certainly we provide conditions of consent that address where the take of water is going to come from and to ensure that there is minimal impact on third parties.

**The Hon. RICK COLLESS:** I turn now to the proposed pipeline for Orange and the fact that there was a strong Federal pre-election promise to fund that line. Is the State commitment of \$18.2 million locked in?

**Mr PHILLIP COSTA:** I have taken that to the necessary Cabinet and budget committees. Yes, the \$18.2 million is locked in. Only this week, on Monday, I went to Orange and met with the mayor and general manager. They expressed concern but I said, "We are committed." I know that they have had some rain recently. That city has put some very wise infrastructure in place to assist with their water supply. The pipeline will give confidence to that community that, particularly as a response to dry periods, they will have water supply. Orange is a city that has enormous potential, but it can be constrained by water if we do not get water to them. This pipeline is one of those solutions.

They have—I commend Orange City Council—looked at alternatives. They are one of the leading councils, if not the first council in New South Wales to capture stormwater to put back into their drinking supply. We have backed that with some dollars. It is a great project. They are doing some very good work on demand management; there are some good designs there. They are also looking at this pipeline. We agree that the pipeline is an important part of their work. They are doing some great work with recycling; they recycle their sewer water. They have a good recycling plant.

**Dr JOHN KAYE:** And stormwater capture.

**Mr PHILLIP COSTA:** The stormwater capture is fantastic. So what they are doing there is very good, but it will also have constraints on them. For example, if they go through another dry spell, all of the systems they have in place require rain. Even the pipeline requires rain, because you have to take water out of the dam system but at least the dam is more reliable in terms of quantum than the current system. So we are committed

to it. I believe there are some conversations to be had with the Federal Government soon. I will be doing the same.

**The Hon. RICK COLLESS:** So you do not have a commitment from the Federal Government yet?

**Mr PHILLIP COSTA:** Other than the commitment prior to the election, no.

**The Hon. RICK COLLESS:** I turn now to the desalination plant. As recently as 2 September you maintained the public line that the desalination plant is powered by green power. Other documents suggest that it is offset by renewable energy. Is it powered by green power or is it offset by renewable energy?

**Mr PHILLIP COSTA:** It is offset. There is no extension lead between the plant—

**The Hon. RICK COLLESS:** You cannot tell me where the electrons come from.

**Mr PHILLIP COSTA:** I cannot tell you exactly where those electrons come from, but we have 67 wind turbines at Bungendore. In a contractual arrangement, the wind farm is linked to the desalination plant. That wind farm went up as a result of the desalination plant, and there is an agreement between Infigen Energy and Sydney Water to supply the green certificates for that. So it is offset, without a doubt. The wind turbines are actually producing more power than we use in the desalination plant. It is running quite efficiently for two reasons. In initial trials it looks as though the desalination plant is using a little less energy than we thought, and we think the wind turbines will produce more power than required.

**The Hon. RICK COLLESS:** Is that energy put straight into the grid—

**Mr PHILLIP COSTA:** Straight into the grid.

**The Hon. RICK COLLESS:** —and you take it out of the grid?

**Mr PHILLIP COSTA:** It is pumped straight into the grid. It is a good project.

[Time expired.]

**CHAIR:** Can you advise whether the Billabong Creek Salt interception scheme has reduced overall salinity levels in the Murray River as measured at Morgan, South Australia?

**Mr PHILLIP COSTA:** I am very familiar with the project as in Morgan, South Australia. That is a pretty big bow. The short answer is yes. Following extensive studies by the Murray-Darling Freshwater Research Centre, the New South Wales Government and Norske Skog signed a contract, as you know, in May 2010 that will see more than 3,000 tonnes of salt on average removed from the Murray River catchment each year.

That partnership scheme not only prevents saline in groundwater from the area entering Billabong Creek but also brings fresh water into the creek, improving its water quality. Norske Skog is funding the operation of the scheme, in exchange for being licensed to discharge treated water into the Murray River from its Albury paper mill. The project has commenced as a proof of concept for five years, at which time it will be reviewed. I have had a fairly good briefing initially on this project and I appreciate how it works, but initial reports are saying that the short answer to your question is that less salt is going into the river as a result.

**CHAIR:** If not at Morgan, where are your measurements being undertaken? Can you provide details of salinity measurements?

**Mr PHILLIP COSTA:** I will pass that through because my commissioner does that.

**CHAIR:** Mr Harriss, what else is in the system other than the saline levels in terms of the effluent from that particular industry?

**Mr HARRISS:** The Billabong Creek salt interception scheme is quite unique in as much as it intercepts fresh water from a deep aquifer which reduces the pressure from the saline surface aquifer from discharging into Billabong Creek. The operation of those pumps effectively removes 3,000 tonnes of salt from

Billabong Creek, which joins the Murray River downstream of Swan Hill. The offset of that is to allow Norske Skog paper mill to discharge highly treated effluent into the Murray River at Albury. However, they discharge the equivalent of 1,500 tonnes of salt, so there is a net gain downstream of the confluence of the Billabong Creek with the Murray of 1,500 tonnes of salt. That equates, under the Murray-Darling Basin salinity strategy, to about .2 of an electric conduction unit [ECU] where it is measured at Morgan, which is the common measuring place for the salinity strategy in the MDBC.

So there is a net reduction in the total volume of salt and a reduction in the long-term average ECUs at Morgan. Because it is so far down the river, that is the reason for the minimum in terms of the total volume of salinity units. In terms of other nutrients and chemicals that might be discharged by the Norske Skog paper mill, that has been subject to an investigation by the Murray-Darling Fresh Water Research Centre for a minimum of 10 years, and in all their reports they have suggested that there are no harmful impacts of any of those discharges. They are subject to quite stringent pollution control licences with monitoring and evaluation.

**CHAIR:** In terms of other substances, do you have—perhaps you can take this on notice—any figures on what is getting into the system as effluent from the Norske Skog paper mill?

**Mr HARRISS:** I will take that on notice but I am aware it is subject to a pollution control licence which is monitored for specific chemicals and it is reported on. Much of that investigation is undertaken by the Murray-Darling Fresh Water Research Centre, which is an independent research centre based in Wodonga.

**CHAIR:** Between the mill and the pumping of the deep aquifer into the system, can you give the Committee an idea of how much creek distance is impacted upon? Do we lose viable river habitat between the mill and the interception?

**Mr HARRISS:** No, there are hundreds of kilometres between the confluence of the Billabong Creek system and the Murray, but the advice of the Murray-Darling Fresh Water Research Centre is that the impact of the discharge from the mill is negligible in terms of its impact on any habitat or any water quality within the Murray River itself. In fact, there are quite stringent volumes or flow rates at which stage the mill cannot discharge. I cannot remember off the top of my head; it might be one to 600, so it is a minimal contribution and the flows have to be quite substantial before they are allowed to discharge.

**CHAIR:** On 11 August 2010 the former Federal Minister for Water, Penny Wong, announced that the Commonwealth will pay compensation of \$13.7 million to Snowy Hydro Limited for the loss of electricity generation capacity due to the payout of the Mowamba borrowings account by Victoria and New South Wales. You were quoted as saying that New South Wales will pay out the Mowamba borrowings accounts through the allocations of environmental water savings accrued in the Murrumbidgee Valley. Will this water be sourced from the Barren Box swamp project? If not, where?

**Mr PHILLIP COSTA:** Specifically in the Barren Box we can give you a response to that, yes.

**Mr HARRISS:** This whole concept of payment of the Mowamba borrowings account and provision of an additional 24 gegalitres to the Snowy River in this water year adds to water that has already been previously committed, and that is a minimum of 38 gegalitres per annum. The water that has been recovered from Barren Box Swamp is part of that original 38 gegalitres that would otherwise be going down the Snowy as part of its normal operations under the Snowy Water inquiry outcomes implementation deed. This arrangement is to recover an additional 50-odd gegalitres, of which 24 gegalitres will add to that 38 gegalitres and the residual will pay off the Mowamba borrowings account. That will mean that in future years we do not have to set aside any additional water over and above that 38 gegalitres. It can all go down to the Snowy River as it accrues.

The problem we have had over the past 10 years is that whilst we have recovered the appropriate number of entitlements to meet our commitments to the Snowy River those entitlements have had very little allocation attached to them because of the drought. We have not been able to pay back the Mowamba borrowings account which would have been expected to have been paid back in the first couple of years of the operations under normal considerations.

**Mr PHILLIP COSTA:** I have been very keen to try to drive some water down the Snowy. We have been able to find some solutions there. I went down and had a look and there is no doubt that what we are doing now is going towards what was hopefully to be achieved. The fact is that we are coming out of a dry period and we are fortunate, hopefully, that this season we will be able to see a little more.

**The Hon. ROBERT BROWN:** Minister, earlier you referred to initiatives that had been undertaken in the Sydney Basin with relation to the Nepean-Hawkesbury and environmental inflows. You also referred to engineering works upstream to protect fish habitat, et cetera. Will you provide an indication of what sort of works and budgets are undertaken by Sydney Water in relation to trying to protect the Hawkesbury-Nepean from contaminated inflows, for example, sewage?

**Mr PHILLIP COSTA:** Without a doubt the infrastructure projects we have got across the Sydney Basin, some by Sydney Water—those fish ladders or fish barriers were put in along the river system by the Sydney Catchment Authority. We also have to give consideration to the quality of the water that is running down them. The St Marys project, for example, is designed specifically to put high-quality water into the river system.

**The Hon. ROBERT BROWN:** Tertiary treated water?

**Mr PHILLIP COSTA:** No, it is more than that: drinking water.

**Ms SCHOTT:** Yes, it is drinking water quality standard.

**Mr PHILLIP COSTA:** Yes, we are putting the best quality water into the river at that point to compensate for the very good quality water that is coming out of Warragamba Dam. I might get Kerry to talk about a few other projects. The work that we are doing in west Camden is very good. This is where it is good to have a number of officers; it is about balancing the environmental flows that have come out of the upper dams, for example, with the water that is going out of the STPs and adding them so that you actually improve the quality of the water that is going downstream.

**The Hon. ROBERT BROWN:** Perhaps on notice you could provide the Committee with a list of the projects that are being undertaken?

**Mr PHILLIP COSTA:** Yes, I would be more than pleased to do that.

**The Hon. ROBERT BROWN:** I understand that in the past 1½ years the Game Council has had discussions with the water corporation regarding management of feral animals in those catchments. I understand that recently a project was undertaken at Port Macquarie to remove deer from the catchment area. I also understand that it was highly successful. Given the success of that operation, will there be an expansion of such a project into other catchment areas, either water supply or impoundments that the water corporation might manage?

**Mr PHILLIP COSTA:** Feral animals within the catchments is a very serious problem for us, and they are just not deer.

**The Hon. ROBERT BROWN:** Pigs, horses, all sorts of animals?

**Mr PHILLIP COSTA:** Yes. I will get Mike to make a comment in terms of the Sydney catchments. In respect to the Port Macquarie project, I refer to 2,500 megalitres off stream storage situated in Port Macquarie. We know that the site is adjacent to residential areas and reserves, and we had a problem. The catchment is 110 hectares, 40 hectares of which is within the water catchment, partially forested and fully owned and managed by council. The deer, as I understand it, are considered a public health risk and the Department of Health has supported the culling. The deer issue is not new. Deer have been causing minor issues for Port Macquarie Hastings Council in the catchment for the past 25 years. Council has tried tranquillising and trapping, but without success.

