

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Wednesday 20 August 2014

Examination of proposed expenditure for the portfolio areas

RESOURCES AND ENERGY, SPECIAL MINISTER OF STATE

The Committee met at 2.00 p.m.

MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. R. H. Colless
Dr J. Kaye
Mr S. MacDonald

The Hon. Dr P.R. Phelps
The Hon. P. T. Primrose
The Hon. S. Whan

PRESENT

Mr Anthony Roberts, *Minister for Resources and Energy, and Special Minister of State*

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: Ladies and gentlemen, welcome to the public hearing for the inquiry into budget estimates 2014-15. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respects to the elders past and present of the Eora nation and extend that respect to other Aboriginals present. I welcome Minister Roberts and accompanying officials to this hearing. Today the Committee will examine the proposed expenditures for the portfolios of Resources and Energy, and Special Minister of State.

In accordance with broadcasting guidelines, while members of the media may film or record Committee members or witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to witnesses for what they may say outside their evidence. Guidelines for the broadcast of proceedings are available from the secretariat. There may be some questions that a witness could only answer if they had more time or certain documents to hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days of having received it from the secretariat.

Any messages from advisers or members' staff seated in the public gallery should be delivered through the Chamber and support staff and the Committee clerks. Minister, I remind you that officers accompanying you are free to pass notes and to refer directly to your advisors seated at the table behind you. Transcripts of this hearing will be available on the web tomorrow morning. Mobile phones must be off or in silent mode. There are no exceptions. If I hear a mobile phone its owner will be asked to leave the room. All witnesses from departments, statutory bodies and corporations will be sworn prior to giving evidence. Minister, I remind you that do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. Mr Paterson, you also need not be sworn because you were sworn at an earlier hearing.

MARK PATERSON, Secretary, NSW Trade and Investment, on a former oath:

KYLIE HARGREAVES, Deputy Secretary, Division of Resources and Energy,

ANDREW LEWIS, Executive Director, Energy, Division of Resources and Energy, and

BRAD MULLARD, Executive Director, Mineral Resources, Division of Resources and Energy, affirmed and examined:

RACHEL CONNELL, Director, Office of Coal Seam Gas, sworn and examined:

CHAIR: I declare the proposed expenditure for the portfolios of Resources and Energy, and Special Minister of State open for examination. Questioning on the Resources and Energy portfolio will be conducted from 2.00 p.m. until 5.00 p.m. Questioning on the Special Minister of State portfolio will be conducted from 5.05 p.m. until 5.45 p.m. As there is no provision for a Minister to make an opening statement before the Committee commences its questions, we will begin with questions from the Opposition and I will then ask for questions from the Government and the crossbench.

The Hon. STEVE WHAN: On 24 July the managing director of Metgasco said that the Minister for Resources and Energy had given its operations public support. Was that true at that time and what has changed?

Mr ANTHONY ROBERTS: Thank you for the question and the opportunity to respond. On 3 June Metgasco launched proceedings in the Supreme Court seeking a judicial review of the decision to suspend its activity approval. On that basis I will not be commenting on the legal proceedings. I again reinforce that the New South Wales Government supports the safe and environmentally sustainable growth of New South Wales's gas reserves. However, this must be guided by stringent regulation that limits the impact on surrounding land, the environment and the health of humans and wildlife. To this end, all titles granted by the Government include strict conditions with which petroleum titleholders must comply and in some cases report on annually.

The Hon. STEVE WHAN: In your decision to suspend the licence because of the breach of public consultation conditions—

Mr SCOT MacDONALD: Point of order: The estimates committee guide refers at point 4.1.1 to the disclosure of information required by the questioner being prejudicial to the privacy or rights of other persons, particularly parties in legal proceedings.

The Hon. STEVE WHAN: To the point of order: The Minister has indicated that he will not comment on legal matters. I assume that if an answer to a question would breach that convention he will indicate that.

CHAIR: Order! The member had hardly begun his question so I am not in a position to rule on it. The Minister is aware of sub judice and has already referred to it. The member can proceed with the question.

The Hon. STEVE WHAN: As I said, Minister, in your decision to suspend the Metgasco licence what consultations did you have with other Ministers? In particular, did you have any discussions with the Minister for Police and Emergency Services about the possibility of sending 800 police officers to the Bentley blockade site?

Mr ANTHONY ROBERTS: The decision to suspend the licence was not made by me; it was an Office of Coal Seam Gas decision. It was a decision to suspend the activity approval at that site.

The Hon. STEVE WHAN: Did you speak to the Office of Coal Seam Gas in the course of making that decision? What contact did you or the department have with the office?

Mr ANTHONY ROBERTS: The decision was made entirely independently by the Office of Coal Seam Gas. Determining whether companies were compliant was part of a broader system that I put in place as a component of an overall audit into licences that had been issued to companies, many of which were issued by the Labor Government.

The Hon. STEVE WHAN: On 8 August the managing director of Metgasco said that the company was surprised to see that the New South Wales Government did not wish to provide evidence in the company's Supreme Court action about the decision to suspend the licence. Is this an indication that the Government will not be contesting this action fully? Or do you expect to see it fully contested?

Mr ANTHONY ROBERTS: As I said, because Metgasco launched proceedings in the Supreme Court seeking a judicial review of the decision to suspend the activity approval I cannot comment.

The Hon. STEVE WHAN: I am not asking you to comment on the merits of the case but on the department's engagement in the process. The department originally gave a reason for missing a deadline to provide evidence saying that it did not have the key staff available. What key staff would have been required and has this been an issue for the department?

Mr ANTHONY ROBERTS: As I said, I will not comment any further on this issue.

The Hon. STEVE WHAN: The decision made by the Office of Coal Seam Gas to suspend the licence is at best a temporary measure. Have you had any discussions with the office or with your colleagues, and particularly members representing the North Coast, about more permanent measures in this area?

Mr ANTHONY ROBERTS: As I said—

The Hon. STEVE WHAN: I do not believe that is the subject of court action.

Mr ANTHONY ROBERTS: There have been calls from certain sections of the community for the New South Wales Government to cancel petroleum exploration licences or to refuse to renew licences. Cancellation or failure to renew a petroleum title cannot be on grounds other than those specified in the Petroleum (Onshore) Act 1991. Further, the decision to cancel or to refuse to renew a title is an administrative decision that must be exercised reasonably. Before cancelling a title, the Minister must notify the titleholder of the proposed cancellation. If the Minister for Resources and Energy decides to cancel or not renew a petroleum exploration licence knowing that the grounds for doing so are invalid, the Government may be liable to pay compensation if it causes a loss. The NSW Trade and Investment Division of Resources and Energy has published a compliance and enforcement policy that applies to the Petroleum (Onshore) Act and it is available on the website should people want to avail themselves of it.

The Hon. STEVE WHAN: I refer to the Wallarah 2 coal project. Are you concerned about a *Newcastle Herald* article that raised concerns about so-called comfort letters that were requested to be written to backers of the Wallarah 2 proposal by the Office of the Environment and Heritage to assure the proponents that the mine would be approved? Do you believe that that potentially undermined the Planning Assessment Commission process?

Mr ANTHONY ROBERTS: I have not seen the article, nor am I aware of those letters. That matter is probably best directed to the relevant Minister.

The Hon. STEVE WHAN: What stage has the planning consideration reached for the Wallarah 2 project?

Mr ANTHONY ROBERTS: I can reasonably inform this Committee that the Planning Assessment Commission has carried out a review of the merits of the proposal, paying particular attention to its potential impacts on biodiversity and water. I am led to believe that a public hearing was held on 2 April this year as part of the commission's review process. The commission has tabled its report and recommended improved strategies to avoid, to mitigate or to manage impacts associated with subsidence, including potential impacts on water supply, stream morphology, groundwater, flooding biodiversity and built infrastructure. It also deals with impacts associated with the proposed surface facilities, including noise impacts, air impacts, water balance and other issues such as rail transport and land development.

The commission believes that if the recommendations are adopted there is merit in allowing the project to proceed. However, if the recommendations are either not adopted or adopted in part only, the commission's position would probably change in favour of a cautionary approach, particularly relating to water. If approved, the project will have a capital investment of more than \$800 million. The issue that the member may be

referring to relates to the effect on groundwater as this project moves forward. I will ask the director to elaborate.

The Hon. STEVE WHAN: I am happy with the answer so far, except for the fact that it does not recognise that before the last election your party made absolute commitments to the people of the region that that project would not go ahead.

Mr ANTHONY ROBERTS: I can say that the Department of Planning and Environment will finalise its assessment of the merits of the proposal and it is expected to refer the project to the Planning Assessment Commission [PAC] for determination.

The Hon. STEVE WHAN: Minister, do you think it is reasonable for the proponents to have gone through this long process when it is very clear that your party, before the last election, and the former Premier and former Minister at community rallies indicated to the community that they would not approve that mine?

Mr ANTHONY ROBERTS: My position is quite clear and I am not going to go into the opinions of various people. This is before an independent PAC and that PAC will determine whether this proceeds or it does not.

The Hon. STEVE WHAN: Are you saying election promises are completely worthless once you have an independent, long-term PAC?

Mr ANTHONY ROBERTS: I think it is important for the PAC to be independent. The more openness and transparency in the decision-making processes, the better it is for not only industry but also communities. We do not want to get into some of the things that have occurred in the past.

The Hon. STEVE WHAN: I turn to the Mining Amendment (Development Consent) Bill 2013. Last year in estimates your predecessor told us that the Government had made it clear that it respects the independence of the court process.

This Government has made it clear as a matter of policy it respects the integrity of court processes.

A few weeks later the Minister asked the Parliament to urgently pass the Mining Amendment (Development Consent) Bill 2013 because, we were told, a failure to pass the legislation could result in Cadia and a number of other mines being affected. What assessment did the department make of the number of mines other than Cadia that would have been affected had this legislation not been passed? Are you able to table the legal advice the department received on this issue?

Mr ANTHONY ROBERTS: I pass that question to my deputy secretary, Ms Hargreaves. I am happy to take whatever we cannot answer on notice.

Ms HARGREAVES: We will take on notice your question about the number of companies. It was enough of a concern that it was a systemic issue that was undermining the sovereign rights of the titling system. As a result it was a concern to us. As to the legal advice, we would not waive privilege on that.

The Hon. STEVE WHAN: The company, Gold and Copper Resources, claim through their lawyer that there are no other examples of areas that would have been affected and that the legislation was designed to target them. What is your response?

Mr ANTHONY ROBERTS: The company you are talking about, Gold and Copper Resources, is an exploration company active in the Orange area. It currently holds 11 exploration licences and has an additional eight pending exploration licence applications that are yet to be determined. Companies associated with the aforementioned company hold an additional five exploration licences. Gold and Copper Resources is party to a number of legal proceedings that involve me, as Minister. These proceedings include challenges to decisions to renew an exploration licence and an exploration prospecting licence, and challenges to the validity of certain mining leases. Some matters I cannot comment on because they are currently before the courts, but I want to emphasise that this Government encourages sustainable mining exploration and development that bring jobs and economic growth to regional areas of the State.

The Hon. STEVE WHAN: Mr Paterson, on 26 February—

Mr ANTHONY ROBERTS: Please direct questions to me and then I will direct them from there.

The Hon. STEVE WHAN: Minister, this question is specifically about a letter Mr Paterson wrote, but I will direct it to you. On 26 February Mr Paterson wrote to Brian Locke from Gold and Copper Resources acknowledging accusations of corruption made by Mr Locke—not accepting them but acknowledging the letter, I hasten to add—and saying that the matters Mr Locke raised were being considered. Has that consideration concluded? What was the response?

Mr SCOT MacDONALD: Point of order: Is there any risk this question will adversely reflect on another person?

CHAIR: That is not a valid point of order. We cannot establish what the answer will be until Mr Paterson attempts to answer the question. However, I point out to Mr Paterson that his answer should not make adverse mention of individuals.

Mr PATERSON: I do not have a copy of the correspondence Mr Whan refers to before me, but I do recall a series of interchanges between that company and the department where allegations were made. In the conclusion of those interchanges I advised the company that if it had allegations in relation to conduct it should refer those allegations to the appropriate authority. I referred the matters raised to that authority. Given the nature of that authority I do not propose to go into any further details.

CHAIR: The answer was in order.

The Hon. STEVE WHAN: Minister, you would be aware that your predecessor put the Petroleum (Onshore) Amendment Bill 2013 before the Parliament in 2013. What is your intention with that bill? Do you intend to progress that bill? Have you undertaken any redrafting of the bill? If so, what is the time frame? Are there aspects of the bill you believe are necessary to ensure appropriate environmental monitoring and testing of exploration or production sites?

Mr ANTHONY ROBERTS: I acknowledge that of the many on the member's side of the Parliament, he is one of the few who understand the importance of mining in New South Wales.

The Hon. Dr PETER PHELPS: Put that on your preselection document!

The Hon. STEVE WHAN: I am more than happy to acknowledge that.

Mr ANTHONY ROBERTS: New South Wales has substantial petroleum resources but it currently produces only 5 per cent of its gas needs and imports the rest from interstate. To ensure certainty of future gas supply and maintain downward pressure on prices, New South Wales needs to develop its own gas supplies. This Government is committed to best-practice regulation of the petroleum industry including coal seam gas. The Petroleum (Onshore) Act 1991 will be reviewed to ensure that all aspects of the regulatory framework for gas exploration and production are consistent with national and international best practice.

The review is intended to commence once the Petroleum (Onshore) Amendment Bill 2013 progresses through the Parliament. The review will involve public consultation and will be conducted by my department. Recommendations from the New South Wales Chief Scientist's initial report on the Independent Review of Coal Seam Gas Activities in New South Wales also will be taken into account in the review.

The Hon. STEVE WHAN: Is it your intention for the bill to pass through Parliament this session or will you wait until after the election?

Mr ANTHONY ROBERTS: It is our view that we need to do as much as we can to provide a level of certainty to communities and companies in New South Wales. We will do what we can to expedite the passage of legislation.

The Hon. STEVE WHAN: In last year's estimates hearing Minister Hartcher said he had appointed Professor John Carter to undertake assessment of mine subsidence issues at the home of Andrew and Kylie Neale at Gillieston Heights and to report to the Mine Subsidence Board. Can you tell us the outcome of that

assessment and what action has been taken since? Is it the case that the Neales are still pursuing this issue in the courts?

Mr ANTHONY ROBERTS: I take a keen interest in this area. By way of background, on 11 July 2007 a pothole occurred in the front of the Neales' house in Gillieston Heights. Mine Subsidence Board staff inspected the site and the location was secured. The pothole was filled by Mine Subsidence Board staff the following day. Although the Neales' property is not in the mine subsidence district, service improvements are automatically covered under the Mine Subsidence Compensation Act 1961. The Neales claimed that cracking and movement on parts of the house were related to mine subsidence, so the Mine Subsidence Board arranged for an independent engineering assessment of the house to determine if the damage was related to subsidence. This inspection did not identify any damage to the house.

The Hon. STEVE WHAN: Was that inspection by Professor John Carter or prior to that?

Mr ANTHONY ROBERTS: I am informed that this is prior. It is understood that the Neales were seeking the Government to purchase their property. However, the Mine Subsidence Board cannot purchase a house that has not been significantly impacted by mine subsidence. Following a meeting between the previous Minister for Resources and Energy and the Neales, a further independent review was undertaken by Professor Carter, who found that mine subsidence is not the most likely cause of damage. In the professor's view, the observed damage is consistent with other possible causes, including construction methods, concrete and other material shrinkage as well as poorly compacted fill. The engineer concluded there was no mine subsidence damage and therefore the board could not accept a claim for damage.

While the Mine Subsidence Board concluded that damage to the house was not related to mine subsidence, the board assisted the Neales by funding a site investigation, at a cost of \$40,000, to assess the risk of future mine subsidence to the house. As you are aware, Mr and Mrs Neale appealed to the Land and Environment Court against the decision of the board to refuse their claim for damage to the house. On 21 March last year Justice Pain handed down a Land and Environment Court decision advising that the court does not have jurisdiction to hear the Neales' appeal as the matter should have been brought before the Supreme Court. In her view, the observed damage is consistent with other possible causes including construction methods, concrete and other material shrinkage.

On 5 June this year an article in the *Maitland Mercury* suggested there was a small pothole on the Neales' property. This had not been reported to the Mine Subsidence Board. I am informed that the board subsequently contacted the Neales and made arrangements to investigate a depression. Excavation did not find evidence of mine subsidence. Indications are that the site may have been excavated previously. The *Maitland Mercury* article indicated that the Neales are pursuing compensation through the New South Wales District Court from Maitland council and Masterton Homes. Should any further mine subsidence damage to the Neales' property be reported, I am reliably informed—and I will ask my Executive Director of Resources and Energy to add anything that he might have—that they will act quickly to assess the underlying cause. Did you want to add anything, Mr Lewis?

Mr MULLARD: Yes. The Mine Subsidence Board will take action. Even though it is not in a mine subsidence district, the Neales are automatically covered and if there is any further damage resulting from mine subsidence the board will take action to undertake repairs or fill any potholes that form, as it did previously when a pothole formed on the property.

The Hon. STEVE WHAN: Are you doing that without acknowledging liability? Is that what I take from what you are saying?

