



Chris Hartcher MP
Minister for Resources and Energy
Special Minister of State and
Minister for the Central Coast

QUESTIONS RELATING TO THE PORTFOLIO OF RESOURCES AND ENERGY

28 OCTOBER 2011, 9.00 am – 1.00 pm

QUESTION TAKEN ON NOTICE

Dr JOHN KAYE: Minister, can I take you briefly to the Snowy Scientific Committee. Have you at this stage requested nominations from Victoria?

Mr CHRIS HARTCHER: I think I replied to a question on notice from you on this, did I not?

Dr JOHN KAYE: You did. But, as is the role of budget estimates, I am probing further.

Mr CHRIS HARTCHER: What was the reply I gave you at the time?

Dr JOHN KAYE: I am asking you a question—

Mr CHRIS HARTCHER: I am not trying to be smart; I just cannot recall.

Dr JOHN KAYE: I did not specifically ask about nominations. I am happy to provide a written copy of your answer to the question. However, that is not material to your answer. All I want to know is whether at this stage you have requested nominations from Victoria?

Mr CHRIS HARTCHER: For the scientific committee?

Dr JOHN KAYE: You would be aware that the Snowy Scientific Committee was established under section 57 of the Snowy Hydro Corporatisation Act 1997. Have you at this stage requested two nominations from Victoria, one being—

Mr CHRIS HARTCHER: Yes.

Dr JOHN KAYE: You have?

Mr CHRIS HARTCHER: Yes. I am now up to speed on it. I am talking with the Minister for Primary Industries, who also has responsibility for water. I will take that question on notice and provide the answer.

Dr JOHN KAYE: So at this stage you do not know whether you have requested or received nominations from Victoria?

Mr CHRIS HARTCHER: I have had correspondence with the Minister for Primary Industries.

Dr JOHN KAYE: The committee also has four nominations for New South Wales. Have you at this stage sought those nominations?

Mr CHRIS HARTCHER: I will take that question on notice too.

ANSWER

On 21 July 2011, I initiated action to seek fresh appointments to the Committee by writing to the office holders specified in Section 57 of the *Snowy Hydro Corporatisation Act 1997* as responsible for nominating individuals for appointment.

Accordingly, I wrote on that date to the following office holders:

- Minister for the Environment;
- Director General, Department of Premier and Cabinet (DPC);
- General Manager, Southern Rivers Catchment Management Authority (SRCMA);
- The Hon Peter Walsh MP, Minister for Water for the State of Victoria.

Whilst I have received nominations back from the first three office holders listed above, I am yet to receive the Victorian Minister for Water's nominations.

Chris Hartcher MP

QUESTION TAKEN ON NOTICE

Dr JOHN KAYE: That is \$15 million from one transformer fire. I imagine that comes out of Mr Duffy's department. The presumption will be that electricity wholesale prices will go up in the absence of those units at Eraring. So the New South Wales nodal prices will go up. Mr Duffy, can you give us an estimate of how high those wholesale prices will go?

Mr CHRIS HARTCHER: As you know, wholesale prices rise and fall every 15 minutes.

Dr JOHN KAYE: Yes.

Mr CHRIS HARTCHER: That will be fed into the system. I can understand the question. I think the appropriate response for me is to undertake to advise you when I have more comprehensive advice. In all fairness, this has happened only in the last few hours. I cannot give you, nor can the power company give us, a proper assessment at this time but I will undertake to advise the Committee as soon as that information is available.

ANSWER

I am advised that under the Generation Trading Agreement (GTA) Eraring Energy no longer bids Eraring Power Station (or the Shoalhaven power stations) into the market. This activity is now undertaken by Origin Energy for these assets.

Spot price outcomes are influenced by demand quantity, demand response, supply quantity and price and constraints as managed by the Australian Energy Market Operator (AEMO). Therefore Eraring Energy is not in a position to offer a view on future spot price outcomes within the national electricity market but to date (as at 8th November 2011) spot prices have not been impacted by this event and the subsequent unavailability of the generating unit at Eraring.

Chris Hartcher MP

QUESTION TAKEN ON NOTICE

Dr JOHN KAYE: The previous Government failed to be honest with the people of New South Wales about the total extent of exposure through availability liquidated damages. Is it possible for you to release the full contract details on availability liquidated damages? Mr Yeadon, one of the previous Government's contract team, spilled the beans in budget estimates, which was the only way we found out about ALDs. Are you prepared to provide to this committee a full description of how the ALD process works?

Mr CHRIS HARTCHER: I will take that on notice. That is a fair question but I obviously cannot give an answer right away.

ANSWER

I am advised that the contracts themselves are commercial in confidence. The *Budget Statement – Budget Paper No. 2 of the 2011-12 Budget Papers* notes in regard to availability liquidated damages under the Generation Trading Agreements that “the actual quantum of damages can only be calculated and payable on non-performance under the GenTrader contracts. This risk has been treated as a contingent liability in the State’s accounts for June 2011”.

Information on Availability Liquidated Damages caps are available in the Auditor-General’s Report Volume One 2011.

In addition, the *Final Report of the Special Commission of Inquiry into the Electricity Transactions* includes an analysis of the costs, benefits, risks and liabilities of the gentrader agreements.

Chris Hartcher MP

QUESTION TAKEN ON NOTICE

CHAIR: In relation to compliance under the Mining Act and the Petroleum (Onshore) Act, your departments provide compliance in relation to those Acts. What sort of numbers do you have in the departments that do the compliance and the auditing?

Mr CHRIS HARTCHER: I will ask Mr Mullard to answer that.

Mr MULLARD: I do not have the exact numbers because it is covered across a number of areas. We have environmental officers who undertake environmental compliance activities. We also have safety compliance officers who undertake safety compliance activities. We also have officers within the geological survey ambit in the titles area who also undertake compliance activities in terms of adhering to the conditions of title. So we are largely a compliance organisation, a regulatory organisation, and we have staff that are engaged across that in regional offices and so on. A number of staff have a number of different roles they undertake, not only compliance roles.

CHAIR: Could you provide that information to the Committee?

Mr CHRIS HARTCHER: Absolutely. The budget papers show 365 total staff, and Mr Mullard will do the breakdown. That is what you are interested in?

CHAIR: Correct. Thank you.

ANSWER

The Resources & Energy Division has 48 full time staff equivalents undertaking compliance activities under the *Mining Act 1992* and the *Petroleum (Onshore) Act 1991*. These functions principally relate to compliance in relation to conditions of title, safety and rehabilitation.

In addition, there are a further 51 staff who perform compliance activities under the *Coal Mine Health and Safety Act*.

The minerals industry is also subject to regulation and compliance activities by other Government agencies such as the Office of Environment & Heritage, NSW Office of Water and the Department of Planning & Infrastructure.

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