It is suspected that about one dozen deer have recently set up home again in the catchment, and they multiply very quickly. The site is fully fenced but it is adjacent to some nature reserve areas where deer are present in larger numbers. The deer occasionally gain access by jumping the fence or pushing it over. They not only cause concern there, but they are also a traffic hazard. The council has an ongoing program to upgrade the fence to try to keep them out. I am advised that council has commenced culling operations in consultation with the New South Wales Game Council, which completed a risk assessment. The assessment and the cull were approved by the NSW Police Force and I understand that culling operations will continue throughout the remainder of 2010.

**The Hon. ROBERT BROWN:** Sydney catchment and other catchments throughout the State.

**Mr PHILLIP COSTA:** I have a number of portfolios that cover different things, but the same problem is right across the State.

**Mr BULLEN:** From the Sydney catchment's perspective, we work in partnership with the National Parks and Wildlife Service in relation to management and feral animal control in special areas.

**The Hon. ROBERT BROWN:** Do you mean the inefficient way?

**Mr BULLEN:** Those programs include both the metropolitan special areas as well as the Blue Mountains special areas. Similarly, we work in partnership with local landowners and what were the old RLPBs in the Braidwood area to effect feral animal control. That is how the Sydney Catchment Authority manages its responsibilities in relation to feral animal control.

**Dr JOHN KAYE:** Mr Harriss, earlier you spoke about concerns expressed to you by members of your office in respect of the proposal to build Tilligra Dam. Did any of those concerns refer to building a dam on the Williams River before the water sharing plan had been completed?

**Mr HARRISS:** I cannot remember specifically if those concerns were before or after the water sharing plans were completed. We have about 680 staff and there are a diversity of views on a number of significant issues. I can raise a couple of them, for example, as similar, the issue of diversion of water from the Clarence River.

**Dr JOHN KAYE:** Mr Harriss, I am interested in what you say, but my time is extremely limited. The Clarence River has very little to do with Tilligra Dam.

**Mr HARRISS:** I will answer the question you asked. I cannot recall whether it was specifically referenced to before or after the water sharing plan.

**Dr JOHN KAYE:** Did any of the issues raised with you refer to uncertainty about impacts on the Hunter wetlands and estuary?

**Mr HARRISS:** Yes, they did. I addressed those and I sought the advice of a broader suite of people from the department rather than just one or two individuals.

**Dr JOHN KAYE:** Were any of those concerns raised with you in relation to the need for a new water supply option in the Hunter?

**Mr HARRISS:** I think there were some challenges about the reports that had previously been prepared. At that time I was aware that there were independent reports being commissioned by the Department of Planning and so it was appropriate that we wait until we saw the results of those reports?

**Dr JOHN KAYE:** The answer to my question is, "Yes"? People in your department raised that issue?

**Mr HARRISS:** People have raised that issue, as they raise issues about a whole range of issues.

**Dr JOHN KAYE:** Did any officers in your department raise with you the issue of building of a dam that was not part of the water sharing plan?

**Mr HARRISS:** No, I cannot recall that off the top of my head.

**Dr JOHN KAYE:** You do not know whether they did or did not?

**Mr HARRISS:** No, we get 3,300 pieces of correspondence a year. I cannot remember the detail of all of them.

**Dr JOHN KAYE:** No, I am talking specifically about officers within your department raising that issue with you?

**Mr HARRISS:** That is what I am saying. Numerous pieces of correspondence, briefing notes and submissions go through my office. I cannot recall the specific details you are talking about.

**Dr JOHN KAYE:** And you would not recall, given the importance of the water sharing plan and the significance of Tillegra Dam, if somebody had raised that there might be conflict between the two?

**Mr HARRISS:** No, I cannot in this instance recall that.

**Dr JOHN KAYE:** Can I address a question to Commissioner Harriss or Dr Schott in respect of the metropolitan water sharing plan?

**Mr PHILLIP COSTA:** In terms of the metropolitan water sharing plan?

**Dr JOHN KAYE:** I am sorry, the Metropolitan Water Plan, the 2010 update.

**Mr PHILLIP COSTA:** That is Dr Schott. The water sharing plan—

**Dr JOHN KAYE:** No, "sharing" was an ectopic word, I did not mean that. Dr Schott, will you release the analysis that led to the plan saying that the desalination plant would be turned on at 70 per cent storage level and turned off at 80 per cent?

**Dr SCHOTT:** That analysis was done for the independent expert panel by the CIE consulting group. It is not actually my analysis; it was done for that group. I can explain the general gist of the reasoning behind it—it is actually quite a complicated mathematical model—but it is not my power to release it, is what I am saying.

**Dr JOHN KAYE:** Whose power is it to release that document?

**Dr SCHOTT:** It would be the independent expert panel and the Minister.

**Dr JOHN KAYE:** So it is the Minister's decision not to release that document?

**Dr SCHOTT:** I do not think any decision has been made in that regard.

**Dr JOHN KAYE:** Minister, since Dr Schott says it is within your power to do so, will you release the analysis, which we now know was done by the CIE consulting group, that led to the pump marks within the Sydney Metropolitan Water Plan 2010?

**Dr SCHOTT:** It is not about pump marks.

**Mr PHILLIP COSTA:** No.

**Dr JOHN KAYE:** The on level and the off level. The expression "pump marks" is used, but let us call them the on level and the off level.

**Mr PHILLIP COSTA:** And you are asking for the report that was put together by the expert panel?

**Dr JOHN KAYE:** I am asking for the evidence that led to those decisions to be put into the public domain.

**Mr PHILLIP COSTA:** I would have no problem with it.

**Dr JOHN KAYE:** Sorry, Minister, I did not hear you. Did you say you would not have any problems with that?

**CHAIR:** Do not verbal him.

**Mr PHILLIP COSTA:** I will take it on notice and I will be more than happy to release whatever documents, if I have the capacity to release them. I am not privy to the relationship between the expert panel and myself and how that information is available. If the document is able to be released, I will release it. I do not



hide anything. I have told you right from the start that there is nothing in the Water portfolio that I am uncomfortable with and, if I have the capacity to release something, I will.

**CHAIR:** The Government is allowing some time for further questions from the crossbench, et cetera, so we will have one question each. Minister, looking at the Lachlan River, on what basis was the Brewster Irrigation Dam, a wetland of national significance, reduced from 6,100 hectares to just 300 hectares?

**Mr PHILLIP COSTA:** I am aware of the changes that occurred there and I will just go into a little detail for you. This lake is a naturally occurring lake that has developed to store water since the 1940s. The New South Wales and Commonwealth governments have jointly invested \$13 million in the Lake Brewster water efficiency project to maintain wetlands and improve the sustainability of the Lachlan River. This jointly-funded project is expected to save 10 billion litres of water each year. The first adaptive environmental water licence and water use plan was granted to this project, meaning 60 per cent of the water saving will go to the environment with the remaining 40 per cent returned to the system for better availability for users in dry years.

Water flows have recently been diverted into the lake for the first time in five years after welcome rain in the Lachlan catchment. The flows follow the completion of construction of the Lake Brewster efficiency project, which included works to revitalise 1,000 hectares of wetland, construction of a 5.5 kilometre dividing embankment to reduce evaporation and improved outlet works to enhance the water flows. Project works have improved habitat for the extensive range of vegetation and wildlife in this wetland. Further environmental benefits from the project include works to improve water quality and the installation of infrastructure facilitating draining of the lake for carp control. This project has improved the efficiency of important off-river storage to enhance water management in the Lachlan River, benefiting both the water users and the environment. So, as you would be aware, this is the first time since we have done the work that we have been able to use it the way it was designed to be used.

**CHAIR:** I appreciate that, but can you explain the reduction from 6,100 hectares to 300 hectares?

**Mr PHILLIP COSTA:** It is perhaps before my time.

**Mr WARNE:** I have recently been out to the site and, on my understanding, the Minister spoke about a dividing wall in the dam and that is for annual operation to efficiently take small volumes of water and be able to re-regulate them, and then the whole area—the whole 6,000 hectares—is inundated from time to time to create environmental benefits and to create that ephemeral sort of stream where you get wetting and drying, much more in sync with nature. The Minister also spoke about the drainage lines to enable the complete draining so that you do not get static pools, which grow carp basically. So it is about an environmental outcome that provides a lot of benefits and has a happy synergy where it creates a little bit more water security as well. It is a joint venture of the Commonwealth and the State and it has been endorsed and really promoted by the local catchment management authority.

**Mr PHILLIP COSTA:** I apologise, because I did not think there was a reduction.

**CHAIR:** Yes, I know, and that solves the problem.

**The Hon. RICK COLLESS:** Minister, going back to the desalination plant, given that the plant must run continuously for the membranes to function efficiently, what is the estimated time that the desalination plant will be operating when it is outside of the trigger level?

**Mr PHILLIP COSTA:** I will pass that question on to Dr Schott, but my understanding is that the membranes need to be wet, not necessarily pushing water through them, to maintain their integrity. In terms of the operations or production outside those parameters I will get Dr Schott to answer.

**Dr SCHOTT:** That is correct, Minister. The operating rules of the desalination plant, as Dr Kaye alluded to earlier, are a 70-80 rule, so the desalination plant will operate if the total storages are 70 per cent or less, it will cut off when they reach 80 per cent and it will not come back on again until they go to 70 per cent. The analysis that we have done of the variability of the rainfall and the storages suggests that the way that the plant will operate is in quite big blocks.

It is not going to be an off-and-on sort of operation; it will run for, say, a five-year block and then there will be a big dump of rain and the dam storages will fill. We are really only talking about Warragamba here,

which is the big storage, and a very variable rain pattern over it. The desalination plant will then be off for a period of years. So it will be on for quite a long period of years, off for a period of years and then on, and when it is off the membranes will be kept wet and basically no desalinated water will be produced. There is just water running through the membranes and substance to basically keep them wet and in good condition, so that the plant basically gets mothballed with wet membranes.

**The Hon. RICK COLLESS:** What is the cost of running it when it is mothballed compared to when it is in full operation mode?

**Dr SCHOTT:** It is a trivial cost. The cost of the water from the desalination plant is \$2.24 a kilolitre altogether and, of that \$2.24, sixty-two cents is operating costs. So when it is not operating, the cost of the plant is \$2.24 less 62 cents, whatever that is. That is basically capital costs—financing costs essentially.

**Dr JOHN KAYE:** Dr Schott, what is going to happen in a situation where we have pumped the dam up to 80 per cent using desalination and using water from the Shoalhaven, and then we get a repeat of the rainfall and water usage patterns that happened from June 2007 to February 2008 and there is, roughly speaking, 800 gigalitres—800 billion litres of water—increased level in our storages? What will happen when we are at 80 per cent and we pump in another 800 gigalitres?

