

# GENERAL PURPOSE STANDING COMMITTEE NO. 5

Friday 12 October 2012

Examination of proposed expenditure for the portfolio areas

## RESOURCES AND ENERGY, SPECIAL MINISTER OF STATE, THE CENTRAL COAST

The Committee met at 9.00 a.m.

### MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. J. Buckingham  
The Hon. L. Foley  
The Hon. J. Gardiner  
Dr J. Kaye

The Hon. S. MacDonald  
The Hon. S. Moselmane  
The Hon. Dr P. Phelps  
The Hon. P. T. Primrose

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### PRESENT

**The Hon. Chris Hartcher**, *Minister for Resources and Energy, Special Minister of State, and Minister for the Central Coast*

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**CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat  
Room 812  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000**

**CHAIR:** I declare this hearing of the inquiry into budget estimates for 2012-13 open to the public. I welcome Minister Hartcher and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Resources and Energy, Special Minister of State and the Central Coast. Resources and Energy and Special Minister of State will be examined from 9.00 a.m. until 11.00 a.m. and Central Coast from 11.00 a.m. until 11.40 a.m. Before we commence with questions I will make some comments about procedural matters. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs.

In reporting proceedings of this Committee the media must take responsibility for what they publish or any interpretation they place on anything said. Guidelines for the broadcast of proceedings are available from the side table. Any messages from advisers or members of staff seated in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Minister, you and your officers are free to pass notes and to refer directly to your advisers. Transcripts of this hearing will be available on the web from tomorrow morning. The House has resolved that answers to questions on notice must be provided within 21 days. I ask all members, witnesses and people in the public gallery to switch off their mobile phones. All witnesses from departments, statutory bodies and corporations are required to be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn because you have already sworn an oath to your office as a member of Parliament. All other witnesses will state their full name, job and agency and then swear an oath or make an affirmation.

**MARK DUFFY**, Deputy Director General, Resources and Energy, Department of Trade and Investment, sworn and examined:

**BRAD MULLARD**, Executive Director, Mineral Resources, Department of Trade and Investment,

**ANDREW LEWIS**, Executive Director, Energy, Department of Trade and Investment,

**BRUCE MORCOMBE**, Director, Business Advisory Services, Resources and Energy, Department of Trade and Investment, and

**JENNIFER NASH**, Director, Mine Safety Performance, Mine Safety Performance, Department of Trade and Investment, affirmed and examined:

**CHAIR:** I declare the proposed expenditure for the portfolio of Resources and Energy, Special Minister of State and the Central Coast open for examination. There is no provision to make opening statements before the Committee commences questioning. We will begin with questions from the Opposition.

**The Hon. LUKE FOLEY:** I will start with a matter most topical. Minister, if you were invited to appear on the Alan Jones program to explain your policy positions relating to the discharge of your portfolio responsibilities would you count yourself among the boycotters or would you appear?

**The Hon. Dr PETER PHELPS:** Point of order: The question contains the hypothetical, "if you were invited". The member should ask questions dealing with facts or evidence; they should not contain hypothetical scenarios.

**CHAIR:** I uphold the point of order.

**The Hon. LUKE FOLEY:** I understand that at the Sydney University Liberal Club dinner two weeks ago it was proposed that you be put in a chaff bag and towed out to sea and that that was met with rapturous applause. Was that applause because of the discharge of your policies on coal seam gas or other matters?

**Mr CHRIS HARTCHER:** I thank the honourable member for his question. However, I do not intend to comment on matters that are extraneous to my responsibilities as Minister, and that includes appearances on radio shows or what may or may not have been said at a private meeting.

**The Hon. LUKE FOLEY:** I refer to coal seam gas in the Pilliga. At what stage is the investigation into suspected or alleged breaches of the Petroleum (Onshore) Act in relation to PEL238 and PAL2?

**Mr CHRIS HARTCHER:** The investigation is in the hands of the department. The department is preparing a report which will be submitted to me for consideration, after which the Government will make an appropriate announcement.

**The Hon. LUKE FOLEY:** Does that investigation have terms of reference?

**Mr CHRIS HARTCHER:** In a sense all inquiries have terms of reference because they investigate the allegations that have been made. Just as when the police or any other government agency is confronted with an issue it will carry out investigations with the information available to it according to the statutory framework within which that agency operates.

**The Hon. LUKE FOLEY:** Does that investigation have a particular budget?

**Mr CHRIS HARTCHER:** No, there is none. The department will ensure that whatever resources are required are met so that the investigation is properly proceeded with. The Government takes these complaints seriously and believes that the integrity of the process needs to be upheld, and of paramount importance is the protection of the community and the public. The Government will ensure that any investigation is thorough and appropriate and the public will receive full information as to the result of that investigation. The results will come to me first as the Minister and will then be made available to the New South Wales community.

**The Hon. LUKE FOLEY:** What resources have been expended to date on that investigation?

**Mr CHRIS HARTCHER:** That is essentially an internal matter for the department. Just as when the police call in people as and when required, the department does that on a day-to-day basis. The officer in charge of the department makes initial inquiries, investigates the responses to those inquiries and seeks any further evidence that may be available. These are internal matters. It is not and has never been appropriate for any Minister to ask how the inquiry is being conducted—and you would properly draw attention to that in Opposition because you would say that the Minister is intervening in the inquiry. The inquiry should be allowed to run its course, uninterrupted by the Government. The Government's responsibility is to make sure the inquiry takes place and that additional resources are made available to the department if required. Once the Government receives the report it will ensure that it has been properly complied with in accordance with the law, and that is the practice that will be followed.

**The Hon. LUKE FOLEY:** I want to establish that sufficient resources have been allocated to this particular investigation. How many of your public servants have been working on that investigation?

**Mr CHRIS HARTCHER:** I will answer that question by referring to my previous answer, that if any additional resources are required I would consider that request and make them available. I have not received any such request. I am satisfied with the processes of the department and the integrity of the people within the department, who are independent public servants. Accordingly, apart from having no reason at this time to seek to intervene in what should be an independent inquiry, it would be inappropriate for me to do so.

**The Hon. LUKE FOLEY:** Who is in charge of the inquiry?

**Mr CHRIS HARTCHER:** The executive director of the department is the responsible officer who deals with me in relation to the inquiry and he delegates to officers of his department.

**The Hon. LUKE FOLEY:** The executive director would not be out in the forest. Would he appoint inspectors to visit and conduct hands-on investigations? How many inspectors are involved in investigating the suspected breaches in the Pilliga?

**Mr CHRIS HARTCHER:** I appreciate your interest. To use an analogy, the Commissioner of Police is the responsible officer in respect of matters that fall within the police department but he does not visit crime scenes and carry out investigations; he appoints his officers to carry out investigations and they then report the matter to him. It works the same way in our department: the executive director has, within his organisation, responsible people to carry out investigations who then report back to him. It is not appropriate for me, nor would I ask him, to ask who is doing it, how are they doing it, what is happening, because I would be interfering with the appropriate internal workings of the department. I am responsible for ensuring the department is properly resourced and that the people within the department are properly discharging their obligations and not interfering in any way with their inquiries in accordance with complaints they have received. I hate to say it but apparently that was the practice under the previous Government and under previous Ministers. It will not be the practice under this Government or under this Minister.

**The Hon. LUKE FOLEY:** Your analogy with the police falls down in that we regularly see the commissioner or top brass in the Police Force in the media updating the public on particular investigations. It is the practice for them to tell us which detective or officer is in charge of leading a particular investigation. Why will you not tell us who in your department is in charge of the Pilliga investigation?

**Mr CHRIS HARTCHER:** The executive director of the department is in charge of the investigation, as the responsible head of the department. Within the department he has his own inspectorial team. The inspectorial team comprises other people who will be carrying out the investigation.

**The Hon. LUKE FOLEY:** Has a preliminary investigation report been provided to the executive director?

**Mr CHRIS HARTCHER:** That I do not know. I am the person who is accountable to this Committee and no such preliminary report has been provided to me. When a report is provided it will be available.

**The Hon. LUKE FOLEY:** Have you received a preliminary report?

**Mr CHRIS HARTCHER:** I have not. I have not asked for or received a preliminary report.

**The Hon. LUKE FOLEY:** On 23 February 2012 the Hon. Duncan Gay, representing you in the Legislative Council, advised:

The Department of Resources and Energy commenced a full investigation into the incident and the apparent failure to report the incident in a timely manner. A preliminary investigation report to the director general is expected to be prepared by March 2012.

Has that occurred?

**Mr CHRIS HARTCHER:** A draft report has been prepared and it has been submitted for legal consideration.

**The Hon. LUKE FOLEY:** It has not been submitted to you as Minister?

**Mr CHRIS HARTCHER:** No.

**The Hon. LUKE FOLEY:** Is it the case that last month you renewed petroleum exploration licence [PEL] 238 and petroleum assessment lease [PAL] 2?

**Mr CHRIS HARTCHER:** Offers for renewal were sent out to some 22 licence holders. I do not have the list in front of me but I am assuming that those two are included in that list of 22. I will check that. Will you give me those numbers again?

**The Hon. LUKE FOLEY:** PEL 238 and PAL 2. I think they are Santos licences, are they not?

**Mr CHRIS HARTCHER:** No, there is an AGL licence PEL 2. What was the other one?

**The Hon. LUKE FOLEY:** PEL 238.

**Mr CHRIS HARTCHER:** I have found it. They are both there.

**The Hon. LUKE FOLEY:** They are Santos licences in relation to the Pilliga, are they not?

**Mr CHRIS HARTCHER:** No, that is PEL 2. They are different.

**Mr DUFFY:** We have not got the petroleum assessment leases on that list.

**The Hon. LUKE FOLEY:** Okay, let us just deal with PEL 238. We can both agree that an offer for renewal was sent out last month?

**Mr CHRIS HARTCHER:** Yes.

**The Hon. LUKE FOLEY:** Will you explain to the Committee the process when an offer for renewal is made?

**Mr CHRIS HARTCHER:** I will ask Mr Mullard to explain that.

**Mr MULLARD:** To start at the beginning, there is an assessment of the company's application for renewal. It takes into account the proposed work program as well as the previous work program. That goes to our exploration assessment committee, which is made up of a range of departmental officers within the department, covering the geological, the titles as well as the environmental side. They actually prepare a recommendation on renewal. It also looks at any changes to conditions that might need to apply and as a result of new government policies there are a number of additional conditions. That then goes to the Minister as a recommendation. The Minister would then provide advice or support that recommendation and a letter of offer is sent to the company along with the conditions of title. The company then needs to consider the offer or any conditions that attach to that and make a decision regarding acceptance or not.

**The Hon. LUKE FOLEY:** Is that where we are at now with respect to PEL 238: a letter of offer has been sent to the company?

**Mr MULLARD:** Yes.

**The Hon. LUKE FOLEY:** When I go to the Resources and Energy website I can read that the continued tenure of a petroleum exploration licence is subject to compliance with agreed commitments and title conditions. That is the case, is it not, Minister?

**Mr CHRIS HARTCHER:** Yes it is.

**The Hon. LUKE FOLEY:** How can you make a letter of offer to renew a licence when you tell us in your evidence today that you are unaware of the progress and findings—even the draft report—of the investigation that your department is conducting into a suspected and/or alleged breach of licence conditions in the Pilliga?

**Mr CHRIS HARTCHER:** I did not say I was unaware. I reject the premise contained in that question. I said there was an investigation underway. I said that investigation had not been finalised. In answer to further questions I said that a preliminary report has been prepared, is under legal consideration and will be supplied once that is finalised. So I am fully aware.

**The Hon. LUKE FOLEY:** You are fully aware? Have you seen the preliminary report?

**Mr CHRIS HARTCHER:** As I explained earlier, that is subject to legal advice and will be submitted to me once it is finalised.

**The Hon. LUKE FOLEY:** Did you not tell us five minutes ago that you have not seen the preliminary report on an investigation?

**Mr CHRIS HARTCHER:** That is what I have just said again.

**The Hon. LUKE FOLEY:** Have you seen it or not?

**Mr CHRIS HARTCHER:** I have told you that the preliminary report has been prepared, it is now subject to legal advice and once that legal advice it is completed it will be submitted to me. That is the same answer I gave you five minutes ago.

**The Hon. LUKE FOLEY:** So you have not yet seen the preliminary report?

**Mr CHRIS HARTCHER:** That is correct.

**The Hon. LUKE FOLEY:** But you have seen fit to send out a letter of offer to the company to renew their licence?

**Mr CHRIS HARTCHER:** Because the advice at this stage is that that is quite appropriate.

**The Hon. LUKE FOLEY:** What is the advice that you are aware of regarding your officials' investigation into suspected and/or alleged breaches of licence conditions in the Pilliga?

**Mr CHRIS HARTCHER:** The advice to me is that it is appropriate to submit an offer in relation to the renewal of that particular licence.

**The Hon. LUKE FOLEY:** Is there advice that the licence should be amended or tightened in any way?

**Mr CHRIS HARTCHER:** There are new conditions to be imposed upon the licence, yes.

**The Hon. LUKE FOLEY:** What are they?

**Mr CHRIS HARTCHER:** They are commercial matters which will need to be determined in conjunction with a licence holder, but they will be made public at the appropriate time.

**The Hon. LUKE FOLEY:** Do you not think that it would be appropriate for the investigation to proceed, be finalised and a final report provided to you before you send out letters of offer that would renew the company's licence?

**Mr CHRIS HARTCHER:** No, there was no such advice submitted to me.

**The Hon. LUKE FOLEY:** I was reading through your speeches in *Hansard*.

**Mr CHRIS HARTCHER:** I am sure you found them very informative.

**The Hon. LUKE FOLEY:** Bedtime reading. On 3 May 2005 in the Legislative Assembly you said:

It is well-known that in the northern Pilliga forest massive environmental damage was caused by Eastern Star Gas at its Bohena No. 2 drill site as a result of exploration practices.

