

**GENERAL PURPOSE STANDING COMMITTEE NO. 3**

Tuesday 9 October 2012

Examination of proposed expenditure for the portfolio areas

**TRADE AND INVESTMENT,**

**REGIONAL INFRASTRUCTURE AND SERVICES**

The Committee met at 9.00 a.m.

### **QUESTION – Page 3**

**The Hon. PENNY SHARPE:** You have indicated that people can purchase land now and they will get the grant. What are the requirements to build in terms of time frame?

**Mr ANDREW STONER:** I will have to take that question on notice—it may be one for the Minister for Finance and Services to respond to. As I say, his agency processes those claims.

**The Hon. PENNY SHARPE:** Who would monitor whether the land has been built on then?

**Mr ANDREW STONER:** Again, the Office of State Revenue would have to provide the answer to that question.

**The Hon. MICK VEITCH:** There were significant unspent funds from the allocation—\$49 million with only 800 and something people at 30 June. What has happened with the unspent funds? Have they been reallocated?

**Mr ANDREW STONER:** Again, that is a question that needs to be answered by the Minister for Finance and Services. There is a process in place in the Government for establishing and monitoring the budget.

**The Hon. MICK VEITCH:** Is it the Expenditure Review Committee [ERC]?

**Mr ANDREW STONER:** At the ERC.

**The Hon. MICK VEITCH:** Of which you are a member?

**Mr ANDREW STONER:** Correct.

**The Hon. MICK VEITCH:** You said earlier these are funds that have been tailored for economic stimulation of regional communities. If I were to tell you that \$8.5 million of the unspent funds have been allocated towards GST for The Star casino, would you be happy about that?

**Mr ANDREW STONER:** That would certainly be news to me.

**The Hon. MICK VEITCH:** It is in the budget document. It is actually in Treasury documents.

**Mr ANDREW STONER:** Again, that is something I would have to—

**The Hon. MICK VEITCH:** It did not go to ERC?

**Mr ANDREW STONER:** As I said, what you are saying is news to me.

**The Hon. MICK VEITCH:** Would you be happy about that happening—funds that were originally budgeted to go to regional New South Wales now being used in some way to offset The Star casino?

**Mr ANDREW STONER:** Across the government sector if there are underspends in particular programs it is up to the Government, through the ERC, to decide the priorities within the budget. I do not think personally there is any direct link between unspent funds from the regional relocation grants and GST in relation to the casino, but you have made that assertion—

**The Hon. MICK VEITCH:** It is in the Treasury documents.

**Mr ANDREW STONER:** I will have to take the question on notice.

**The Hon. MICK VEITCH:** In light of the fact that you said earlier this money was allocated in the budget for the stimulation of regional economies, upon finding out that that has happened what undertaking would you give to this Committee that you will overturn the \$8.5 million that is being used for GST offsets for The Star?

**Mr ANDREW STONER:** You have made an assertion that I was unaware of and I have undertaken to come back with a response to that issue. I need to check the veracity of the assertion you are making.

## **ANSWER**

The NSW Government is committed to delivering the Decade of Decentralisation policy initiative, a key aspect of which is the Regional Relocation Grant.

The Regional Relocation Grant is administered by the Office of State Revenue and accordingly this question should be directed to the Minister for Finance and Services.

## **QUESTION – Page 4**

**The Hon. MICK VEITCH:** You spoke about your agency being responsible for the advertising campaign, which kicked in, I think, in the last week of January or something like that. What was the original budget allocation for that advertising campaign?

**Mr ANDREW STONER:** I will have to—

**The Hon. MICK VEITCH:** If you do not know I am happy for you to take it on notice.

**Mr ANDREW STONER:** We will have to take that on notice. It was in the order of \$750,000, from memory.

**The Hon. MICK VEITCH:** But you will take it on notice to get the exact numbers?

**Mr ANDREW STONER:** We will get the exact figure back to you.

**The Hon. MICK VEITCH:** You may also want to take on notice whether there were any unspent funds in that allocation as well. Were those funds that were allocated in the budget for the advertising campaign fully expended in the advertising campaign or were there some unspent funds?