**Ms SCHOTT:** Some common sense needs to prevail here. If future weather forecasts suggest that we are pretty certain of getting some very good rain, then obviously we are not going to run a plant that will cause dams to spill. The 70-80 rule, while it is expressed mechanically, is going to need a certain amount of judgement around it. It requires some explanation. The reason it is 70-80 rather than, say, 30-40, is because the desal plant, while it is a large plant, is not large in the context of the storages. If you ran the plant at 30 per cent you would never allow the storages to increase enough for the plant to be making any real impact on the storage levels. The plant works best when you are running it up to relatively high storages to try to keep those storages up. You can see that in recent months. The storage at Warragamba has remained pretty steady at the 55 per cent to 58 per cent level. The desal plant was running at full bore during that period and Warragamba Dam's storage has not moved much.

**Dr JOHN KAYE:** But you are not pumping from Shoalhaven.

**Ms SCHOTT:** No, the catchment authority is not pumping from the Shoalhaven. If it was pumping from the Shoalhaven the 70-80 rule would still apply. It is just water wherever it comes from.

**The Hon. ROBERT BROWN:** My question is related to research and development and future means and methods of getting and saving water. Does the department have its own research people and engineers who look at some of these schemes around the world? For example, you talked before about stormwater re-use. In South Australia they use aquifer recharge as a method of storing water. I understand there are systems that use detention dams on coastal flows, rather than retention dams, so that is more flood mitigation. What sort of resources does the department put into researching those sorts of things?

**Mr PHILLIP COSTA:** That is a great question. I have a personal interest in that. I went and had a look at the South Australian system, not as the Minister for Water but as a councillor, to talk about how Salisbury City Council managed its stormwater. I believe local government is a big player in that. The system they have is very different but the way in which they use the wetlands and put the water into the saltwater aquifer is brilliant. We need to capture as much of this capacity as possible. I have also visited other places where there have been some good stormwater and recycling initiatives. To answer your question, we have people always looking into ways of improving the system.

**Ms SCHOTT:** We spend about \$10 million a year on a research and development budget. It is largely focused on applied research, not basic research. One of our major research themes is corrosion in concrete sewers, which sounds mundane but we have done some very important work in that area and saved a lot of money. We also have a strand of work looking at climate change and extreme weather events and their impact on our operations. We work very closely with other water utilities in their research programs, including two very large research programs in the United States.

**The Hon. ROBERT BROWN:** So, it is international research?

**Ms SCHOTT:** Yes. In relation to the integrated stormwater management you referred to, that is being done at more localised levels in Sydney. We have a partnership with PUB in Singapore, who probably have the most amazing stormwater catcher globally, because they have basically put a barrage across their harbour and turned it into fresh water, which we are not suggesting.

**Dr JOHN KAYE:** Do not give the idea to Kevin Young.

**Mr YOUNG:** It sounds like a great idea to me!

**Dr JOHN KAYE:** There go the Hunter wetlands!

**Mr PHILLIP COSTA:** I have had briefings on programs like that. Sydney Water has won a world's best award for water utilities. We are up there with the best in the world and there is a very good set of research being done at Sydney Water, State Water, Hunter Water and the Sydney Catchment Authority. There is a suite of work happening across all my portfolios because we are constantly looking for a better solution.

**The Hon. ROBERT BROWN:** You mentioned \$10 million for Sydney Water. Are there allocations throughout other parts of the portfolio?

**Mr PHILLIP COSTA:** I cannot give you specifics, but we can take that on notice. There are allocations, but I do not know what they are.

**CHAIR:** I thank the Minister and his staff for their contributions.

**(The witnesses withdrew)**

**CHAIR:** The Committee will deal now with the proposed expenditure for the portfolio area of Corrective Services. I remind everyone to turn off their mobile phones or, if they are taking messages, to leave them on silent mode and to place them away from microphones.

**RON WOODHAM,** Commissioner, Corrective Services NSW, and

**GERRY SCHIPP,** Deputy Commissioner, Corporate Services Corrective Services NSW, sworn and examined:

**LUKE GRANT,** Assistant Commissioner, Offender Services and Programs, Corrective Services NSW, affirmed and examined:

**CHAIR:** We will commence with Opposition questions.

**The Hon. DAVID CLARKE:** Minister, I think you would agree that the NSW Probation and Parole Service is important in rehabilitating former prisoners.

**Mr PHILLIP COSTA:** Yes, definitely.

**The Hon. DAVID CLARKE:** What is the current number of probation and parole officers in New South Wales?

**Mr PHILLIP COSTA:** I have some numbers here but I might flick that question to Mr Woodham, who will give you the details.

**Mr WOODHAM:** In Community Corrections there are 1,067.

**The Hon. DAVID CLARKE:** How does that figure compare, for example, with the numbers in 2002?

**Mr WOODHAM:** There is a definite increase. I know for a fact that in the past two years there have been 170 positions.

**The Hon. DAVID CLARKE:** Would you be able to supply those figures for each year from 2002 to the present time? Would you take that question on notice?

**Mr WOODHAM:** Yes. There definitely has been an increase.

**The Hon. DAVID CLARKE:** How many new probation and parole staff have been employed over the past 12 months?

**Mr WOODHAM:** We have also had normal recruiting. I will have to take that question on notice and give you those figures. But in the past two years over 160 positions were created over and above our authorised strength at that stage.

**The Hon. DAVID CLARKE:** What has been the staff turnover in the past two years?

**Mr WOODHAM:** I would have to take that question on notice. From my knowledge of it, the number is very low.

**The Hon. DAVID CLARKE:** Do all new staff come into the system through training schools?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** When was the last training school?

**Mr WOODHAM:** In Community Corrections I think the last one finished two or three weeks ago.

**The Hon. DAVID CLARKE:** How many were in that training school?

**Mr WOODHAM:** From memory, I believe 30.

**The Hon. DAVID CLARKE:** When was a training school held before that?

**Mr WOODHAM:** I think that one went back to back with the one before.

**The Hon. DAVID CLARKE:** So two were held very quickly?

**Mr WOODHAM:** There were more than two. I will have to take that question on notice to get the exact figures.

**The Hon. DAVID CLARKE:** Would you be able to give us the date of each training school that has been held over the past two years and the number in each training school?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** And the number of trainees in each school. You indicated that the last training school was held recently.

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Two training schools were held close together. Was there much of a gap between the last two training schools and the training school before that?

**Mr WOODHAM:** I do not believe so but I can give you those details.

**The Hon. DAVID CLARKE:** From memory, do you have an idea?

**Mr WOODHAM:** I do not think it was long at all. In order to be accurate I would have to take that question on notice.

**The Hon. DAVID CLARKE:** What is the ratio of casual staff as against full-time staff in the NSW Probation and Parole Service?

**Mr WOODHAM:** I do not think there are any casual staff members in the NSW Probation and Parole Service at this point in time. We have a lot of temporary appointments—not a high figure. When I say "a lot" I mean that there are some temporary appointments. We are looking at recruiting casual parole officers when we recruit prison officers.

**The Hon. DAVID CLARKE:** Can you provide us with particulars relating to the number of casual or temporary staff?

**Mr WOODHAM:** Most of these people are retired parole officers who come back and work for us.

**The Hon. DAVID CLARKE:** Will you get the figures for us for, say, the past four years?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Why is the department using temporary staff rather than full-time staff?

**Mr WOODHAM:** We do not use only temporary staff. Temporary staff members fill in temporary gaps. We employ full-time staff in Community Corrections.

**The Hon. DAVID CLARKE:** Commissioner, I refer to some comments that you made during the Independent Commission Against Corruption [ICAC] hearing into Mr Wade and the John Morony Correctional Centre. You said that you had been "concerned for some time that the shine had come off the ball, so to speak, with security right across the board". When you said that the shine had come off the ball what in particular did you have in mind?

**Mr WOODHAM:** A number of incidents had occurred in the jails—the escape of four or five prisoners in Parramatta who should not have escaped. They found rope ladders, some of the best rope ladders I have seen made in my 43 years experience. I was concerned about that and I wanted to do something about it.

**The Hon. DAVID CLARKE:** And rightly so. When you talk about the shine coming off the ball, were you inferring that there was some sort of breakdown in the system? They are reasonably strong words to use to describe that situation, are they not?

**Mr WOODHAM:** They were my concerns. They were truthful words. I was in a position where I had to do something about it. The shine had come off the ball. Even some of my senior staff were not putting enough attention into security issues.

**The Hon. DAVID CLARKE:** You called it as you saw it?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Do you think a question of resourcing was involved? Do you think that if you had more resources, you may have been in a better position?

**Mr WOODHAM:** No, that was not an issue in what I was talking about.

**The Hon. DAVID CLARKE:** What do you believe caused this position to develop?

**Mr WOODHAM:** Sometimes in jails it is easy to be involved in other issues and not on critical issues such as security. We have had some breakdowns in attention staff-wise in our control rooms. One of those was well publicised in an upper House inquiry here into privatisation. I just had a general concern across the board. It was not only with maximum-security jails. We had to liven up our footwork as far as security was concerned.

**The Hon. DAVID CLARKE:** You had a series of breakdowns in the system. Who or what do you think was responsible?

**Mr WOODHAM:** There is no one person responsible. We did a review of all our maximum security jails. The ICAC inquiry was involved in looking at some of those aspects of security with the drug dogs sniffing staff and the security we have on pedestrian entries to our correctional centres. It was time to do a review. That

review has been done. We have spent a fair bit of money tightening up security. We believe it is adequate and everyone is doing their job at this point in time.

**The Hon. DAVID CLARKE:** When you gave your evidence at the ICAC, you indicated that you had been concerned for some time about the shine coming off the ball?

**Mr WOODHAM:** That is right.

**The Hon. DAVID CLARKE:** It had been on your mind and caused you considerable concern for some period?

**Mr WOODHAM:** Yes, and I had someone reviewing it for some considerable time before I went to the ICAC hearing.

**The Hon. DAVID CLARKE:** How far did those investigations advance?

**Mr WOODHAM:** They went into every aspect of security that you could think of.

**The Hon. DAVID CLARKE:** Did you hire an external consultant in early 2009 to review security in a number of jails?

**Mr WOODHAM:** Yes, I did.

**The Hon. DAVID CLARKE:** Did the review of the John Moroney Correctional Centre find numerous deficiencies with security measures to detect and deter corrupt behaviour?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** You were deeply concerned about that?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Since that review, what action have you taken to solve those problems?

**Mr WOODHAM:** We have put cameras in the gate where we can ensure that staff are searched properly when they come into the correctional centre. We have put biometrics and eye scanning devices in the entry points of our maximum-security jails. We have nearly finished that process right across the State, and the dogs unannounced are scanning staff as they come to work and leave work.

**The Hon. DAVID CLARKE:** You say you have had sufficient funds to do all the things you feel are necessary to be done?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** What safeguards have you put in place to ensure that contraband cannot be smuggled into prisons by correctional officers?

**Mr WOODHAM:** That is nearly an impossible task. You have to have a lot of trust in your correctional staff as well. You cannot do physical internal searches of everyone when they come to work. As a matter of fact, we really cannot do any unless we have specific information and involve the police. There is no ironclad guarantee that someone might not smuggle something in. All we can do is do the best we can to eliminate the possibility of that happening.