Do you stand-by those words today?

**Mr CHRIS HARTCHER:** I stand by every word that is in that 2005 speech to the House. I thank the Hon. Jeremy Buckingham for making it publicly available. I think it is an excellent speech.

**The Hon. LUKE FOLEY:** It is on YouTube now, is it not?

**Mr CHRIS HARTCHER:** It certainly is.

**The Hon. LUKE FOLEY:** How many hits has it had?

**Mr CHRIS HARTCHER:** It has gone viral, let me tell you. People are queuing up to get access to it.

**The Hon. LUKE FOLEY:** They will be setting it to rap music next.

**Mr CHRIS HARTCHER:** Thanks to the Hon. Jeremy Buckingham there are thousands of people who had never heard one of my speeches and who now have the opportunity to do so.

**The Hon. LUKE FOLEY:** Indeed, in that speech you talk about what is happening in Wyoming. Are you the inspiration for the Hon. Jeremy Buckingham's trip to Wyoming?

**Mr CHRIS HARTCHER:** I probably inspired Jeremy Buckingham and I accept full responsibility for that. That speech sets out exactly the Government's position: The Government is fully committed to a gas industry and strongly supports its development, but the Government is also strongly committed to the protection of our water. It was about our water that I was talking, and unless there are appropriate safeguards in place to protect our water then the gas industry obviously cannot proceed. Under the Labor Government, which was in power in 2005, there were no such safeguards in place. I was making it extremely clear. If you do not have safeguards in place then you do have the problems that you experience up in the Pilliga and you do have the problems that they experience in Wyoming. After 18 months of very careful investigation, assessment and community consultation we now have the appropriate safeguards in place to protect our water and to ensure that the gas industry, which I so strongly supported in that speech, can proceed. So I am delighted, Mr Buckingham, that you have drawn public attention to that. As I have said, I stand by every word of that speech.

**The Hon. LUKE FOLEY:** How can the public have every confidence that safeguards are in place for the Pilliga when you will not tell us what the draft report has found, when you will not wait until the final report but you rush into a letter of offer before the investigation is concluded?

**Mr CHRIS HARTCHER:** You see this is where we have a problem with your questions: words such as "rush" of themselves convey a prejudging of the whole issue. What has happened is this—

**The Hon. LUKE FOLEY:** Is not making an offer prejudging?

**Mr CHRIS HARTCHER:** What has happened is this: a complaint was received about certain incidents that happened a considerable time ago when Eastern Star Gas was operating that site. Those matters have now been subject to investigation. They are not ongoing issues—this is where you are either deliberately or accidentally falling into a trap—therefore they do not need to be addressed in relation to the renewal because



they relate to matters that happened historically, and the failure to report is a failure to report from some time ago.

Let us draw the analogy. In relationship to Doyles Creek coalmine, which happened under a predecessor of mine, those matters are historic matters and are going to be subject to investigation starting on 1 November but they do not prejudice the whole issue of what happens in coal exploration licences in New South Wales. That is an allegation of an historic event which is now to be investigated, exactly the same as the Pilliga historic event now being investigated. Is that ongoing? No, it is not ongoing. Therefore, why should not the department look to the new owner and see what arrangements are to be made to the new owner for the future? That is exactly what is happening. You cannot construct a case, Mr Foley, which pretends that this is an ongoing issue when it is not an ongoing issue.

**The Hon. LUKE FOLEY:** Are there no ongoing issues in relation to suspected or alleged breaches—

**CHAIR:** Order! Your time has expired. There will be time for more questions later. I will now move to the crossbench.

**The Hon. JEREMY BUCKINGHAM:** Good morning, Minister. In the last year how many times have you met with former Liberal Senator Santo Santoro?

**Mr CHRIS HARTCHER:** Mr Buckingham, I meet with lots of people. I do not intend to go through a list of the people I meet with you any more than I intend to answer Mr Foley's questions about who is the chief executive officer of this organisation or that organisation if Mr Foley chooses to ask me those questions.

**The Hon. LUKE FOLEY:** I would not ask you those because you would be able to answer them, unlike the Minister who was here yesterday.

**Mr CHRIS HARTCHER:** So, Mr Buckingham, that is your answer.

**The Hon. JEREMY BUCKINGHAM:** So are you saying you have not met with Santo Santoro—

**Mr CHRIS HARTCHER:** No, no.

**The Hon. JEREMY BUCKINGHAM:** —who is a registered lobbyist on the register of New South Wales lobbyists?

**Mr CHRIS HARTCHER:** Mr Buckingham, I meet with many people who are registered lobbyists. They are quite entitled to meet with the Minister. I meet with many stakeholders in the industry. I meet with companies. I meet with people who have concerns. I meet with constituents. I am not going to answer questions from you trying to detail a list of all the people I may or may not have met over the last 12 months.

**The Hon. JEREMY BUCKINGHAM:** I am not asking for a detailed list; I am asking a specific question about if and how many times you have met with Mr Santoro?

**Mr CHRIS HARTCHER:** You have my answer.

**The Hon. JEREMY BUCKINGHAM:** Are you saying you have not met with him or you just refuse to answer?

**The Hon. Dr PETER PHELPS:** Point of order: That is now the fifth time essentially the same question has been asked. The Minister has given his answer on the previous four occasions. It seems to be an unnecessary repetition to keep asking the same question and unless Mr Buckingham wishes to make some sort of allegation in relation to it, it is irrelevant to his portfolio responsibilities.

**CHAIR:** The Minister is quite capable of answering any question. I cannot direct him how to answer a question. If Mr Buckingham wants to use up his 40 minutes asking the same question over and over again, I suggest he allow the Minister to answer in the same vein as he has done so far. There is no point of order.

**The Hon. JEREMY BUCKINGHAM:** Are you refusing to answer as to whether you have met or how many times you have met with Mr Santoro?

**Mr CHRIS HARTCHER:** I am stating a general policy that I do not intend to answer questions from you or from this Committee about whom I may or may not have met.

**The Hon. JEREMY BUCKINGHAM:** Even though you are required to do so; there would be an expectation you would be forthcoming with that information under the code of conduct in terms of lobbyists?

**Mr CHRIS HARTCHER:** Where does it say that in the code of conduct? All meetings I have with lobbyists comply with the code of conduct.

**The Hon. JEREMY BUCKINGHAM:** Did you meet with Mr Santoro at Aria or 41 restaurants this year?

**Mr CHRIS HARTCHER:** I have already indicated to you my policy in relationship to answering questions about who I may not have met with.

**The Hon. JEREMY BUCKINGHAM:** So your policy is refusing to answer questions about who you have met with in terms of lobbyists' activities?

**Mr CHRIS HARTCHER:** My policy is that I do not go into private meetings that I have with individuals—be they companies, be they stakeholders or be they constituents. You may as well ask me, Mr Buckingham, which of my constituents I have met with in the last 12 months, which companies I have met with, which complainant groups I have met with, which lobbyists I have met with. I meet with hundreds of people. My diary has meetings every day. There are meeting this afternoon in my diary with different people. I am not going to go through each meeting I may or may not have had with each person I may or may not have met with.

**The Hon. JEREMY BUCKINGHAM:** Mr Santoro is a lobbyist on behalf of Gloucester Coal, which is now a part of Yancoal, New South Wales' largest coalminer. The New South Wales community would be very interested in the fact that you had or had not been meeting with him and the nature of those meetings and where those meetings occurred. Are you refusing to answer the question in which there would be a considerable public interest as to whether you have met with Mr Santoro at all?

**Mr CHRIS HARTCHER:** I refer you to my previous answer.

**The Hon. JEREMY BUCKINGHAM:** Does your office keep a record of meetings and contacts with registered lobbyists?

**Mr CHRIS HARTCHER:** My office complies with the code of conduct in relationship to meeting with lobbyists.

**The Hon. JEREMY BUCKINGHAM:** Do you keep a record of meetings?

**Mr CHRIS HARTCHER:** My office complies with the code of conduct in relationship to the meeting with lobbyists.

**The Hon. JEREMY BUCKINGHAM:** Would you make available a record of any meeting you had had with Mr Santoro?

**Mr CHRIS HARTCHER:** My office complies with the code of conduct in relationship to meeting with registered lobbyists.

**The Hon. JEREMY BUCKINGHAM:** In a speech in 2005 to the Parliament you said this in relation to coal seam gas:

Experiences in the United States of America, and in the State of Wyoming especially, clearly demonstrate disastrous problems associated with the industry through groundwater loss, contamination and waste water.

Minister, do you still believe there are disastrous problems associated with the coal seam gas industry and, if not, what has changed your mind?

**Mr CHRIS HARTCHER:** Mr Buckingham, I thank you for making that speech available. It is an important contribution to the debate on coal seam gas and it sets out accurately my position in relationship to the development of the industry. As I said in that speech, the importance of the gas industry is not disputed. Everyone in New South Wales and Australia knows that methane gas is a clean form of energy and one of the best means of complying with the Kyoto protocol. I make it clear again that no-one in New South Wales disputes the need for a gas industry. I probably misspoke there because you apparently dispute the need for a gas industry. I also made the point that the Labor Government has done very little work on the crucial issue of safe water and I stand by that—it had not because it had no requirements at all in protection of water. The whole system of gas exploration was a free for all. It was unregulated, it was unplanned and it was poorly constructed. The allegations that are made are that it was poorly constructed to achieve a certain outcome.

Since we were elected on 26 March 2011 we have set in place a strict program to ensure that there can be co-existence between gas development and water protection. Something like 27 requirements have been introduced—the toughest regime of requirements in all of Australia and one of the toughest in the world. I stand by everything I said that we need to develop a gas industry and we need to protect our water. I have said as recently as yesterday that unless the science shows that the gas can be safely mined and the water fully protected, then obviously we would not proceed. That is my position and I stand by that, as I did in 2005.

**The Hon. JEREMY BUCKINGHAM:** Have you, your office or any member of your department had contact with the New South Wales Police in relation to protests against coalmining and coal seam gas at Boggabri and Fullerton Cove respectively?

**Mr CHRIS HARTCHER:** Can you repeat that?

**The Hon. JEREMY BUCKINGHAM:** Have you, your office or any member of your department had contact with the New South Wales Police Force in relation to protests against coal and coal seam gas at Boggabri and Fullerton Cove respectively?

**Mr CHRIS HARTCHER:** My office has had contact with the New South Wales Police Force to ensure that the law of New South Wales is properly observed, that any protest that takes place is legitimate and in accordance with the law, that the right of any individual in this State to lawfully protest is fully protected, that the right of individuals to access their employment is also fully protected, and that any criminal activity is detected and brought to justice.

**The Hon. JEREMY BUCKINGHAM:** When was that contact and what was the nature of that contact?

**Mr CHRIS HARTCHER:** It is my ongoing policy and the ongoing policy of the department and the Government that the law of New South Wales will be upheld. Legitimate protests will be respected but criminal activity will be brought to account. There is no need for you to ask that question. I issued a media release to that effect back at the time of the Fullerton Cove protest.

**The Hon. JEREMY BUCKINGHAM:** I understand you issued a media release, but the question related to specifically contacting police in relation to those protests. To be clear, was it you or your office or departmental representatives that contacted police, what was the nature of that contact and when did it happen?

**Mr CHRIS HARTCHER:** My office made contact with the office of the NSW Police around the time of Fullerton Cove to ensure two matters, that the rights of legitimate protests were respected and that the rights of people to access their property and to access their place of employment were also protected.

**The Hon. JEREMY BUCKINGHAM:** Who specifically in your office made that contact, who was the contact with and what was the nature of the contact? Was it a phone call, was it an email or was it a letter?

**Mr CHRIS HARTCHER:** I have already explained what my office did—

**The Hon. JEREMY BUCKINGHAM:** Minister, you have not explained. I want to know who in your office made contact—was it you, was it your chief of staff—and did they make a phone call, did they email, or was it a text? Can you answer those questions?

**Mr CHRIS HARTCHER:** I accept responsibility for all matters that take place in my office, so those matters come to me, they do not go to anyone else because they are all done under my direction.

**The Hon. JEREMY BUCKINGHAM:** So it was you who made the phone call?

**Mr CHRIS HARTCHER:** I have already answered that. Mr Buckingham, do you not listen to answers? Let me ask you a question. Was it I who made the phone call? I did not say that. I said I accept responsibility.

**The Hon. JEREMY BUCKINGHAM:** I asked if it was you.

**Mr CHRIS HARTCHER:** I accept responsibility for the work that is undertaken by my office.

**The Hon. JEREMY BUCKINGHAM:** Then answer the question: What was the nature of the contact? That is what I asked.

**The Hon. Dr PETER PHELPS:** Point of order: The Minister has already indicated that he takes responsibility for everything that happens in his office. It is prurience on the part of the Hon. Jeremy Buckingham to try to find out which particular staff member made what particular phone call. It is unnecessary.

**CHAIR:** Do you want to speak to the point of order, Mr Buckingham?

**The Hon. JEREMY BUCKINGHAM:** I will not bother.

**CHAIR:** There is no point of order. The Minister can answer as he sees fit.

**Mr CHRIS HARTCHER:** I have answered the question, thank you.

**The Hon. JEREMY BUCKINGHAM:** So there was contact. How was that contact made?

**Mr CHRIS HARTCHER:** The contact was made from my office under my direction, as I have already explained to you.

**The Hon. JEREMY BUCKINGHAM:** By a phone call or an email or a letter?

**Mr CHRIS HARTCHER:** I doubt if it would have been a letter. In modern days of communication they tend to be emails and phone calls.