**Mr ANDREW STONER:** We will take that on notice also.

## **ANSWER**

The Budget for the Regional Relocation campaign was \$750,000, which included creative, media buying, pre and post campaign research and development of the New Life NSW website.

Media was purchased through the NSW Government's media buying agency Mediacom as per Government campaign advertising requirements.

## **QUESTION – Page 5**

**The Hon. MICK VEITCH:** What was the process for allocating the work to Ogilvy? Was it a select invitation, was there a public tender? What was the process that created the opportunity for Ogilvy to do the work? Again, if you are not sure I am happy for you to defer to the—

**Mr ANDREW STONER:** Again, this was something administered by the department so I need to check whether that information is to hand.

**Mr PATERSON:** I do not have the information to hand. My recollection is that it was a selective tender. I will take that element of detail on notice.

**The Hon. MICK VEITCH:** I am happy for you to take that on notice, and also the process that was taken to appoint them, so we understand how the work was allocated.

## **ANSWER**

NSW Trade & Investment issued a selective tender to three advertising agencies – Ogilvy, Enigma and Ascet.

Each proposal was assessed by a panel of relevant departmental officers against strict criteria, with Ogilvy recording the highest score. Ogilvy was subsequently awarded the campaign project.

**QUESTION – Page 5**

**The Hon. MICK VEITCH:** How many domestic flights have you taken west of the Great Dividing Range?

**Mr ANDREW STONER:** I would have to take that one on notice.

**ANSWER**

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## QUESTION – Page 6

**The Hon. MICK VEITCH:** I understand that but at the time he said there were 32 change management plans currently underway within the department. I want to know how many of those change management plans fall within your area of responsibility.

**Mr ANDREW STONER:** As a cluster Minister, as a senior Minister in the Government, they all fall within my cluster. Direct responsibility—that is, outside the areas overseen by Ministers Hodgkinson, Souris and Hartcher—it would particularly be the Trade and Investment and the Regional Infrastructure and Services elements. I am advised that there are seven relevant change management plans in those areas.

**The Hon. MICK VEITCH:** Directly for you?

**Mr ANDREW STONER:** Correct.

**The Hon. MICK VEITCH:** Is it possible to have those plans tabled, or are they publicly available?

**Mr PATERSON:** They are not publicly available. Some of those plans are in the process of implementation so they are not public documents.

**The Hon. MICK VEITCH:** Are you able to advise the Committee of the areas?

**The Hon. PENNY SHARPE:** Can you just tell us what the seven involve?

**Mr PATERSON:** I am happy to tell you what the seven involve. One is Crown lands. There are four in finance, strategy and operations, including the legal service, our finance and accounting service, human resources and information technology. There are two in the innovation and investment part of the portfolio. There is a question on notice that we are in the process of responding to at the present time in relation to the change management plans that flowed out of the Cronulla inquiry which made reference to the evidence that I gave. There is a request in that to supply the detail in relation to the change management plans. We are working on that at the present time. The time for a response to that is not yet concluded, but to the extent that they are available for release we can do so as part of that request.

**The Hon. MICK VEITCH:** Yes, if that is possible.

## ANSWER

The Department is undertaking an ongoing program of organisational change. The change program is being rolled out in a logical progression and by its conclusion all areas of the department will be reviewed. Industry, Innovation and Investment Division has recently completed a large change process covered by four change plans. Crown Lands and Catchments NSW and Destination NSW have plans that will reach finalisation in the next two months. NSW Forests has completed four plans that cover different parts of its business and has a large change process running. NSW Water and Fisheries have active change plans in place. Finance Strategy and

Operations Division has recently commenced a change plan affecting its corporate operations area and has finalised a plan that covered the Legal Services Area. Primary Industries is currently developing four plans to address recent Government announcement regarding regional service delivery. A further five plans are in drafting stages. Eight change plans were completed in 2011/12.