Mr MULLARD: What we are talking about is if there is damage resulting from mine subsidence we will repair it. The issue is that we have had two independent reviews that have concluded that the damage to the house is not consistent with mine subsidence. In those circumstances, the board, under the Mine Subsidence Act, is not able to take action.

The Hon. STEVE WHAN: Minister, I wanted to ask you some questions about the ethanol mandate. Is the Government still committed to achieving the ethanol mandate of 6 per cent of fuel sold in New South Wales?

Mr ANTHONY ROBERTS: The Biofuels Act 2007 was amended in November 2012 to enhance enforcement through increased penalties for non-compliance and new requirements for exemptions. Following the amendment to the Act, new guidelines were issued to the expert panel requiring exemptions to be linked to agreed business plans for progress towards compliance. Business plans have now been agreed with all the non-compliant volume fuel sellers. Volume fuel sellers are required to deliver on their business plans and to report on delivery quarterly. New South Wales averaged 3.47 per cent ethanol in the March 2014 quarter, down from a peak of 3.98 per cent in September 2012.

All volume sellers were granted partial exemptions in accordance with the requirements of the Act and no penalties have been applied. Applications for exemptions are received by the Biofuels Expert Panel, which provides advice on whether an exemption should be granted. The Act also provides that the taking of all reasonable actions to comply is both a defence against prosecution and a ground for partial exemption. The major reason for partial exemptions despite taking all reasonable action is the lack of demand for E10 from consumers and wholesale customers. This Government previously decided to maintain the choice of fuel for consumers and in May 2012 the Parliament passed an amendment bill that repealed the requirement for all regular unleaded petrol to be E10.

Given a choice between regular unleaded petrol and E10 at a service station, only about 20 per cent of consumers choose E10 at the current price differentials of about 2¢ a litre. Just over 50 per cent of service stations are not controlled by volume fuel sellers and fuel wholesalers cannot require them to offer E10. Many of these independent service stations choose not to sell E10 because of the lack of demand from consumers. Also, some service stations cannot offer E10 due to old, unsuitable infrastructure.

The Hon. STEVE WHAN: What you are essentially saying is that you do not see the need to meet the Government's commitment to reach 6 per cent?

Mr ANTHONY ROBERTS: We are now considering options for further legislative amendments to address the issue of independent service stations and regional availability. Our expert panel was requested to provide advice on options to enhance the operation of the Act and to improve compliance outcomes.

The Hon. STEVE WHAN: When are you expecting that consideration of actions to be concluded? When are you expecting to take some action on this?

Mr ANTHONY ROBERTS: A consultation paper outlining two options has been distributed to stakeholders and, again, we are committed to the mandate and the options for enhancing—

The Hon. STEVE WHAN: Is that consultation paper public?

Mr ANTHONY ROBERTS: It has been made public. Would you like us to provide you with a copy? It is on the website but we can save you the time and provide you with a copy.

CHAIR: A copy will be tabled?

Mr ANTHONY ROBERTS: Yes. But, again, there are major issues affecting biodiesel mandate compliance and the need for terminal upgrades and wholesale customer preference—

The Hon. STEVE WHAN: You mentioned a drop from a peak of 3.9 per cent to 3.47 per cent now. In a number of cases that is because service stations which were offering E10 have decided to stop offering it. In the exemptions that you are granting and the business plans which you are asking people to put in place, are you requiring the business plans to move towards meeting the targets?

Mr ANTHONY ROBERTS: Could I direct that to the Executive Director of Resources and Energy as to how we are dealing with that?

Mr LEWIS: With the business plans that the volume sellers are required to submit, their obligation is to outline everything that they are doing to meet the legislated target of 6 per cent.

The Hon. STEVE WHAN: As the Minister said before, essentially everybody who has asked for an exemption has been given it. Do you think it is time to stop accepting all the requests for exemptions?

Mr LEWIS: The legislation that is in place allows a number of exemption claims to be made by the volume sellers. If they wish to seek an exemption they cite the relevant provision, it is considered by the expert panel and the expert panel provides advice to the Minister. As the Minister said previously, those grounds are both a defence to prosecution and a reason for the granting of a partial exemption from the mandate.

The Hon. STEVE WHAN: Minister, are you aware that in the United States, 10 per cent of total fuel is ethanol and that advice from the US Energy Information Administration is that "all gasoline vehicles can use E10"? Is it not about time the Government reversed its hostility towards ethanol and recommitted to greater use of a product which assists farmers and provides more fuel independence for New South Wales?

Mr ANTHONY ROBERTS: With respect to E10, I use E10—I choose to use E10, for obvious reasons. There is no hostility by this Government towards E10. But, again, it is an issue that very much needs to be consumer driven, with the assistance of government. But I can assure you there is no hostility towards E10 in this Government.

The Hon. STEVE WHAN: Is not one of the major problems with the consumer-driven side of this that there are many myths and incorrect assumptions out there about E10 and is there not a role for government to work with industry to overcome those myths?

Mr ANTHONY ROBERTS: Certainly there are a large number of myths out there. I do my best to dispel those. I believe this Government is acting accordingly to dispel those myths where it can. If we take the example of the United States, that is a great example. Do I recommend to friends and family that they use E10? Yes, I do.

CHAIR: We will now move to Government questions.

Mr SCOT MacDONALD: What action is the Government taking to improve the application process for petroleum titles in New South Wales?

Mr ANTHONY ROBERTS: Under the petroleum application process that has been inherited by this Government, more than two-thirds of New South Wales has been covered by petroleum titles or applications. This is despite the fact that it is highly unlikely that there are economically viable gas reserves under such a large proportion of the State. Understandably, this situation has resulted in a considerable issue for the Government and communities across New South Wales. The Government is currently exploring mechanisms to address the situation so that petroleum titles are only held over areas where the reserve of natural gas is economically viable. Additionally, we are committed to ensuring that those companies that hold titles have the requisite knowledge, experience and capacity to responsibly explore for and extract that gas.

The first step was to raise the application fee for licences from \$1,000 to \$50,000. Again, this is a considerable increase of the amount set under the previous Government and acts as a deterrent for entities that might seek to apply with no intention to ever conduct exploration and production. The second part of the approach is addressing applications for licences that have been made prior to the freeze that was implemented by the Government on 26 March this year. As an example, the Government rejected an application by Grainger Energy for five petroleum titles that would have covered some 43,000 square kilometres of the Riverina. This was done on the basis that the company did not have a technical understanding of the existing geological information in the region over which it applied.

Additionally, it provided scarce work programs that were not sufficient to effectively explore the large areas covered by the application. It also significantly underestimated the cost of the work program that it proposed. The Government considered that the company lacked the financial and technical capabilities to undertake the work program it proposed within the New South Wales regulatory framework. In addition, I can inform the Committee that today the Government has rejected three title applications by Ceemac that would cover the Blue Mountains, Lithgow and Dubbo. This rejection was made on the basis that Ceemac failed to provide adequate financial information to show that it could fund a viable work plan to extract gas. The Government has made it clear that we will only accept best-practice standards when it comes to natural gas operators in this State.

While we are making significant headway addressing issues with petroleum applications, the matter of existing titles presents a more imposing challenge. To put it simply, the Government has a considerable challenge dealing with rights granted to parties under the former Government. Despite the best wishes of Jeremy

Buckingham, agreements entered into in good faith under the legislation in place at the time cannot simply be dispensed without just cause. In an ideal world there are some in this House who would receive a bill for the cost of purchasing back all the titles Labor awarded, but unfortunately for the New South Wales public it is not quite that simple. As I said, Labor still has confused politics on this matter. Again, I commend the member who is here today for standing up for mining communities.

The Hon. STEVE WHAN: There are two of us. You better pick one.

Mr ANTHONY ROBERTS: The Hon. Steve Whan. But that is what happens when a party presses with the wind when making policy decisions. I throw in that we look forward to you coming down to the lower House.

Dr JOHN KAYE: Tell Mr Barilaro that.

The Hon. STEVE WHAN: You might get in trouble for that statement more than any other you have just made.

The Hon. Dr PETER PHELPS: You are moving to Mount Druitt, aren't you?

The Hon. STEVE WHAN: No.

Mr ANTHONY ROBERTS: In the past 12 months we have seen some extraordinary hypocrisy. In October last year John Robertson proudly stood up in the Legislative Assembly to introduce the Coal Seam Gas Prohibition (Sydney Water Catchment Special Areas) Bill 2013, which was designed to permanently ban coal seam gas extraction in the Sydney catchment area. This is despite repeated pledges by Labor that it would delay any decision on gas development while waiting for the science to come in. Indeed, the only petroleum titles in the Sydney catchment area were awarded by the Labor Cabinet, of which John Robertson was a member.

The Hon. STEVE WHAN: You are not allowed to bushwalk in the Sydney catchment, so drilling is a bit more of a step.

Mr ANTHONY ROBERTS: What is more, while the Government has done exactly what Labor pledged to do on the catchment through temporary amendments to licence conditions, Labor has been doing exactly what it promised not to do, namely, putting the cart before the horse when it comes to decision making. Another head scratcher was Labor's recent decision to pledge if elected to make the northern rivers gas bill free. This had many on our side rather confused. I have read the member's comments on Jeremy Buckingham's Coal Seam Gas Moratorium Bill—I commend him for this. He said that Labor is not an Opposition that will say anything just to get a good result at a future election. Indeed, I commend the member for saying that he would put forward a serious energy policy. He further said, "We know that The Greens don't care about people in New South Wales having access to a portable energy because they do not actually have an interest in working people who have tight budgets."

He further said—again I commend him for this—"I personally believe that we will find that coal seam gas is safe to extract in the longer term and that we will be able to show the community that it is safe. There is in fact no example in Australia of coal seam gas contaminating an aquifer." Again I commend the shadow Minister for Resources. It is a shame that there is such a divergence between your views and some of those in your party. It is good to see that they still choose to have you as the shadow resources Minister. Again, while I am looking back at history, I commend Dr John Kaye for his comment that "the potential for local gas generation should be factored into any planning for the far North Coast energy strategy".

Dr JOHN KAYE: Is that the best you can do?

Mr ANTHONY ROBERTS: No.

Dr JOHN KAYE: Seriously, is that the best you can do?

Mr ANTHONY ROBERTS: We have more files.

Dr JOHN KAYE: That is it. That is all you can do. Pathetic.

CHAIR: Order! I remind members that interjections are disorderly at all times.

Mr ANTHONY ROBERTS: That is why we need a level of consistency on this. I make clear my role as Minister in this matter. Both my department and I are regulators of this industry; we are not its champions. I have never been an advocate of the industry and I never will be. That is why I am more than happy to challenge title holders, without fear or favour, as to why they should hold onto their titles should there be violations of licence conditions, relevant regulations or legislation. To put it simply, if you are not meeting the standard you will be out. The title application process will be reformed so as to stop substandard players gaining titles in New South Wales and to hold those with titles accountable to the conditions of that title.

The Hon. RICK COLLESS: I am sure you are aware of the Gladstone LNG terminal development. What impact will that development have on gas prices for New South Wales customers?

Mr ANTHONY ROBERTS: Natural gas is a viable entry source for more than 1.2 million New South Wales residential and small business customers and more than 30,000 large commercial users. As such, the price of gas is a justified concern for many. As many Committee members would know, New South Wales retains a regulated gas price and retailers must offer a regulated price in addition to any other offer they may have. That regulated price is set by the Independent Pricing and Regulatory Tribunal [IPART] through a voluntary pricing agreement with the regulated offer retailers. I am concerned about the impact of the Gladstone LNG plant on gas supply and prices for New South Wales manufacturers and domestic gas consumers.

Historically we have been the beneficiary of gas produced in Bass Strait and in the Surat Basin. This gas was not available for export due to the lack of an east coast LNG hub. This has led to New South Wales becoming almost totally dependent on this interstate gas, with the State now producing only 5 per cent of its own gas needs. The development of Gladstone will fundamentally change the east coast gas market. All the gas that we had previously available to us in New South Wales will now also be available for export.

It has been predicted that prices could as much triple once the export hub is fully operational. Indeed, the Australia Energy Market Operator is now predicting that New South Wales will face days of gas shortage from as early as 2017. Other commentators say this could be as early as 2016 should there be a spread of exceptionally cold days in winter. However, it is regrettable that the east coast gas market is also faced by issues of transparency. I am not aware of any public policymaker in Australia who has a detailed understanding of how much gas is being contracted to overseas customers. I am not aware of any public policymaker that knows whether the east coast gas market has the ability to deliver this without causing domestic shortfalls. I am not aware of any public policymaker that knows what penalty provisions apply should the exporters fail to deliver on their promises.

It concerns me greatly that the parties to these joint ventures may have overcommitted themselves believing domestic supply may have come on faster than it has and in greater quantities. Frankly, I find this a completely unacceptable situation. We cannot in New South Wales reserve our gas when we supply only 5 per cent of our own needs. The State Government is also constitutionally barred from blocking gas supply flowing from one State through New South Wales to another. Nonetheless, I feel that any reservation policy would only serve to deter investment in New South Wales and would not be positive for our consumers. However, as I have stated many times before, if you cannot measure you cannot manage. We cannot continue to tolerate a situation where Australian policymakers are being, quite frankly, left in the dark.

I understand that individual players in the industry may have commercial-in-confidence arrangements that they do not wish to be made public. However, I have repeatedly asked the Australian Petroleum Production and Exploration Association to work to aggregate this information so that it can be presented to government and the public. To my great disappointment, they have continually refused to do so. For this industry to gain a social licence in New South Wales it is vital for it to be transparent and to demonstrate how the development of this industry will benefit the State of New South Wales. I feel this sentiment was captured well by the Premier of Western Australia, Colin Barnett, who, reflecting upon the gas situation on the east coast, stated:

It's a hard narrative to sell to the community, to a government that we are going to increase production of gas and we are going to export and, in the meantime, domestic supplies might be diminished and domestic prices will go up.

Further to that he stated:

I am a politician and I am pretty good at selling a story but I would find that a tough one to sell.

Therefore, as the Minister responsible for this portfolio, I am heartened that the two serious gas players in New South Wales—AGL and Santos—have committed to put any gas from their proposed projects into pipelines in New South Wales. We can therefore be assured that the Gloucester and Narrabri projects will have positive impacts for our consumers, should they, of course, be approved. But my message to the rest of the industry is simply that no-one will trust you until you are honest, no-one will trust you until you are transparent, be it the community or the Government.

Mr SCOT MacDONALD: On that theme, what is the short-term outlook for gas customers in New South Wales?

Mr ANTHONY ROBERTS: In June 2014 the Independent Pricing and Regulatory Tribunal [IPART] released its final report on changes to the regulated retail gas prices from 1 July 2014. Under IPART's decision, average retail gas prices would have increased by up to 17.8 per cent across New South Wales over the next two years, with the majority of the cost recovered from 1 July 2014. The increase in regulated retail gas prices is being driven by effectively rising wholesale gas costs and network costs. Wholesale gas costs are largely resulting from greater demand for gas, without a corresponding increase in the domestic supply of gas. It is clear the domestic market for gas is competing with, now, the international market, with more gas being exported overseas.

This has led to uncertainty on the amount and price of gas available to meet domestic needs, which may result in domestic gas prices aligning with the international market and prices over time. Likewise, in a similar vein to electricity, gas network prices are coming off a sustained period of high investment which has driven up the network component of bills. Some of the pricing proposals originally called for an additional allowance for the costs associated with acquiring and retaining new customers. The New South Wales Government opposed this additional allowance in its submission to IPART. I am pleased to say that retailers responded to this, reducing their initial proposals by up to 7 per cent. Needless to say, others in this place did not bother to make a submission on the proposals. In fact, the response of the Leader of the Opposition was "It's not my responsibility." That is a great disappointment to all. I acknowledge that Mr Jeremy Buckingham on behalf of The Greens made a submission.

The Hon. Dr PETER PHELPS: Was it in crayon?

Mr ANTHONY ROBERTS: I could not tell you, I didn't see it. While I disagree with his opinion I do credit him for having at least taken the time to participate in what is a very important process for the State.

Dr JOHN KAYE: I think he has done plenty of that, Minister.

Mr ANTHONY ROBERTS: However, I am happy to share with the Committee that there have been several beneficial developments for customers subsequent to this initial decision. Firstly, from 1 July 2015 customers should expect to see some relief with the major gas reticular, Jemena Gas Networks, putting forward a pricing proposal to the Australian Energy Regulator to decrease its network prices by 20 per cent over five years. The network price makes up about half of the final retail price paid by customers. If the Australian Energy Regulator approves Jemena's proposal, customers, on average, could see savings of approximately \$271 over five years from 1 July 2015. Customers will also see further savings due to the repeal of the Federal Government's carbon tax.

Given these recent changes, IPART will work with the regulated offer retailers to determine what regulated retail gas prices will be going forward. It is important to realise that IPART's final determination only applies to some 25 per cent of the New South Wales small gas customers who remain on regulated prices. Seventy-five per cent of New South Wales small gas customers have already found a market offer which better suits their needs. New South Wales customers are able to shop around for a better gas deal by comparing offers on the Australian Energy Regulator's free, independent price comparison website: energymadeeasy.gov.au. This Government has been urging customers to shop around, get out there, get active and get a better deal.

The Hon. RICK COLLESS: Will you advise the Committee on the outlook for New South Wales electricity supply and demand in the foreseeable future?

The Hon. Dr PETER PHELPS: That is a Luke Foley question. Where is Luke?