**The Hon. JEREMY BUCKINGHAM:** I know that in modern-day communication we tend to use phones and emails, but what was the nature of this—was it an email or a phone call? If it was an email, would you be prepared to table it?

**Mr CHRIS HARTCHER:** I have answered your question really.

**The Hon. JEREMY BUCKINGHAM:** Really? Have you?

**Mr CHRIS HARTCHER:** I think you have received the appropriate information.

**The Hon. JEREMY BUCKINGHAM:** I do not think so. Are you continuing to refuse to answer as to whether or not you have ever met with Mr Santo Santoro in his role as a lobbyist?

**Mr CHRIS HARTCHER:** I have stated my policy.

**The Hon. JEREMY BUCKINGHAM:** Can you restate that?

**Mr CHRIS HARTCHER:** No, I have stated it once. Even you have a short-term memory recall to that effect.

**The Hon. JEREMY BUCKINGHAM:** So you are continuing to refuse to answer as to whether or not you had lunch with Mr Santo Santoro at Aria restaurant, or Forty One or the Sofitel?

**The Hon. Dr PETER PHELPS:** Point of order: This is now getting to the stage of badgering the witness. The repeated asking of the same question in an aggressive manner is badgering of the witness and it should cease.

**CHAIR:** I understand the point of order.

**The Hon. JEREMY BUCKINGHAM:** He is a big boy.

**Mr CHRIS HARTCHER:** He certainly is.

**CHAIR:** The Hon. Jeremy Buckingham is quite correct, the Minister is a big boy, but no witness should be badgered in this hearing. I ask members not to repeatedly ask questions that have been answered. The Minister may answer the question in any way he feels fit.

**The Hon. JEREMY BUCKINGHAM:** Minister, when you announced the fracking moratorium you said it would be lifted after an independent review process, including a review by the New South Wales Chief Scientist and Engineer. Will the Government publicly release the review?

**Mr CHRIS HARTCHER:** It has. The codes of conduct have been released.

**The Hon. JEREMY BUCKINGHAM:** The codes of conduct have been released, but will the review itself be released?

**Mr CHRIS HARTCHER:** That was the review. The review was to develop the appropriate codes of conduct, which have been released. Did you want a royal commission?

**The Hon. JEREMY BUCKINGHAM:** Are you suggesting that?

**Mr CHRIS HARTCHER:** Are you asking for it?

**The Hon. JEREMY BUCKINGHAM:** We will see how you go. The code of practice for fracking includes the following on page 8:

If the risk of establishing a connection between the target coal bed and other water sources as a result of the fracture stimulation activity is assessed to be moderate or higher, then a fate and transport model study must be undertaken to quantify the impacts on water sources and the likelihood of any changes to the beneficial use category applicable to any affected aquifer.

Does this mean the Government will allow fracking even if it does contaminate adjacent aquifers?

**Mr CHRIS HARTCHER:** The code of conduct speaks for itself. I am not going to give a commentary on a scientific document.

**CHAIR:** I ask members to slow down when they are asking highly technical questions for the benefit of Hansard.

**The Hon. JEREMY BUCKINGHAM:** The Government will allow the cross-contamination of aquifers so long as no-one currently has a well or bore or is using that aquifer.

**Mr CHRIS HARTCHER:** That is your interpretation of the document.

**The Hon. JEREMY BUCKINGHAM:** Is that your interpretation?

**Mr CHRIS HARTCHER:** No, that is clearly your interpretation of the document.

**The Hon. JEREMY BUCKINGHAM:** Can you outline what you mean by "beneficial use" because in the guidelines it says there can be contamination so long as it is not going to impact on beneficial use. Can you describe to us what "beneficial use" means?

**Mr CHRIS HARTCHER:** Do you have a short-term memory problem?

**The Hon. SHAOQUETT MOSELMANE:** He is thinking.

**Mr CHRIS HARTCHER:** He is trying to work out whether he has a memory.

**The Hon. JEREMY BUCKINGHAM:** You cannot remember if you had lunch with Santo Santoro.

**Mr CHRIS HARTCHER:** I have already answered that question.

**The Hon. JEREMY BUCKINGHAM:** Do you remember who Ian Macdonald was?

**Mr CHRIS HARTCHER:** Yes. The Hon. Luke Foley will tell you about Ian Macdonald.

**The Hon. JEREMY BUCKINGHAM:** Who will sign off on the fracture stimulation management plans?

**Mr CHRIS HARTCHER:** I am advised that it is a joint agency review by various government agencies.

**The Hon. JEREMY BUCKINGHAM:** Will the Environment Protection Authority or Office of Water be involved in the assessment of fracture stimulation management plans [FSMP]?

**Mr CHRIS HARTCHER:** Yes.

**The Hon. JEREMY BUCKINGHAM:** Will the fracture stimulation management plans be approved if the plans admit there is a risk of cross-contamination of aquifers?

**Mr CHRIS HARTCHER:** That will be a matter for the professional officers of the various departments.

**The Hon. JEREMY BUCKINGHAM:** How will the department know whether fracking has cross-contaminated an aquifer?

**Mr CHRIS HARTCHER:** They will be assessing the scientific evidence.

**The Hon. JEREMY BUCKINGHAM:** But after fracking, how will they know if that has occurred? Who will be doing that monitoring?

**Mr CHRIS HARTCHER:** Because they are professional officers acting upon scientific advice.

**The Hon. JEREMY BUCKINGHAM:** Who are the professional officers?

**Mr CHRIS HARTCHER:** From the various cross-agencies that have just been referred to.

**The Hon. JEREMY BUCKINGHAM:** They will be testing aquifers after fracture stimulation management plans—

**Mr CHRIS HARTCHER:** They will be putting in place the appropriate licence conditions and monitoring compliance with those licence conditions.

**The Hon. JEREMY BUCKINGHAM:** So there will be ongoing monitoring of aquifers adjacent to fracking activities to ascertain if there is contamination and the level of that contamination?

**Mr CHRIS HARTCHER:** All necessary measures to protect our water will be put into place through the licensing system.

**The Hon. JEREMY BUCKINGHAM:** What percentage of coal seam gas wells are expected to lose integrity and leak immediately and within a 15-year time frame? Are you aware of a Schlumberger study in *Oilfield Review* which concluded that 6 per cent of wells failed immediately and, within 15 years, 50 per cent of wells failed the integrity test?

**Mr CHRIS HARTCHER:** You asked two questions and your second question answered your first one, apparently.

**The Hon. JEREMY BUCKINGHAM:** So you accept that 50 per cent of wells—

**Mr CHRIS HARTCHER:** No, I do not accept anything; I just commented upon your question. You asked two questions and the second question answered your first one.

**The Hon. JEREMY BUCKINGHAM:** What is your view of that? Schlumberger, who recently did the Namoi water study and is well respected in the oil industry, concluded that 50 per cent of wells fail within 15 years.

**Mr CHRIS HARTCHER:** Isn't that interesting? The first comment you have made on the Namoi water study is today. That study came out two months ago and found on every test that it made, every modelling that it made, that it was safe to have gas extraction with water, yet there was no comment from you at the time—

**The Hon. JEREMY BUCKINGHAM:** I put out a press release.

**Mr CHRIS HARTCHER:** Had it been in any way critical of the coexistence between gas and water, you would have been spruiking it in every forum and at every opportunity, and you would have been moving motions to take note of it in the Legislative Council time after time, yet you said nothing.

**The Hon. JEREMY BUCKINGHAM:** I did.

**Mr CHRIS HARTCHER:** You said nothing.

**The Hon. JEREMY BUCKINGHAM:** I asked a question on notice about Schlumberger.

**Mr CHRIS HARTCHER:** Your silence—

**The Hon. JEREMY BUCKINGHAM:** Check the *Hansard*.

**The Hon. Dr PETER PHELPS:** He is denying the silence.

**Mr CHRIS HARTCHER:** Your silence on the matter has been deafening.

**The Hon. JEREMY BUCKINGHAM:** Apart from the fact that I asked a question on notice.

**Mr CHRIS HARTCHER:** You are now caught out for the ultimate hypocrisy.

**The Hon. JEREMY BUCKINGHAM:** "The ultimate hypocrisy" says the bloke—

**Mr CHRIS HARTCHER:** The ultimate hypocrisy rests with you.

**The Hon. JEREMY BUCKINGHAM:** Talking of hypocrisy, do you support a gas industry in the Yarramalong—what are they called—

**Mr CHRIS HARTCHER:** And Dooralong valleys.

**The Hon. JEREMY BUCKINGHAM:** Do you support the establishment of an unconventional gas industry in the Dooralong and Yarramalong valleys inland from Wyong?

**Mr CHRIS HARTCHER:** I made it clear in 2005 that the paramount concern of my party was the protection of the water. In 2012 I stand by that in relation to Yarramalong and Dooralong and the State of New South Wales, that our paramount concern remains the protection of—

**The Hon. JEREMY BUCKINGHAM:** I understand what your paramount concern is—

**Mr CHRIS HARTCHER:** I am answering your question.

**The Hon. JEREMY BUCKINGHAM:** Not really.

**Mr CHRIS HARTCHER:** Do attempt to show some courtesy. The paramount concern remains the protection of our water and we will put in place every appropriate regulation and regime to ensure our water is protected.

**The Hon. LUKE FOLEY:** Minister, I would like to ask you a couple of questions about resources and then move to energy. How many vacancies are there on the board of Coal Services Pty Ltd?

**Mr CHRIS HARTCHER:** That is a good question. There are two.

**The Hon. LUKE FOLEY:** How long have those two vacancies existed?

**Mr CHRIS HARTCHER:** For some months.

**The Hon. LUKE FOLEY:** What is the progress in filling them?

**Mr CHRIS HARTCHER:** The progress in filling them is that the two shareholders who are represented on the board have, through the board, instructed an independent recruitment organisation to find some acceptable persons whom the two shareholders can accept and who can then be submitted to me for consideration.

**The Hon. LUKE FOLEY:** If that occurs will you fill the vacancies?

**Mr CHRIS HARTCHER:** All actions in relation to the board will be filled in accordance with the Act by me.

**The Hon. LUKE FOLEY:** How is your review of the corporate governance of Coal Services going? Can you update us on that?

**Mr CHRIS HARTCHER:** Yes I can. Firstly, I would like to thank the two shareholders, the Minerals Council and the union, who have been extremely cooperative in our plans to reorganise the structure and governance of Coal Services. We have had negotiations with both of them separately and they both worked out very well. At present the two shareholders are finalising their response to the discussion paper that I have issued and I am awaiting their final response.

**The Hon. LUKE FOLEY:** I think you know where I am coming from, Minister, and the concern—

**Mr CHRIS HARTCHER:** No-one ever knows where you are coming from.

**The Hon. LUKE FOLEY:** I thought it takes one to know one, Minister. Will you give an undertaking there will be no restructuring of corporate governance that would be objected to by either of the shareholders?

**Mr CHRIS HARTCHER:** We have made it clear that we want to work with both shareholders. I would not like to put the Construction, Forestry, Mining and Energy Union [CFMEU] at any disadvantage in your eyes but I have found them extremely good to work with, as I have found the Minerals Council extremely good to work with. Both of them accept my objective and the Government's objective that there needs to be proper accountability and proper transparency. For example, there was no oversight even by the Auditor-General. There was a section that expressly exempted them from the Independent Commission Against Corruption and from the Ombudsman. I have made it clear that all of those are unacceptable and they have accepted that. What we are trying to do is get a regime in place that everybody can work with. I am not trying to impose any regime upon them, and that in a sense answers your question, but one that we can all work with and complies with the government test of accountability and transparency.

**The Hon. LUKE FOLEY:** Thank you. Who can help me with the Mine Subsidence Board?

**Mr CHRIS HARTCHER:** Well, I am the Minister.



**The Hon. LUKE FOLEY:** Okay. I will start with you. Have you or your office been contacted by a Mr and Mrs Kovak of Camden regarding their issues with the Mine Subsidence Board and impacts on their house as a result of mining-related activities?

**Mr CHRIS HARTCHER:** Yes, I have. Mrs Kovak has requested an appointment with me.

**The Hon. LUKE FOLEY:** Will you meet with her?

**Mr CHRIS HARTCHER:** The difficulty is I do not have the technical expertise to handle what is a very difficult subject.

**The Hon. LUKE FOLEY:** That is fair enough. Will you undertake that responsible officers will meet with the Kovaks and attempt to resolve the issues they have?

**Mr CHRIS HARTCHER:** Yes, I will. If I was in that situation I would feel the same as the Kovaks and I would want to make sure that every possible remedy had been availed to me.

**The Hon. LUKE FOLEY:** I refer briefly to evaporation ponds in the Pilliga. You have banned evaporation ponds as a Government but you allow for approved water storage ponds. Is that the position?

**Mr CHRIS HARTCHER:** Temporary water storage ponds are permitted.

**The Hon. LUKE FOLEY:** How are they different from evaporation ponds?

**Mr CHRIS HARTCHER:** They are temporary and they are not designed—I do not pretend to be a scientist any more than I think you do, but evaporation ponds are designed to put the water there until it evaporates. The temporary storage ponds are where the water is placed until it can be treated.

**The Hon. LUKE FOLEY:** How many ponds have you approved for holding coal seam gas [CSG] water in the Pilliga forest?

**Mr CHRIS HARTCHER:** I am not sure that I have, have I? I will ask Mr Mullard. Have I approved any?

**Mr MULLARD:** I do not believe you have.

**Mr CHRIS HARTCHER:** I have not approved any.

**The Hon. LUKE FOLEY:** Mr Barry O'Farrell, your leader, is on YouTube promising prior to the last election that, "The next Liberal-Nationals government will ensure that mining cannot occur here, will ensure mining can't occur in any water catchment area and will ensure that mining leases and mining exploration permits reflect that common sense, no ifs, no buts, a guarantee." Why has the Government reneged on that guarantee?