**QUESTION – Page 9**

**The Hon. JEREMY BUCKINGHAM:** It was in relation to the portfolio of Trade. Do you know the current price for a tonne of Australian wheat?

**Mr ANDREW STONER:** I would have to take that on notice. I understand it is trending up as a result of global shortages elsewhere.

**ANSWER**

2012-2013 Pool returns published by the AWB vary between \$385/tonne for Prime Hard to \$330/tonne for General Purpose.

## **QUESTION – Page 10**

**The Hon. JEREMY BUCKINGHAM:** The Nimmie Caira irrigation district is one of the most productive irrigation districts in Australia and one of the largest producers of organic wheat in the world. As it relates to trade and agricultural productivity, do you support the Nimmie Caira water buybacks, which are the largest water buybacks in the history of this nation, or are you unaware of it?

**Mr ANDREW STONER:** I would have to take that on notice. I am not aware of Nimmie Caira water buybacks. I would have to take that on notice. However, I have made public statements on a number of occasions that the process of securing more environmental water ought to be pursued through infrastructure works, through the minimisation of waste of water, evaporation, seepage and so on, rather than through buybacks from farmers.

**The Hon. JEREMY BUCKINGHAM:** So you do not support the buyback plan? Yesterday the Minister said she supported the buyback plan. Estimates are that it will cost more than \$150 million and will be the largest water buyback in history. It is being supported by the State Government. You do not support it?

**Mr ANDREW STONER:** I told you I was unaware of this particular proposal and I would have to take that on notice. I also said the Minister for Water answered these questions yesterday.

## **ANSWER**

The Nimmie Caira System Enhanced Environmental Water Delivery Project is a voluntary landholder proposal for which the NSW Government, through the NSW Office of Water, has prepared a detailed business case to the Commonwealth for funding. The project, if approved, will realise significant environmental benefits through a more efficient delivery of environmental water into the Lowbidgee area, including the Nimmie Caira and Yanga National Park, and downstream. The recovered water will also form a significant contribution towards bridging the gap between current levels of extraction and the Sustainable Diversion Limits to be set by the Commonwealth's proposed Basin Plan. Where any negative impacts have been identified, these are offset by projects developed with local councils in the area.

This landholder proposal represents a strategic method of recovery, which recognises and addresses the impacts that environmental water recovery can have on communities.

## **QUESTION – Page 16**

**The Hon. MICK VEITCH:** Who will conduct the audit? Is that going to be an internal audit or is it the same committee that was established for the initial paper?

**Mr ANDREW STONER:** We actually had some independent assistance in the first audit. I cannot quite remember—

**The Hon. MICK VEITCH:** I am happy for you to take that on notice and get back to us.

**Mr ANDREW STONER:** We obviously sourced data from the Office of Resources and Energy regarding royalties, also the Treasury regarding both royalties and infrastructure investment, but we had some independent oversight of the process to make sure that it was a fair process. What I do not want to do is have a program in place that is simply a pork-barrelling exercise, for me to make it up on the spot in an election campaign or whatever and go pork-barrelling for particular seats.

**The Hon. MICK VEITCH:** Would you take the question on notice and provide an answer as to what the independent review was and how much they were paid to undertake that role?

**Mr ANDREW STONER:** Yes.

## **ANSWER**

The Mining Affected Communities Audit Working Group that conducted the 2011 review is also conducting the 2012 review. This Working Group has already been re-established and the review has commenced. The Working Group has been asked to review the criteria by which local government areas were categorised in the first review, and has undertaken a state-wide survey to inform this process. The members of the Working Group are senior public officials and are not being paid to undertake their duties on the Working Group. Data in the 2011 review was, however, independently audited by a professional auditor appointed under standard NSW Government consultancy conditions.