Dr JOHN KAYE: Labor did so well on that issue when it was in office.

Mr ANTHONY ROBERTS: Let us be nice. New South Wales is in an enviable position in terms of electricity supply and generation capacity. We have approximately 19,300 megawatts of electricity generation capacity installed. This includes approximately 11,400 megawatts based on coal, 2,200 megawatts based on gas and 5,700 megawatts from renewables, including the Snowy Hydro. Moreover, interconnectors with Queensland and Victoria provide an additional capacity of approximately 2,600 megawatts. This reflects approximately 1,100 megawatts and 1,500 megawatts from those two States respectively. The interstate imports across the interconnectors account for approximately 10 per cent of the annual New South Wales demand. If we look back at electricity generation in New South Wales in 2013, approximately 71,000 gigawatt hours, or 71 million megawatt hours, was generated, of which approximately 80 per cent was from coal, 12 per cent from renewables and 8 per cent from gas.

According to the 2014 electricity forecasts by the Australian Energy Market Operator average growth rates in annual energy and summer maximum demand for New South Wales are significantly lower than previous forecasts at 0.4 per cent and 1.2 per cent per annum respectively. The key contributing factors to this are lower economic growth, reduced industrial sector consumption, higher uptake of rooftop solar photovoltaic, rising electricity prices and the introduction of energy efficiency measures.

I can assure you that New South Wales has sufficient installed capacity to meet any increase in demand well beyond the next 10 years. This includes in the event of one-in-10-year extreme weather conditions and a high-growth scenario. The benefit of our deregulated generation sector is that the market is empowered to determine when, how and in what form new generation is added. For example, there are currently four wind farms with a total capacity of 830 megawatts under construction now. Added to this are nearly 12,500 megawatts of new generation proposals that have been granted development approval. These are ready to be built should demand start to increase. Added to this are around 5,600 megawatts of generation that are currently at various stages in the planning system. In short, the people and businesses of New South Wales can be assured that ample electricity supply is available now and well into the foreseeable future.

Mr SCOT MacDONALD: Can you tell me what actions have been taken to increase competition in the electricity market and what has been the outcome?

Mr ANTHONY ROBERTS: This is tremendous news. The New South Wales Government is committed to placing downward pressure on electricity prices for New South Wales households and businesses. In this we have already delivered significantly and certainly the damage done by the previous Government's mismanagement and John Robertson's disastrous reign as energy Minister—

The Hon. Dr PETER PHELPS: Shame.

Mr ANTHONY ROBERTS: —has been wound back. The Liberals and Nationals network reform program has seen power bills brought under control. More than \$5.4 billion in unnecessary spending by the distribution networks has been identified and avoided. That is \$5.4 billion that New South Wales electricity customers will not have to foot the bill for.

As all members of this Committee will agree, that is a massive boost to customers who have been paying the price for stupid decisions made by Labor back in 2009 and 2010. Labor's ill-considered, knee-jerk policies drove up network investment to unsustainable levels. Worse still, those policies resulted in inflated network proposals that were accepted by the Australian Energy Regulator in 2010. Those proposals increased prices by 100 per cent over the five years to 2015. Unfortunately for the people of New South Wales the fact that John Robertson was energy Minister when this was occurring has been overlooked for far too long. We have all been paying for his policy train wreck ever since.

But as so often is the case, Labor has created the problem, we will find the solution and we have done that very well. I am pleased to say that we are going even further. On 1 July this year the Government delivered yet again on its commitment to place downward pressure on prices with the removal of retail price regulation from the New South Wales electricity market. Deregulating the electricity market makes it easier for new retailers to enter the market. This means more competition and more innovative choices while placing downward pressure on electricity prices in New South Wales.

That decision was made following recommendations from both the Australian Energy Market Commission and the New South Wales Independent Pricing and Regulatory Tribunal that our market was

competitive and that continued regulation could be detrimental to customers. As could be expected when any decision is made that puts an end to government interference in people's lives, of course John Robertson and The Greens were opposed. However, thankfully for the people of this State, this Government listens to those expert bodies, which comprise experienced and knowledgeable career subject-matter experts. We do not listen to the policy rookies that are John Robertson and Dr John Kaye, who are in no way qualified to make suggestions on this.

Dr JOHN KAYE: Where did you get your PhD from, Anthony?

Mr ANTHONY ROBERTS: As part of this reform the two standard offer retailers, EnergyAustralia and Origin Energy, are no longer required to offer a regulated price for electricity. In New South Wales more than 65 per cent of customers have already shifted off the regulated price onto a competitive market contract. This means that less than 35 per cent of customers who have yet to switch can now share in the benefits of a competitive market. Prior to the Government's reform New South Wales had 16 major electricity retailers operating in our market offering some form of retail product to customers. This is despite there being some 45 businesses licensed to operate in New South Wales. With the removal of regulation and the shift to a fully competitive market, these entities have the incentive to now enter the market and participate by offering products and services to New South Wales customers.

Already since the commencement of this reform a number of retailers have announced their intention to either significantly ramp up their operations in New South Wales or offer products for the first time to customers in New South Wales. Indeed, in the month and a half since the reform was introduced we have seen the number of active electricity retailers in New South Wales grow to 19, with more expected to enter soon. This is important because in New South Wales the big three retailers—AGL, EnergyAustralia and Origin Energy—account for approximately 95 per cent of the retail market. This compares with less than 75 per cent in Victoria where deregulation has been in place since 2009. In Victoria deregulation has promoted more competition, driving customers to switch to better deals and reducing the market share of existing providers.

This fundamental shift challenges retailers to lower their prices, to offer more attractive deals and to improve services in order to attract new customers or retain existing customers. It forces retailers to respond to customers and not the other way around, as we have seen in the past. It promotes better innovation in retail services as retailers try to reduce costs through technological change and new practices. In short, the retailers start to dance to the customers' tune, turning the historical relationship of utilities provision on its head. Under the removal of price regulation customers who were on a regulated contract on 1 July this year were automatically switched onto a two-year transitional tariff. The transitional tariff arrangements provide a stepping stone for regulated customers to enter the competitive market. Most households who were on the transitional tariff on 1 July received a 1.5 per cent discount on their 2013-14 prices. Additionally, on 1 July 2015 transitional prices will increase on average in line with the consumer price index only.

What this Government is doing is encouraging all consumers to shop around, to get out there, get active and get a better deal. The competitive market contracts offer households and small businesses the benefit of a deal that better suits their needs, often at lower rates or with special discounts. Indeed, under some of the deals on offer since 1 July 2014 customers could save up to 17 per cent compared to the 2013-14 regulated price, just by switching to a competitive market contract. The simplest way to compare electricity offers is on the Australian Energy Regulator's free independent price comparison website that I gave you before.

The Hon. Dr PETER PHELPS: What was that again?

Mr ANTHONY ROBERTS: It is *energymadeeasy.gov.au*, and I hope that everyone in this Committee has availed themselves of that and is saving money. I have to say that New South Wales is not the first State to have made the smart decision to deregulate electricity prices. In 2009 the then Victorian Labor Government deregulated its electricity market despite strong union opposition. Since that time Victorian prices have increased at a lower rate than when compared to New South Wales's regulated tariffs. Indeed, much of the increase in prices in Victoria has been due to the costs associated with the former Victorian Government's mandatory rollout of smart meters. Had that not occurred, the price gap between the two States would have been even greater.

In 2013 the South Australian Labor Government became the second jurisdiction to deregulate its market, again making the decision despite concerted union pressure. It gives me great pleasure to say that at the Council of Australian Governments [COAG] Energy Council in May this year New South Wales was

unanimously applauded for its decision. The strongest praise indeed came from the South Australian Labor energy Minister, who made very clear his support for this measure. He was one of the first to cross the floor to offer his congratulations on the decision that New South Wales made. The Minister made the same sensible step to deregulate the South Australian retail electricity market early last year and has positive feedback to offer. For the first time in more than a decade electricity bills have decreased thanks to this Government. This is despite Labor and the unions saying our reforms would not cut prices. Those dark days of the double digit electricity price increases are well and truly over. Instead the people of New South Wales can rest assured that we are making smart decisions to ease cost pressures and deliver better services.

CHAIR: Minister, I have a couple of questions concerning ethanol. Minister, can you advise the Committee what is the minimum percentage mix allowable under the current E10 legislation?

Mr ANTHONY ROBERTS: I will pass that to my Executive Director of Energy.

Mr LEWIS: The minimum amount is 9 per cent.

CHAIR: Can you advise the Committee what is the research octane number [RON] for those fuels were the 10 per cent to be legislated as a minimum? What is the RON of 10 per cent standard fuel with ethanol?

Mr LEWIS: The RON will vary slightly but it will be in the vicinity of 94 to 95 RON.

CHAIR: Minister, in previous answers you discussed some of the problems that occur in the marketplace with the choice consumption of E10 fuels dropping. Would the Government consider assisting the marketplace and assisting your own mandate levels by doing two things: First, changing the legislation once again to mandate for a minimum 10 per cent ethanol and, second, requiring that the retailers place the RON number for those E10 fuels on the pumps or in their advertising?

Mr ANTHONY ROBERTS: I appreciate the question. I will get Mr Lewis to answer the first part of that question but, before he does, one of the issues I found when I was Minister for Fair Trading around service station signage was that the large retailers were keeping people very much in the dark as to what they were buying and what the prices were. After extensive consultation one of the other issues we found was that, again through clever marketing and selling of fuels with different names, whatever the marketing people came up with, consumers were effectively being pushed away from the E10 blends when, indeed, in an E10 blend the RON was usually 91.

CHAIR: Somewhere around 91?

Mr ANTHONY ROBERTS: It could be 94 or 95 and then consumers are paying a premium for a product that they could get that is being labelled as a 91.

CHAIR: My point exactly, Minister.

Mr ANTHONY ROBERTS: That was of significant concern to us. It was something we looked at closely at the time. There were some significant discussions with industry as to the variables in the octane number based on seasonal adjustments and so forth. It is an area that I continue to have an interest in. I am happy to make a commitment to you today that I will again raise this with the new Minister for Fair Trading, the Hon. Matthew Mason-Cox. I have always been of the position that the more information you can supply to a consumer the better the choice will be. Certainly to be labelling the ethanol blend at a lower RON than what it possibly could be, it could be argued that the consumers are being misled and pushed into again purchasing a more expensive brand of fuel that provides the same octane level. I am happy to talk to the Minister with respect to that and pursue that.

Mr LEWIS: In relation to your question regarding increasing the minimum amount to 10 per cent, under national fuel specifications the amount of ethanol in fuel cannot exceed 10 per cent and that is a hard cap that applies nationally. When the Government introduced amendments late last year this issue was looked at and it was considered. At that stage, as a result of those amendments, the minimum amount of ethanol of 9 per cent was introduced. The reason that was done is that in blending ethanol into fuel mix there is a level of variability and because of the hard cap from the national fuel specification it was considered that in order to avoid the risk of fuel sellers exceeding that national fuel specification a blend rate of between 9 and 10 per cent was appropriate. I am advised by fuel sellers that they aim for between a 9.5 and 10 per cent mix of ethanol. The

Office of Biofuels last year undertook some inspections of service stations to assess what the level of blending was and those results were consistently between 9 and 10 per cent and around about 9.5 was the average for that blend rate.

CHAIR: I also have had some discussions with people in the industry and my understanding is that the blending technology and the accuracy is much better than 10 per cent of the measurement. Irrespective of the second part of the comment that I made about truth in advertising, it would not make any difference if the blend was at 9.5 per cent. Then there would be an opportunity to advertise that fuel at a RON rating of higher than 91 per cent.

Dr JOHN KAYE: Minister, you made some comments about gas prices in which you suggested that the export trains being developed in Queensland are over committed and that was driving up gas prices. They had overestimated the amount of gas available. Does it not follow from your statement that any additional gas supply in New South Wales would not bring the wholesale price of gas down unless it was sufficiently large to satisfy all of those exports trains?

Mr ANTHONY ROBERTS: Your question proposes that any increase of supply of gas to the market place—

Dr JOHN KAYE: Would not bring down the wholesale price of gas in New South Wales until those export trains had been satisfied, leaving aside network constraints.

Mr ANTHONY ROBERTS: It is hard to hypothecate in this area.

Dr JOHN KAYE: Hypothesise, not hypothecate. It is easy to hypothecate.

Mr ANTHONY ROBERTS: Hypothesise in this area. What I can say is that more gas in the market place is not going to push prices up.

Dr JOHN KAYE: That is true.

CHAIR: Dr Kaye, we could hypothecate if we had a reserve policy.

Dr JOHN KAYE: I thought interjections were disorderly.

CHAIR: They are, other than from me.

Dr JOHN KAYE: I guess you can do what you like. Minister, more gas is unlikely to push the price up unless it encouraged further investment in export, which would make the matter worse. You yourself identified the over commitment on gas exports was what was driving the price up. My original question is of basic market dynamics, is it not true that the net back international gas price is higher than the current prices in New South Wales. Nothing we can do in New South Wales, short of supplying all of the export demands, would bring the price down and make it float at domestic demand rates or cause any reduction in domestic price?

Mr ANTHONY ROBERTS: What I can say is based on simple supply and demand, the greatest supply is not necessarily going to push prices up, it will do the opposite.

Dr JOHN KAYE: My question is the opposite: there is nothing we can do in terms of increasing supply in New South Wales that will do anything to bring down gas prices unless it is such a massive increase in supply that it satisfies what the export trains think they are going to get. Therefore, new coal seam gas, any kind of gas in Australia, will not bring down the price until those export trains are satisfied?

Mr ANTHONY ROBERTS: I disagree with you. New supply means that retailers have additional gas for purchase and to supply to customers. I am happy to come back to issues with export contracts and the need for openness and transparency. New South Wales gas reserves being developed are not subject to those export contracts.

Dr JOHN KAYE: They compete with them.

Mr ANTHONY ROBERTS: Both Santos and AGL, should those projects go ahead, have made it very clear that that gas is designated for the New South Wales retail market. There are two further reasons why that is the case. First, the proposed Santos pipeline, should that go ahead, is going south to join with Moomba to supply New South Wales. It is not going north to the Olympic train. Second, I was pleased to visit the \$100 million to \$200 million storage facility AGL has built to supply the domestic market around Newcastle. Those two companies have made it very clear that that gas will be coming to New South Wales. Should both those projects go through various hurdles and meet the high standards we have placed upon them, there is potential for both companies to supply 75 per cent of our gas needs in the future.

Dr JOHN KAYE: We will debate that at a later time. Minister, your predecessor in November 2012 commented on opening New South Wales to uranium exploration and mining, saying it was "a new era of exploration and a new opportunity to create an industry which will give the State's economy a real boost". Two years later, has anyone been invited to apply for a licence?

Mr ANTHONY ROBERTS: The ban on uranium mining remains in place in New South Wales.

Dr JOHN KAYE: Has anyone applied for an exploration licence?

Mr ANTHONY ROBERTS: The ban on exploration was lifted in September 2012. At this stage no companies have been given consent to apply for a uranium exploration licence and no exploration licences have been granted.

Dr JOHN KAYE: What has gone wrong? Mr Hartcher said it was a new era, but two years later nobody has been invited to apply for a licence and no licences have been granted. The new era is not happening.

Mr ANTHONY ROBERTS: You would have to ask Mr Hartcher, and he is not here.

Dr JOHN KAYE: I am asking you, Minister.

Mr ANTHONY ROBERTS: I can give you further information.

Dr JOHN KAYE: Do you want to take that on notice?

Mr ANTHONY ROBERTS: I would be more than happy to give you further information now. You might be interested in it.

Dr JOHN KAYE: If you can be brief, as I have limited time for questions.

Mr ANTHONY ROBERTS: Three or four minutes.

Dr JOHN KAYE: Preferably not.

Mr ANTHONY ROBERTS: I did offer.

Dr JOHN KAYE: I go to the issue of deregulation of electricity prices. Minister, you would be aware that the Australian Competition and Consumer Commission [ACCC] published information earlier this year that if AGL were allowed to purchase Macquarie Generation, which appears was the case once AGL won its case before the court, 95 per cent of the mass retail market would be in just three hands. At the same time the Government is deregulating electricity retail prices. Is it not true that the Government is handing over small, mass-market consumers to a nasty "triopoly" with very little competition available?

Mr ANTHONY ROBERTS: I sort of thank you for the question. I thought I had made it pretty clear that the experience of other States has been very positive. We are dealing with retailers coming into a marketplace that they previously were not able to enter and then competing the only way they know—that is, through the cost of electricity. You cannot buy blue or red electricity—you can buy green electricity at some expense. The bottom line is there will be greater competition and moves in the marketplace to develop new technologies. That is the excitement of opening a marketplace. If you disagree—and I know you disagree with market reform and opening marketplaces—all the evidence points to lowering prices for consumers and greater competition. There was a report, I think commissioned by St Vincent de Paul, that extrapolated the amount of money to be saved by consumers. Mr Lewis, what was the amount?

Mr LEWIS: The figure quoted in the Australian Energy Market Commission [AEMC] report was up to \$450, I believe.

Dr JOHN KAYE: The Minister asked about the St Vincent de Paul report, did he not?

Mr ANTHONY ROBERTS: That was the report quoted in the AEMC report. Deregulation will enable the marketplace to bring on best technologies. When we are looking at renewables and the future of energy in New South Wales and the rest of the world, just as steam and electricity transformed the world, storage is going to be the next exciting issue. The best way for that to move forward is through market-led reform where consumers will be empowered to deal with retailers and, eventually, capture and store their own power.