**Mr CHRIS HARTCHER:** I object to the word "reneged". The Government has not reneged on any promise. This Government, more than any other Government in New South Wales history has been determined to ensure that it does carry out every election promise and it has carried out this particular one. We have established after 18 months of consultation and community engagement a program to ensure that our water catchments are protected and that any mining or gas extraction that takes place does not adversely affect our water or our water catchments. With the indulgence of the Committee, this is relevant though it is tangential: I acknowledge this Committee and your chairmanship, Mr Chair, for its report on coal seam gas extraction and the 35 recommendations. You were not on the committee, Mr Foley—

**The Hon. LUKE FOLEY:** No.

**Mr CHRIS HARTCHER:** —but Mr Buckingham was.

**The Hon. LUKE FOLEY:** So I gather.

**Mr CHRIS HARTCHER:** Of those 35 recommendations 31 have already been accepted in whole or in part because the committee was designed to achieve the same program that the Government has achieved of ensuring that if we develop a gas industry, which we must develop, it is developed responsibly. The answer to your question about the Premier is yes, we are carrying out the promise the Premier gave prior to the election of protecting our water.

**The Hon. LUKE FOLEY:** The promise was for a ban, no ifs, no buts, a guarantee. A guarantee for a ban—his words.

**Mr CHRIS HARTCHER:** Yes.

**The Hon. LUKE FOLEY:** There is no ban, is there?

**Mr CHRIS HARTCHER:** A guarantee to ensure that the water and the water catchment were protected.

**The Hon. LUKE FOLEY:** No, a guaranteed ban. That is not government policy today, is it?

**Mr CHRIS HARTCHER:** That is your interpretation of the Premier. It is not my interpretation of the Premier. My interpretation of the Premier—and I was at the meeting—was that the Premier made it very clear that we would be protecting the water catchment and the water, and that is what this Government is doing.

**The Hon. LUKE FOLEY:** "Will ensure mining can't occur in any water catchment area"—his words. I am not misquoting him. Mining can occur in water catchment areas under this Government, can it not?

**Mr CHRIS HARTCHER:** What happens under this Government is that the water catchments and the water are properly, fully and comprehensively protected, and that is what this Government, under my ministry is doing.

**The Hon. LUKE FOLEY:** Let us turn to the Sydney water catchment. You are a former environment Minister; you would be aware of the special areas for the Sydney Catchment Authority, would you not?

**Mr CHRIS HARTCHER:** The Sydney Catchment Authority was not in existence when I was Minister for the Environment. That was established under Mr Carr, but I am aware of the water catchment area, yes.

**The Hon. LUKE FOLEY:** The special areas. If Mr Buckingham went wandering there tomorrow to pick mushrooms, he could be fined \$11,000 for entering those areas, could he not?

**Mr CHRIS HARTCHER:** I am sure I would intercede on his behalf.

**The Hon. LUKE FOLEY:** You would be ringing the police then. If any member of the public wanders uninvited onto the special areas, they can be fined \$11,000, can they not?

**Mr CHRIS HARTCHER:** If they are in breach of the law, then they are subject to the penalties provided by law.

**The Hon. LUKE FOLEY:** My concern is the coal seam gas mining activity that may occur in those special areas. Could you, or Mr Mullard through you, give us an update on the status of the exploration licences in those special areas?

**Mr CHRIS HARTCHER:** Do you know which titles you are referring to?

**The Hon. LUKE FOLEY:** I might come back to that in the last 20 minutes and I will give you those titles. I turn to the Energy portfolio. Infrastructure NSW advises you to sell Snowy Hydro. What is your reaction to that?

**Mr CHRIS HARTCHER:** The Government has received the report from Infrastructure NSW and has announced its adoption of the western connection. In relationship to the other matters of the Infrastructure NSW report, the Government has announced it will give its response and obviously that will be part of its response.

Now that you have raised the issue of Infrastructure NSW, can I quote Infrastructure NSW in relationship to energy, where it said, "Coal seam gas is the game changer for New South Wales." Once again, the Government will be giving its response to those comments by Infrastructure NSW, but I do note their significance and their importance.

**The Hon. LUKE FOLEY:** Do you have plans to privatise Snowy Hydro?

**Mr CHRIS HARTCHER:** Mr Foley, with the greatest respect, I have answered that question.

**The Hon. LUKE FOLEY:** We will move to the Electricity Network Reform Taskforce. Who is the Minister responsible for overseeing the work of that task force? Is it you, or is it one of the shareholders or both of the shareholders?

**Mr CHRIS HARTCHER:** That task force has been finalised. That was the one that—

**The Hon. LUKE FOLEY:** Came up with Networks NSW.

**Mr CHRIS HARTCHER:** —came up with Networks NSW. That was responsible to me.

**The Hon. LUKE FOLEY:** They were responsible to you. Who were the members of the panel of industry and commercial experts?

**Mr CHRIS HARTCHER:** Can I look that up, because it is finalised?

**The Hon. LUKE FOLEY:** Yes. Could you give us some advice, either today or on notice—?

**Mr CHRIS HARTCHER:** Sure, I will take that on notice.

**The Hon. LUKE FOLEY:** Who are the members of the task force, what are their backgrounds and qualifications, and who are the members of the panel of "industry and commercial experts"?

**Mr CHRIS HARTCHER:** Yes, that is fine.

**The Hon. LUKE FOLEY:** Could you also, either today or on notice, tell the Committee who are the external advisers and consultants to the work of the task force?

**Mr CHRIS HARTCHER:** I can remember that part. KPMG were the external consultants.

**The Hon. LUKE FOLEY:** Networks—

**Mr CHRIS HARTCHER:** I may have the information for you now. The task force comprised Professor Tom Parry, who is head of the Australian Energy Market Operator [AEMO], I think you know; Terry Lawler, who is a leading accountant and who was chairman of the Newcastle Water Corporation; and Tina McMeckan, who is—

**Mr LEWIS:** On the board of one of the Victoria network businesses.

**The Hon. LUKE FOLEY:** They were the members of the task force?

**Mr CHRIS HARTCHER:** They were the members of the task force.

**Mr DUFFY:** They were the members of the expert panel.

**Mr CHRIS HARTCHER:** Members of the expert panel.

**The Hon. LUKE FOLEY:** Is the expert panel and the task force one and the same?

**Mr DUFFY:** No, the expert panel reported and worked to the task force. There was an external consultant, KPMG; there was the expert panel; and then there was the Government task force that had senior

representatives from the Department of Premier and Cabinet [DPC], Treasury, and the Department of Trade and Investment [DTIRIS].

**The Hon. LUKE FOLEY:** Thank you, Mr Duffy. Will Networks NSW be a State-owned corporation [SOC]?

**Mr CHRIS HARTCHER:** Yes.

**The Hon. LUKE FOLEY:** It is not at the moment, but you are in the process of arranging that?

**Mr CHRIS HARTCHER:** The three of them are being merged. As you would be aware, the three boards are the same. There is only one appointment to be finalised, which is being finalised in conjunction with Unions NSW, otherwise they will have the same boards. Once all the legal requirements are met, then they will be the same.

**The Hon. LUKE FOLEY:** Currently, the three existing State-owned corporations—Ausgrid, Essential and Endeavour—remain as State-owned corporations. When the new State-owned corporation is formed, is the intention that the current three will be dissolved?

**Mr CHRIS HARTCHER:** That is the intent, but they do have a number of legal obligations that they must discharge, so there is a time factor in that.

**The Hon. LUKE FOLEY:** Sure, but over time the Government policy is that there be one State-owned corporation which shall be Networks NSW?

**Mr CHRIS HARTCHER:** Yes. That is the overarching—

**The Hon. LUKE FOLEY:** It may have three subsidiaries, but there will be—

**Mr CHRIS HARTCHER:** Yes.

**The Hon. LUKE FOLEY:** —one SOC, not three SOCs as there are now?

**Mr CHRIS HARTCHER:** That is my understanding of where we wish to go, yes.

**The Hon. LUKE FOLEY:** At the moment, do the shareholding Ministers exercise control over Networks NSW prior to it actually gaining the legislative status as a State-owned corporation?

**Mr CHRIS HARTCHER:** No, it is going through an evolutionary stage. The shareholding Ministers exercise their responsibilities in relationship to the three existing SOCs. They are the shareholders for those. The three are operating, in a sense, in the same because they have all now got the same boards, other than the one position to be finalised with Unions NSW, but the shareholding Ministers are the shareholding Ministers for each of those three organisations.

**The Hon. LUKE FOLEY:** When Network NSW becomes a SOC, the normal provisions of the State Owned Corporations Act will apply and it will be subject to control from the shareholding Ministers?

**Mr CHRIS HARTCHER:** It is not my intention at this time to introduce separate legislation. The normal State-owned corporation legislation would be the applicable legislation.

**The Hon. LUKE FOLEY:** Who, at the moment, exercises ministerial control over Networks NSW? Is it you or is it Baird and Pearce?

**Mr CHRIS HARTCHER:** I am the Minister for Energy, the portfolio Minister, and the shareholding Ministers for the three organisations who comprise it continue be the Treasurer and Minister for Finance.

**The Hon. LUKE FOLEY:** Mr Vince Graham tells us there is an umbrella agreement as to the operations of Networks NSW in existence.

**Mr CHRIS HARTCHER:** He is the acting CEO.

**The Hon. LUKE FOLEY:** He is, yes.

**Mr CHRIS HARTCHER:** But he is not the final CEO because the final organisation has not been legally established. It is the umbrella organisation that is operating.

**The Hon. LUKE FOLEY:** I am interested in the umbrella agreement that he has referred to. Will that be made publicly available?

**Mr CHRIS HARTCHER:** I would imagine. I cannot see any reason why not. I will take that on notice.

**The Hon. LUKE FOLEY:** I will stick with this and go back to the petroleum exploration licence in the next session. Will 780 employees lose their jobs?

**Mr CHRIS HARTCHER:** No.

**The Hon. LUKE FOLEY:** How many will lose their jobs?

**Mr CHRIS HARTCHER:** It is not intended that people lose their jobs but that the structure be rationalised. Those positions will be restructured as they fall vacant and people retire or take voluntary redundancy.

**The Hon. LUKE FOLEY:** I will reword the question. Will 780 positions go as a result of the formation of Networks NSW and the consequent restructure?

**Mr CHRIS HARTCHER:** Over a period of time, yes.

**The Hon. LUKE FOLEY:** How many will be lost in Port Macquarie?

**Mr CHRIS HARTCHER:** No numbers have been provided. I am advised that 780 is not the number.

**The Hon. LUKE FOLEY:** It is not the number?

**Mr DUFFY:** People may be working backwards from savings and there is a savings target. How that occurs can be manifest in positions over time or in savings in other ways. It is correct to say that there is a savings outcome—

**The Hon. LUKE FOLEY:** Which is?

**Mr DUFFY:** I think the report was looking at more than \$400 million over the four-year period. That can manifest itself in a number of ways. It is probably correct to say that 780 may be one way of reflecting that, but it is not the only way.

**The Hon. JEREMY BUCKINGHAM:** Minister, when you had lunch with Santo Santoro at Forty One Restaurant did you have the steamed yabbies, the roast breast of quail, the venison—

**The Hon. Dr PETER PHELPS:** Point of order: The Minister's gastronomic habits are not within the purview of this Committee's discussion, which is budget estimates.

**CHAIR:** I uphold the point of order.

**The Hon. JEREMY BUCKINGHAM:** When you had lunch with Santo Santoro at Forty One Restaurant, who paid and who else was there?

**Mr CHRIS HARTCHER:** I have indicated my general policy in relation to who I meet with as Minister for Resources and Energy. However, I have one addendum to make: I am happily a longstanding member of the Liberal Party of Australia, New South Wales Division. Mr Santoro is a Federal Vice-President of the Liberal Party. I meet with many people in the Liberal Party in many places to discuss party matters. It is a practice that I have engaged in in the past, that I engage in now and that I will continue to engage in in the

future. I will continue to meet freely with officers of the Liberal Party. Of course, that is not a matter of any relevance to this Committee.

**The Hon. JEREMY BUCKINGHAM:** What consultation was conducted with landholders with regard to the renewal of petroleum exploration licence [PEL] 427 at Bellata?

**Mr CHRIS HARTCHER:** It is PEL 470 at Bellata.

**The Hon. JEREMY BUCKINGHAM:** PEL 470 or PEL 427.

**The Hon. Dr PETER PHELPS:** Or Archbishop Pell.

**The Hon. JEREMY BUCKINGHAM:** We know there is a bit of consultation happening there. What consultation was conducted prior to the issuing of the renewals of those PELs?

**Mr CHRIS HARTCHER:** PEL 427 is held by Comet Ridge Limited and Orion Petroleum Limited. Is that what you are referring to?

**The Hon. JEREMY BUCKINGHAM:** Yes, PEL 427 and PEL 470.

**Mr CHRIS HARTCHER:** PEL 470 is held by Leichhardt Resources. The appropriate procedures were followed by the department. Once again, I will not indicate who I may or may not have met. However, a certain person with whom I met has been very public about the fact that she met with me in relation to those PELs. I will not name her or detail any discussions I may have had with her.

**The Hon. JEREMY BUCKINGHAM:** Does the New South Wales coal seam gas industry need to connect to export markets to be viable? What discussions have you or your department had in relation to new gas pipelines into Queensland?