**The Hon. DAVID CLARKE:** You say, "All we can do is the very best we can" to deal with this. You appear to be deeply concerned about this matter, and rightly so. What safeguards have you specifically taken? Surely, you have put in place some safeguards?

**Mr WOODHAM:** As I say, the entry points of our maximum security jails now have been tightened up as tight as you will see anywhere in the world. I must add, that the greater majority of our officers are honest, hard-working people and dedicated to the task of being a prison officer and protecting the community. It is only

a handful, I think on average one or two a year in the last few years, who fell by the wayside and got involved in real corrupt activity.

**The Hon. DAVID CLARKE:** Who did the security review?

**Mr WOODHAM:** John Klok.

**The Hon. DAVID CLARKE:** What qualifications did he have to conduct that review?

**Mr WOODHAM:** I raised this at the Independent Commission Against Corruption too and you will see it in the evidence; I got asked that question there. He was a former assistant commissioner of security and, in my opinion, one of the best people in Australia to carry out the security review that I wanted done. He had knowledge of all our systems. Another consideration was his doing it straightaway.

**The Hon. DAVID CLARKE:** What did that review cost?

**Mr WOODHAM:** I think it cost about \$104,000, from memory.

**The Hon. DAVID CLARKE:** Are you pretty sure of that figure?

**Mr WOODHAM:** No, I am not.

**The Hon. DAVID CLARKE:** Do you want to take that on notice and come back to us on that?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Getting back to prison officers, do they undergo probity checks?

**Mr WOODHAM:** Yes, they have their bags searched. Do you mean when they enter a jail? What we do there?

**The Hon. DAVID CLARKE:** Probity checks generally.

**Mr WOODHAM:** When we employ somebody we do a full criminal check. We have our own intelligence group working with police. There is a great deal of intelligence swapped between us and other law enforcement officers, and sometimes it is applicable to a staff member here and there.

**The Hon. DAVID CLARKE:** Do you do spot probity checks?

**Mr WOODHAM:** Yes, we do spot checks with, say, the dogs. We use the drug detector dogs on staff coming to work and also the searching of bags. If we have intelligence we search the staff as well.

**The Hon. DAVID CLARKE:** You have raised the question of sniffer dogs. Have they been introduced into all correctional centres?

**Mr WOODHAM:** All up, we have 42 dogs and also attack dogs—you do not use them on staff; we use our passive alert dogs. They are the ones that smell drugs and sit down. We have about 14 or 15 of those, I believe. They roam the State. They can turn up anywhere unannounced and carry out this work.

**The Hon. DAVID CLARKE:** Have you introduced these sniffer dogs into all correctional centres?

**Mr WOODHAM:** They do attend all correctional centres but they are not there all the time.

**The Hon. DAVID CLARKE:** So you just move them around from centre to centre, as it were?

**Mr WOODHAM:** Yes, but the MRC at Silverwater—the big remand jail—has, I believe, five dogs there every day.

**The Hon. DAVID CLARKE:** You do not believe that you should have these sniffer dogs in all correctional centres at all times.

**Mr WOODHAM:** Not really. I do not want to talk publicly about the capability of certain dogs, but it is not an ideal situation to have dogs inside a jail every day. They get too familiar with people, the handlers get too familiar and even the prisoners get familiar with them—how they work and operate. We do surprise things after hours, unannounced through the day, and move them around the State. However, some are stationed at Grafton and some are stationed at Lithgow, they are not all stationed centrally in Sydney.

**The Hon. DAVID CLARKE:** Are there guidelines and practices concerning probation and parole officers transferring from one location to another?

**Mr WOODHAM:** There are guidelines for any transfer. There is a number of ways a person can transfer. They can transfer due to a promotion, they can transfer for compassionate grounds or they can transfer because they would like to work closer to where they live—those sorts of things. They are all considered on an individual basis.

**The Hon. DAVID CLARKE:** Do you maintain a transfer list?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Is that transfer list being utilised?

**Mr WOODHAM:** I am sure it has been. There is a transfer list for graduates, where they want to go. We place them as soon as they come through the school, and most other placement, as I said earlier, is done for promotional reasons and they win a job in another location.

**The Hon. DAVID CLARKE:** Are you aware of the deep concern among officers that nobody is in fact moving; that there is this transfer list but nothing much is happening with it? Are you aware of these complaints?

**Mr WOODHAM:** I am not aware of it, no.

**The Hon. DAVID CLARKE:** Is anybody else in your department aware of that? Are you aware of that, Mr Grant?

**Mr GRANT:** I am not aware of it, no.

**The Hon. DAVID CLARKE:** That is complete news to you, is it?

**Mr GRANT:** Yes.

**The Hon. DAVID CLARKE:** For instance, the up-to-date transfer list shows a request was made in early 2004—that is over six years ago. There does not seem to be any movement with that particular person.

**Mr WOODHAM:** You give me a name. There might be another reason why they have not moved.

**The Hon. DAVID CLARKE:** Right, okay. There may indeed. I do not want to raise particular names now but there are quite a number here. Others are in 2004, 2007 and 2002—there is a whole series of them. Do you have any guidelines that govern how this transfer list works?

**Mr WOODHAM:** We have a transfer list not only for probation and parole but also for prison officers as well as everyone else who works in the department.

**The Hon. DAVID CLARKE:** I am referring particularly to the Community Offenders Service Probation and Parole Officer Transfer List.

**Mr WOODHAM:** Yes, there would. I know that a lot of the time, for those people who are on the transfer list, there has not been a position for them. That could be because a lot of the probation and parole officers are very stable in their employment. Some of them stay in the same location for 30 years, so having a position to transfer them in would be one issue. Another issue—and I know particularly with the correctional



officers and it is the same with some of the parole officers—is they go on a transfer list and when you ring them, they do not want to move but would like to stay on the list. We could break that down and give you the detail.

**The Hon. DAVID CLARKE:** Could you take that on notice and get back to us? Could you give us a breakdown according to the number of years they have been on the transfer list and the reasons why they are still there?

**Mr WOODHAM:** Yes, and if they still want to go.

**The Hon. DAVID CLARKE:** Yes, indeed. Is this list updated or do people request that their names be taken off?

**Mr DAVID SHOEBRIDGE:** You can get off when you die.

**The Hon. DAVID CLARKE:** As Mr Shoebridge says, you can get off when you die. But I am not talking about that situation. Some people on this list are complaining that they are not getting any priority for new jobs; there is a lot of discontent. I ask once again: Are you quite sure these concerns have never come to your attention?

**Mr WOODHAM:** You are talking now about people going for promotional positions?

**The Hon. DAVID CLARKE:** Yes.

**Mr WOODHAM:** They have the right to go like anyone else and if they do not get a job, which some of them do not, as long as it is a fair and competitive selection process—and we have had a review of that right across the board too and we believe that our selection committees and the processes they use are as good as anywhere and quite ethical.

**The Hon. DAVID CLARKE:** So you will be able to give us a comprehensive breakdown on how the system is operating?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** And the reasons why people do not appear to be moving?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Commissioner, in terms of the sniffer dogs that are attending on unscheduled visits—I assume they are not scheduled visits to prisons, is that right?

**Mr WOODHAM:** That is true.

**Mr DAVID SHOEBRIDGE:** What are the Chinese walls or other divisions that you have in Corrective Services between the sniffer dog unit and the balance of Corrective Services that ensures integrity in those randomised visits?

**Mr WOODHAM:** We have created what is called the State Emergency Unit. It is quite separate to anything else. They are trained up to handle emergencies in jails as well. We have attached a number of dogs to that unit, so they are not involved in working with other staff on a regular basis. They have just got their own group. We have a very experienced former general manager or superintendent of the jail running that unit. I can assure you that the jails that they attend, to scan staff, have no idea they are coming and when they are coming.

**Mr DAVID SHOEBRIDGE:** So it is not an entirely separate unit. They just have their own manager. Is that right?

**Mr WOODHAM:** No. It is in a separate unit.

**Mr DAVID SHOEBRIDGE:** Not attached to the sniffer dogs. This is this broader emergency response unit.

**Mr WOODHAM:** The dog unit itself is separate anyhow, but we have got dogs attached to the state of emergency unit that does the scanning of the staff.

**Mr DAVID SHOEBRIDGE:** In terms of transport arrangements, when transport arrangements are made for the sniffer dog units, what procedures are in place to ensure that they are not known to other offices in Corrective Services?

**Mr WOODHAM:** Every handler has his or her own vehicle. The vehicle goes with every dog. Most of our dogs get connected to the family as well of the handler. I could go into that, but it would take half an hour to tell you how we train drug dogs. There are different types of drug dogs.

**Mr DAVID SHOEBRIDGE:** I did not ask about that.

**Mr WOODHAM:** They have their own vehicle and it would not matter if they knew or not what the vehicle registration numbers were. They could turn up at any time.

**Mr DAVID SHOEBRIDGE:** Commissioner, what are the current recommended ratios of staff to inmates at prisons run by Corrective Services?

**Mr WOODHAM:** It depends on maximum, medium and minimum security.

**Mr DAVID SHOEBRIDGE:** All right. Could you give me those three answers?

**Mr WOODHAM:** Maximum generally works out at about three to one.

**Mr DAVID SHOEBRIDGE:** Yes?

**Mr WOODHAM:** In minimum security, you could have one officer with 20 prisoners.

**Mr DAVID SHOEBRIDGE:** And they are the only two ratios you have?

**Mr WOODHAM:** No. There are various ratios. I will give them to you in detail.

**Mr DAVID SHOEBRIDGE:** All right. Are those ratios currently being met by all the prisons run by the department?

**Mr WOODHAM:** Yes. We have operational plans in every jail with adequate staffing. This has been an issue that has been through the Industrial Commission. We have adequate staff to maintain the operations that we have to carry out.

**Mr DAVID SHOEBRIDGE:** When you say "adequate staff", do you have staff that meet the current recommended ratios for each of those categories of prison?

**Mr WOODHAM:** Yes. And we have casuals who can fill in any gaps. We have 400 casuals who can fill in any gaps right across the board from Grafton to the Victorian border.

**Mr DAVID SHOEBRIDGE:** Those ratios are useful tools—

**Mr WOODHAM:** What we have got, when you talk about our ratio, is a daily staffing level that I can guarantee, as best I can, that my staff are safe, that the prisoners are safe, and just as importantly, if not more importantly, that the community is safe if any of these people get over the wall. Those daily staffing levels are agreed with by the union.

**Mr DAVID SHOEBRIDGE:** All right. And the staffing level, the first point in working out a staffing level—

**Mr WOODHAM:** We fill in the gaps with casuals.

**Mr DAVID SHOEBRIDGE:** The first point in working out a staffing level is the number of inmates and the classification of the inmates at the prison.

**Mr WOODHAM:** Yes. They are staffed up much greater than the Glenn Innes prison campus or Brewarrina, where no-one is locked in.

**Mr GRANT:** Could I add something to clarify that point? It is not so much a ratio for maximum security and minimum security. There is a ballpark ratio that the commissioner gave you, but each correctional centre is so different that you have to have an individual management plan for each centre. It is not just the nature of the offenders in the centre but also the nature of the individual centre. Some centres have very complex work programs or complex programs around rehabilitation, and different levels of staff are required for each centre. Each centre has a negotiated and agreed staffing level based upon the very particular requirements of that centre to make it safe for everyone.