Dr JOHN KAYE: The nation's consumer watchdog raised grave concerns about the sale of Macquarie Generation to AGL, identifying that 80 per cent of electricity generation in New South Wales and 95 per cent of retail customers would be in three hands. That is not a competitive market. You talk about creating a competitive market; that is an invitation to exploitation. You quoted the St Vincent de Paul report. If you had read the entire report you would have seen they raised grave concerns about misleading advertising, confusing bills and predatory behaviour by retailers, particularly AGL, I think.

Mr ANTHONY ROBERTS: With respect, whilst this is not in my portfolio I will deal with it. AGL was dealt with in the courts. As the former Minister for Fair Trading I took a very strong position on false and misleading advertising, particularly doorknocking and high-pressure sales. In late 2013 the Independent Pricing and Regulatory Tribunal and the Australian Energy Market Commission found that the New South Wales electricity market was competitive and regulation was unnecessary. The AEMC found that the regulation may be inhibiting price competition. Rest assured this competition will put downward pressure on prices. It is an open marketplace and we are not going it alone. We are following the lead of other States.

Dr JOHN KAYE: AEMC is headed by Mr Pierce, who was head of Treasury and advised your predecessors they needed two 2,000 megawatt coal or gas-fired generators, which still have not been built and never will be. This advice drove your predecessors to the rocks.

Mr ANTHONY ROBERTS: We have gone from 16 to 19 new active retailers. I restate that deregulation in Victoria has led to the big three—Origin, AGL and Energy Australia—only having less than 75 per cent of the market share, whereas in New South Wales I think it is about 95 per cent. We have an open energy marketplace on the east coast, so the ability of interstate companies to compete will only increase. This is good news for consumers.

Dr JOHN KAYE: So you completely dismiss the ACCC's concerns on this matter? Their attempt to block your Government selling Macquarie Generation to AGL was irrelevant? You do not put any store by that at all and you do not put any store by their argument that it would be particularly punitive for small consumers?

Mr ANTHONY ROBERTS: What I am saying is that deregulation of the New South Wales marketplace will lead to lower prices for consumers as they move to a regulated price. Are you on a regulated price or a deregulated price?

Dr JOHN KAYE: My household, not me personally but my household is on a regulated price.

Mr ANTHONY ROBERTS: You are on a regulated price?

Dr JOHN KAYE: My household is on a regulated price.

Mr ANTHONY ROBERTS: You must have a really good relationship with your energy provider to pay them more than you need to. Have you got gas as well?

Dr JOHN KAYE: Yes, we do.

Mr ANTHONY ROBERTS: Which is probably fracked gas from South Australia, but we will not go there. For example, there are some retailers that if you combined your bill would give you 10 per cent off your gas and electricity immediately before you bickered about the wholesale price, and they would give you another

10 per cent if you paid your bill on time. My suggestion to you, with all due respect, is to take advantage of competition. You do not have to like competition but—

Dr JOHN KAYE: I am glad you raise the example of my household; that is a really good thing to talk about because my household is one of those many households that has many other things to do than to worry about the complexity of the energy market. I do not make those decisions in my household but the person who does is a very busy person who does not have time to do it. She surely sits in the same category of people who do not have the time, the money or the understanding of the market to make those decisions. Is it not true that what you have done, against the ACCC's warning, is abandon those people to a market that is both complex and has predatory behaviour—as identified by St Vincent de Paul in the reports that you quoted—and leaves people exposed to signing contracts which they simply do not understand or have not had time to analyse?

The Hon. Dr PETER PHELPS: That is what the website is for. We just did ours in two minutes, less. I did it on my phone.

CHAIR: Order! Interjections are disorderly at all times. The Minister was about to answer a question.

Mr ANTHONY ROBERTS: Just a couple of points. First, from a consumer perspective, the removal of retail electricity price regulation does not change access to energy rebates, protection laws or the quality of electricity supply. Secondly, it is very simple to do, but again it depends on your family and your family circumstances. For many families in New South Wales, to be able to get on a telephone or a computer and save themselves \$400 a year means a lot to them. There are people for whom \$400 a year could mean the difference between eating and heating. So while I respect your right to pay more than you should to your electricity provider, to many people out there \$400, and the competition that drives that decrease, means a hell of a lot to them.

But we have taken further steps as well to deliver better outcomes for energy consumers. The Independent Pricing and Regulatory Tribunal [IPART] will set a cap on energy contract exit fees; and we are looking at closing the unsustainable solar bonus scheme, which I am sure we will come to, reducing that duplication amongst some of the other Federal and State schemes and establishing more fair and reasonable benchmarks around solar heating. For us it is looking at it holistically.

Dr JOHN KAYE: What are you going to do when there are households who turn up saying their energy bills have ballooned because they fell into the hands of a retailer who made life much more complex for them?

Mr ANTHONY ROBERTS: My position would be that people would be complaining if they fell into the hands many years ago of retailers who charged them more than they should. Not everyone is in your position to be able to say that \$400 is worth less than two or three minutes of your time.

Dr JOHN KAYE: Minister, you are comprehensively misleading the Committee when you say that. I did not say that. You are saying things that are not true.

Mr ANTHONY ROBERTS: You said you do not have time to do it.

Dr JOHN KAYE: I did not say that at all.

Mr ANTHONY ROBERTS: But I respect that. The beauty about competition in the marketplace—we are not telling you as a government that you should do anything, but what we are doing as part of this is that even if you do nothing you are going to get a decrease in your bill by 1½ per cent. This is the beauty about it: if you do nothing we are going to decrease your energy prices whether you like it or not.

Dr JOHN KAYE: You are telling the 40 per cent of households across New South Wales who have not made the decision to go to the competitive market that they did something wrong, that they do not deserve the protection of the Government anymore—"We will just abandon you".

Mr ANTHONY ROBERTS: No. In fact, all the protections are still there. What I am saying is that we need to make—

Dr JOHN KAYE: All the protections are still there? The regulated price protection is still there?

Mr ANTHONY ROBERTS: Sixty per cent of people—and I think the updated position we are at now is that I think there is only some 35 per cent of people still on the regulated price; it is falling each day, and you will see that fall even further as new retailers come into the marketplace—

Dr JOHN KAYE: As there is no regulated price.

Mr ANTHONY ROBERTS: Deregulation was supported by the Council of Social Service of New South Wales [NCOSS] and the Public Interest Advocacy Centre [PIAC] with the consumer protections that we have now put in place.

Dr JOHN KAYE: Can I move to the—and I presume you were part of this—whole-of-government's submission to the Federal Government's expert panel's call for submissions on the review of the renewable energy target? I will read to you the opening sentence of your Government's submission. It says, "The New South Wales Government is committed to a secure, affordable and renewable energy future for New South Wales".

Mr ANTHONY ROBERTS: Absolutely.

Dr JOHN KAYE: That means you are committed, your Government is committed to the idea of a future for New South Wales based on renewable energy?

Mr ANTHONY ROBERTS: We are committed to a secure, affordable and clean energy future for New South Wales.

Dr JOHN KAYE: You do not agree with "renewable"? You think it should be clean, not renewable? You have changed the wording.

Mr ANTHONY ROBERTS: A clean energy future for New South Wales.

Dr JOHN KAYE: There is obviously a distinction. I am happy to table my copy of the document but the exact words were "a renewable energy future for New South Wales".

Mr ANTHONY ROBERTS: What I can confirm is that the renewable energy plan promotes energy security through diversifying the energy mix. That plan aligns with the national target of 20 per cent renewable energy by 2020 and details the three goals and 24 actions to most efficiently grow renewable energy.

Dr JOHN KAYE: I hear you, Minister. I know that document quite well. I am talking about another document. You have changed the topic. This is the New South Wales Government's submission, which begins with the words as I quoted them. You do not agree with that? You do not think it should be a renewable energy future for New South Wales?

Mr ANTHONY ROBERTS: We have put a submission in; you have put your submission in. Let us see what comes out the end. You did not write our submission, we wrote our submission.

Mr JEREMY BUCKINGHAM: Did you write his submission, John? It sounds like you wrote it.

Dr JOHN KAYE: I acknowledge that interjection. I must admit when I read it I thought maybe I had; maybe somebody was channelling me. I am confused because I have not got from you yet your support for the opening sentence of your Government's submission to the renewable energy target review. I read it to you and you then changed it to agree with it and now you are backpedalling. Do you or do you not support that sentence? It is a very important sentence.

Mr ANTHONY ROBERTS: Absolutely.

Dr JOHN KAYE: You do support it?

Mr ANTHONY ROBERTS: "The New South Wales Government is committed to a secure"—do you disagree with that?

Dr JOHN KAYE: I agree with the whole thing.

Mr ANTHONY ROBERTS: Then what is the issue?

Dr JOHN KAYE: I am asking whether you agree with that sentence.

Mr ANTHONY ROBERTS: "... a secure, affordable and clean energy future for New South Wales."

Dr JOHN KAYE: That is not what it says. You are saying "clean" but, unless it is my eyesight—I will show it to the Hon. Steve Whan. That says "renewable", not "clean", does it not?

The Hon. STEVE WHAN: It says "renewable".

Dr JOHN KAYE: So two of us say that it says "renewable", but you are changing it to "clean". Why are you changing "renewable" to "clean", because the word there is "renewable"?

Mr ANTHONY ROBERTS: The New South Wales Government is committed to a secure, affordable and clean energy future for New South Wales.

Dr JOHN KAYE: That is not what it says, Minister. You have changed the words in your submission.

The Hon. Dr PETER PHELPS: It is a scandal. Quick, hold the front page.

Dr JOHN KAYE: It is interesting. Why can he not say they are committed to what the whole-of-government says: "a renewable energy future for New South Wales"?

Mr ANTHONY ROBERTS: Can I have a look at the copy? I am not going to engage in semantic debate. I stand by our submission.

Dr JOHN KAYE: You stand by the submission? I have handed my copy to you. The document says "renewable". Do you agree with that?

Mr ANTHONY ROBERTS: We were one of the very few jurisdictions in the Commonwealth that placed on the record, and strongly placed, our position on the table in Canberra with respect to targets.

Dr JOHN KAYE: You have been unable so far to say that you agree with the opening sentence as printed. You changed the wording. You are now referring to other parts of the report, but the opening sentence says, "The renewable energy future for New South Wales". You are not capable of agreeing with that. Can we take it from that—and a simple answer—that there is a disagreement within the Baird Government over that opening sentence?

Mr ANTHONY ROBERTS: No. Part of a clean energy future is our support for renewables, and that is the best part of the renewable energy action plan.

Dr JOHN KAYE: No. That is a totally different issue.

(Short adjournment)

CHAIR: We will proceed with the second tranche of questions on this portfolio.

The Hon. STEVE WHAN: I will follow up on a couple of answers you gave previously. In answer to the question on uranium mining you said that no company has been given consent or granted a licence for exploration for uranium. Is it the case that the department received 39 expressions of interest for ministerial consent? If that is the case, what is happening with those? Are you proposing to action them?

Mr ANTHONY ROBERTS: I appreciate the question. I was not afforded the opportunity by the former questioner to complete my answer. I can inform the Committee that on 15 September 2012 the Government invited expressions of interest from parties wishing to explore for uranium. On 20 December 2013 the parties were asked to submit revised expressions of interest to ensure that the parties were addressing the same evaluation criteria. I will give careful consideration to the revised expressions of interest before I give any company consent to apply for uranium exploration licences.

Exploration licence applications will be carefully assessed under the requirements of the Mining Act. The Government expects the highest standards from the very start of the exploration licence application framework. Any successful applicant will be subject to strict environmental and safety controls. Let me say that exploration may find very little, if any, uranium in New South Wales. However, if there are resources it is important to understand where they are and the potential economic benefit to the State. And that is something our department does incredibly well.

The Hon. STEVE WHAN: Do you expect to actually allocate any exploration licences? I am quite happy if you say no.

Mr ANTHONY ROBERTS: No. Again, I am giving careful consideration to the revised expressions of interest before any consent to apply is given for uranium exploration licences. Mr Mullard, do you have anything to add? Certainly, the mapping and having a stocktake of our resources is critical for the people of New South Wales and the assets that we have below the ground.

Mr MULLARD: The invitation to apply for exploration licences made it clear that this is exploration only; it is to define what resources may be available in the State. The nature of uranium is that it is normally not found in the eastern part of the State because uranium occurs in places of the State where you get very dry and occasionally wet conditions. So most areas where there may be uranium deposits, if they exist in New South Wales, would be in the western part of the State. But because there has been a ban on exploration for many years, we have no knowledge about the extent or otherwise of uranium deposits in the State.

The Hon. STEVE WHAN: Why would a company undertake exploration if, from what you are saying, there is very little prospect of them being given a licence to mine?

The Hon. Dr PETER PHELPS: They are good civic citizens.

The Hon. STEVE WHAN: You can comment on that interjection.

Mr ANTHONY ROBERTS: When companies undertake exploration they are assessing an area's potential for a range of minerals. In some cases companies may already be finding uranium, but are unable to do anything further with this information. Lifting the ban on uranium exploration allows companies to evaluate and report on uranium within the exploration area, as well as other minerals, as part of a comprehensive prospecting program.

The Hon. STEVE WHAN: So to summarise, you would expect that this is more likely to be from companies that are exploring for a range of minerals and have uranium only as part of their activity?

Mr ANTHONY ROBERTS: Again, I will be giving careful consideration with respect to companies that applied, those applicants, and that is probably as far as I can go at this stage.

The Hon. STEVE WHAN: I refer to your previous comments about gas supply shortages and price increases in New South Wales. Do you and the New South Wales Government believe that a national gas reservation policy should be put in place?

Mr ANTHONY ROBERTS: The short answer is no. Again, gas reservation policies are designed to secure gas supplies for domestic customers with the expectation that gas contracts will be awarded preferentially, gas prices will be affordable and there will be positive economic benefits as a result. As I said, the experience in Western Australia has been quite different.

The Hon. STEVE WHAN: Western Australia has a gas reservation policy.

Mr ANTHONY ROBERTS: But, indeed, the Western Australian Economic Regulation Authority handed down a reform report that found that the reservation policy was discouraging investment in onshore gas production. It stated that producers were pursuing projects in other areas to avoid those restrictions in Western Australia so that they could benefit from more overall global prices rather than locking up capital investments.

The Hon. STEVE WHAN: Do I take it then that you would not be supportive of a gas reservation policy within New South Wales if there were enough gas in New South Wales to supply our own markets?

Mr ANTHONY ROBERTS: Yes. You have hit it on the head, and that is if there were enough gas supply. We supply 5 per cent of our needs. We import 95 per cent of our gas from other States, which puts us at the mercy of other States and contracts that may have been given for overseas markets.

The Hon. STEVE WHAN: Overall has Trade and Investment done any assessment about the impact on manufacturing in New South Wales if New South Wales gas prices were at international levels, and another State, for instance Queensland, were to activate its own reservation policy, which I gather is a fuel reservation policy to supply industry?

Mr ANTHONY ROBERTS: We know the importance, as you do, of gas supply to manufacturing in New South Wales. We are undertaking a number of discussions with industry. I will ask the Deputy Secretary to outline what we are doing with respect to roundtable discussions and actual plans in place.

Ms HARGREAVES: Yes, we have what is called a Gas Users Advisory Council, which has a large number of heavy users but also representatives of the residential market to advise us about what they see is happening in the gas supply market and obviously the impact on prices, which is a real concern for them. Your point about what is happening with the manufacturing industry is absolutely to the point. They are deeply concerned that an inability to get affordable supplies of gas in New South Wales will severely impact their ability to continue manufacturing in this State. There are several hundreds of thousands of jobs that are obviously dependent on an affordable and reliable supply of gas, which is one of the reasons why it is a top priority for the Government.

The Hon. STEVE WHAN: Minister, earlier you mentioned that New South Wales retains a regulated gas price. Do you have plans to deregulate that price?

Mr ANTHONY ROBERTS: Unlike electricity where again the regulators made it quite clear that the marketplace in New South Wales was ready for deregulation, the gas market in New South Wales, quite frankly, is not ready or in a position to have an unregulated price. That draws me back to my position that in order to have a competitive marketplace you need transparency and, quite frankly, we just do not have that transparency around gas supply coming into this State.

The Hon. STEVE WHAN: What is the current estimated contribution of renewable energy into the energy market in New South Wales as a percentage?

Mr ANTHONY ROBERTS: The supply of energy from renewable sources is increasing year after year with almost 12.9 per cent of New South Wales energy now coming from renewable sources.

The Hon. STEVE WHAN: Was that 12.9 per cent?

Mr ANTHONY ROBERTS: Yes, 12.9 per cent and that is equivalent to approximately 9,300 gigawatt hours of generation.

The Hon. STEVE WHAN: The policy of the Liberal-Nationals before the election and in the NSW 2021 State plan was for a 20 per cent renewable energy by 2020. What strategy does the Government have in place to achieve that objective?

Mr ANTHONY ROBERTS: The Renewable Energy Action Plan promotes energy security through diversifying our energy mix. That plan aligns with the national target of 20 per cent renewable energy by 2021, and details three goals and 24 actions to most efficiently grow renewable energy generation in New South Wales. The supply of energy from renewable sources is increasing, as I said before, to almost 12.9 per cent of our energy coming from renewables. In the New South Wales planning system there is currently almost 8,400 megawatts of large-scale projects, representing approximately \$13 billion of potential investment.