**Mr CHRIS HARTCHER:** The New South Wales Government through its energy development and economic development strategies continues to look at a wide range of options for energy and the supply of energy. Those matters are dealt with by me and the Minister for Trade and Investment, and, of course, from time to time by the Premier. We are looking at all the opportunities for the supply of energy to the State. We are also looking at all the opportunities to export energy from the State. There are ongoing discussions not only involving me but also officers of the various departments, and they will continue.

**The Hon. JEREMY BUCKINGHAM:** Does the industry need an export component to be viable?

**Mr CHRIS HARTCHER:** They are essentially commercial decisions for the industry to make. I cannot second-guess what the industry players will do. I am told that the export market certainly does make development attractive. Only the industry can determine whether it needs an export market to be viable.

**The Hon. JEREMY BUCKINGHAM:** When will the Government respond to the findings in the Wilcox report into Lightning Ridge opal mining? Can you guarantee that the Government will support the recommendation to introduce a system of notification to landholders of the granting of a mining right over their land?

**Mr CHRIS HARTCHER:** I will have to answer both questions together because they both relate to the Wilcox report. The Government has had consideration of the report for sometime. I would like to see that finalised and to be able to provide a definitive response to both the miners and landholders in the area. The preparation of the response involves a number of issues. It has been a complex matter. I have had negotiations with, for example, the Attorney General's Department and with other government departments. I hope to get it finalised within a reasonable time frame.

**The Hon. JEREMY BUCKINGHAM:** What is a reasonable time frame?

**Mr CHRIS HARTCHER:** It is a complex issue for a number of reasons.

**The Hon. JEREMY BUCKINGHAM:** I understand that the issue is complex, but what is the time frame—is it six months or one year?

**Mr CHRIS HARTCHER:** Once you accept the fact that it is complex then it is hard to apply a time frame. I hope to get the whole matter finalised as soon as possible. I accept the fact that there is a degree of concern in the community, and I can understand that concern.

**The Hon. JEREMY BUCKINGHAM:** I direct my question to Mr Mullard.

**Mr CHRIS HARTCHER:** No, questions are directed to me and I decide whether I will refer them to Mr Mullard.

**The Hon. JEREMY BUCKINGHAM:** Is Mr Mullard the Chair of the Advisory Committee of the NSW Institute for Frontier Geoscience at the University of Newcastle? Does he hold that position by virtue of his role as the Executive Director of Mineral Resources?

**Mr CHRIS HARTCHER:** Mr Mullard informs me that he holds the unpaid position as chairman of the advisory group, and he does so as executive director.

**The Hon. JEREMY BUCKINGHAM:** So he is paid no money by the department, the institute, the University of Newcastle or NuCoal Resources Limited as remuneration or compensation for expenses incurred in his role as the chair of the advisory committee?

**Mr CHRIS HARTCHER:** He represents the Government and is not paid anything other than his government salary.

**The Hon. JEREMY BUCKINGHAM:** So he gets his government salary.

**Mr CHRIS HARTCHER:** Which he gets for his role as executive director.

**The Hon. JEREMY BUCKINGHAM:** But he performs both tasks at the same time?

**Mr CHRIS HARTCHER:** No. He is the executive director and in that capacity he represents the Government on that board in the same way that he represents the Government on many boards. He receives no payment for representing the Government on that board.

**The Hon. JEREMY BUCKINGHAM:** Is it also the case that NuCoal's ongoing funding of the NSW Institute for Frontier Geoscience, including the undergraduate scholarship, is contingent upon its retaining the exploration licence or a future mining licence?

**Mr CHRIS HARTCHER:** In the Legislative Council the Hon. Jeremy Buckingham voted for New Coal issues being referred to the Independent Commission Against Corruption. The terms of reference that the Hon. Jeremy Buckingham voted for were quite extensive. Those inquiries begin on 1 November 2012 and it would be inappropriate for me or this Committee to go into any matters which are to be determined by the Independent Commission Against Corruption.

**The Hon. JEREMY BUCKINGHAM:** These matters will not be determined by the Independent Commission Against Corruption. My question is not about the granting of the licence but about New Coal's funding being contingent on its retaining a licence. It is a different question.

**The Hon. Dr PETER PHELPS:** Point of order: How is the Minister reasonably expected to know the thinking of a company in its decisions to act as a benefactor for an institution at the University of Newcastle? This question is totally outside the Minister's portfolio responsibilities.

**CHAIR:** As a Minister of the Crown the Minister is capable of determining what he can and cannot answer. There is no point of order.

**Mr CHRIS HARTCHER:** Will you repeat the question?

**The Hon. JEREMY BUCKINGHAM:** Is New Coal's ongoing funding of the Institute for Frontier Geosciences, including undergraduate scholarship, contingent on New Coal retaining the exploration licence or a future mining licence?

**Mr CHRIS HARTCHER:** That is a matter obviously for New Coal. I cannot comment on New Coal's sources of revenue. It may have other mines and other matters about which I cannot comment.

**The Hon. JEREMY BUCKINGHAM:** Does Mr Mullard have a conflict of interest in performing his role as chairman of the institute as well as being executive director of mineral resources responsible for compliance and licence conditions?

**Mr CHRIS HARTCHER:** Mr Mullard is a man of the utmost integrity in whom I, as Minister, and I believe the Government, have the highest faith. I reject any insinuation that Mr Mullard would accept a position in which he would have a conflict of interest. Do I think there is a conflict of interest? No, I do not.

**The Hon. JEREMY BUCKINGHAM:** Do you accept that the potential gas supply squeeze and price pressures that you have stated we can expect by 2015 in the east coast markets are not as a result of a lack of gas exploration or development but are as a result of the development of liquefied natural gas plants in Gladstone and Gladstone buying up domestic gas supplies to export?

**Mr CHRIS HARTCHER:** I know I hear simplistic views in parliamentary debate, and that is no surprise, but that is probably the most simplistic one I have ever heard.

**The Hon. JEREMY BUCKINGHAM:** I cannot be held responsible for the Legislative Assembly.

**Mr CHRIS HARTCHER:** No, but you are responsible for what you say in the Legislative Council. The Government, like all governments, acts upon the evidence put to it, and the evidence is extremely compelling. The ACIL Tasman report of April 2012 states, "In the absence of a growing local CSG industry, New South Wales would be significantly exposed to a risk of constrained gas supply and/or sharp upward price charges." AGL is the largest retailer of gas in New South Wales, as it has been for the past 175 years, and its reports states that major contracts will run out and come to an end between 2014 and 2017.

**The Hon. JEREMY BUCKINGHAM:** Why are those contracts not being renewed? Is it because the gas is going to Queensland?

**Mr CHRIS HARTCHER:** I am answering your question.

**The Hon. JEREMY BUCKINGHAM:** Simplistically.

**Mr CHRIS HARTCHER:** The Hon. Jeremy Buckingham asks questions of extraordinary simplicity which are well catered for at public meetings but I would expect a greater level of homework in his argument in this Committee. The Wood Mackenzie report of March 2012 shows that from the end of 2014 gas demand will exceed available supply unless production in New South Wales increases and gas and electricity prices will increase as a result. New South Wales faced a severe issue in relation to gas supply which is well attested to by every independent review and source. Unless New South Wales develops alternative sources of gas, the availability and price of gas will be seriously jeopardised.

**Dr JOHN KAYE:** When you talk about the availability of gas—

**Mr CHRIS HARTCHER:** I am answering the Hon. Jeremy Buckingham at the moment, Dr Kaye. Does the Hon. Jeremy Buckingham wish to yield to Dr John Kaye?

**The Hon. JEREMY BUCKINGHAM:** Yes, I do.

**Dr JOHN KAYE:** When you talk about the availability of gas is it not the case that New South Wales has always been dependent on imported gas from other States?

**Mr CHRIS HARTCHER:** It has.

**Dr JOHN KAYE:** It has.

**Mr CHRIS HARTCHER:** No, it has not always been dependent on imported gas from other States.



**Dr JOHN KAYE:** From the advent of natural gas.

**Mr CHRIS HARTCHER:** From the advent of natural gas, yes, but clearly for more than 100 years we got gas from coal.

**Dr JOHN KAYE:** Since the advent of natural gas we have been dependent upon gas imported from other States. This sudden rush for State-based gas security, which of course runs counter to everything that has been said about a unified national economy, is a new thing.

**Mr CHRIS HARTCHER:** No, it is not a new thing.

**Dr JOHN KAYE:** I have never heard you talk about it before.

**Mr CHRIS HARTCHER:** Dr John Kaye has heard me talk about it many times before.

**Dr JOHN KAYE:** Not before you fell in love with coal seam gas.

**Mr CHRIS HARTCHER:** Before you came into this room everybody was talking about how they read my speeches with great enthusiasm.

**The Hon. LUKE FOLEY:** I have read all your speeches.

**Mr CHRIS HARTCHER:** Mr Foley takes them to bed every night. Clearly New South Wales needs to ensure a reliable supply of energy.

**Dr JOHN KAYE:** Within the State borders?

**Mr CHRIS HARTCHER:** Within the State borders.

**Dr JOHN KAYE:** Why now? Why not for the past 20 years?

**Mr CHRIS HARTCHER:** We will continue to need that because we operate within a commercial free market economy, and within that commercial free market economy companies will make their own choices as to where they sell their gas. Unless New South Wales has control over gas development then it will have no control over gas supply.

**Dr JOHN KAYE:** Gas development in New South Wales—

**Mr CHRIS HARTCHER:** Please, Dr John Kaye, let me finish my answers. I had this problem with the Hon. Jeremy Buckingham; it seems to be a problem peculiar to The Greens.

**Dr JOHN KAYE:** Maybe it is a problem with you, Minister.

**Mr CHRIS HARTCHER:** No, it is not. It is a problem of common courtesy, which is why it is a problem for The Greens. Unless New South Wales has security of supply it will have no way to ensure that its energy needs are being satisfied.

**Dr JOHN KAYE:** Gas developed by suppliers in New South Wales will only be used within New South Wales. Do you have a way to subvert the Constitution, Minister?

**Mr CHRIS HARTCHER:** Did I say that?

**Dr JOHN KAYE:** You are implying that; that is the implication. You asked me a question, let me answer it.

**Mr CHRIS HARTCHER:** You are racing to conclusions. I say we need our own gas supply and then suddenly I am accused of subverting the Constitution.

**Dr JOHN KAYE:** Clearly you are, as the free market stops at the Murray.

**Mr CHRIS HARTCHER:** The Greens are in top form today.

**Dr JOHN KAYE:** Talking about top form, I refer to my most recent power bill. It has the statement that the Federal carbon tax and green energy schemes add about \$315 to a typical seven megawatt an hour household power bill—see [ipart.nsw.gov.au](http://ipart.nsw.gov.au). I am an obedient consumer of electricity so I went to that website and found, remarkably, that in fact because of decisions made by the previous Labor Government and not reversed by your Government my power bill would have increased by \$654 in network charges if I were a seven megawatt an hour a year consumer, which I am not. Why did you use power bills as a propaganda mechanism in your war against climate science rather than telling the truth, as revealed by the Independent Pricing and Regulatory Tribunal, that the real cause of increasing power bills is network charges?

**Mr CHRIS HARTCHER:** I made the wrong choice in going to the Legislative Assembly. I really should have gone into the Legislative Council, where the debates are fantastic—not just on motherhood or what is happening in Afghanistan and every other relevant issue. Your first question was about how I am subverting the national Constitution and the next question is how I am running a propaganda campaign against climate change.

**Dr JOHN KAYE:** I did not say that; I said climate science.

**Mr CHRIS HARTCHER:** With the greatest respect, I feel a bit insulted because you asked these questions of the Premier and now you are recycling them with me. I would have thought that three days later you would have at least had some original questions for me. But you have not, so you will get the same answer from me that you got from the Premier. The independent pricing tribunal, in its independent report, showed the various breakdowns that the associated green schemes are causing the average householder and showed the amount that the average householder is paying because of the carbon price. The Premier was so good as to read those out to you. I will not repeat that. You have all the information. I am not running a propaganda campaign against climate change. What I am doing is making sure that the consumers of this State are being properly informed as to how the component parts of their electricity bills are made up.

**Dr JOHN KAYE:** Minister, if you were doing that, starting with the past five years and the \$1,130 increase in the average seven megawatt hour a year bill, why did you choose to pick on the \$315 that comes out of green schemes and the carbon price rather than the \$654 dollars—more than twice that amount—from wires and poles?

**Mr CHRIS HARTCHER:** You also asked all this of the Premier.

**Dr JOHN KAYE:** I did not get a satisfactory answer from him. I thought you might at least be able to give us a satisfactory answer, but clearly not.

**Mr CHRIS HARTCHER:** The Premier gave you a clear and comprehensive answer.

**Dr JOHN KAYE:** It was a simplistic answer.

**Mr CHRIS HARTCHER:** It was not an answer that you wanted so I suppose you are now having a second bite at the cherry. The Government is making clear the various factors that go to comprise electricity bills, including your electricity bill. That information is important and that information is being brought to the public's attention.

**The Hon. PETER PRIMROSE:** Does the senior executive in your department have regular meetings?

**Mr CHRIS HARTCHER:** Sorry?

**The Hon. PETER PRIMROSE:** Do members of the senior executive in your department have regular meetings?

**Mr CHRIS HARTCHER:** Do I meet regularly?

**The Hon. PETER PRIMROSE:** No, senior executives. You may wish to pass this question to your deputy director general.

**Mr DUFFY:** Yes, they do.

**The Hon. PETER PRIMROSE:** Does that group have a working title or name?

**Mr DUFFY:** We call ourselves an executive and we have executive meetings.

**The Hon. PETER PRIMROSE:** So it does not have a formal title?

**Mr DUFFY:** No, not one that is in any sort of legal, constitutional, legislative framework. It is just an executive and we meet as an executive.