**Mr DAVID SHOEBRIDGE:** That is no doubt right. There will be particularities in any given prison, which means that you need certain slightly higher or lower ratios, given those particularities in a prison. Would that be a fair summary?

**Mr GRANT:** That is true.

**Mr DAVID SHOEBRIDGE:** In terms of Parklea, there would be particularities about the prison out at Parklea and, again, certain classifications of inmates. You would know what the appropriate staffing ratio would be at Parklea. Correct?

**Mr WOODHAM:** Yes. We have just moved our Violence Prevention Program from Long Bay to Parklea. It is adequately staffed and we make sure it is.

**Mr DAVID SHOEBRIDGE:** Commissioner, in answers to questions on notice that you gave Ms Hale on 6 July this year, it was stated that Corrective Services did not recommend any staffing levels or staff to inmate ratios at the newly privatised prison at Parklea. Can you please explain why you gave that answer when it is clearly an important performance indicator?

**Mr WOODHAM:** Okay. I have just told you that after Parklea fired up, we then geared up our Violence Prevention Program in Parklea. We have run that, not a private operator. We have our staffing levels for there, and we put them in there.

**Mr DAVID SHOEBRIDGE:** Yes, but in terms of the private operator of Parklea, why are you not requiring those kind of staffing levels or staff to inmate ratios at Parklea? Why you do not have that as part of the requirements?

**Mr WOODHAM:** They are adequate. In the process of the contract being let, they had to provide their staffing level. The assessment team that reviewed those proposals knew exactly how many staff they were going to have.

**Mr DAVID SHOEBRIDGE:** Then why on earth did you not recommend any staffing levels—and these are your words—or staff to inmate ratios at the newly privatised prison at Parklea? Why not?

**Mr WOODHAM:** Well, I am just trying to explain to you that they would have put their staffing levels to the assessment team for their consideration, and there was a sign-off down the track that those staffing levels were adequate.

**Mr DAVID SHOEBRIDGE:** Do you review them at all?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Do you give required ratios when you do those reviews?

**Mr WOODHAM:** Yes. We have a person that does nothing else and gets involved in reviewing what is happening at Parklea, like we do at Junee.

**Mr DAVID SHOEBRIDGE:** Can you give the staff to inmate ratios at Parklea for the last 12 months?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Can you do that now, or will you do that on notice?

**Mr WOODHAM:** No. I will get it for you. By the way, one of our best superintendents now runs Parklea for the private operator and he knows exactly what staffing levels are required.

**Mr DAVID SHOEBRIDGE:** But you are still only counting him as one, though, are you not?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Commissioner, is it true that there are now only a maximum of 25 staff working at Parklea prison on most days and that on the weekends it is less than 20, and that on the afternoon shift it is about eight, and on the night shift it is about six, and Parklea has approximately 800 prisoners. Would that be a fair summary?

**Mr WOODHAM:** I do not think it is. It is nowhere near 25 for 800.

**Mr DAVID SHOEBRIDGE:** It is less than that?

**Mr WOODHAM:** No, more.

**Mr PHILLIP COSTA:** We will get the details. We will get back to you on those numbers.

**Mr WOODHAM:** It is definitely more.

**Mr DAVID SHOEBRIDGE:** Can you give the figures for ordinary day-time working, for the weekend shifts, for the afternoon shifts, and for the night shifts?

**Mr WOODHAM:** You have six sets of towers to start with, before anyone on the ground.

**Mr DAVID SHOEBRIDGE:** Can you give answers for all those categories?

**Mr WOODHAM:** We can get them for you, yes.

**Mr DAVID SHOEBRIDGE:** Is it right that Parklea has approximately 800 prisoners?

**Mr WOODHAM:** Yes, close to 800, if you include the 100 minimum security outside.

**Mr DAVID SHOEBRIDGE:** When you are giving those figures on notice in relation to the actual numbers that have been at Parklea for the past 12 months, would you also give what the equivalent numbers would be if the facility was being operated by Corrective Services?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** If there is any discrepancy between the two, could you take some efforts to explain that discrepancy?

**Mr WOODHAM:** Yes, but there would not be a discrepancy. We are quite happy with the way Parklea is running.

**Mr DAVID SHOEBRIDGE:** But you do not require any staff to inmate ratio at Parklea?

**Mr WOODHAM:** I am not saying that at all.

**Mr PHILLIP COSTA:** You are stuck on ratios, and I think we have explained that that is not how it all works.

**Mr SCHIPP:** I think the Minister has just summed it up. It is not a matter of a ratio of X number of prisoners to X number of staff. When the tender for Parklea was let, the tender specification required a certain

level of service. The tenderers put in their costings as well as their staffing profile to achieve that level of performance and that level of service. Each of the tenderers was required to give a presentation as to how they would deploy the staff across the various shifts across the various days of the week. The successful tenderer was required to come in and show on a pin board to the commissioner the number of staff that would be deployed each day of the week and each hour of the day to satisfy both the commissioner as well as the senior security officers within the organisation that there were sufficient levels of staff. Having accepted the tender, that level of staffing is the level of staffing to which the tenderer, or now the service provider, has to staff the facility each day. If they do not have staff because they are sick, or whatever else, they are required to either employ casuals to come in and fill those gaps, or bring in existing staff on overtime. That is a matter for the tenderer as to how they actually fill those posts.

**Mr DAVID SHOEBRIDGE:** What is the reporting system in terms of Parklea's compliance with those tender obligations?

**Mr SCHIPP:** Beyond the original compliance with the tender specifications, as the commissioner mentioned, there is a full-time monitor stationed at the jail who actually goes through and checks on a regular basis their deployment rosters, their schedules. If they lock inmates down for extended periods of time because of staff deficiencies or whatever else, they are required to report that as part of their incident reporting processes. We also have key performance indicators and penalty arrangements if, in fact, the contractors do not staff the facility for the appropriate periods of time.

**Mr DAVID SHOEBRIDGE:** Have any of those penalty provisions actually been invoked?

**Mr SCHIPP:** Not in relation to the staffing levels, no.

**Mr DAVID SHOEBRIDGE:** In relation to any other matter?

**Mr SCHIPP:** The commissioner recently advised them that because of an erroneous release they will be penalised.

**Mr DAVID SHOEBRIDGE:** Can you provide details of that on notice, commissioner?

**Mr WOODHAM:** I have fined them \$10,000.

**Mr DAVID SHOEBRIDGE:** You will or you did?

**Mr PHILLIP COSTA:** He did. That is the answer.

**Mr DAVID SHOEBRIDGE:** What were the details of the erroneous release?

**Mr WOODHAM:** From memory, it was a clerical error made in the general office. I believe the person was only out a matter of days, did not commit any further offences, got recaptured and put back inside.

**Mr DAVID SHOEBRIDGE:** What had he been incarcerated for?

**Mr WOODHAM:** From memory, it was carrying a weapon or break, enter and steal—something like that. It was not at the high end of offences.

**Mr DAVID SHOEBRIDGE:** In your answers to Ms Hale on 6 July, you failed to divulge the staffing numbers at Parklea jail, which is now run by GEO Group. Will you undertake to provide the levels of staffing on notice?

**Mr WOODHAM:** Yes. We have no concerns about it.

**Mr DAVID SHOEBRIDGE:** Minister, are you aware of serious concerns held by prison officers at Parklea, both for their own safety and the safety of prisoners, due to lack of staff?

**Mr PHILLIP COSTA:** No, that has not come to my attention at all.

**Mr DAVID SHOEBRIDGE:** Have you asked?

**Mr PHILLIP COSTA:** There was no reason to ask. I am very confident that Parklea is being managed as per agreement and it is working, from reports to me, quite well.

**Mr DAVID SHOEBRIDGE:** What level of training do prison officers who work at Parklea receive?

**Mr PHILLIP COSTA:** I will pass that to the commissioner.

**Mr WOODHAM:** Exactly the same as our prison officers.

**Mr DAVID SHOEBRIDGE:** How often are prisoners checked during the night while they are in their cells at Parklea?

**Mr WOODHAM:** It would be the same as any other jail. There is no jail that I know of where prisoners get checked in the middle of the night. You do not go opening cell doors in the middle of the night.

**Mr DAVID SHOEBRIDGE:** So there is no checking of prisoners in their cells at night at Parklea. Is that your answer?

**Mr WOODHAM:** There is checking. You check security. You do not go around and check individual prisoners. You check the bars, the—

**Mr DAVID SHOEBRIDGE:** Your assistant is trying to answer; maybe you will let him.

**Mr WOODHAM:** You check the bars, the doors, the locks. They are the sorts of security checks you do after the prisoners are locked in. They have a call-up system if they need attention for any reason. If they are sick or anything else, the officers go in and open the cell door and check them and if need be provide medical care—whatever has to happen.

**Mr DAVID SHOEBRIDGE:** So you can check on the prisoners, you agree, without having to open the cells?

**Mr WOODHAM:** Yes, if they call for it.

**Mr DAVID SHOEBRIDGE:** How often are those checks done on a nightly basis of each individual cell at Parklea? Do you know?

**Mr WOODHAM:** I would imagine the same as anywhere else. I could not tell you exactly how many are done at Goulburn tonight. It could be different tomorrow night because something has happened, but we can get that on notice for you.

**Mr DAVID SHOEBRIDGE:** How many hours are prisoners locked in their cells on average at Parklea on a weekly basis?

**Mr WOODHAM:** On a daily basis?

**Mr DAVID SHOEBRIDGE:** On a daily basis or a weekly basis?

**Mr WOODHAM:** I believe they are out for about seven and half hours a day, which is equal to other maximum security jails.

**Mr DAVID SHOEBRIDGE:** Could you provide the exact answer on notice and could you provide the equivalent hours in equivalent—

**Mr WOODHAM:** I am telling you, it is the same right across the board, but I will get you the exact detail.

**Mr DAVID SHOEBRIDGE:** How many prisoners have died in custody in New South Wales during the last financial year?

**Mr WOODHAM:** I can tell you exactly. In 2009-10 there were 21. Thirteen of those were from natural causes, four from suicide, one from an overdose of drugs, one from murder and two unknown at this stage. I cannot go into great detail. A lot of these matters are still before the Coroner's Court.

**Mr DAVID SHOEBRIDGE:** I accept if they are before the Coroner's Court you will not have a final answer as to cause in some cases.

**Mr WOODHAM:** Yes. This is what is documented at this stage.

**Mr DAVID SHOEBRIDGE:** How many of those prisoners died in the two privatised prisons in New South Wales?

**Mr WOODHAM:** I will check. I do not think we have got that detail here. You are talking about Junee and Parklea?

**Mr DAVID SHOEBRIDGE:** Correct.

**Mr WOODHAM:** In 2009-10, three at Parklea and zero at Junee.

**Mr DAVID SHOEBRIDGE:** Commissioner, can you give the rate of deaths per 100 prisoners in public and private jails? Can you give that on notice?