Some achievements in the plan's first year include the provision of support of 15 large-scale generation projects through planning connection processes, the launch of an online information portal that provides information to investors and is pretty critical by providing information to those investors about investment opportunities in New South Wales with respect to renewable energy, improvement of the regional clean energy program to better support the community in its engagement in renewable energy projects that has been extended to other strategic locations in New South Wales, and the release of the final Energy from Waste Policy to provide clarity on energy production from waste streams and encourage investment there.

In May 2014 the New South Wales submission on the Review of the Renewable Energy Target, I have to say, proudly, has reaffirmed our Government's support for a 20 per cent target. Action 9 of the plan to facilitate construction of the Solar Flagships of the projects in Broken Hill and Nyngan has already had budget funding of some \$64.9 million from the Government. Construction has now commenced on this project. Other actions in the plan are funded from within existing agency budgets and the Climate Change Fund.

The Hon. STEVE WHAN: If the Federal Government decides to abolish or reduce its Renewable Energy Target Policy will the Minister give a commitment that the New South Wales Government will keep in place its 20 per cent target of 2020?

Mr ANTHONY ROBERTS: The Hon. Steve Whan understands if I answer that question by saying I will wait and see what the Federal Government does. We have made our position pretty clear on renewables and the renewable target, and the important role that renewable energy plays in our energy mix and our energy security.

The Hon. STEVE WHAN: If the Federal Government were to decide to drop its Renewable Energy target, why would that make New South Wales rethink? What aspects of that decision would make you want to rethink the 2020 target when it is as positive as you have outlined here?

The Hon. Dr PETER PHELPS: Point of order: There is not an absolute but a general dislike of hypothetical questions. That is clearly a hypothetical question, which should be ruled out of order.

The Hon. STEVE WHAN: To the point of order: The Federal Government is actually actively discussing its Renewable Energy Target and reducing or dropping it is actively in consideration.

CHAIR: Order! I uphold the point of order on the basis that irrespective of what the Federal Government may or may not be doing it really is a hypothetical question. If the Minister wishes to answer the question he may, but he does not have to take that question.

Mr ANTHONY ROBERTS: It is a hypothetical question. I want to reaffirm our commitment to renewables that has been made very clear to the Federal Government. We will await the Federal Government's position on this.

The Hon. STEVE WHAN: The Coal Exploration Steering Group has now been established. Part of its job is to make recommendations on strategic plans for release of coal resources, including appropriate configurations and conditions based on triple bottom line assessment. What resources will the committee have to undertake that work? Who will undertake the work? How often will the committee meet and provide advice to the Minister and Cabinet standing committee?

Mr ANTHONY ROBERTS: I will pass to the Deputy Secretary of the Division of Resources and Energy.

Ms HARGREAVES: My apologies. Will you repeat the question that had three elements? The first was about resources.

The Hon. STEVE WHAN: Essentially its job is outlined, in part, as strategic plans for the release of coal resources, including appropriate configurations and conditions based on a triple bottom line assessment. What resourcing will the steering group have to actually achieve that?

Ms HARGREAVES: The steering group is across government agencies, obviously chaired by the Independent Percy Allan. We have access through those working groups, including myself, to the resources of the 14 departments. This includes people like Planning, Treasury and the Division of Resources and Energy, as well as several others, and we provide a secretariat out of the Division of Resources and Energy to support that body. We have probably six to eight working streams, of which all have smaller teams working on them at the moment.

The Hon. STEVE WHAN: In the process of undertaking strategic planning presumably you will use some of the work that Planning has already been doing in regions? In what way will this work differ from the work done by the New South Wales Department of Planning and Infrastructure in relation to landscape planning, et cetera?

Ms HARGREAVES: Minister, certainly the information that you alluded to from Planning will be fed in through the representatives. However, as to the specific difference in the kind of work this group is doing, one of the areas that you have looked at, for example, is around the release of strategic areas for coal exploration. The difference will be that they will draw on our expertise in mineralogy, geology and all that sort of stuff, to help them understand where the asset is and when and how that asset could best be released. We will likewise be depending on them to help us understand if there are other aspects, such as critical infrastructure, that need to be taken into account.

The Hon. STEVE WHAN: Industry clusters and so on?

Ms HARGREAVES: Including CRCs and other sorts of planning-related elements.

The Hon. STEVE WHAN: Minister, the Government's proposed guidelines for the allocation of exploration licences for coal sensibly differentiate between those licences that need to go to auction and those that can be directly allocated. For those that go to auction what proposals are you considering to maximise return to the taxpayer while at the same time reducing the expectation that a large payment should guarantee approval under a planning process?

Mr ANTHONY ROBERTS: I will ask Ms Hargreaves to answer.

CHAIR: Ms Hargreaves, could I ask you to speak more slowly so we do not get lost?

Ms HARGREAVES: The question was around competitive models. We are working through the Coal Exploration Steering Group with Treasury in particular to look at all the different competitive models that are suitable for the release of these areas, including auction models. However, as to the second half of your question around a guarantee of development consent, there is no such thing.

The Hon. STEVE WHAN: I recognise there is no such thing but would you agree—and I acknowledge this is a flaw in the system that existed under our Government—that if a company pays a large amount for a licence at auction they then have a certain expectation of approval? Has the necessity to remove that expectation been part of your planning for the model?

Ms HARGREAVES: As you would expect, there is a cost benefit of the pros and cons being done of every one of the auction and other competitive models that are being considered by Treasury at the moment. All of those will be fed into government for consideration.

The Hon. STEVE WHAN: What is the time frame for feeding those into the Government for consideration?

Ms HARGREAVES: In line with the Government's commitments around the ICAC report we will be trying to meet all those time lines that have been publicly made available. We are certainly working towards a December deadline.

The Hon. STEVE WHAN: Minister, on a different subject, what is the current status of the rehabilitation of the Woodsreef asbestos mine. Last year in this Committee we talked about some holdups in the process due to some issues with threatened species. Where is the process at currently?

Mr ANTHONY ROBERTS: Certainly reading last year's transcripts I did note that the former Minister was quite effusive in his discussion.

Mr SCOT MacDONALD: The Chair offered a solution at that time.

Mr ANTHONY ROBERTS: By way of background, the Woodsreef mine is a derelict asbestos mine 15 kilometres east of Barraba in the Northern Tablelands. That has some history as a mine. Since 1997 the New South Wales Government has spent more than \$1.25 million on rehabilitation and safety works on the Woodsreef mine. The Government has provided funding of \$6.3 million over three financial years from 2010 to 2013 for the rehabilitation project. Works commenced include in 2010-11 the demolition, scoping and planning, State environmental approvals and Commonwealth environmental approvals; in 2012-13 the installation of a comprehensive air monitoring program and a health risk assessment; and in 2013-14, more recently, drainage and erosion control works and the closure of mine roads to reduce access to the site.

The Commonwealth Department of the Environment approved NSW Trade and Investment to demolish infrastructure and carry out rehabilitation works on the derelict mine on 4 July of this year. The approval is subject to some 21 conditions. The letter of award for the demolition works was issued to Delta Pty Ltd on 13 August of this year. The contract sum is \$3,989,800. Works on the ground are due to commence in September of this year. We as a department engaged SLR Consulting Australia Pty Ltd to implement an air monitoring and health risk assessment project to assist us in the long-term management of the mine. The project is recorded under a cross-government agency task force—the Heads of Asbestos Coordination Authority—and WorkCover NSW is the secretariat. The Heads of Asbestos Coordination Authority was established by a Cabinet decision in response to the NSW Ombudsman's report. Mr Mullard, can you give us an update on any further advice?

Mr MULLARD: As the Minister has said, the contracts are now awarded and work is expected to commence in September. The delays have really resulted from the identification of a threatened species large-eared pied bat and the Commonwealth determined that it was a controlled action under its legislation and that we needed to undertake additional work in the assessment of the bat. That involved establishing new habitats for the bat. The bat was roosting in the mill building, which is an eight-storey building. That building contained raw asbestos and it was pretty critical to demolish that building because it was quite an attraction to young children who were entering the site and actually playing in the old mill building.

We have evidence that the new habitat sites that have been established on the land are being used by the bats. They were not previously but they are now being used by the bats. On that basis the Commonwealth has approved the project under strict conditions, in particular making sure that the work is undertaken outside breeding season for the bat, as well as ensuring active conservation and management of the land where the large-eared pied bat roosting takes place.

The Hon. STEVE WHAN: Minister, earlier you were talking about electricity charges in New South Wales. Nationals members of Parliament are running around the countryside saying that by keeping country poles and wires assets in a so-called futures fund type arrangement the Government will be able to keep its hands on the levers of prices for network charges. Is that true?

Mr ANTHONY ROBERTS: That is a matter best directed to the Treasurer and I ask you to address that question to him.

The Hon. STEVE WHAN: Minister, would you agree, though, that under the rules of the Australian Energy Regulator about pricing on network charges it will not be possible for country users to be cross-subsidised in the charges that they pay for the electricity network under the arrangements that the Government is proposing to put in place as an election policy?

Mr ANTHONY ROBERTS: Can I seek advice from Mr Lewis in respect of this matter?

Mr LEWIS: Under the current rules there is no cross-subsidisation between different network businesses.

The Hon. STEVE WHAN: By putting the country assets into a futures fund type arrangement, what input will the Government have in future pricing?

Mr ANTHONY ROBERTS: Again that is a matter for the Treasurer and it is probably best directed to the Treasurer.

The Hon. STEVE WHAN: Minister, you mentioned before that Victorian prices were competitive. As you said, they had increased at a slower rate. Are you also aware that in the Royal Commission into the Victorian Bushfires the cause of a number of those tragic bushfires in Victoria was lack of maintenance on the privatised poles and wires electricity systems? Are you willing to put up with the sacrifice of standards to keep those prices at the level that Victoria had?

Mr ANTHONY ROBERTS: Bushfires are a part of life in Australia and managing the risk to life and property is an ongoing challenge. The occurrence of extreme weather conditions and high fuel loads can produce damaging fires. This Government has introduced measures to reduce the risk to property by empowering landholders to undertake vegetation management—

The Hon. Dr PETER PHELPS: Hear, hear!

Mr ANTHONY ROBERTS: —within 50 metres of residential property.

The Hon. STEVE WHAN: Can we talk specifically about the maintenance of the electricity infrastructure?

Mr ANTHONY ROBERTS: In that case, I note that a class action lawsuit is underway relating to the recent bushfires and I can say that the Government will consider the outcomes of that case when it has concluded.

The Hon. STEVE WHAN: What about the lessons from Victoria that show us that poor maintenance on privatised faulty wires contributed— [*Time expired.*]

Mr SCOT MacDONALD: Minister, can you give the Committee an update on the uptake of small-scale solar.

Mr ANTHONY ROBERTS: With pleasure. As of June this year there were more than 255,000 customers across New South Wales who have connected small-scale generators to their homes. Remarkably, this take-up provides approximately 700 megawatts of electricity capacity. It gives me great pleasure to state that there are now over 111,000 non-scheme systems that have been installed in New South Wales, with an estimated capacity of 358 megawatts.

The Hon. STEVE WHAN: Andrew Stoner is getting 60¢ for his.

Mr ANTHONY ROBERTS: This means that, despite the doomsday predictions from some, more generating capacity has been installed since the Government closed the unsustainable solar bonus scheme than was installed under it. Indeed, there is an average of 1,400 generators connected each fortnight since that scheme closed to new connections. This means that new applications for connection continue to be made without any New South Wales Government subsidy and demonstrate that there is an ongoing demand from customers and households to install small-scale solar photovoltaic [PV] systems.

Mr SCOT MacDONALD: The market is working.

CHAIR: Order!

The Hon. Dr PETER PHELPS: We should apply that more broadly to renewables.

CHAIR: Order! There is too much audible conversation. I cannot hear the Minister.

Mr ANTHONY ROBERTS: As members of the Committee would be aware, the New South Wales Government closed the solar bonus scheme on 30 June 2012. This was done to limit the impact of the cost of the

scheme and to help reduce pressure on power prices. At the time both Labor and The Greens stated this would be the end of the PV industry as we knew it. Thankfully, as is so often the case when Mr John Robertson or Dr John Kaye speak, the evidence makes it perfectly clear that they were wrong. The scheme is legislated to end on 31 December 2016 and customers will continue to receive scheme tariff payments until this date, provided they remain eligible. Due to the incompetence and mismanagement of Mr John Robertson when he was energy Minister in 2009-10, the scheme was forecast to cost New South Wales electricity consumers more than \$1.5 billion over its life. This was more than three times the \$400 million that he budgeted for. Unlike the Leader of the Opposition, who was responsible for foisting this cost on New South Wales electricity consumers—

The Hon. Dr PETER PHELPS: Shame.

Mr ANTHONY ROBERTS: —this Government is committed and determined to reduce price pressures. This is in line with goal number five of NSW 2021 to place downward pressure on the cost of living. Closing the solar bonus scheme is one of measures we have put in place to rein in the drivers of higher electricity prices that we inherited from the former Government. As a result, we have limited the impact of the scheme to approximately \$1.24 billion by 2016. As is evidenced by the amount of capacity installed since the closure of the scheme, households do not need a premium feed-in tariff to entice them to install solar PV. This is because the main financial benefit to consumers with solar systems is through avoiding paying for electricity from the electricity network not feed-in tariffs. Regardless, consumers are able to sell their excess electricity into the grid. To assist with this, each year the Government asks the Independent Pricing and Regulatory Tribunal [IPART] to establish a fair price for solar generation fed into the electricity network.

The Hon. Dr PETER PHELPS: Six cents—that is a fair price.

The Hon. STEVE WHAN: No, it's not.

Mr ANTHONY ROBERTS: The IPART benchmark range applies to offers—

CHAIR: Order!

The Hon. Dr PETER PHELPS: That is coal wholesale price.

CHAIR: Order!

The Hon. Dr PETER PHELPS: Six cents. We are paying 10 times that.

CHAIR: I do not want to keep calling "order" all the time. I cannot hear the Minister's answer and I have an interest in this answer. Please allow the Minister to answer the question without interjecting.

Mr ANTHONY ROBERTS: The IPART benchmark range applies to offers to customers who are not part of the solar bonus scheme. The range helps customers to compare and negotiate energy deals with their retailers. In its 2014-15 determination IPART found that a fair and reasonable value for solar electricity fed back into the electricity network is between 4.9¢ and 9.3¢ per kilowatt hour. This benchmark range is a reflection of the forecast wholesale cost of electricity at times when solar PV is supplying electricity. The upper end of the range represents the value during the time of day when solar exports have the highest wholesale market value, which is between 3.00 p.m. and 5.00 p.m. The lower end of the range represents other times of the day when generation occurs. The median value is 5.6¢ a kilowatt hour across all times.

The benchmark range is primarily a recommended payment for generation. Therefore, it excludes the significant costs of delivering a reliable and secure electricity supply and network and retail services to households. These two aspects make up the rest of the retail price of electricity. Importantly, while it is not mandatory for New South Wales electricity retailers to offer a feed-in tariff, the Government has called on retailers to offer a feed-in tariff within the benchmark range. The great benefit of our competitive market is that customers who are unhappy with the feed-in tariff offered by their retailer can compare other offers and switch if they wish.

The Hon. RICK COLLESS: Minister, what steps have been taken to ensure that New South Wales benefits from a diverse and sustainable energy supply?

Mr ANTHONY ROBERTS: Thank you for the question. The New South Wales Government, as I was attempting to explain to Dr Kaye, is committed to diversifying the energy supply mix in New South Wales, including increasing the use of renewable resources. Our commitment is to achieve this at the least cost to the energy consumer and with maximum benefits to the State. New South Wales has approximately 5,700 megawatts of installed renewable energy, which is nearly a quarter of all our generation capacity. As part of our commitment, the Government is working to deliver the Renewable Energy Action Plan [REAP], which was released in September last year by the former Parliamentary Secretary for Renewable Energy, Mr Rob Stokes.

Under the REAP there are three goals to efficiently grow renewable energy generation across the State: attract renewable investment and projects, which is critical; build community support for renewable energy; and attract and grow expertise in renewable energy technology. A clear example of the Government's willingness to support renewable energy projects is the \$64.9 million contribution to the solar flagship projects at Broken Hill and Nyngan. Construction commenced in late January at Nyngan and just a few weeks ago the first photovoltaic module was installed in the presence of my colleague the Minister for Western New South Wales, Mr Kevin Humphries, and my new Parliamentary Secretary for Renewable Energy, Mrs Leslie Williams. At 102 megawatts, the Nyngan solar plant will be the largest, proudly, in Australia and is expected to be fully operational by June 2015.

Construction is set to commence shortly on a further 53-megawatt plant at Broken Hill. Combined, the projects will support 485 regional jobs during construction, in addition to new permanent positions and economic benefits for Western New South Wales. It is estimated that the Nyngan solar plant will produce enough electricity to power more than 33,000 average homes. This new supply of energy will contribute to a diverse generation base and New South Wales' energy security. By supporting these projects the Liberal-Nationals Government is fulfilling its promise to create regional jobs, drive economic benefits to Western New South Wales and build the renewable sector. The priority action in the REAP is to improve the process of negotiations between network service providers as well as investors.