**The Hon. PETER PRIMROSE:** How often does it meet?

**Mr DUFFY:** It will vary. We will meet on issues; otherwise we tend to meet about fortnightly.

**The Hon. LUKE FOLEY:** Minister, can we go back to special areas of the Sydney Catchment Authority? I am referring to PEL 442, PEL 444 and PEL 454. Is it the case that PEL 442 expired earlier this year and Apex Energy has failed to renew that exploration licence and it has subsequently been cancelled?

**Mr CHRIS HARTCHER:** Mr Mullard will answer that.

**Mr MULLARD:** PEL 442 did expire in February 2012, although they did lodge a late submission for a renewal application.

**The Hon. LUKE FOLEY:** I think it was 136?

**Mr MULLARD:** The renewal, yes.

**The Hon. LUKE FOLEY:** That was late and it got knocked over as a result?

**Mr MULLARD:** It expired and there was a subsequent application that came in between by the Aboriginal Land Council. I think that is what you are referring to.

**The Hon. LUKE FOLEY:** Petroleum special prospecting authority [PSPA] 58? Is that it?

**Mr MULLARD:** I think so, yes.

**The Hon. LUKE FOLEY:** Apex have now submitted another application to replace PEL 442 with a new licence, PEL 138, covering the same area of land as was covered by the expired PEL 442. Is that an accurate description of where we are at?

**Mr MULLARD:** I believe so. The situation is that titles are dealt with on a lodgement date basis. Basically, before these new applications can be dealt with the PSPA that was lodged by the Aboriginal Council needs to be dealt with. If that application were to be granted then the other applications—

**The Hon. LUKE FOLEY:** Apex is out of the picture?

**Mr MULLARD:** Yes.

**The Hon. LUKE FOLEY:** What about PEL 444? What has happened to that one?

**Mr MULLARD:** That was due to expire on 3 April. They did lodge an application to renew the petroleum exploration licence for a further six years.

**The Hon. LUKE FOLEY:** Does PEL 454 in the Warragamba catchment area remain in force?

**Mr MULLARD:** I do not have specific applications—basically, provided they lodge an application prior to the expiry of the title the current licence stays in force until that application is either renewed or rejected.

**The Hon. LUKE FOLEY:** Is dealt with?

**Mr MULLARD:** Yes.

**The Hon. LUKE FOLEY:** I understand the approval conditions for PEL 454 in the Warragamba catchment include a requirement to drill two pilot production wells. I understand that has not occurred as yet. Do you have any information on that for us?

**Mr MULLARD:** I do not believe those wells have been drilled, no.

**The Hon. LUKE FOLEY:** In summary, Apex has had some licences expire, they have some applications in to renew those licences, the Aboriginal Land Council has beat them to the punch in some of those areas, so the Government is considering applications from both the Aboriginal Land Council and Apex for future exploration licences in the special areas of the Sydney catchment. Is that an accurate summary of where we are at?

**Mr MULLARD:** It would only consider Apex applications if the Aboriginal Land Council titles were not accepted.

**The Hon. LUKE FOLEY:** Minister, given the very strong Liberal and Nationals policy prior to the election, and given the strong statement by the Premier regarding mining in water catchments prior to the last election, will the Government include the special areas of the Sydney catchment in the Strategic Regional Land Use Policy [SLURP] program for future regions that the SLURP looks into?

**Mr CHRIS HARTCHER:** The Government will take all responsible measures to ensure that the water is fully protected and that the water catchments are appropriately protected.

**The Hon. LUKE FOLEY:** I am looking for more than that. The Strategic Regional Land Use Policy, I think you were one of four Ministers whose name was on the release the other week, has to date looked at the upper Hunter, the New England and the north-west. Where is it going next?

**Mr CHRIS HARTCHER:** It is going to the Southern Highlands and then to Central Western New South Wales. It is a strategic land use policy. It is looking at the land that is classified within the biophysical range.

**The Hon. LUKE FOLEY:** Will it one day get to the special areas of the Sydney catchment? Is that envisaged?

**Mr CHRIS HARTCHER:** The Government's commitment, which it is discharging in accordance with its election promises, is to ensure the appropriate protection for strategic agricultural land. It is therefore carrying out those inquiries, two of which it has already done and two of which it will do. In the meantime it has established for all of New South Wales the aquifer interference policy and the agricultural impact statement. So the—what did you call them?

**The Hon. LUKE FOLEY:** Special areas of the Sydney catchment area.

**Mr CHRIS HARTCHER:** The special areas of the Sydney catchment are fully protected under the aquifer interference policy.

**The Hon. LUKE FOLEY:** So you do not believe there is a need, given what you have just put to me, for SLURP to go into the special areas of the Sydney catchment?

**Mr CHRIS HARTCHER:** SLURP is not the appropriate body to protect the Sydney catchment. The appropriate body to protect Sydney catchment, of course, is the Office of Water, which will ensure the full and appropriate protection.

**The Hon. LUKE FOLEY:** Given the very strong policy commitment of the Coalition parties and indeed of your leader prior to the last election, should you not include catchment areas in the definition of "strategic land" under the strategic regional land use policy?

**Mr CHRIS HARTCHER:** No, the strategic land use policy related to agricultural land. The protection of water is of paramount concern, as I emphasised in 2005, as the Premier emphasised as then Leader of the Opposition in 2009 and as the Government has made clear since its election on 26 March 2011. For that reason it has introduced the aquifer interference policy. For that reason it has introduced the very stringent regime, the 27 new requirements overwhelmingly which are devoted to water. So the Government is satisfied that the existing regime, the existing requirements and the monitoring and control through the Office of Water will protect our water catchments and our water.

**The Hon. LUKE FOLEY:** Time is moving on. Can I go back to Networks NSW? Mr Duffy told us that the Government's savings target is \$400 million; that is right, is it not?

**Mr CHRIS HARTCHER:** Yes.

**The Hon. LUKE FOLEY:** I recall Treasury advice prior to the last election when the previous Government asked for advice from Treasury on a merger of some or all of the State-owned corporations that questioned whether savings targets of hundreds of millions of dollars could be met without very significant job losses. I think that is the fairest way to characterise their advice. It is simply the case that you will not get within a bull's roar of \$400 million unless several hundred positions go, is it not?

**Mr CHRIS HARTCHER:** Can I give you the answer to that, an answer also which relates to your earlier question. The combined workforce is 13,000 of the three agencies—Endeavour, Essential and Ausgrid. The restructure which the Government has announced is expected to reduce the workforce by up to 780 positions over four years. That was the announcement of 18 March 2012. This will occur across the three businesses. The common entity, which is called Networks NSW, of course, is under the interim chief executive officer, Mr Vince Graham, and that is the coordinating entity.

The final formal structure will be determined in the near future by the Government. No front-line services will go. The advice that the former Government had, which you have quoted—and you have used that great Australian colloquialism "a bull's roar"—is that the assessment by the expert panel, which names I gave you earlier, the oversight group of the departmental taskforce, which included the Treasury Secretary, and the external auditors in KPMG believe that that figure of \$400 million was achievable through the merger and through the rationalisation.

**The Hon. LUKE FOLEY:** In order to meet that job reduction target will workers be made to reapply for their positions or for a position in Networks NSW, as I think was the case in Transport for NSW when a similar very large reorganisation occurred under this Government?

**Mr CHRIS HARTCHER:** Can I point out to you that the organisation that in fact advocated the rationalisation and the merger—

**The Hon. LUKE FOLEY:** Oh, are you going to go after Bernie again?

**Mr CHRIS HARTCHER:** Oh, I am not going after Bernie; Bernie is a great guy. I am simply saying the Electrical Trades Union said that \$400 million—it was its own figure—could be achieved through the merger. It is not as though this is some form of reflection upon the employment in the area. Where we are going from is this: no front-line services will go; up to 780 positions will go over a four-year period. The union itself, as I say, has signed off on the proposal or indicated support for the proposal. This was prior to February 2011 when the election—

**The Hon. LUKE FOLEY:** I do not think they have signed up on your proposal, to be fair to them?

**Mr CHRIS HARTCHER:** No, they have not; I acknowledge that but they did advocate a similar proposal and, in fact, when we announced the proposal in February 2011 at the Joan Sutherland Centre in Penrith the union said we had taken their policy, so it is not as though this is a concern. You used the words "jobs will go". I do not use the words "jobs will go" because I do not think jobs are going to go.

**The Hon. LUKE FOLEY:** Let us agree on positions going?

**Mr CHRIS HARTCHER:** Positions going, yes. There will be positions going.

**The Hon. LUKE FOLEY:** Will any go in Port Macquarie?

**Mr CHRIS HARTCHER:** The Premier has already made the announcement in relationship to Port Macquarie.

**The Hon. LUKE FOLEY:** Which was a commitment that no jobs will go in Port Macquarie, is that right?

**Mr CHRIS HARTCHER:** The Premier is the Premier and I stand by the announcements made by the Premier.

**The Hon. LUKE FOLEY:** What if any guarantees or commitments have or will be given to the regional workforce apart from that in Port Macquarie? Are there any other similar undertakings from the Premier or from the Government about positions not going in other regional centres?

**Mr CHRIS HARTCHER:** I am not aware of any other undertakings given by the Premier but I think the question that you raise, Mr Foley, is a very legitimate one because rural communities especially are concerned about the level of services that are available to them and the union too is concerned about positions that go because opportunities for alternative employment in those areas are extremely limited, as we know. What the Government has made clear is that no front-line services will be affected and in rural communities it is overwhelmingly front-line services that are the operational base.

**The Hon. LUKE FOLEY:** But also some call centres in some of the regional centres?

**Mr CHRIS HARTCHER:** That is right, and they are matters which I am determined will be addressed with the greatest of sensitivity. I do accept the importance of regional and rural employment, as does the Government.

**The Hon. LUKE FOLEY:** But to date the only commitment that the Government has given to regional New South Wales is to the community Port Macquarie, is that right?

**Mr CHRIS HARTCHER:** That was the commitment given by the Premier, yes.

**The Hon. LUKE FOLEY:** I turn to asbestos in the electricity industry. What is the Government doing about the widespread prevalence of asbestos in the industry due to insulation and fire-retardant properties?

**Mr CHRIS HARTCHER:** I will just give a preliminary answer and then I will ask one of the officers to give you some more information. Mr Humpherson, my chief of staff, and I met with the union and received advice from the union about asbestos. That is an issue that has to be taken very seriously. It affects the health of employees of the people of New South Wales and it is a matter of public health. We have asked the department to vigorously follow that up in conjunction with the union and with the employees. I will ask Mr Andrew Lewis to comment on that.

**Mr LEWIS:** In relation to the Minister's answer, yes, there are obviously workplace health and safety requirements and various regulatory frameworks in place that each of the businesses are required to comply with to ensure the welfare of their workers. I cannot give you any exact details today but I would certainly be happy to take the question on notice and come back with further information on the various programs that are in place within the businesses.

**The Hon. LUKE FOLEY:** I ask you, Minister, and Mr Lewis, through you, to perhaps come back to the Committee with some advice on what protections are in place for electricity workers who have no choice but to work in environments where asbestos is present? Could you do that for us?

**Mr CHRIS HARTCHER:** That is an important question. Can I ask for a slightly longer period than 21 days? I would not want to rush that.

**The Hon. LUKE FOLEY:** Fair enough, as long as you undertake to give it to us?

**Mr CHRIS HARTCHER:** Yes, I will undertake to do that. I have also got an undertaking in fact to reply to your Committee by 1 November in relationship to the other matter. We will try to aim for a more comprehensive answer to Mr Foley before the end of the year.

**Dr JOHN KAYE:** Minister, can I briefly take you to the case of Eraring power station? On 8 September unit 4 suffered a major fire as a result of escape of pulverised coal dust. Subsequently both remaining units—one unit was already out as a result of an earlier problem with the transformer—have been taken off-line, presumably as a preventative measure to stop additional fires being caused. Eraring Energy is currently predicting something like 40 days of outage. What is the availability of liquidated damages associated with this failure to provide energy?

**Mr CHRIS HARTCHER:** That I cannot answer.

**Dr JOHN KAYE:** Could you take that on notice?

**Mr CHRIS HARTCHER:** I will take it on notice, yes.

**Dr JOHN KAYE:** You do not see any reason why that should be commercial-in-confidence information?

**Mr CHRIS HARTCHER:** If it is commercial-in-confidence information you will be advised of that. If it can be supplied to the Committee it will be supplied to the Committee. It is an appropriate question.

**Dr JOHN KAYE:** If it is commercial-in-confidence, can you provide the Committee with an explanation as to why that cost, which is a cost against a Government-owned enterprise being paid to the privatised gentrader, would be a matter of commercial-in-confidence?

**Mr CHRIS HARTCHER:** Yes, that is reasonable.

**Dr JOHN KAYE:** Minister, there was a previous outage about this time last year resulting from a transformer fire. Can you provide us with information on the time it took to get the first unit back on line?

**Mr CHRIS HARTCHER:** That is right, there was, on the very day that we met last year.

**Dr JOHN KAYE:** That is correct.

**Mr CHRIS HARTCHER:** Yes, I will supply you with the information in that respect.

**Dr JOHN KAYE:** Can you also supply us with information relating to the availability of liquidated damages that have accrued in respect of that outage, which I think is still happening, from my reading? You can get back to us on that as well.

**Mr CHRIS HARTCHER:** Yes, if that is not commercial-in-confidence it will be supplied.

**Dr JOHN KAYE:** Can I take you to a report by Big Switch Projects—not One Big Switch, which is a different company. It came out on 9 October and it is called, "The Real Energy Price Report: What is business really paying ... and what to do about it". Are you aware of that report, Minister?