**Mr WOODHAM:** Yes. You have to remember too that there is a difference between sentence jails, where prisoners have been right through the screening process and settled down and know what their sentence is, and remand jail. The bulk of the prisoners in Parklea are remands, straight off the street. There is a big difference in how they react and in many cases how they harm themselves and in many cases how they are prepared to carry out complete suicide. So what you should look at also is the remand population and the deaths there compared with the people who have been in the system for some considerable time and settled down to their sentences.

**Mr DAVID SHOEBRIDGE:** Commissioner, how many prisoners do you know have died in Parklea prison since privatisation?

**Mr WOODHAM:** We are saying three there.

**Mr DAVID SHOEBRIDGE:** Since privatisation?

**Mr SCHIPP:** There were three in the 2009-10 financial year, but there may have been some before.

**Mr DAVID SHOEBRIDGE:** The question is about deaths since privatisation, so we can be clear on it.

**Mr SCHIPP:** We do not have that detail.

**Mr WOODHAM:** We will get that.

**Mr DAVID SHOEBRIDGE:** Is it true that on 30 June this year an inmate committed suicide by hanging himself in a cell in area 2 of Parklea?

**Mr WOODHAM:** Yes, there was one this year. I could not tell you if that was the exact date.

**Mr DAVID SHOEBRIDGE:** Another on 23 July?

**Mr WOODHAM:** 23 July?

**Mr DAVID SHOEBRIDGE:** And then an attempt on the twenty-fifth?

**Mr WOODHAM:** I have just been told by Mr Kelly behind me, who has the carriage of keeping an eye on Parklea as well as being the monitor at the most senior level, that there have been two deaths in Parklea since privatisation.

**Mr DAVID SHOEBRIDGE:** And neither of those were from natural causes?

**Mr WOODHAM:** I cannot tell you that.

**Mr DAVID SHOEBRIDGE:** Could you take it on notice?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Were they found hanging?

**Mr WOODHAM:** One was, that I can recall. They may have both. I will get back to you.

**Mr GRANT:** If I could add one point that might be helpful in terms of your inquiry, we were asked questions about this and provided information to the upper House inquiry into privatisation. We did a long-term overview of the rates of deaths in custody in Junee, which at that time was our private prison. We have many years of experience with Junee in a private prison. The rates of almost all incidents—deaths, assaults and so on—were significantly lower. It is the same provider who is providing services in Parklea. The rates we provided to the upper House inquiry indicated that there were lower rates of death from the private pod at Junee than anywhere. As the commissioner said, it is difficult to compare different correctional centres. They are so different in the nature of the offenders and what level of risk they might pose.

**The Hon. DAVID CLARKE:** Commissioner, earlier I asked you questions about the number of probation and parole officers in New South Wales, and you used the expression "community corrections officers or staff". Does the description "community corrections officers or staff" include officers other than probation and parole officers? Is it a descriptive term for more than just probation and parole officers?

**Mr WOODHAM:** It also includes the Community Compliance Group, and the bulk of those officers are probation and parole officers.

**The Hon. DAVID CLARKE:** I am sorry, I am a little confused.

**Mr WOODHAM:** They are trained probation and parole officers.

**The Hon. DAVID CLARKE:** The figures that you gave me were purely for probation and parole officers?

**Mr WOODHAM:** Community Corrections, which we call it now. There are different aspects of Community Corrections. There are also Community Offender Support Program centres in Community Corrections, where we have our own accommodation and that is all part of what we call Community Corrections. Most of those people in the Community Compliance Group are trained probation and parole officers.

**The Hon. DAVID CLARKE:** When you say "most of" them, how many in those figures that you gave me earlier, when I understood you were referring to probation and parole officers, include other officers who are not probation and parole officers?

**Mr WOODHAM:** I am just telling you that it is probably about 150 or 160 in the Community Compliance Group, and the bulk of those people are trained probation and parole officers. I will get the exact figure for you.

**The Hon. DAVID CLARKE:** So you say the bulk of them are, but not all of them. If you could get those figures—

**Mr WOODHAM:** No, some are brought in from the outside and recruited regionally and some are prison officers.

**The Hon. DAVID CLARKE:** Will you give us a breakdown of that?

**Mr WOODHAM:** It is nearly the same training. Probation and parole officers and corrections officers have virtually the same training, with the exception of weapons and the use of force.



**The Hon. DAVID CLARKE:** If you take that on notice and give me the breakdown of that, I would be most grateful. Have there been any changes in the hierarchy of Probation and Parole since you assumed the position of commissioner in 2002?

**Mr WOODHAM:** Yes, many.

**The Hon. DAVID CLARKE:** Do you want to take on notice what those charges are and come back to us?

**Mr WOODHAM:** No.

**The Hon. DAVID CLARKE:** Will you provide details of the changes to the hierarchy at Probation and Parole?

**Mr WOODHAM:** For a start, there used to be four regional officers in the custodial side and three regional officers in Probation and Parole. I amalgamated the regional officers into four regional officers, which is a sensible thing to do. Probation and Parole was the poor cousin of the department when I took over. If you wanted to find money you took it off Probation and Parole. That was the easy target. Do not take on the prison officers; it will end up in the industrial commission for six months. Just take it off Probation and Parole. I decided to give them back everything they had lost plus some. They had never had access to money like the custodial side, so I created the four regions with an assistant commissioner in charge of each region. The second person under that, the executive director of that region, was probation and parole and had all the probation and parole in those four regions under them. Also, they were virtually running—took control of—the regional budget. We could pour money back into Community Corrections that was needed for it to happen.

There was some opposition to that. People who got the top jobs were not complaining. The next move would have been when we created the executive directors, the second in charge of the regions. They relieved the assistant commissioner when they went on leave. They never had that availability to probation and parole—ever. My thinking was to bring both groups closer together because they were totally separated and were not even talking to one another. The next thing we did was to place a number of psychologists from inside the jails into the community to back up Community Corrections, as I call it, because there were some in the Community Compliance Group and most of the psychologists were in probation and parole. Also, we have now moved a number of program coordinators out into the community because they were spending probably as much as 10 times the money on programs inside the correctional centres and virtually none on the outside.

I wanted to change the emphasis, and we believe it will fit in with the State Plan. It will do more good with moving a lot of those resources out into the community and working with the offenders in the community in a coordinated way between programs, psychologists and probation and parole staff. They get involved not only with the offender but their families as well. I can give you a lot of detail about how that has worked well. Then we created the Community Offender Support Program centres, which are under Probation and Parole. They run it. You could have a cluster of parole officers over here that a person is in charge of, and a Community Offender Support Program over here that has 30 or 40 offenders, such as Campbelltown Community Offender Support Program with serious paedophiles in it. So we upgraded that 11/12 position to a senior officer position to run both. There is some movement from staff across from Probation and Parole to the Community Offender Support Program centres. Even some of the people working in the Community Offender Support Program centres are trained probation and parole officers.

Those are some of the major moves we have made in the administration of Probation and Parole. We have further moves to make with the intensive corrections orders, which are about to start on 1 October. That will expand statewide. The other thing we have done is expand home detention statewide; it was never available before. Also, the Drug Court supervision comes in under those groups. There have been a lot of changes since I took over, although there has been some opposition. Incidentally, I went to the union for 18 months, trying to get them to extend their working hours. In my opinion, it is absolutely ridiculous to expect a group of people to supervise a serious offender, a high-risk offender, from Monday to Friday, 8.00 a.m. to 5.00 p.m. They all know they can go and shoot up heroin on Friday night and they will be clean on Monday.

We had to get a group, but they did not want it. I visited every parole office in the State twice, trying to talk them into it. They opposed it. They even threw some things in my face that I do not want to mention here. So the Community Compliance Group was created. We got \$16 million from the Government to ensure that we

were supervising sex offenders and other serious offenders more adequately in the community. That group must work with Probation and Parole, not totally separate from it—they do that every day and back them up so we can supervise these serious offenders 24/7.

**The Hon. DAVID CLARKE:** I do not want to be rude but, just so we are talking about the same thing, are you saying that what you have just described is the substance of the changes to the hierarchy of Probation and Parole during the time you have been commissioner?

**Mr WOODHAM:** Yes, that is so.

**The Hon. DAVID CLARKE:** Do you have any system in place to divert from mainstream incarceration those prisoners with mental health issues who have committed less serious offences?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** Can you give us some details about that?

**Mr WOODHAM:** Yes. Again with great opposition to me personally, I created the Mental Health Assessment Unit in the remand centre at Silverwater and the women's unit at Silverwater Women's. It is the first time I have seen in my service where the nursing staff, the program staff, psychologists and prison officers work off the one case file.

**The Hon. DAVID CLARKE:** Thank you.

**Mr WOODHAM:** Hang on. Part of that assessment unit is to assess some of the mentally ill people who should not be in custody and who go back to court with a report from the nursing staff, from Justice Health, and also Probation and Parole, to try and avert some of those people from staying in full-time custody—that is with the women and the men. The only way to really see it is to come and have a look and see for yourself how well it is working.

**The Hon. DAVID CLARKE:** To clarify, if a person is assessed as suffering from mental health issues what accommodation is available for them outside mainstream prison?

**Mr WOODHAM:** We have two facilities now for dual diagnosis, women particularly—one at Parramatta and one at Cessnock. I would like to have one down the South Coast and one out west ultimately as well. If you are dual diagnosis you cannot get treated in the community and you end up in prison. Now we have two small facilities for dual-diagnosis women to keep them out of jail.

**The Hon. DAVID CLARKE:** One of those is not referred to as the Justice Health Forensic Hospital, is it?

**Mr WOODHAM:** No.

**The Hon. DAVID CLARKE:** It is not.

**Mr WOODHAM:** We have no control over that.

**The Hon. DAVID CLARKE:** So, apart from what you have mentioned, that is for the whole of New South Wales?

**Mr WOODHAM:** When you say accommodation rather than jail, some of them commit very serious offences. You have got to have security around them. You can be mad and bad. You have to be able to cater for them.

**The Hon. DAVID CLARKE:** Taking all that into account, do you believe there is sufficient there for those who are suffering mental health issues?

**Mr WOODHAM:** No, there could be more done and there should be more done. Some of these things we have done ourselves—with the support of the government of the day, of course, to get the money to do it. Corrective Services should not have to be providing accommodation for dual-diagnosis women.

**The Hon. DAVID CLARKE:** But do you believe there is a place for more to be done?

**Mr WOODHAM:** Yes.

**The Hon. DAVID CLARKE:** There is a lot more that needs to be done and if the resources were there you would be ready, willing and able to assist in that?

**Mr WOODHAM:** I will get Luke to take that question.

**Mr GRANT:** I just wanted to add something. A really important development in the State of New South Wales has been the development of the court liaison service. So prior to people coming into jail and when they first appear in court there is now a network of mental health professionals, including psychiatrists and mental health nurses, in over 20 courts in New South Wales that can make use of the provisions that are available under the Mental Health Act—section 32 and section 33—to divert people out of custody before they even come in. So on appearance in court, in a number of locations, it has been evaluated and shown to have a significant effect not only on reoffending but on health outcomes for that population.