## **QUESTION - Page 17**

**The Hon. MICK VEITCH:** For subsequent audits will you utilise the same people who conducted the independent oversight of the initial report or will you in some way rotate or involve others?

**Mr ANDREW STONER:** I will ask the Director General to answer that.

**Mr PATERSON:** If I could clarify something, I was struggling to identify the name. The independent oversight was an independent scrutiny in relation to the numbers, so it was an accounting firm that was engaged to provide us with the independent oversight in relation to the dollar amounts. In the documents I have with us I cannot identify the name.

**The Hon. MICK VEITCH:** I am happy for you to take it on notice.

**Mr PATERSON:** It is an accounting firm that was engaged to oversight and give the Deputy Premier the assurance in relation to the numbers associated with the programs. We will take that element of it on notice. I think you also asked a question in relation to the amount that was spent on that, which was a modest amount, but we will provide that on notice as well.

## **ANSWER**

The independent audit of the data in the 2011 review was conducted by the accounting firm Hill Rogers Spencer Steer, at a cost of \$18,730.25.

**QUESTION – Page 19**

**The Hon. PENNY SHARPE:** Who put forward Muswellbrook emergency department? Which stakeholder? Can you take that on notice?

**Mr ANDREW STONER:** What I can say is that while the local council may not have supported the upgrading of the local hospital—

**The Hon. PENNY SHARPE:** No, the question is who put forward the hospital.

**ACTING-CHAIR:** Order! We will have another round of questioning.

**The Hon. PENNY SHARPE:** If the Minister will take it on notice we can move on.

**ANSWER**

Hunter New England Local Health District

## **QUESTION – Page 21**

**The Hon. JEREMY BUCKINGHAM:** Good shot. That is excellent. But you had to take a shot in the dark to find out what the number one agricultural commodity is? That is great. What do you think the value of agricultural production is to the New South Wales economy in terms of its gross value and its contribution as a percentage to gross State product [GSP]?

**Mr ANDREW STONER:** Just wheat?

**The Hon. JEREMY BUCKINGHAM:** No, the value of all agricultural production.

**Mr ANDREW STONER:** I am advised that the contribution to the State economy of agriculture, forestry and fishing is over \$8.5 billion annually.

**The Hon. JEREMY BUCKINGHAM:** It was a couple of years ago, but last year it was \$14.5 billion or 3.5 per cent. Do you know what the total production of wheat was in New South Wales last year?

**Mr ANDREW STONER:** I am sorry, I do not have those numbers with me. I can get the figures for you. If you want that level of detail, I will come back to you.

## **ANSWER**

The latest published estimate of wheat production in NSW is by the Australian Bureau of Statistics for 2010-2011, which is 10.7 million tonnes.

**QUESTION Page 22**

**The Hon. JEREMY BUCKINGHAM:** Deputy Premier, how many times in the last 12 months have you met with representatives of the Australian solar industry or representatives of the Australian wind industry?

**Mr ANDREW STONER:** To the best of my recollection, on at least one occasion for both of those.

**The Hon. JEREMY BUCKINGHAM:** Would you take that question on notice?

**Mr ANDREW STONER:** Sure.

**ANSWER**

I have met on numerous occasions with representatives of the solar and wind industries.

## **QUESTION – Page 25**

**The Hon. MICK VEITCH:** You might like to take this question on notice: What were some of the things considered? Was it the benefits to the number of people? Was there a cost-benefit analysis? What criteria determined which projects were successful under this Resources for the Regions program?

**Mr ANDREW STONER:** I am advised that there is also assessment by Infrastructure NSW regarding the proposals.

**The Hon. MICK VEITCH:** That was done by INSW prior to the announcement for the 2012-13 projects?

**Mr ANDREW STONER:** Yes. The Department of Trade and Investment, Regional Infrastructure and Services referred the proposals to Infrastructure NSW for assessment. There was consultation with other stakeholders, as I mentioned earlier, in relation to the proposals. Our feedback is that the projects funded were welcomed in those communities.