**Mr CHRIS HARTCHER:** No.

**Dr JOHN KAYE:** Would you be surprised if I told you that that report looked at 66 large consumers around New South Wales, commercial and industrial consumers, office blocks and industry, and the big driver of energy bill increases for those consumers was in fact an increase in the maximum demand charge. Would you be surprised by that fact?

**Mr CHRIS HARTCHER:** It is not really fair to ask me to comment on a report I have not seen, whose existence I am unaware of.

**Dr JOHN KAYE:** The matter was reported in the *Sydney Morning Herald* two days ago. Are you aware of that?

**Mr CHRIS HARTCHER:** No, I did not see it. I did not see the report.

**Dr JOHN KAYE:** Perhaps we cannot go too far on this, but could you take on notice the fact that maximum demand charges, which are charges being imposed in New South Wales by publicly owned networks, are in fact increasing, the being maximum by 75 per cent and some by 28 per cent? These are annual increases. Are you aware of substantial increases in the maximum demand charge being imposed by those networks?

**Mr CHRIS HARTCHER:** We will reply to those matters.

**Dr JOHN KAYE:** Are you aware of research that was done at the University of New South Wales a decade and a half ago which suggested that maximum demand charges were in fact a highly inefficient way of recovering network costs?

**Mr CHRIS HARTCHER:** No.

**The Hon. Dr PETER PHELPS:** Was it done by you, John?

**Dr JOHN KAYE:** I was a participant in that research.

**Mr CHRIS HARTCHER:** I am not aware of a report that was done 15 years ago.

**Dr JOHN KAYE:** Are you aware of the debates around maximum demand charges and their inefficiency?

**Mr CHRIS HARTCHER:** Yes, I am.

**Dr JOHN KAYE:** They do not necessarily correspond because the maximum demand of business does not necessarily correspond to the time of peak demand on the network.

**Mr CHRIS HARTCHER:** I am aware, yes. There is a huge amount of ongoing debate about pricing and charging in the electricity industry. That is continuing. The Prime Minister herself has made her contribution to the debate. The energy Ministers met as recently as last Friday to discuss those issues and there is a further energy Ministers meeting on 23 November.

**Dr JOHN KAYE:** If I may interrupt you, I am specifically talking about one attribute of that rather than the general quantum, which is what the debate has been on. I am specifically talking about the inefficiencies associated with collecting network revenue based on maximum demand charges and the distortion that it drives in consumer behaviour.

**Mr CHRIS HARTCHER:** I am aware there is an argument about that, but I am not able or professionally qualified to give you a commentary on that. I will take—

**Dr JOHN KAYE:** Can you take the matter on notice and get back to us on that?

**Mr CHRIS HARTCHER:** I quite agree, Dr Kaye, it is the role of responsible government to take those matters into account and, where parliamentarians raise them and seek the information, such information as the Government can provide it will provide.

**Dr JOHN KAYE:** Thank you, Minister. Can I go back to the issue of gas supply and gas security in New South Wales and ask why would a gas resource within New South Wales provide more security to gas supply in this State than a contract with the owner of a gas resource in another State? What is it about the gas resource being south of the Tweed, north of the Murray or west of the artificial line that is our western border? What is it about that gas resource that provides more gas supply security to New South Wales than a resource on the other side of the border?

**Mr CHRIS HARTCHER:** I understand the question. The constitutional setup in Australia is that the States have a responsibility in relationship to energy. That has not changed. As long as the States do have that responsibility in relationship to energy it is the responsibility of State Governments to take reasonable measures to ensure there is a security of supply. At present the decisions in relationship to gas outside of our borders are



made by commercial organisations which are under no obligation—either contractually, as the contracts expire by 2017, or legislatively—to supply gas to New South Wales. The New South Wales Government then has no alternative but to look to programs that will ensure security of supply. Possibly the security of supply can be achieved from outside our borders, but that is just one possibility. The other possibility is that it cannot be achieved from outside our borders because the gas may, as Mr Buckingham prefigured earlier, be sent to alternative markets. That is the first point.

The second point is price. The New South Wales Government needs to ensure, if it is going to have a viable economy, it is not just for certain industries but for the whole State economy, that there is an affordable supply of energy. The only role that the Government will have in ensuring an affordable and reliable supply of energy is if it has some control over the energy that is produced within its borders. As long as we have States, and we are going to have States for a long time, that is the position as far as New South Wales is concerned. Energy is not an optional extra any more than food or water are optional extras. Energy is essential for our daily lives and for our economy and it is the Government's responsibility to ensure that energy is available.

**Dr JOHN KAYE:** You have talked about security of supply and you said that if we win the gas here in New South Wales we will have some control over it.

[*Interruption*]

**CHAIR:** I remind all persons in the room to turn off their mobile phones.

**Dr JOHN KAYE:** You talked about gas supply in New South Wales and being able to have some control over price. How would you exert control over a gas industry within New South Wales?

**Mr CHRIS HARTCHER:** A free market, of course, a market economy. The more you produce the more people compete, and price of course reflects competition. That is the first point. The second point—and I have made this clear to the gas companies and made it clear on a number of occasions at public forums—is Dr Kaye interested in the answer or in banter with our good friend, Mr Buckingham?

**Dr JOHN KAYE:** Yes, definitely.

**Mr CHRIS HARTCHER:** The alternative, as I have said in a number of forums to a number of companies, is that the Government may have to look at the issue of a reservation policy.

**CHAIR:** As recommended by the inquiry.

**Mr CHRIS HARTCHER:** As I have said, Mr Chair, that was an extremely valuable inquiry.

**The Hon. JEREMY BUCKINGHAM:** Picking up on that point, you have said in the past couple of days that a gas reservation policy is a last resort measure but that a differential royalty system may be required for external and domestic consumption. How would you see a differential royalty system working?

**Mr CHRIS HARTCHER:** What I have tried to do is set out all the options a responsible government would consider. The Government is not ruling anything in but it is not ruling anything out. The Government has a core responsibility to ensure a reliable, affordable supply of energy to the people of this State and the industry of this State. The Government will discharge that responsibility just as it will discharge its responsibility to protect the water and the agricultural land of this State. It is the framework within which those protections are carried out that is obviously a matter for government decision-making. How we achieve that is a matter for us to work through. We are looking at a wide range of measures. I have told the companies and told the industry that everything is on the table because my responsibility is not to the industry—I know that causes you some problems because you seem to think it is; my responsibility is to the people of New South Wales.

**The Hon. JEREMY BUCKINGHAM:** Are you considering introducing in New South Wales a reduction in the 10 per cent royalty for coal seam gas production?

**Mr CHRIS HARTCHER:** With the greatest respect, I think I just answered that. This is the problem you and I have, Mr Buckingham. You just do not listen to my answers. I wish you did. Why do we not have a cup of coffee sometime and we can discuss these things?

**The Hon. JEREMY BUCKINGHAM:** Why do we not go to Aria for lunch, or Forty One?

**Mr CHRIS HARTCHER:** Are you paying, Mr Buckingham?

**The Hon. JEREMY BUCKINGHAM:** Is that how it works—if I pay, you will come?

**Mr CHRIS HARTCHER:** I do not know, Mr Buckingham. You tell me.

**The Hon. JEREMY BUCKINGHAM:** In your previous answer you indicated you had met with Mr Santoro, but in his role as a Liberal Party functionary. Is that correct?

**Mr CHRIS HARTCHER:** No, I did not. Would you please listen to the answers?

**The Hon. JEREMY BUCKINGHAM:** Let us be clear. What did you say?

**Mr CHRIS HARTCHER:** I said, I am a proud member of the Liberal Party. In my capacity as a member of the Liberal Party I meet with many people.

**The Hon. JEREMY BUCKINGHAM:** Did you meet with Mr Santoro in that capacity or have you met with Mr Santoro in that capacity?

**Mr CHRIS HARTCHER:** Mr Santoro is not just a member of the Liberal Party; he is the Federal Vice-President of the Liberal Party.

**The Hon. JEREMY BUCKINGHAM:** In the last year did you meet with him in that capacity?

**Mr CHRIS HARTCHER:** I made that point very clear. I also made the point, if you had listened to the answer, that I was not going to discuss with this Committee people I may meet in my capacity as a member of the Liberal Party. You may draw such inference from that as you like, but I am making clear to you that if, as a member of the Liberal Party, I meet with other members of the Liberal Party, including its most senior office holders, that is not an appropriate question for you to put to me.

**The Hon. JEREMY BUCKINGHAM:** Are you saying that any contact or meetings with Mr Santoro were to do with his possible role as a Liberal Party office bearer and no issues were raised with him in relation to any third party for whom he acts as a lobbyist?

**Mr CHRIS HARTCHER:** Have we not just had that—

**The Hon. JEREMY BUCKINGHAM:** No, you have not.

**Mr CHRIS HARTCHER:** I think we have.

**The Hon. JEREMY BUCKINGHAM:** So your answer is that in meetings with Mr Santoro you dealt only with issues relating to the Liberal Party?

**Mr CHRIS HARTCHER:** I have not said I met with Mr Santoro one way or the other.

**The Hon. JEREMY BUCKINGHAM:** What have you said?

**Mr CHRIS HARTCHER:** I have said that I am a member of the Liberal Party and I meet with Liberal Party members and I am not discussing which Liberal Party members I may or may not meet with.

**The Hon. JEREMY BUCKINGHAM:** Why would you not say whether you had or had not met with one of the most influential—

**Mr CHRIS HARTCHER:** Why is it relevant to you?

**The Hon. JEREMY BUCKINGHAM:** —coal lobbyists in this State, who represents some of the largest mining interests in the State?

**Mr CHRIS HARTCHER:** Which mining interests does he represent? Tell us all about it.

**The Hon. JEREMY BUCKINGHAM:** Gloucester Coal.

**Mr CHRIS HARTCHER:** Is that one of the largest in the State? I was not aware that it was.

**The Hon. JEREMY BUCKINGHAM:** It is associated now with Yancoal. I am surprised you do not know that. It has just merged with Yancoal, who own Moolarben and, interestingly, the Ashton coalmine, which has just been expanded. I am surprised you do not know what those interests are. He acts on their behalf. He is listed on the Queensland register as acting on behalf of Gloucester but not the New South Wales register. Are you saying you have not met with him and have not discussed it?

**Mr CHRIS HARTCHER:** Raise that with him or raise with the New South Wales register who is registered on it.

**The Hon. JEREMY BUCKINGHAM:** He is not a Minister of the Crown and he is not required to come to these committees to answer questions. Why are you so reluctant to reveal whether or not you had meetings with him at Aria restaurant?

**Mr CHRIS HARTCHER:** I am not reluctant to answer proper—

**The Hon. JEREMY BUCKINGHAM:** Then why do you not?

**Mr CHRIS HARTCHER:** I am not reluctant to answer proper and appropriate questions.

**The Hon. SCOT MacDONALD:** Point of order: We are now into repetition in double figures. This has been asked and asked and asked, and we have had the answer numerous times.

**The Hon. JEREMY BUCKINGHAM:** To the point of order: The member is canvassing a previous ruling of yours, Mr Chair. You said I could ask the same question again and again and again, and I am going to.

**CHAIR:** And I also said that the Minister can answer in any way he deems fit. The time is yours, Mr Buckingham; use it how you will.

**The Hon. JEREMY BUCKINGHAM:** Why are you so reluctant to reveal whether or not you have met with Mr Santoro, who is a registered lobbyist on behalf of Gloucester Coal? Why would you not say, "Yes, I have met him" or not?

**Mr CHRIS HARTCHER:** Have you finished, Mr Buckingham?

**The Hon. JEREMY BUCKINGHAM:** No.

**Mr CHRIS HARTCHER:** Keep going. I am enjoying this.

**The Hon. JEREMY BUCKINGHAM:** When Mr Santoro contacted your office, in his initial dealings with your office did he reveal that he was a paid lobbyist of Gloucester Coal?

**Mr CHRIS HARTCHER:** I meet with many lobbyists and all my meetings with lobbyists comply with the Lobbyist Code of Conduct. I meet with many members of the Liberal Party and they are matters for me and the Liberal Party. Mr Buckingham, I have no idea what is the underlying premise of your question. Maybe you should come clean and tell us what great revelation you are going to put to the Committee that justifies your obsession with one lobbyist. I have met with many lobbyists; you have heard me say that again and again. I meet with lobbyists. They all comply with the code of conduct. You are obsessed with one particular lobbyist. Tell us why.

**The Hon. JEREMY BUCKINGHAM:** You are asserting that your meetings conform with the New South Wales Government's Lobbyist Code of Conduct. I am trying to determine that, and we will determine that. Did he indicate in his initial representations to you to meet that he was a lobbyist acting on behalf of a coal company?

**Mr CHRIS HARTCHER:** Hang on. I have answered the question again and again. I meet with lobbyists and they all comply with the Lobbyist Code of Conduct.

**Mr CHRIS HARTCHER:** I want to advise the Committee as the responsible body that I am today announcing the establishment of a Mine Rehabilitation Advisory Council. I am determined to put in place a framework that encourages mining companies to leave the landscape in which they operated in at least the same condition or better than before they started their activities. To this end we envisage that prevailing land uses such as agriculture, grazing or vineyards are just as productive once a mining operation ceases as they were prior to the activity. The advisory council will advise the Government on best practice rehabilitation and identify and promote case studies on successful rehabilitation. The council will review research and scientific studies of rehabilitation projects and processes to ensure sustainable long-term land uses.