The most important thing really is to prevent those people from coming into custody in the first place. Our response is a second tier, when they do come in, in that we provide some services and support to them. Out in the community there is also an effective system in place that is run through mental health services—the Housing and Accommodation Support Initiative [HASI] scheme I think it is called. It has been successful in providing accommodation services and other services to mentally ill people in the community. So it is not just a Corrective Services responsibility, as the commissioner has said, but there is a network provided through Health. Health has an enormous amount of work, in addition to the forensic hospital, moving people out of our care—the more serious ones—right down to this front-end diversion program.

**The Hon. DAVID CLARKE:** Following on what you have just said, are you aware of the Bureau of Crime and Statistics and Research paper of May this year that found that, within 24 months of their release from prison, 65 per cent of prisoners with mental health disorders had reoffended due to their mental health disorders?

**Mr GRANT:** I am very well aware of that paper and what it said. Can I say that the really important thing to clarify in these sorts of forums is that mental health has a very broad definition? If you read that paper closely you will find that in that paper "mental health" includes people with drug addictions, people who have personality disorders, and people have anxiety disorders or depression. The component that is people who have a serious mental illness—as most people in the community what understand it—such as schizophrenia and bipolar disorder, had a significantly lower rate of reoffending. So we would expect the population of people who are drug users and who have personality disorders to reoffend at a higher rate than other people. I think it is really important to clarify that that is not a paper talking about the mentally ill; it is mental health disorder in its broadest sense and incorporates almost everyone who is in our system, in fact.

**The Hon. DAVID CLARKE:** Taking that report a bit further, it also found that investing in the treatment of these prisoners whilst incarcerated would have a significant impact on reducing their rate of reoffending. Do you agree that is what the report also found?

**Mr GRANT:** There was a separate report that said that. I cannot remember if that was the detail in that report. But that is something we are doing now, so it reflects our practice. In the report that indicated that we need to invest more in strategies to reduce reoffending it listed a series of programs that were named in a Washington State Institute for Public Policy paper around better reintegration services, cognitive behavioural therapy, vocational training and education. All those things are at the heart of the rehabilitation program that we have in place at the moment. So we support that view and it reflects our existing policies and our approach to expending money—we spend about \$140 million on programs in our organisation at the moment. I believe it is money well spent and is producing reasonable outcomes.

**The Hon. DAVID CLARKE:** But clearly we need more than the 40 beds at Long Bay Hospital and the 19 beds at Silverwater to deal with this problem. I think that is a resourcing problem—

**Mr GRANT:** I think we are talking about two different issues. As I mentioned, those beds are for people with severe mental illness problems, and such people are actually a small component of the population.

**The Hon. DAVID CLARKE:** Do you think those two facilities are sufficient to deal with the problem?

**Mr GRANT:** At the moment we are expanding on that by looking at the provision of two additional mental health screening units—one in Cessnock and one in Goulburn and a possible third one in Bathurst—to meet the demand. So we would like to expand on the demand. The successful sort of initial period has indicated we need more.

**The Hon. DAVID CLARKE:** How many beds would be in those not proposed facilities but possible facilities? What would be the total number of beds?

**Mr GRANT:** Possibly another 40 to 60 beds in those screening units.

**The Hon. DAVID CLARKE:** Basically what you are saying is that there is capacity there for a doubling of beds for those who are seriously mentally ill.

**Mr GRANT:** They are not for the provision of services to the seriously mentally ill—people who need clinical intervention. They are assessment and screening units only. So people go there for assessment and, ideally, diversion and stabilisation. I mean people who are mentally ill can live, and do live, in the community reasonably effectively if they are medicated, and they can live in jail in that way as well. But a significant number then move on to other facilities. In addition to that facility, we have beds designated at the Long Bay Hospital, which has the same level of gazettement as any mental health facility in the country. In addition to that, we have beds that are designated specifically in the Sydney metropolitan area at the Metropolitan Remand and Reception Centre [MRRC], where we have over 100 beds in a mental health step-down unit. So we have a much larger capacity than is apparent. That is just the screening function.

**The Hon. DAVID CLARKE:** For how long have these three facilities that are in the embryo stage, or on the thought list, been under consideration?

**Mr GRANT:** We have been probably working on those for maybe three months in our planning. We are working with Justice Health on them. We have identified spaces. We have done site visits. We have got a place ready for it. We have discussed the staffing. We are very close to getting going on one of them—the one in Cessnock.

**The Hon. DAVID CLARKE:** Commissioner, turning to the question of home detention, the New South Wales Auditor-General has recommended that the availability of home detention as a sentencing option should be increased from an annual average of 175 to over 300. In real terms, he has recommended almost a doubling of home detention. Is it the case that home detention is to be monitored by the Community Compliance Group?

**Mr WOODHAM:** First, I told the Attorney General we were doubling it. He did not recommend it to me. I talked to him about it and when the Community Compliance Group got in place statewide it was always our plan to expand home detention and other programs—anything to do with electronic monitoring, day leave, work release, weekend leave and full-time education. It just so happened that we got staff on line at all locations around New South Wales in the Community Compliance Group where we wanted them. I met with the Chief Magistrate on two occasions, one well prior to the Auditor-General's inquiry informing him that we were in a position to expand home detention, with which he agreed fully. We talked with him about the locations we would expand it to, and the numbers. It will go much further than doubling the current figures in the long term.

**Mr DAVID SHOEBRIDGE:** Mr Grant or Commissioner, I refer to the mental health screening units that were referred to. How many existing beds are there?

**Mr GRANT:** There are 40 beds in the men's screening unit at the Metropolitan Remand and Reception Centre, but that has attached to it an additional unit with about 100 step-down beds so together there would be about 140 beds. In Silverwater Women's Correctional Centre there is a 10-bed unit, and an additional 10-bed step-down unit for women that has just opened up in this last 12-month period.

**Mr DAVID SHOEBRIDGE:** What is the purpose of the step-down unit?

**Mr GRANT:** It is a self-evidence statement. A step down implies that people who are at a higher level of acuity in their mental health problems reach a stage of stabilisation where they can be in a place that does not require the same level of staffing, mental health and other staffing and supervision.

**Mr DAVID SHOEBRIDGE:** But they are still there for the purposes of screening?

**Mr GRANT:** They are on their way out to an alternative location. Ideally they are stabilised and they move into the system where they can be managed otherwise.

**Mr DAVID SHOEBRIDGE:** The purpose of the two-tier is that they come in and they can be quite critical, quite unstable, and you have the resources to stabilise them and then you put them in the step-down unit and then screen them?

**Mr GRANT:** Yes. There is another pathway as well. There are maybe people who are acutely mentally ill, including people who are unfit to plead and those who are not guilty on the grounds of mental illness. They are diverted into the forensic patient category. There are two locations currently where they are managed: Long Bay Prison Hospital and the new Forensic Hospital at Long Bay. One pathway is into a higher level of acute care. The second one is actually suggesting the person does not require the acute level of care and can be managed in another environment.

**Mr DAVID SHOEBRIDGE:** It is that second level that is the screening level that we are talking about?

**Mr GRANT:** The screening level is just a processing area when people come into custody. Ideally it is a short turnaround area. They move on from that or they move up from that.

**Mr DAVID SHOEBRIDGE:** Some of those people will go into those intensive mental health correctional facilities.

**Mr GRANT:** One of them is a Correctional facility, one of them is a NSW Health facility.

**Mr DAVID SHOEBRIDGE:** Some of them will just go into the general prison population, is that right?

**Mr GRANT:** That is right.

**Mr WOODHAM:** And they can be managed quite well.

**Mr DAVID SHOEBRIDGE:** Some of them will go off to some other community diversion, is that right?

**Mr GRANT:** If that is appropriate, that is right.

**Mr DAVID SHOEBRIDGE:** What are the criteria? Who makes that assessment in terms of those three diversion areas?

**Mr GRANT:** Diversion into the Forensic Hospital and into that system is a decision that is made by a person who is delegated by the Director General of Health. It is in fact a psychiatrist at the moment.

**Mr DAVID SHOEBRIDGE:** That is a clinical decision?

**Mr GRANT:** A clinical decision. However, it is then reinforced by the Mental Health Review Tribunal and it puts in place a plan for that person. But diversion out of the system—we have no capacity to divert people ourselves. It is something only the court can do, or the Mental Health Review Tribunal can elect to place a patient in a community facility rather than a correctional facility.

**Mr DAVID SHOEBRIDGE:** In terms of putting them into the more general prison population is that a matter that is wholly within your domain?

**Mr GRANT:** That is correct. When you say it is "wholly within" our domain, we take advice from our colleagues in Justice Health who have psychiatrists—we have psychologists. When we are talking about strictly serious mental illness, things that are responsive to medication, they are the domain of Justice Health. When we are talking about behavioural disorders they are things that we are very involved with through our own psychologists.

**Mr DAVID SHOEBRIDGE:** Do you have statistics of the number of people who have come through those screening facilities in the past 12 months in terms of where they were diverted?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Will you provide those on notice?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** In relation to diversion back into the community, non-custodial and not into intensive forensic care, that has to go back through the court system, is that right?

**Mr WOODHAM:** That is right.

**Mr GRANT:** We have no capacity to release people who are "unsentenced" or sentenced at that stage.

**Mr DAVID SHOEBRIDGE:** The only people who have the opportunity of going back into community care once they are stabilised are those who have not had their sentence finalised, is that right?

**Mr GRANT:** Either that or there is a classification of forensic patient that is called a Correctional patient. A Correctional patient is managed under the auspices of the Mental Health Review Tribunal, which has some discretion in terms of placement. It can place people, but it does not place them in that category out in the community generally. They can potentially put the unfit to plead and the not guilty on the grounds of mental illness people out there, but the Correctional patient stays within a secure facility.

**Mr DAVID SHOEBRIDGE:** Are you aware whether there are resourcing issues to assist that third category that might go back into community care that prevent courts from making those orders, and therefore having a greater number who are diverted back into Corrections?

**Mr GRANT:** I am not aware of the details. That is really a matter for the Department of Health.

**Mr DAVID SHOEBRIDGE:** You spoke of court liaison officers who operate early in the process to divert potential prisoners out of Corrective Services. Have you looked at any statistics or analysis to see whether that has reduced the proportion of mentally ill inmates in Corrective Services?

**Mr GRANT:** As I have mentioned, there has been an evaluation of that particular program that was very positive and encouraging. But I am not sure if it looked at the impact on the correctional system. In the correctional system there has been only one major, really good baseline study, and that was done in 2003 by Justice Health. It has done surveys that are probably less accurate in subsequent years. There is an indication from that study of the prevalence of mental health, but the latter ones were done on self-report rather than on clinical assessment. In fact we have only baseline information and we do not have information at this stage about the specific numbers in jails.

**Mr DAVID SHOEBRIDGE:** Was the last time you had some baseline statistical information about the prevalence of mental health in Corrective Services in 2003?

**Mr GRANT:** No, in 2009 the Inmate Health Survey looked at and canvassed details about mental health. However, it did not have the same degree of clinical assessment attached to it. As an index of the likely number of people with mental health problems it is actually a very good report, but a much more detailed one was conducted earlier and that one has not been repeated to that degree of detail at this stage.

**Mr DAVID SHOEBRIDGE:** Are there any plans to do that again now that you have had this change in intervention and these changes in mental health treatments to see if they have worked and reduced the level of mental health issues?