**The Hon. MICK VEITCH:** What was the involvement of the local MP in the process?

**Mr ANDREW STONER:** Local MPs were amongst the—

**The Hon. MICK VEITCH:** For Singleton and Muswellbrook there is only one local MP—Mr Souris.

**Mr ANDREW STONER:** Local MPs are consulted as part of the process. In that particular round, yes, there was one local MP.

**The Hon. MICK VEITCH:** Was the member for Upper Hunter also called upon to make suggestions on possible projects or to comment on projects?

**Mr ANDREW STONER:** Yes, he was.

**The Hon. MICK VEITCH:** Is that available?

**Mr ANDREW STONER:** I do not—

**The Hon. MICK VEITCH:** Is there a written submission process?

**Mr ANDREW STONER:** I am not in a position to make available those comments by an individual member.

**The Hon. MICK VEITCH:** Was there a written submission from the local member? You can take that on notice if you wish.

**Mr ANDREW STONER:** I will take it on notice. I simply cannot recall. As part of the process, normally local members are consulted about the priority of projects. As I say, we do not want to see simply some cost shifting by local councils as a result of this.



## **ANSWER**

The assessment considered:

- Eligibility criteria: whether the project fulfils Resources for Regions objectives and has a positive net economic impact; and,
- Evaluation criteria: the degree to which the infrastructure is subject to particular stresses and not keeping up with demand or deteriorating due to the mining industry, as well as alignment with objectives, cost benefit ratios, affordability and life-cycle impacts, risk management and implementation approach.

The local member was not asked to, nor did he, provide a written submission.

## **QUESTION – Page 26**

**The Hon. STEVE WHAN:** Ms Biviano, in an email you sent on 2 September 2012 relating to the closure of the Cronulla Fisheries Research Centre you said:

Hi all. Not sure if we should indicate the fact that a proposal went up in May. I'd prefer that it was not included in the correspondence and focus more on the Government's regionalisation strategy.

What proposal were you referring to that went up in May regarding Cronulla fisheries? Did you believe, as indicated in this email, that in fact this was not about the regionalisation strategy as much as some other proposal that went up in May?

**Ms BIVIANO:** I cannot recall what proposal I was referring to in that email.

**The Hon. STEVE WHAN:** This has been the subject of numerous questions in another committee in this place. You do not know what the proposal in May was?

**Ms BIVIANO:** I am finding it difficult to place my response in the right context here. Can I take that on notice?

**The Hon. STEVE WHAN:** If you could supply us with specifically what proposal you were referring to in your email of 2 September 2012 which was given to the Sutherland Shire Council as part of a freedom of information Government Information (Public Access) [GIPA] request?

## **ANSWER**

The proposal being referred to in the email dated 2 September 2011 (not 2012) was a draft ministerial briefing that was never endorsed by the Director General or sent to the Minister.

## **QUESTION – Page 28**

**The Hon. PAUL GREEN:** Minister, I will continue with that line of questioning. Are you able to update the Committee about the Shaolin Temple development in the Shoalhaven, given the potential Chinese investment of \$300 million?

**Mr ANDREW STONER:** I do not have an update at this time, but I will take the question on notice and report back to the Committee. It may be in Minister Hazzard's agency. If it is a firm development proposal it is probably there. But I am not personally aware of any recent development on that front.

## **ANSWER**

The NSW Department of Planning and Infrastructure has advised that the Environmental Assessment for a Concept Plan for the Shaolin Temple and associated tourism/residential proposal has been lodged. The Department is waiting on some additional information before the application is advertised.

NSW Trade & Investment has had limited involvement with the project since July 2008, when the planning approval processes commenced.

Further information should be sought from Minister Hazzard.