Integral to driving such improvements is the role of the renewable energy advocate. The advocate, Ms Amy Kean, works closely with communities and acts as an important point of contact for industry to assist with network connections and industry attraction. We are creating a supportive policy and regulatory environment by removing unnecessary regulatory barriers to renewable energy development in New South Wales. Importantly the REAP ensures that New South Wales will not duplicate support already available through other avenues such as Commonwealth funding. The New South Wales Government developed the REAP to guide the development of renewable energy in New South Wales and support our policy measures.

To support the community with their early and effective engagement in renewable energy projects across New South Wales the Regional Clean Energy Program has been established. Through this program regional coordinators encourage best practice in all aspects of renewable energy development for large as well as small projects and across a wide variety of technologies. In keeping with its commitment to grow renewable energy in New South Wales, this Government recently made a submission to the review of the Commonwealth's Renewable Energy Target. That submission supports a 20 per cent Renewable Energy Target but calls for an extension of the time frame for the large-scale target to better align some of the downward revisions to forecast demand for electricity. The reforms proposed in the Government's submission support greater certainty and policy clarity for business, lower cost for customers, a competitive energy market and energy security through diversification.

Finally, it is well recognised that New South Wales has global research and development leaders in renewable energy, and part of the Regional Energy Action Plan is to attract and grow that renewable energy expertise. We will do that through efforts such as our annual renewable energy innovation prize and the New South Wales Science and Engineering Awards. I again place on record that renewable energy is an important part of the energy mix in New South Wales. The sector continues to grow under this Government, which remains committed to supporting a diverse, sustainable and affordable energy future for New South Wales households and businesses.

Mr SCOT MacDONALD: How is the Government improving transparency and accountability in the management of the State's mineral resources?

Mr ANTHONY ROBERTS: The coal industry is the backbone supporting our energy needs and the cornerstone of our international trading relationships. It is the foundation of our regional towns and it provides

economic benefits to each and every New South Wales citizen. As members are well aware, past management of the State's coal resources was utterly lacking in transparency and accountability. As the shadow Minister for Resources and Primary Industries, the Hon. Steve Whan knows full well about the need to improve standards. I again commend him for his acknowledgement of that need and for his commitment in this area.

In contrast to the actions of previous governments, this Government has consistently worked to improve transparency and accountability in managing our coal and mineral resources. It is important that we manage investment in this industry to continue to grow New South Wales into the future. Unlike John Robertson and Luke Foley, the Baird-Stoner Government supports the coal industry and recognises the benefits that it provides to this State. John Robertson has said that his aim is to shut down the coal industry. My colleagues and I utterly rejected that notion.

I recently announced three further steps designed to improve the management of these valuable resources. First, to improve transparency the Government has released the "Strategic Statement on NSW Coal". That statement sets out seven guiding principles: transparency, coexistence, sustainability, safety, best practice, achieving value for the economy and taxpayers, and regional economic development. It recognises that growth in the coal industry is linked to and vital for the growth of New South Wales. It also recognises that that growth must be environmentally sustainable and strike the right balance between landholders and communities.

The second step has been the establishment of the Coal Exploration Steering Group, which will oversee the coal allocation process. The steering group's key role is to make recommendations on where, when and how coal resources are to be released for exploration by suitably qualified companies. The Government takes incredibly seriously the Independent Commission Against Corruption's recommendations with regard to improving the management of the State's coal resources. As a result it has taken this decisive action to improve standards and transparency in managing our mineral resources and their development.

Mr Percy Allen has been appointed as the chair of the Coal Exploration Steering Group, and he brings a wealth of senior public sector administration experience to that role. The steering group will provide transparent, evidence-based coal allocation processes. Mr Allen will be joined by senior representatives of the Department of Premier and Cabinet, NSW Treasury, the Department of Planning and Infrastructure and the Division of Resources and Energy. This measure will make the allocation of coal exploration licences a truly whole-of-government process with, importantly, independent oversight. Finally, to inform the work of the steering group, public consultation is being carried out and guidelines are being developed for the allocation of coal resources. Interim guidelines are in place and the steering group is prioritising a review of them to ensure that New South Wales has the best framework possible to determine when and how to release coal resources. The interim guidelines are available on the departmental website if members wish to read them. Submissions on the guidelines are welcome and can be lodged until 5 September.

The Government is making good progress in improving the quality and transparency of the management of our mineral resources. It recognises the important contribution that the coal industry makes to New South Wales and at the same time is committed to best-practice management of those resources for the benefit of everyone in New South Wales. As I said, the coal industry is one of the economic cornerstones of this great State. Although this robust industry is going through difficult times it is still a key economic driver for our future. Again, despite the best efforts of John Robertson and Luke Foley, the Baird Government will not allow such a key component of our economy to be shut down.

The Hon. STEVE WHAN: Do not forget Jeremy.

Mr JEREMY BUCKINGHAM: What about me?

The Hon. STEVE WHAN: He wants a mention.

Mr ANTHONY ROBERTS: And Jeremy Buckingham.

The Hon. RICK COLLESS: Given the importance of mineral resources to New South Wales, what programs are in place to encourage further exploration in under-explored regions?

Mr ANTHONY ROBERTS: The Liberal-Nationals Government introduced the New Frontiers initiative in July 2012.

The Hon. STEVE WHAN: We introduced it and you renewed it.

Mr ANTHONY ROBERTS: We can discuss that later. The New Frontiers initiative is managed by the Geological Survey of NSW. Its aim is to stimulate mineral and petroleum investment in under-explored terrains. The program delivers pre-competitive geoscience information to encourage energy and mineral exploration in our State. This information adds to the valuable available knowledge surrounding the State's minerals by underpinning the development of new geological concepts and by expanding our perceptions of our energy and mineral potential. In turn, this reduces risk for explorers and thereby stimulates investment in the sector and increases the likelihood of discovery and subsequent production. These are fundamental considerations for companies when they are making decisions about where to spend their exploration funds.

The work program for 2014-15 seeks to address a major challenge facing the exploration industry; that is, shifting the search space outside outcrop areas by encouraging more drilling in new frontiers and supporting drill core storage and analysis. A key component in the initiative is the cooperative building program, which aims to stimulate investment in the search for mineral deposits in areas of New South Wales not fully explored utilising the latest technologies. An allocation of some \$2 million has been directed to the program to cover up to 50 per cent of direct drilling costs for individual projects with a cap of \$200,000. The Government has invited grant applications under the program and 34 applications have been received by the assessment panel and have been carefully considered and evaluated. I look forward to announcing the successful applicants in coming weeks.

Again, by cooperating with industry with regard to further drilling activities we can cover more areas more quickly and, most importantly, make more informed decisions about if, where and how we might take advantage of any discovery of mineral resources that will benefit the people of New South Wales. The New Frontiers Cooperative Drilling Program represents quite a significant step forward in encouraging mineral exploration in New South Wales, and that is why I am very grateful for the question. The program drives job creation, wealth creation and growth in our economy. I invite Mr Mullard to elaborate.

Mr MULLARD: The cooperative drilling program is an extremely important component. Most discoveries made in New South Wales are driven by small exploration companies operating on relatively low budgets. Big companies do not tend to do greenfield exploration; they tend to wait until discoveries are made. These programs promote development in regional centres by small exploration companies willing to undertake exploration to determine what resources there are in the State. We have a number of small mineral mines operating and making significant contributions. We need continued exploration activity to ensure new mines can be discovered and developed to support regional communities.

Many of the deposits are in the western parts of New South Wales. Some might only have live supply for 10 years, so it is important that we stimulate exploration, particularly in underexplored areas. Many areas of the State are covered by what we call sedimentary cover, and we need to look under that cover for the next discovery—60 per cent of the State is under sedimentary cover. Most mines discovered to date have been in outcrop areas—areas, where we can see deposits at the surface. We would be naive to think the only deposits that exist in New South Wales are those that outcrop. These exploration projects under the program, including technologies enabling us to see under the cover, will enable us to find a new generation of deposits to develop the industry in New South Wales and to support regional communities.

Mr SCOT MacDONALD: Minister, what actions have been taken to promote to potential foreign investors the benefits of investing in New South Wales mining?

Mr ANTHONY ROBERTS: The New South Wales Liberal-Nationals Government supports and promotes a robust mining sector in this State. As all members present here today agree, the mining industry is a vital component of our economy. I am sure even the Hon. Jeremy Buckingham would be the first to put up his hand in recognition of the importance and necessity of a strong and growing mining sector.

Mr JEREMY BUCKINGHAM: Hear, hear! I have put a bill before the Parliament, the Responsible Mining Bill. You can have a look at it.

Mr ANTHONY ROBERTS: I will avail myself of it. Indeed, the many hundreds of mineworkers in the member's home town of Orange would support his position on good and sustainable mining. This is not to mention hundreds of thousands of workers who are indirectly employed in the associated support services of the mining industry. I am certain, considering the member's support for mining, that we need to support and drive

forward investment in New South Wales. Any attempts by governments to put in place excessive regulation to stifle such investment would not be the position of any member of this Committee. I am sure all members would be happy to support the Government's position on developing for New South Wales a sustainable mining industry.

One of the Government's key focuses is maximising exposure of first-class operators to would-be investors, both domestic and international. We have sought to foster this in a number of ways. My department has run, and continues to run, quarterly "miners meet investors" seminars. These seminars allow junior exploration companies with more advanced exploration projects to present at a forum of potential investors. Our aim is to help the junior end of the market make introductions to the investor community. This type of forum has proven to be very successful and popular with mining companies.

The Government is committed to furthering the success of these seminars by tailoring them to specific minerals. We are looking forward to providing some basic technical information about the State's prospectivity for specific minerals from the Geological Survey team. This will be followed by presentations by current explorers and producers in that sector. Finally, a summary of investment opportunities in that commodity will be distributed to the investor community.

As part of the Trade and Investment International Engagement Strategy these investment profiles will be distributed through the department's global network of Trade and Investment commissioners. Importantly, it will also be distributed through the Austrade network. These profiles will also form part of any dossier for Ministers engaged in overseas trade missions in relevant countries. The Government is actively promoting to global market our resource base and investment opportunities in some of the smaller players.

CHAIR: I return to gas supply in New South Wales and potential gas reserves. Minister, in earlier answers you raised an understanding the Government has with AGL and Santos to provide full production into the domestic market. Is that in a memorandum of understanding [MOU], a contract or an agreement? How far does the agreement go? Is it defined by time, number of exploration licences, percentage going into the market or gas output?

Mr ANTHONY ROBERTS: AGL has publicly made it clear that their gas is designated for their customers. You cannot get a bigger commitment than a company spending some \$200 million to \$300 million on a storage facility at Newcastle to provide safe and secure energy, in the form of gas, to their customers. With respect to Santos, in an MOU by the Deputy Premier, I understand, in February 2014 Santos agreed to make their gas available to the New South Wales marketplace. From discussions with Santos, that is where it is designed to go. There is no pipeline north. This is based on the fact that the two projects are yet to go into production.

CHAIR: I understand that.

Mr ANTHONY ROBERTS: There are some stringent parts of the process that they need go through. Should they get approval through the various stages, we believe they can supply up to 75 per cent of our gas needs.

CHAIR: Given that the supply to New South Wales from domestic production is only 5 per cent at the moment, that means the upside opportunity for expansion from similar sorts of projects could be up to 18 times the current supply. In reality, whether a gas reserve would put a limit on investment in New South Wales, were it to be in place, would not come into play until we had reached something like 75 to 80 per cent of the supply into the domestic market. Would you agree with that?

Mr ANTHONY ROBERTS: The last thing we as a State need to do and the last conversation that we want being had in other States is one around the reservation policies. We are not in a position to take the argument anywhere, producing only 5 per cent of our needs, to other States, talking about a gas reservation policy. When you start producing enough gas to meet your own needs and have enough left over, you may be in a position to start talking about reservation policies and so forth. But we are very much at the mercy of other States and companies working with them who may be contracting for gas contracts overseas. We are greatly at their mercy. Indeed, it is a significant concern, as I outlined before.

We need transparency around this, and I have made this very clear to other jurisdictions and I have made this clear federally as well: you cannot manage if you do not measure, and it is critical for us to understand

what is in those contracts, the volume, the quantum, and also, further, as to what is in those contracts with respect to penalty clauses. I do not think anyone can argue about transparency and openness. That is a critical area around that transparency. But we will continue to drive for a higher level of gas security for New South Wales. It is not just methane; there is ethane—a whole number of gas products that we rely upon.

CHAIR: Because security rather than price is the question. It does not matter what the price is, if the industry and the domestic market cannot get the gas then price is irrelevant.

Mr ANTHONY ROBERTS: Yes.

CHAIR: I will pass over to Mr Buckingham.

Mr JEREMY BUCKINGHAM: Minister, how many litres of saltwater would you have to drink before you died? Do you have any idea?

Mr SCOT MacDONALD: Point of order: The rules of budget estimates are very clear: They are about the budget and the consolidated revenue and about policy. We are far, far away from that.

CHAIR: Order! I uphold the point of order.

Mr ANTHONY ROBERTS: I am happy to answer it.

Mr JEREMY BUCKINGHAM: It is about 4½ litres. Recently, when you visited Santos' Narrabri coal seam gas project you were reported as drinking their wastewater and describing it as "Bondi surf". Is that correct?

Mr ANTHONY ROBERTS: Better drinking the Santos pond water than some of John Kaye's Kool-Aid.

The Hon. Dr PETER PHELPS: I did that joke yesterday.

Mr JEREMY BUCKINGHAM: Did you drink their produced water?

Mr ANTHONY ROBERTS: Yes, I tasted it.

Mr JEREMY BUCKINGHAM: What chemicals, heavy metals or other pollutants were in that water you drank? It is a serious question. You have got responsibility for this industry and making it safe and you describe the industry as safe.

Mr ANTHONY ROBERTS: I have no intentions of getting hysterical this afternoon. I am quite happy to take these questions, it is just having not drunk it enough or tested it enough I cannot tell you exactly what was in it. It was quite briny.

Mr JEREMY BUCKINGHAM: You do not know what chemicals, heavy metals or pollutants were in that water you drank?

Mr ANTHONY ROBERTS: Certainly not from taste. But I am quite happy to take that on notice and seek advice as to what was in that pond water.

Mr JEREMY BUCKINGHAM: You did not ask them before you drank it what was in the water?

Mr ANTHONY ROBERTS: No, I did not because the chemicals are known and understood.

Mr JEREMY BUCKINGHAM: But not by you before you drank it, clearly.

Mr ANTHONY ROBERTS: The pond water is subject to regulations and safety practices—in fact, the highest standards probably in the Commonwealth, if not the world. But I can seek some clarification from the Director of the Office of Coal Seam Gas—who has not tasted the water—but may be in a position to say, apart from salt, H₂O. If not we can take it on notice.

Mr JEREMY BUCKINGHAM: If I told you that there was uranium at 20 times the State's drinking water guidelines stored in that water, would that concern you?

Mr ANTHONY ROBERTS: As I stated before, I am not going to answer hypothetical questions here today.

Mr JEREMY BUCKINGHAM: It is not hypothetical; it is a matter of record. Are you concerned that you would be drinking water that had 20 times the safe drinking water guidelines for uranium in it?

Mr ANTHONY ROBERTS: Uranium is not in that water.

Mr JEREMY BUCKINGHAM: If you want to say that it is not.

Mr ANTHONY ROBERTS: No, this is important. You have stated that uranium is in there. In attempting to answer your questions I can say that an EPA investigation with respect to a leaking pond found that there were elevated salt levels in groundwater, not in pond water.

Mr JEREMY BUCKINGHAM: But the contaminated water that they found was pumped to where?

Mr ANTHONY ROBERTS: That was in the ground.

Mr JEREMY BUCKINGHAM: Yes, but they then pumped parts of that water out and were storing it in the facility you were touring. Are you aware of that?

Mr ANTHONY ROBERTS: No, I just do not accept the premise of the question.

Mr JEREMY BUCKINGHAM: You recently described the coal seam gas industry as safe. Is the coal seam gas industry safe in Camden? Do you foresee the industry expanding there?

Mr ANTHONY ROBERTS: You are talking about AGL's operations in Camden?

Mr JEREMY BUCKINGHAM: Yes. Is it safe and do you foresee it expanding there?

Mr ANTHONY ROBERTS: The AGL Camden gas project has produced gas from that area in Camden since 2001 from five petroleum production leases. The project consists of 144 gas wells, and 96 of those are currently producing.

Mr JEREMY BUCKINGHAM: Would you describe it as safe, though?

Mr ANTHONY ROBERTS: Yes, I do.

Mr JEREMY BUCKINGHAM: Is the Government having any discussions with AGL about granting the proposed Gloucester Stage 2 and Stage 3 gas projects strategic energy project status?

Mr ANTHONY ROBERTS: I will have to ask you to refer that matter to the Minister for Planning and Minister for the Environment.

Mr JEREMY BUCKINGHAM: On what basis?

Mr ANTHONY ROBERTS: I deal with the licensing of companies in resource allocation and extraction. That is a question better directed to the Minister for Planning and Minister for the Environment

Mr JEREMY BUCKINGHAM: Are you aware of any discussions within Government in that regard?

Mr ANTHONY ROBERTS: We are.

Mr JEREMY BUCKINGHAM: Now you are.