**Mr GRANT:** That is something we would be very interested in, but it is actually the domain of the Department of Health again so forensic psychiatry and forensic patients fit within the orbit of the Department of Health and not of Corrective Services.

**Mr DAVID SHOEBRIDGE:** Minister, have you made any inquiries of the Minister responsible, the Minister for Health or otherwise, in terms of getting those baseline studies done to assist in your portfolio?

**Mr PHILLIP COSTA:** No, I have not done that personally, no.

**Mr DAVID SHOEBRIDGE:** Given it would seem to be a useful tool to assess your portfolio, would you take it on board?

**Mr PHILLIP COSTA:** I am a very strong advocate of getting research done, or information on whether programs are being effective. I will need to take that on notice and talk to my colleague because I am not privy to the detail of what it involves. I certainly do not dismiss it. I think there is an opportunity to see whether there are better ways of what we are doing.

**Mr DAVID SHOEBRIDGE:** I would appreciate it if you take it on notice and come back to the Committee.

**Mr PHILLIP COSTA:** Absolutely, yes.

**Mr DAVID SHOEBRIDGE:** The Kariong Juvenile Correctional Centre has a number of juvenile inmates, is that right?

**Mr WOODHAM:** That is correct.

**Mr DAVID SHOEBRIDGE:** When did that come under the auspices of Corrective Services?

**Mr WOODHAM:** It was 2005.

**Mr DAVID SHOEBRIDGE:** Since 2005 have prison officers at Kariong undertaken any specialised training in terms of dealing with juvenile inmates?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Can you provide the detail of that specialised training?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** Can you compare that specialised training with the training given to the officers responsible for detention centres in Juvenile Justice?

**Mr WOODHAM:** Do not forget, it is a juvenile correctional centre.

**Mr DAVID SHOEBRIDGE:** I have not forgotten.

**Mr WOODHAM:** It is a juvenile correctional centre. The basic training is the same as we do everywhere else.

**Mr DAVID SHOEBRIDGE:** The prison officers essentially have the same skills set in dealing with the inmates at Kariong as they do in the balance of facilities under your care?

**Mr WOODHAM:** They are managed in different ways. The young people are managed differently. The officers are quite aware of that. We have a reward and sanction system up there that is just being reviewed again by the Ombudsman, as we speak. We are cooperating fully with that, of course. We expect that that review will come out very favourable.

**Mr DAVID SHOEBRIDGE:** Commissioner, you know it was one of the key recommendations of the Noetic review that there be a thorough review of the Kariong detention centre, including a review of the appropriateness of Corrective Services looking after juvenile inmates? Are you aware of that?

**Mr WOODHAM:** That has been done.

**Mr DAVID SHOEBRIDGE:** I will put this question to the Minister. Minister, you know that the Government has blankly refused to take on board that recommendation?

**Mr PHILLIP COSTA:** There are some recommendations in the report which we believe we are achieving in the operations that we have got. We have not blankly refused to consider the report. We certainly match it against what we are doing, and what we are doing is very effective. As the Commissioner said, the initial report has been done—and I think there is one being done right now, from memory—showing that what we are doing at Kariong is working and is working quite well.

**Mr DAVID SHOEBRIDGE:** When do you expect the Ombudsman report to be released?

**Mr WOODHAM:** I have got no idea. They have met with our senior staff in the last week. So I imagine it would be a couple of months.

**Mr DAVID SHOEBRIDGE:** In terms of resourcing for the mental health load, if I can describe it that way, where do you think those resources could best be spent in Corrective Services? Is it at the diversion level prior to getting into Corrective Services or is it in treating your prison population?

**Mr GRANT:** The position that the Commissioner has always taken is that prisons are not the place to deal with mental illness generally. Serious mental illness is best managed by health professionals, not by correctional staff. Having said that, there is a whole diverse array of people with mental health problems. If you use "mental health" and "mental illness" you get a very different answer. There are people who have got personality disorders who are very dangerous. There are no community facilities and a prison is the best place to manage those people. Not everyone needs to be diverted from prison, but with the ones who do we are very pleased to support anything that can be done to give those people better health services.

**Mr DAVID SHOEBRIDGE:** If you adopt that scenario that people with a treatable mental health problem are best not dealt with in Corrective Services, the best way of working out the extent of that problem—I might call it a sentencing problem—would be that base level study so that you know in more detail the mental health of your prison population, is that right?

**Mr GRANT:** Our preference, and it is manifest in the Commissioner's decision to transfer a proportion of our mental health staff to the community, is to provide those services to people when they first come in contact with the justice system. Imprisonment is the next tier of the justice system beyond a community-based order when they come to court. Our preference is to invest in services for those people in the community to prevent their behaviour escalating to the level that they need to be imprisoned. To that effect, we now have about 30 psychologists in the community. A very important part of their purpose is to link people when they first come into our care to better mental health services in the community, initially through general practitioners and taking advantage of the Medicare availability for people in the community to get access to psychological services and so on. That is where we are putting out effort at the moment to try to stop those people's behaviour escalating and coming into jail in the first place.

**Mr DAVID SHOEBRIDGE:** To get a real handle on the extent to which there is a problem in Corrective Services that could be treated by that earlier diversion, the best starting point would be to get the base level statistics of the prison population and work out how many fit within that category, those who had treatable mental illness and whose incarceration and criminality relate to that treatable mental illness, do you agree?

**Mr GRANT:** To clarify the point about surveys, I was giving you a detailed response about what is the best evidence we have got. Every person who comes into custody is assessed on reception. If they go past the court process and come into custody they are assessed in the first instance by a nurse and by one of our staff. If they have any concerns that someone has a mental health problem they are elevated to the next level of assessment. Where someone does have a mental health problem that information is recorded. We do not just wait for these surveys to occur. We are constantly tracking people with mental health problems in the system and trying to take action to support the needs of those people.



**Mr DAVID SHOEBRIDGE:** I am not criticising your individual clinical or prisoner treatment; I am trying to get a handle on the systemic issue. Commissioner, in answer to a question by Ms Sylvia Hale on 17 June in relation to reporting from Parklea when it first became privatised you said that in order to provide a smooth transition of operations from the public to private sector that you would not require the inclusion of Parklea in the daily synopsis report of critical incidents to senior management. Do you recall that answer?

**Mr WOODHAM:** Yes.

**Mr DAVID SHOEBRIDGE:** How is it that not giving key information to the senior executive assists in that smooth transition?

**Mr WOODHAM:** The senior executive does get it and has had it every day since it was taken over. I just did not make it that it was sent around to everyone. The stance the union was taking was blowing everything out of proportion that was happening at Parklea.

**Mr DAVID SHOEBRIDGE:** It was to prevent the information getting to the union that you took the decision not to broadcast it?

**Mr WOODHAM:** No. They were blowing everything out of proportion. There is nothing that has happened at Parklea that does not happen in any other jail since it has been taken over. I made the decision and I stand by it. We will put it out for all and sundry when we are ready. The executive get told every day. Everyone who needs to know in management knows what is happening at Parklea every day.

**Mr DAVID SHOEBRIDGE:** The only reason you have given for not including it on the daily synopsis is to prevent the information getting in the hands of the union. Is there any other reason?

**Mr WOODHAM:** That was the main reason. They were blowing everything out of proportion. Let us just go back to the transition. It is the first time ever in the world, not in Australia, in the world, that a full working jail has been handed over to a private operator from the public system as a working jail, the first time. Everywhere else in the world they empty the jail totally out, hand it over and then fire it back up. We handed it over. If you go back and read the newspapers and have a look at the stance the union, the prison officers vocational branch took, on trying to stop Parklea being privatised, every single aspect that was happening in that transitional period was being blown out of proportion, right out of proportion. We wanted to have a smooth transition across to the private operator. I stand by the decision I took and it is not going to change until I am ready to change it.

**Mr DAVID SHOEBRIDGE:** When you say smooth transition, you are talking about preventing information getting out into the public about problems that arose in this world's first transition?

**Mr WOODHAM:** The union stance was unbelievable on trying to stop Parklea being privatised. That is okay, but they blew everything out. Certain people got into trouble for leaking information in that transitional period. That was not from us; the private company took that action themselves. We did not want to blow anything up out of proportion at Parklea during that transitional phase. I just repeat: I made the decision, I stand by it, I will change it when I am ready.

**Mr DAVID SHOEBRIDGE:** Commissioner, it was a decision that you made to hide information and to avoid—

**Mr WOODHAM:** It was not to hide information at all. I have just told you—

**Mr DAVID SHOEBRIDGE:** Let me finish the question.

**Mr WOODHAM:** Can you let me answer the question?

**Mr DAVID SHOEBRIDGE:** It was a decision that you made to hide information to avoid public scrutiny of all the major difficulties that were occurring in the transition?

**Mr WOODHAM:** Can I answer the question?

**CHAIR:** You did answer the question and Mr David Shoebridge has asked an additional one. You can answer that question and now you have the floor.

**Mr WOODHAM:** Can you repeat it?

**Mr DAVID SHOEBRIDGE:** It was a decision that you made not to assist in the smooth operations of Parklea but to avoid public scrutiny of the problems that were arising—

**Mr WOODHAM:** It was not to avoid public scrutiny.

**Mr DAVID SHOEBRIDGE:** You are doing it again, Commissioner. It was to avoid public scrutiny of the problems that were arising in the course of this unique transition of a full working prison from a public to private facility? It was to avoid scrutiny.

**Mr WOODHAM:** The union was blowing everything up out of all proportion and we did not want that to happen, and I repeat that everyone in management who needed to know knew everything that occurred in Parklea prison.

**Mr DAVID SHOEBRIDGE:** The concern you had, though, was that the information about the problems in Parklea would get out via the union to the broader public in New South Wales. Was that your concern?

**Mr WOODHAM:** No, they were blowing things out of proportion. They were blowing things up out of proportion.

**Mr DAVID SHOEBRIDGE:** Commissioner, did you provide to the New South Wales public information about the incident on 30 June of this year when an inmate committed suicide at Parklea?

**Mr WOODHAM:** Sorry?

**Mr DAVID SHOEBRIDGE:** Did you provide any information to the public about the incident on 30 June this year when an inmate committed suicide at Parklea?

**Mr WOODHAM:** It would have just been the process that we have in place now where everyone knew it had to be told. The Coroner's Court, the police and everyone came in and did their work like they have to do everywhere else when there is a death in custody. There was no trying to cover it up, if that is what you are talking about.

**Mr DAVID SHOEBRIDGE:** Was that death included in the synopsis report of critical incidents?

**Mr WOODHAM:** No, I am telling you nothing was reported in the synopsis at that point in time.

**Mr DAVID SHOEBRIDGE:** Because you were concerned that it might get out to the public that it happened.

**Mr WOODHAM:** The police knew and the Coroner knew—everyone knew who had to know. The investigators knew. Everyone who had to be informed got informed and investigated it, as normal practice.

**CHAIR:** Time for questions has expired. We are not going to the Government for questions, so that concludes the hearing for today. I thank the Minister and his staff for participating. As I mentioned before, questions on notice—of which there were a significant number—will be provided by the Committee staff and we ask that you reply within a 21-day limit.

**Mr PHILLIP COSTA:** Thank you. I give a commitment that we will do that.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**