Mr ANTHONY ROBERTS: I am happy to answer these questions.

Mr JEREMY BUCKINGHAM: You were not about to.

Mr ANTHONY ROBERTS: If you do not want the questions answered—

Mr JEREMY BUCKINGHAM: Has the Government had any discussions with AGL about signing a memorandum of understanding in regard to the Stage 2 and Stage 3 approvals process with the Gloucester coal seam gas projects?

Mr ANTHONY ROBERTS: Not that I am aware of.

Mr JEREMY BUCKINGHAM: Did AGL make any representations to you or your department regarding the recent changes to the mining State environmental planning policy [SEPP]?

Mr ANTHONY ROBERTS: I will ask my Director of the Office of Coal Seam Gas to respond to that.

Ms CONNELL: From memory, we sought information from AGL when the issue of the application of the mining SEPP to primary projects was first raised with us by the Environmental Defender's Office. He sought information from AGL in relation to differences between the subject well and associated wells.

Mr JEREMY BUCKINGHAM: But that is a different issue, is it not? Did you have consultations regarding amendments to the mining SEPP?

Mr ANTHONY ROBERTS: Again, I refer that question to the Minister for Planning and Minister for the Environment.

Mr JEREMY BUCKINGHAM: Did you or your department make any representations to the planning Minister or the planning department in relation to recent changes to the mining SEPP?

Mr ANTHONY ROBERTS: That was just answered by my Director of the Office of Coal Seam Gas.

Mr JEREMY BUCKINGHAM: I do not think it was, Minister. It is about representations between departments or your officers.

Mr ANTHONY ROBERTS: We are regularly in contact with the Department of Planning and Environment. But if I can just repeat what the Director of the Office of Coal Seam Gas stated: The Environmental Defender's Office wrote to the Office of Coal Seam Gas raising issues with the interpretation of the five-wells rule, which is in the mining SEPP that you have raised. On the basis of these issues, NSW Trade and Investment wrote to the Department of Planning and Infrastructure, as it was then known, seeking clarification of the five-well rule. The Minister subsequently amended the SEPP to clarify the operation of that rule on 25 July this year. Again, can I just state that any other questions on this should be addressed to the Minister for Planning.

Mr JEREMY BUCKINGHAM: Or Trade and Investment. Minister, today's *Australian* reported—

The Hon. Dr PETER PHELPS: You read the *Australian*, did you?

Mr JEREMY BUCKINGHAM: —the Federal industry Minister, Ian Macdonald, and he is quoted as saying that the arrival of the crisis in relation to gas in 2016-17 was now "so close, NSW is just not going to be able to get the gas". He went on to state:

NSW gas supply in 2016-17 is the thing that keeps me awake at night ...

Even if all the planets lined up and everyone started drilling frantically in NSW, that's not going to be able to be developed and taken to market in time. Some people have tried to put their heads in the sand and pretend that was not going to happen. But that is real, that is here and now.

Minister, do you have your head in the sand on the issue of gas supply? Why have you not raised this issue at the Standing Council on Energy and Resources [SCER]—

The Hon. Dr PETER PHELPS: You have a hide; you really have a hide.

Mr JEREMY BUCKINGHAM: —or at the Council of Australian Governments [COAG]? Will you commit to raising these issues at the SCER or COAG on behalf of the hundreds of thousands of Australian and New South Wales employees and employers who need a reliable supply of gas?

The Hon. Dr PETER PHELPS: Point of order: Mr Buckingham has now put himself in the position of a person who murders his parents and then throws himself on the mercy of the court for being an orphan.

CHAIR: Order! There is a point of order. Minister, if you could understand the question, and feel inclined to answer, please do so.

Mr ANTHONY ROBERTS: Thank you. I will answer it as best I can.

Mr JEREMY BUCKINGHAM: To clarify, will you raise this issue at the SCER or at COAG, in short?

Mr ANTHONY ROBERTS: First and foremost, I reject the fact that that individual made those statements to that newspaper.

Mr JEREMY BUCKINGHAM: You can read them here.

Mr ANTHONY ROBERTS: May I have a look?

Mr JEREMY BUCKINGHAM: Yes, sure. Did you not read the paper today?

Mr ANTHONY ROBERTS: No, I did not actually.

Mr JEREMY BUCKINGHAM: There is a big story about gas supply in New South Wales.

Mr ANTHONY ROBERTS: Righto. Can I just take some time to have a look?

Mr JEREMY BUCKINGHAM: There you go. It sounds like you are asleep at the wheel and you have your head in the sand.

The Hon. Dr PETER PHELPS: It is good to see you are reading the Murdoch press.

Mr SCOT MacDONALD: Did you buy that?

The Hon. STEVE WHAN: Hopefully he is not giving them any money.

Mr JEREMY BUCKINGHAM: They were picked up for me at the airport on the way back from Tamworth. I would not give him one brass razoo.

The Hon. Dr PETER PHELPS: Did you have carbon offsets for that flight?

Mr JEREMY BUCKINGHAM: Grow a brain.

The Hon. Dr PETER PHELPS: I will take that as a no.

CHAIR: Order! You have given the Minister the article.

Mr ANTHONY ROBERTS: You have got it totally wrong. This is why I am questioning this.

Mr SCOT MacDONALD: It is always best to check.

Mr ANTHONY ROBERTS: First and foremost, the Federal Minister is Minister Macfarlane, not Minister Macdonald. Mr Macdonald was a former Minister.

Mr JEREMY BUCKINGHAM: Sorry. I misspoke. It is Minister Macfarlane.

Mr ANTHONY ROBERTS: You talk about heads in the sand, and I have to say—yes, okay. Can I say on this issue—and I have not read the article—that I have had a look and it is Minister Macfarlane. I did not know who possibly was suddenly in charge. This has been raised on a number of occasions. It is of great concern and, indeed, I raised it at the last two COAG energy council meetings about gas security.

Mr JEREMY BUCKINGHAM: So you have raised it?

Mr ANTHONY ROBERTS: This has been raised; this has been discussed. These are public documents. I am just saying you are being rather confrontational. I suggest to you that if you have not availed yourself of discussions of the COAG energy council, it is not my problem. It is not my head in the sand.

Mr JEREMY BUCKINGHAM: Minister, what is the solution?

Mr ANTHONY ROBERTS: The solution, of course, is developing gas supply and security and energy security for this country—and that is a diverse level of energy security.

Mr JEREMY BUCKINGHAM: But in terms of gas, what is the solution here in New South Wales to the lack of availability of a gas supply?

Mr ANTHONY ROBERTS: First and foremost, it is allowing projects to lawfully go through the processes to be possibly approved or disapproved.

Mr JEREMY BUCKINGHAM: Do you mean here in New South Wales?

Mr ANTHONY ROBERTS: This is about ensuring that we have local supply. It is about improving transparency. It is about increasing the level of gas that will be allowed to be traded and made available on the New South Wales marketplace.

Mr JEREMY BUCKINGHAM: But what about the Minister's comments:

Even if all the planets lined up and everyone started drilling frantically in NSW, that's not going to be able to be developed and taken to market in time.

Do you concur with that statement, or are you right and he is wrong?

Mr ANTHONY ROBERTS: No, the Minister is entitled to make any statement and have his opinion.

Mr JEREMY BUCKINGHAM: Do you agree with it?

Mr ANTHONY ROBERTS: My opinion—not that it terribly matters, but I can tell you what the facts present to me. We produce 5 per cent of our needs with respect to gas in New South Wales. Is this sustainable?

Mr JEREMY BUCKINGHAM: I understand. You say that at length, Minister, but—

Mr ANTHONY ROBERTS: Do you want me to answer the question?

Mr JEREMY BUCKINGHAM: —why does your opinion not matter? You just said that your opinion does not matter. Why does the Minister for Resources and Energy not matter?

Mr ANTHONY ROBERTS: Because you are speaking over me. Obviously, my opinion—

The Hon. Dr PETER PHELPS: Point of order: The rules in relation to questions make it pretty clear that you are not to ask the Minister his opinion. You can ask for facts, but asking for opinion is surely outside the standing orders.

CHAIR: Order! I understand the point of order. The point of order is upheld.

Mr JEREMY BUCKINGHAM: Thank you. Minister, I understand that a review of mining is being undertaken by Robyn Kruk. I think I have that right. Can you confirm this is the case? If so, when was that review commenced? When do you expect it to be concluded? What are the terms of reference for this review? Will you make the results public?

Mr ANTHONY ROBERTS: I would ask you to refer that matter to the Minister for Planning purely because my understanding, Mr Secretary, is that she is not conducting a review.

Mr PATERSON: That is correct, Minister. I understand Ms Kruk is undertaking some work within the Planning portfolio but is not undertaking a review of mining. The answer to the question is no, but she is undertaking some work within the Planning portfolio. Questions—

Mr JEREMY BUCKINGHAM: In relation to mining?

Mr PATERSON: No, not in relation to mining.

Mr JEREMY BUCKINGHAM: Thank you. When will the Walker review conclude? Will you make all the recommendations from the Walker review public?

Mr ANTHONY ROBERTS: This is with respect to the land access arbitration review?

Mr JEREMY BUCKINGHAM: Yes, it is, Minister.

Mr ANTHONY ROBERTS: The Walker report?

Mr JEREMY BUCKINGHAM: Yes.

Mr ANTHONY ROBERTS: In April 2014 we commissioned Bret Walker, SC, to review the land access arbitration processes under the Mining Act and the Petroleum Onshore Act. This Government called for the review because of concerns raised by the public. These included the lack of transparency and consistency in the arbitration process and perceived conflicts of interest by arbitrators. The review was asked to respond to 13 terms of reference questions. There were 31 public submissions received and the views of 16 stakeholder groups were considered. On 23 June this year Mr Walker provided a report of the review to this Government. The Government is now considering its response to the report.

Mr JEREMY BUCKINGHAM: Thank you. Minister, will you make that report and the recommendations public?

Mr ANTHONY ROBERTS: I think any member of this Committee who knows me knows that I believe in transparency and openness. That is critical; it is in my DNA. We have nothing to hide. We are considering the report. We will be making the report public where and when appropriate.

Mr JEREMY BUCKINGHAM: Excellent. Yes, Minister.

Mr PATERSON: Mr Chairman, can I seek clarification from Mr Buckingham? He asked a question in relation to a review that was being undertaken by Ms Kruk. I think that is the way I heard the question. I am not sure if that was precisely the question because my memory is jogged that she did undertake a review some time ago for the Government, once again within the Planning portfolio, that touched on mining-related issues in the Wilton area. It was a Wilton Junction review. If the question that Mr Buckingham was raising was in relation to that, I may have meant, when I said "no", that she is not currently undertaking a review in relation to mining for us, but she was involved or engaged by the Government in relation to undertaking the Wilton Junction review.

CHAIR: Thank you for the clarification, Mr Paterson.

Mr JEREMY BUCKINGHAM: Are you aware of how many goldmining leases are active and generate royalties in New South Wales? How much was received in goldmining royalties in 2013-14?

Mr ANTHONY ROBERTS: I am happy to ask my Director of Resources. Do you have anything there or do you want to take that on notice?

Mr MULLARD: I will have to take that detail on notice. I do not have it in front of me.

Mr JEREMY BUCKINGHAM: Would you be concerned if I told you that it was only \$41 million from all the goldmining operations in New South Wales?

The Hon. Dr PETER PHELPS: That is \$41 million more than we would have if you were in charge.

Mr JEREMY BUCKINGHAM: They have turnovers in the billions of dollars and we are getting crumbs.

The Hon. Dr PETER PHELPS: Tell us which goldmine you support.

Mr JEREMY BUCKINGHAM: Would the Government consider raising the royalties on goldmining and minerals in New South Wales?

The Hon. Dr PETER PHELPS: Because nothing promotes investment like more taxes.

CHAIR: Order!

Mr ANTHONY ROBERTS: I have said before that we are happy to take the question on notice.

Mr JEREMY BUCKINGHAM: You took a different question on notice. The question was: Are you concerned that the royalties from goldmining delivered to the people of New South Wales were only \$41 million in the last financial year?

Mr ANTHONY ROBERTS: I do not accept the premise of the question. As I have said before, we are happy to take that on notice.

Mr JEREMY BUCKINGHAM: How many New South Wales councils have made a clear statement in opposition to unconventional gas in their local government areas?

Mr ANTHONY ROBERTS: I am happy to take that question on notice.

CHAIR: Thank you, Minister. We will take a short break and reconvene to commence examination of the portfolio of Special Minister of State.

(The witnesses withdrew)

(Short adjournment)

CHAIR: I declare open the portfolio of Special Minister of State for examination.

The Hon. PETER PRIMROSE: As of 5 August this year the Parliamentary Library could only find two media releases from you in your capacity as Special Minister of State, one in March 2014 attacking the Opposition and another one also in March 2014 attacking the Opposition. These are the only ones I could find on your website. The Liberal Party website has only one item of news for the Special Minister of State and that is the announcement of your appointment. Have you issued any other media releases in your capacity as Special Minister of State?

Mr ANTHONY ROBERTS: No. They were very good though.

The Hon. PETER PRIMROSE: I have searched the budget papers and can find no reference to Special Minister of State. Can you identify where your position is mentioned as I am sure I missed it?

Mr ANTHONY ROBERTS: It is not.

The Hon. PETER PRIMROSE: In your capacity as Special Minister of State what speeches have you given to community organisations?

Mr ANTHONY ROBERTS: I have not.

The Hon. PETER PRIMROSE: In your capacity as Special Minister of State do you prepare an annual report?

Mr ANTHONY ROBERTS: Can you clarify that?

The Hon. PETER PRIMROSE: Do you prepare an annual report in your capacity as Special Minister of State?

Mr ANTHONY ROBERTS: To whom?

The Hon. PETER PRIMROSE: Under the annual reports Act?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: In your capacity as Special Minister of State have any of your activities been audited?

Mr ANTHONY ROBERTS: By whom?

The Hon. PETER PRIMROSE: By the Auditor-General?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: By the Department of Premier and Cabinet?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: By anyone else?

Mr ANTHONY ROBERTS: You will have to be more specific.

The Hon. PETER PRIMROSE: By another agency?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: Or individual?

Mr ANTHONY ROBERTS: More specific.

The Hon. PETER PRIMROSE: An individual who would be involved in auditing your activities.

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: In estimates last year at page 55 on 16 August the then Special Minister of State said:

The Special Minister of State is a position created by the Premier for special projects from time to time, as assigned by the Premier.

What special projects has the Premier assigned to you since your appointment?

Mr ANTHONY ROBERTS: The Special Minister of State is on occasion tasked with special policy projects by the Premier. The role is a necessary one as from time to time there are policies proposed that do not neatly fit into the portfolio of one Minister. I am pleased to inform the Committee that in these circumstances the Special Minister of State may be asked by the Premier to lead such policies. In these projects, like all government policies, if they are approved by Cabinet then public announcements will be made in due course. Until such time they remain a matter for the Cabinet and therefore I am not in a position to disclose them here.

The Hon. PETER PRIMROSE: Have you completed any special task that may or may not have been given to you?

Mr ANTHONY ROBERTS: If these projects, like all government policies, are approved by Cabinet then public announcements will be made in due course. Until such time they remain a matter for the Cabinet and therefore I cannot disclose them here.

The Hon. PETER PRIMROSE: Can you disclose at what cost any of these projects would have been?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: What additional staffing do you have allocated to your office as a consequence of being the Special Minister of State?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: Can you also identify who these people are, when you take it on notice?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: Have you authorised any advertising in your role as Special Minister of State?

Mr ANTHONY ROBERTS: Can you clarify that please?

The Hon. PETER PRIMROSE: In your role as Special Minister of State, have you authorised any advertising?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: Evidence has been given to the Independent Commission Against Corruption [ICAC] that a number of members of Parliament received cash from prohibited donors. Can you guarantee that you did not receive an illegal donation at the last election?

The Hon. RICK COLLESS: Point of order: I am sure members understand that Ministers are required to answer questions in relation to their portfolio. I fail to see how that falls under the Special Minister of State.

The Hon. PETER PRIMROSE: To the point of order: As the member would be well aware, at estimates members are given wide-ranging latitude to ask questions that may impact on portfolios and I believe this would.

CHAIR: Order! The question is out of order.

The Hon. PETER PRIMROSE: Last week the Premier put out a statement that said:

I have always absolutely complied with the Electoral Funding laws and the records are there for all to see. Yes, I can guarantee that I have never accepted an illegal donation.

Will you make the same statement?

Mr ANTHONY ROBERTS: Again, I question whether that is in order. It has nothing to do with the Special Minister of State.

The Hon. RICK COLLESS: Point of order: It is the same issue.

CHAIR: Order! I uphold the point of order.

The Hon. PETER PRIMROSE: Will you commit to releasing the full list of donors who have donated to your 2011 election campaign?

The Hon. Dr PETER PHELPS: Point of order: This does not relate to the Minister's portfolio activities. The line of questioning may have some vague tangential reference to his being a member of Parliament but it has no reference to the portfolio activities of the Special Minister of State.

The Hon. PETER PRIMROSE: To the point of order: Clearly, as we have already seen at ICAC, the decisions that a member may make will directly relate and could directly relate to receiving donations. I am simply asking the Minister whether will he indicate for the purposes of transparency and accountability who made those donations.

Dr JOHN KAYE: To the point of order: Since the Minister could be involved in any project assigned to him by the Premier—so it could be across a broad range of areas—it is totally relevant as to whether he is carrying a burden of any illegal donation.

CHAIR: Order! I uphold the point of order.

The Hon. PETER PRIMROSE: On how many occasions have you met with the lobbyists and what were the dates of those meetings?

CHAIR: I take it the question is related to his portfolio as Special Minister of State?

The Hon. PETER PRIMROSE: Yes.

Mr ANTHONY ROBERTS: None.

The Hon. PETER PRIMROSE: You have met with no lobbyists at all? You have had no discussions?

Mr ANTHONY ROBERTS: Not as Special Minister of State.

The Hon. PETER PRIMROSE: The Minister for Finance has banned lobbyists from meeting him and his office. Will you make the same commitment?

Mr ANTHONY ROBERTS: Well, I do not meet with lobbyists as Special Minister of State. I have already answered that question.

The Hon. PETER PRIMROSE: You have indicated you have not met with them. Given these multitudinous special projects that have been given to you by the Premier—

Mr ANTHONY ROBERTS: That is your statement, not mine.

The Hon. PETER PRIMROSE: There were not many special projects?

Mr ANTHONY ROBERTS: All my interactions, if and when, with lobbyists would be in accordance with the NSW Government Lobbyist Code of Conduct.

The Hon. PETER PRIMROSE: You are not prepared to hold yourself to the same level of accountability as the Minister for Finance?

Mr ANTHONY ROBERTS: I do not accept the premise of that question at all.

The Hon. PETER PRIMROSE: Have there been any impacts from the Federal budget on any of your activities as Special Minister of State?

Mr ANTHONY ROBERTS: Which budget?

The Hon. PETER PRIMROSE: The 2014-15 Federal budget?

Mr ANTHONY ROBERTS: No, not that budget.

The Hon. PETER PRIMROSE: What are the impacts of the 2013-14 Federal budget?

Mr ANTHONY ROBERTS: I will take that question on notice.

The Hon. PETER PRIMROSE: Have you had any discussions with any Federal Minister in relation to funding in the Federal budget in your capacity as Special Minister of State?

Mr ANTHONY ROBERTS: Which budget?

The Hon. PETER PRIMROSE: The 2014-15 budget?

Mr ANTHONY ROBERTS: No.

The Hon. PETER PRIMROSE: The 2013-14 budget?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: Assuming you have some staff—which remains uncertain—how many BlackBerries are assigned to those staff members?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: For each phone, how much was each bill in the 2013-14 financial year?

Mr ANTHONY ROBERTS: Can I seek clarification? You understand that there are Smartphones now.

Mr SCOT MacDONALD: Point of order: Can I get clarification from the Chair on a point of order? Are we not supposed to be talking about the 2014-15 budget according to the budget estimates guidelines?

Dr JOHN KAYE: To the point of order: The member is entitled to get a baseline, in order to then ask subsequent questions to see whether there has been any change.

CHAIR: Order! I rule against the point of order. Generally speaking, members are allowed a wide-ranging ambit of questions, provided they are generally in accordance with the Minister's responsibility for the budget under examination. That is not a point of order.

The Hon. PETER PRIMROSE: How many iPhones are assigned to your staff?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: How many Androids are assigned to your staff? To be fair and reasonable, as this Committee always is, I will ask the Minister to take on notice how many mobile phones his office has.

Mr ANTHONY ROBERTS: I appreciate your assistance but I point out that matters relating to my ministerial office budget expenditure resources are a matter for the Department of Premier and Cabinet [DPC]. I understand that the former Government had similar policies and guidelines. So I am happy to take the rest on notice—iPhones, Androids and BlackBerries.

The Hon. PETER PRIMROSE: Thank you. How many phones have been lost by your office and what is the cost of replacing those phones?

Mr ANTHONY ROBERTS: I will take it on notice.

The Hon. PETER PRIMROSE: How many iPads does DPC assign and to whom have they been issued?

Mr ANTHONY ROBERTS: That includes laptops?

The Hon. PETER PRIMROSE: Yes. We may as well make it iPads and laptops.

CHAIR: This is in the Special Minister of State portfolio, of course?

The Hon. PETER PRIMROSE: Yes. How many iPads and laptops have you purchased for your office and to whom have they been issued?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: How many iPhones and mobile phones does DPC assign to your ministerial office and to whom have they been issued?

Mr ANTHONY ROBERTS: I will take that on notice.

The Hon. PETER PRIMROSE: How many mobile phones have you purchased for your office and to whom have they been issued?

Mr ANTHONY ROBERTS: You are asking the questions I used to ask. I will take that on notice.

The Hon. PETER PRIMROSE: I look forward to receiving similar answers. How many mobile phones have been lost in your office? How many iPads have been lost in your office? What is the cost of replacing these phones and iPads?

Mr ANTHONY ROBERTS: I am happy to take all those on notice. Would you like me to include any office rent?

The Hon. PETER PRIMROSE: Yes, I would be delighted to receive that.

Mr ANTHONY ROBERTS: And vehicles as Special Minister of State?

The Hon. PETER PRIMROSE: In fact, given the vagaries of the Minister's position, I suggest that I put the remainder of these questions on notice and the Minister can then go and consult with his staffer or staffers—because I am still not sure how many there may be—and then come back with the ephemeral staff of the Minister and we can receive those answers in due course.

CHAIR: That is very cooperative of you, Mr Primrose and the Minister is reminded that when he receives those questions he has 21 days to provide answers.

Mr ANTHONY ROBERTS: Thank you.

CHAIR: I move to the crossbench, Dr Kaye.

Dr JOHN KAYE: Minister, do you have separate letterhead as the Special Minister of State?

Mr ANTHONY ROBERTS: No.

Dr JOHN KAYE: Does the letterhead that you use as the Minister for Resources and Energy include Special Minister of State?

Mr ANTHONY ROBERTS: It does.

Dr JOHN KAYE: Your standard letterhead has both on it?

Mr ANTHONY ROBERTS: Yes, it does. It is about reducing the cost to the taxpayer and my carbon footprint, particularly around saving paper.

Dr JOHN KAYE: You were appointed Special Minister of State at the same time that you were appointed Minister for Resources and Energy?

Mr ANTHONY ROBERTS: Yes, that is correct.

Dr JOHN KAYE: As Special Minister of State you are located within which government department?

Mr ANTHONY ROBERTS: None.

Mr SCOT MacDONALD: He is special.

Dr JOHN KAYE: I am seriously not trying to create trouble I am just fascinated to know. Most ministerial activities are located within a department, is that correct? For example, as the Minister for Resources and Energy, which department are you in?

Mr ANTHONY ROBERTS: Are you talking about the clusters?

Dr JOHN KAYE: Yes, I think so.

Mr ANTHONY ROBERTS: It is important to get clarification. There are clusters with the Services DTIRIS. I am within the cluster for the Department of Resources and Energy.

Dr JOHN KAYE: For the sake of Hansard would you use the full names?

Mr ANTHONY ROBERTS: The Department of Trade and Investment, Regional Infrastructure and Services [DTIRIS].

Dr JOHN KAYE: As the Minister for Resources and Energy, for example, you had Mr Paterson here today as your department head?

Mr ANTHONY ROBERTS: That is correct.

Dr JOHN KAYE: But there is no department head for Special Minister of State?

Mr ANTHONY ROBERTS: That is correct.

Dr JOHN KAYE: There is no direct bureaucracy with which you interact?

Mr ANTHONY ROBERTS: That is correct.

Dr JOHN KAYE: Forgive me for asking you a hypothetical, but if the Premier or the Cabinet were to assign you a task tomorrow, where would you go for bureaucratic support?

Mr ANTHONY ROBERTS: That would be dependent on the task. As I said before, in the role of Special Minister of State on occasion I am tasked with special projects by the Premier. From time to time, as

you would be aware, there are policy proposals and so forth that do not neatly fit into the portfolio of one Minister. When those occasions may, could or do arise then resources could be made available and advice received from numerous departments.

Dr JOHN KAYE: If you had a project that was, for example, related to religious education in schools you would then be resourced by the Department of Education and Communities?

Mr ANTHONY ROBERTS: It is hypothetical. I could not respond to that.

Dr JOHN KAYE: I am looking for an illustrative example. In the history of Special Ministers of State what projects have they carried out? Are you aware of any projects that your predecessor or you carried out?

Mr ANTHONY ROBERTS: You would have to ask the previous Special Ministers of State.

Dr JOHN KAYE: I think there has only been one in New South Wales, is that correct?

The Hon. RICK COLLESS: No, John Della Bosca was Special Minister of State.

Dr JOHN KAYE: You are right, he was too, that is quite correct. Minister, is there a Ministerial Council of Special Ministers of State?

Mr ANTHONY ROBERTS: Not that I am aware of.

Dr JOHN KAYE: You are aware there is a Federal Special Minister of State [SMOS]?

The Hon. Dr PETER PHELPS: Should there be a meeting in Cable Beach on an annual basis?

Dr JOHN KAYE: Are you aware, for example, that the traditional role of a Special Minister of State federally is parliamentary entitlements, government campaign advertising and electoral matters?

Mr ANTHONY ROBERTS: Yes, I am.

Dr JOHN KAYE: Are you also aware that federally under Labor that was expanded to include the Australian Government Information Management Office [AGIMO], the Property Management Administration—

The Hon. Dr PETER PHELPS: That is incorrect. That happened under the Howard Government.

Mr ANTHONY ROBERTS: Burgeoning bureaucracy?

The Hon. Dr PETER PHELPS: AGIMO was definitely SMOS portfolio

Dr JOHN KAYE: Is that correct?

The Hon. Dr PETER PHELPS: It was indeed.

Dr JOHN KAYE: The AGIMO?

The Hon. Dr PETER PHELPS: The AGIMO was.

Dr JOHN KAYE: That was under SMOS, was it?

The Hon. Dr PETER PHELPS: It was indeed.

Dr JOHN KAYE: Minister, are you aware that your Federal counterpart, Senator Ronaldson—

Mr ANTHONY ROBERTS: A good fellow, by the way.

The Hon. Dr PETER PHELPS: Excellent Senator.

Mr ANTHONY ROBERTS: Yes, superb.

The Hon. Dr PETER PHELPS: Another one of my former bosses. They all go on to great things.

Mr ANTHONY ROBERTS: There is a common thread, is there not?

The Hon. Dr PETER PHELPS: There is. It is onwards and upwards—per ardua ad astra, one might say.

Dr JOHN KAYE: As soon as they are free of the dead weight of your presence they go on. Minister, are you aware that federally the Special Minister of State, which dates back to, I think, the Whitlam Government, the first Government to create a Special Minister of State, has traditionally had a range of—

Mr ANTHONY ROBERTS: They probably just dealt with overseas loans.

Dr JOHN KAYE: You would know more about that than I would. Are you aware that federally when the Special Ministers of State existed they had a range of fairly significant portfolios to deal with?

Mr ANTHONY ROBERTS: Yes.

Dr JOHN KAYE: Is it surprising to you that you do not have anything to do?

Mr ANTHONY ROBERTS: I do not accept the premise of that question. I am an incredibly busy Minister.

Dr JOHN KAYE: I did not mean it that way. I am sure you are a very busy Minister. I am sure there are many things that occupy your time. In terms of Special Minister of State you have not been able to tell the Committee a single thing that you do in that role. In fact, at every budget estimates I have attended under this Government the Special Minister of State has not been able to say anything about what they do. Does it surprise you that one of the portfolios you hold is sinecure?

Mr ANTHONY ROBERTS: I reject the premise. As I have stated before, matters that are part of the Cabinet process cannot be disclosed here.

Dr JOHN KAYE: Effectively you are saying you are like a secret agent for the Cabinet?

The Hon. Dr PETER PHELPS: Do you have a licence to kill?

Mr ANTHONY ROBERTS: No. I will have to ask the Hon. Robert Brown. Do you have a licence in New South Wales to kill?

Dr JOHN KAYE: That would be absolutely right of this Government. Any matters to do with the use of firearms would be referred to the Shooters and Fishers Party. Minister, you cannot tell the Committee what you do as Special Minister of State because you claim it is Cabinet-in-confidence; you cannot tell the Committee whether you do anything at all—

Mr ANTHONY ROBERTS: Do you want me to break the law?

Dr JOHN KAYE: You cannot tell the Committee whether you have any staff members who are there by virtue of your position of Special Minister of State. You cannot tell the Committee whether you do anything as Special Minister of State.

Mr ANTHONY ROBERTS: I will take that on notice.

Dr JOHN KAYE: I am surprised that you cannot locate yourself in any department; you cannot tell the Committee what you actually do. Does that not make you, Minister, kind of a secret agent for Cabinet?

Mr ANTHONY ROBERTS: I completely reject the premise. The last thing we need in this State is another department. I say again, the Special Minister of State is, on occasion, tasked with special policy projects by the Premier.

Dr JOHN KAYE: But you cannot tell the Committee what they are?

The Hon. RICK COLLESS: Not until they happen.

Dr JOHN KAYE: I acknowledge that interjection because this Minister will not tell the Committee whether anything has happened in his tenure in office. The Minister cannot tell the Committee about his predecessor. We hold budget estimates to inquire into a Minister who will not tell us anything about what he does in this portfolio area. The only conclusion that can be adduced from the evidence of this Minister is that he is a Cabinet secret agent.

The Hon. Dr PETER PHELPS: He can neither confirm nor deny that.

Dr JOHN KAYE: I actually need to know that. Seriously, Minister, six members of Parliament and Hansard are present and the Minister is taking up space—

Mr ANTHONY ROBERTS: You are asking the questions. I am quite happy to leave now.

Dr JOHN KAYE: Minister, tell me, why do we bother if you are not going to tell the Committee anything?

The Hon. Dr PETER PHELPS: Because we care.

Mr ANTHONY ROBERTS: That is what I love about this Committee, it is because we do care. We care about New South Wales.

Dr JOHN KAYE: I am serious, Minister. You cannot tell us what you do. You say it is secret, it is Cabinet in confidence. You cannot tell us anything. Exactly what level of accountability do you have as a Minister of the Crown?

Mr SCOT MacDONALD: Point of order: Are we getting to serious questions about budget estimates?

Dr JOHN KAYE: To the point of order: This is a serious question. What is your accountability? If the Minister cannot be accountable to this Committee—

CHAIR: Are you speaking to the point of order?

Dr JOHN KAYE: I am. The Minister has appeared before this Committee and cannot tell the Committee anything. I asked a serious question. As a Special Minister of State to whom is the Minister accountable? I think that is a totally reasonable question when one considers the questions that have been asked.

CHAIR: Order! I rule that the question is in order. The question is: To whom is the Minister responsible. Minister, would you like to reply to that?

Mr ANTHONY ROBERTS: To the Premier.

Dr JOHN KAYE: In what way are you accountable to the Parliament under the Westminster system if you cannot answer any questions?

Mr ANTHONY ROBERTS: Through the Cabinet process and government. This is budget estimates and I ask you again to refer to the budget line items that actually pertain to Special Minister of State. I would appreciate it if you limit it to those confines.

Dr JOHN KAYE: I am happy to do that Minister. Why are there not any budget line items that refer to Special Minister of State?

Mr ANTHONY ROBERTS: I would direct that question to the Treasurer.

Dr JOHN KAYE: Let me take you at your word: What are the budget line items about your role as Special Minister of State?

Mr ANTHONY ROBERTS: I will take that on notice.

Dr JOHN KAYE: Would you expect that someone reading this transcript would not be able to hold the Government and the process in any degree of respect?

Mr ANTHONY ROBERTS: You are the one asking the questions.

Dr JOHN KAYE: I just asked you the question.

Mr ANTHONY ROBERTS: Again, I reject the premise of that question. I have answered—

The Hon. Dr PETER PHELPS: Point of order: The member has asked the Minister to make a judgement on the subjective assessment of a transcript by person or persons unknown. That is so far outside the leave of normal questioning that it should be ruled out of order.

CHAIR: Order! I uphold the point of order.

Dr JOHN KAYE: As the Special Minister of State do you have any particular role with respect to government submissions?

Mr ANTHONY ROBERTS: The Special Minister of State is on occasion tasked with special projects by the Premier. The role is a necessary one as from time to time there are policies proposed that do not neatly fit into the portfolio of one Minister. In these circumstances the Special Minister of State may be asked by the Premier to lead such policies. If these projects, like all government policies, are approved by Cabinet, then public announcements will be made in due course. Until such time, they remain a matter for the Cabinet and, therefore, I will not disclose them here.

Dr JOHN KAYE: You said that the projects you take up are those that do not neatly fit within one portfolio, is that correct?

Mr ANTHONY ROBERTS: That is what I just said, yes.

Dr JOHN KAYE: That means that if any project fitted neatly within a particular portfolio area, it would not be within your ambit to deal with it?

Mr ANTHONY ROBERTS: That is a matter for the Premier. That would be a matter for the Premier.

Dr JOHN KAYE: In the interests of maintaining some respect for this Committee, I have no further questions.

CHAIR: Thank you, Minister, and your staff for your presence. Any questions taken on notice will be sent to you by the secretariat. You will have 21 days from the receipt of those questions to reply to the Committee. Thank you very much for your time.

Mr ANTHONY ROBERTS: Thank you for the Committee's time and your indulgence.

(The witnesses withdrew)

The Committee proceeded to deliberate.