The advisory council will advise on practicality of ensuring that on valuable agricultural and grazing land, soil and land uses are equal to or better than pre-mining. I intend to encourage the highest industry standards and to increase community awareness of remediation outcomes so that the public can have greater confidence that future mining in this State will not leave a legacy for future generations to manage. The council will also review and oversee the derelict mines program. There are hundreds of legacy mines across the State that were not rehabilitated when they closed and they present a remediation challenge. Under a new industry levy this Government has increased funding to ensure a faster rate of rectification of these derelict mines.

**CHAIR:** You have saved me from asking that question on notice. Thank you for providing the answer beforehand. The examination of this portfolio area is now closed.

**(The witnesses withdrew)**

**(Short adjournment)**

**ALAN ROY BLACKMAN**, Senior Regional Coordinator for the Central Coast, Department of Premier and Cabinet, sworn and examined:

**CHAIR:** Minister, we are now examining the portfolio area of Central Coast and Special Minister of State. I will move to the Opposition.

**The Hon. PETER PRIMROSE:** Minister, I note that two representatives of The Greens party have been here for the whole of the estimates so far, but when the topic of the Central Coast came up they both left. Why do you think The Greens are not concerned about it?

**Mr CHRIS HARTCHER:** I am equally surprised. I am pleased to see members of the Labor Party, the Liberal Party, the Shooters and Fishers Party and The National Party. The absence of The Greens can only be explained by the fact that The Greens vote on 8 September on the Central Coast collapsed. They had one seat on Wyong council and they lost that seat. They had two seats on Gosford council and they came out with only one seat. Their vote in Wyong dropped below double figures so I think The Greens boycott of the proceedings—and it is a boycott; it is a walkout—is an indication of the fact that their political support on the Central Coast has disappeared.

**The Hon. PETER PRIMROSE:** I would have to concur with that.

**Mr CHRIS HARTCHER:** Thank you, Mr Primrose.

**The Hon. SHAOQUETT MOSELMANE:** Minister, why did your Government waste almost two years and thousands of dollars to create a regional transport master plan which mirrors Labor's 20-year transport plan for the Central Coast?

**Mr CHRIS HARTCHER:** The transport plan that we introduced is achievable; that is probably the difference. The wonderful and very glossy transport plans that were produced under a wide range of transport Ministers in the preceding 16 years gather dust on shelves all across Sydney. They were magnificent-looking documents, they were very colourful, they had lots of slides, studies and photographs in them, but not one of them came to reality. This Government, on the other hand, is determined to bring its plans to reality. It had to introduce its plan, to carry it forward and to ensure that it happens over this term of government and succeeding terms of government.

**The Hon. SHAOQUETT MOSELMANE:** What projects will be delivered first, Minister?

**Mr CHRIS HARTCHER:** On the Central Coast?

**The Hon. SHAOQUETT MOSELMANE:** Yes.

**Mr CHRIS HARTCHER:** On the Central Coast we have already delivered the quiet carriages. I am glad that the Hon. Shaoquett Moselmane asked this question. A survey showed that 90 per cent of respondents said that travelling in the quiet carriages had improved their overall travel experience, and 98 per cent said that they intend to continue to use the quiet carriages. They have been so successful on the Central Coast as a pilot study that they will now be extended to the Blue Mountains and to the South Coast lines. The first and last carriages of all six-carriage and eight-carriage trains, and the last carriage of all four-carriage trains are designated as quiet carriages.

In addition, we have introduced 135 additional express and semi-express services to the Central Coast which has provided an additional 20,000 new seats for customers travelling from Newcastle and 33,000 new seats each week for Central Coast commuters. The draft plan to which you referred, which was released on 4 September, sets out the components of planning for the next 20 years, and of course provides for an overall funding of \$13.2 billion. Where are we going? We have the quiet carriages, we have the additional seats and we have the program for the express services.

**The Hon. SHAOQUETT MOSELMANE:** Thank you for those details.

**Mr CHRIS HARTCHER:** It is a pleasure.

**The Hon. SHAOQUETT MOSELMANE:** Can you also detail what new infrastructure—police stations, fire stations, schools and hospital upgrades—are currently funded under the 2012-13 budget for the Central Coast?

**Mr CHRIS HARTCHER:** As you will be aware, the fire station at Kincumber opened last year. The fire station at Ourimbah opened only last week. The Minister was good enough to open the Ourimbah fire station. We certainly have two new excellent fire stations on the Central Coast. In addition, the investment in the 2012-13 budget is as follows: \$70 million for major road infrastructure; \$19 million for maintenance of existing road infrastructure; \$3 million for traffic management; \$4 million for road safety initiatives; the \$17 million in the planning and preconstruction area relates to the intersection of Brisbane Water Drive and Manns Road at West Gosford; and a further \$18 million to continue with major work on the four-lane widening of the highway.

**The Hon. SHAOQUETT MOSELMANE:** What about hospital upgrades?

**Mr CHRIS HARTCHER:** They are looking good. I am glad you asked that question because we have a \$14-million program for the Woy Woy Hospital subacute rehabilitation unit. I thank the Federal Government for its contribution of \$9 million to that project. The State Government is contributing \$5 million. In addition, \$3.5 million has been provided for the upgrade of the emergency department and the urgent care centre emergency medical unit at Wyong Hospital, which is due to be completed in December 2013. Of course, that has been funded in this year's budget. I had the honour of joining the Prime Minister at the first pour for that project. The State Government has also provided \$10 million for the urgently needed and much discussed radiotherapy centre on the Central Coast. I remember Morris Iemma talking about that project. The Federal Government has also contributed \$28 million. It is all happening.

**The Hon. PETER PRIMROSE:** Why did Ausgrid dump its sponsorship of the Central Coast Mariners?

**Mr CHRIS HARTCHER:** We did not dump it. I like the Central Coast Mariners—it is a great team. The sponsorship is coming to an end and it is not proposed to renew it at this time.

**The Hon. PETER PRIMROSE:** That decision will affect 6,000 children.

**Mr CHRIS HARTCHER:** I know. I met and had a cup of coffee with the team manager last Saturday morning. He is not only the team manager; he is also the newly elected mayor—with the support of the Liberal Party.

**The Hon. PETER PRIMROSE:** He was not persuasive.

**Mr CHRIS HARTCHER:** No, the Labor Party voted against him and I have no idea why. We voted for him. I gave him an undertaking, and I extend it to this Committee, that if we can bring the electricity price spiral under control, which we are hoping to do by 2014, the Government will reconsider all the sponsorships offered through organisations such as Ausgrid. However, our paramount concern at this time is addressing the cost of electricity. Other issues such as sponsorships, however worthy they may be, and they are worthy—whether they involve Taronga Zoo, the Sydney Symphony Orchestra or the Central Coast Mariners—must take second place to the electricity price spiral.

**The Hon. PETER PRIMROSE:** Are you saying that it is purely a matter of Ausgrid's dividend?

**Mr CHRIS HARTCHER:** It is purely a matter of the price spiral. Obviously, as Minister for the Central Coast and as a Central Coast Mariners supporter, I would love to see the sponsorship continued. However, that is not my responsibility; my responsibility is as Minister for Resources and Energy.

**The Hon. PETER PRIMROSE:** Is it correct that Ausgrid's forecast dividend this year is \$48.4 million above the anticipated dividend?

**Mr CHRIS HARTCHER:** Yes. However, that question should have been asked when we were examining the Resources and Energy portfolio.

**The Hon. PETER PRIMROSE:** That decision will affect 6,000 children on the Central Coast. They have a new mayor. Give him a go.

**Mr CHRIS HARTCHER:** He is a great bloke.

**The Hon. PETER PRIMROSE:** Give him a win. Think of the children.

**Mr CHRIS HARTCHER:** I do think of the children and they do a great job. I know that there are thousands of young children who love the sport in the Campbelltown and Camden area, which you have represented for many years. In fact our two areas are very similar in their socioeconomic demographic. I am keen to think of the children, but my first responsibility relates to electricity prices.

**The Hon. PETER PRIMROSE:** I hope that you bear that in mind, and I know that you will.

**Mr CHRIS HARTCHER:** I will.

**The Hon. PETER PRIMROSE:** What funding does the Central Coast Regional Development Corporation receive from the Government?

**Mr CHRIS HARTCHER:** It is a self-funding body. The corporation manages the Mount Penang site. In March 2011, it received \$5 million to assist in its development and enhancement of the Central Coast regional economy. To give due credit, that was done by the former Government and it was announced by the then Parliamentary Secretary for the Central Coast. The expenditure against that funding for 2011-12 was \$1.17 million and the forecast expenditure for 2012-13 is \$1.14 million. It also receives rental revenue from the various establishments at Mount Penang.

**The Hon. PETER PRIMROSE:** What projects does the corporation have on its books now?

**Mr CHRIS HARTCHER:** The biggest single project is Gosford Landing, which is huge. Once again, I pay full credit to the former Government, which set that process in train along with the relocation of Gosford Public School. The Hon. Carmel Tebbutt was the Minister at the time. That is the corporation's major project. As members know, the corporation was originally known as the Festival Development Corporation. I think it was renamed when Dr Refshauge was Minister for Planning.

**The Hon. PETER PRIMROSE:** Why did the Government allow the Springtime Flora Festival to collapse?

**Mr CHRIS HARTCHER:** I did not. The executive of the Springtime Flora Festival decided that there was lack of support and that it would not proceed in 2012 but hopes to have it up and running by 2013. I met with them, as did the then mayor of Gosford. I assured them that we would seek to give them beneficial assistance through government agencies and they were very grateful for that assistance. Notwithstanding that offer of assistance, they decided not to hold the event in 2012.

**The Hon. PETER PRIMROSE:** Lack of support from whom for this year?

**Mr CHRIS HARTCHER:** Lack of support from commercial sponsorship.

**The Hon. PETER PRIMROSE:** How much?

**Mr CHRIS HARTCHER:** That I do not know. They are an independent body.

**The Hon. PETER PRIMROSE:** Did they ask the Government for assistance?

**Mr CHRIS HARTCHER:** They asked the Government for assistance.

**The Hon. PETER PRIMROSE:** You said no?

**Mr CHRIS HARTCHER:** No, the Government did not say no. I made them a public offer that as far as electricity charges are concerned—and they are considerable—I could not forego on behalf of the community the actual cost but we would spread it over a five-year period for them. They were quite happy with that offer as it would be interest free because it was for a public purpose. They considered it was a good offer of assistance

but notwithstanding that they were unable to get a sufficient level of interest from commercial sponsorship to justify holding it in 2012.

**The Hon. PETER PRIMROSE:** From your discussions, do you expect them to be back next year?

**Mr CHRIS HARTCHER:** I have every confidence they will back in 2013. Chris King, a fantastic entrepreneur and promoter, is with them and they have a good, enthusiastic committee. I think probably giving it a rest for a year will hopefully arouse greater community interest for participation in 2013. I am sure the mayor will, but I assured them that I will give them all reasonable assistance. I am sure the council will also.

**The Hon. SHAOQUETT MOSELMANE:** How does the Minister justify the current reduction in major roads spending, from more than \$300 million in 2007-11 to less than \$200 million in 2011-15, outlined in the budget papers?

**Mr CHRIS HARTCHER:** I think we had this discussion last year. There was an argument as to the figures that were presented then. We are not reducing the expenditure on the coast. We are carrying out a number of projects, and \$96 million is in the 2012-13 budget. Earlier I gave an indication of the projects. Is there a reduction in government expenditure on Central Coast roads? No, there is not a reduction in spending. We are carrying out all the projects for Central Coast roads.

**The Hon. SHAOQUETT MOSELMANE:** The budget papers clearly show \$200 million for 2011-15—

**Mr CHRIS HARTCHER:** Yes, but that is spread over a period over different years. A number of the projects have been completed and therefore do not require ongoing assistance.

**The Hon. SHAOQUETT MOSELMANE:** Are you cutting any projects?

**Mr CHRIS HARTCHER:** No, we are keeping all the projects. Once again, the Central Coast Highway was started under the previous Government and we are continuing that project. A good project begun under the previous Government needs to be acknowledged and that particular project is at the core of my electorate. The Central Coast Highway runs through my electorate and it was a wonderful start, which I was thrilled about and which I am certainly making sure continues.

**The Hon. SHAOQUETT MOSELMANE:** What moves have you made to support the public campaign to increase palliative care services on the Central Coast?

**Mr CHRIS HARTCHER:** Those matters are done through the Central Coast area health service. Palliative care is important for an ageing community. As you know, the Central Coast has a larger than average older population. Through the Central Coast area health service we have tried to address the issue of the treatment of people with serious and life-threatening illnesses who require palliative care. The most important feature is the establishment of the radiotherapy centre, which, as I indicated earlier, has been done in conjunction with the Federal Government. That has been on the books for years. My thanks go to the Federal Government and the Prime Minister for the \$28 million, and the State Government has stepped up to the mark with \$10 million. Cancer sufferers are the largest of users of palliative care services and that contribution has been enormous. We are reopening the Woy Woy Rehabilitation Clinic for the rehabilitation of elderly people who need palliative care, with funding of \$14 million—\$9 million of which is from the Federal Government and \$5 million from the State Government. We have had a good level of cooperation between Federal and State authorities on the Central Coast in relation to health.

**The Hon. SHAOQUETT MOSELMANE:** Under the Liberal-Nationals new land management plan can you rule out CSG mining in the Wyong Valley?

**Mr CHRIS HARTCHER:** We have made clear that the water for the Central Coast is paramount for its 350,000 people. It has the same population as Canberra. Wyong valleys are the catchment for 53 per cent of Central Coast water. With the assistance of the Federal Government, we have now established a major pipeline from Wyong River to the Mardi Dam. The catchment area of the Wyong River is in those valleys. We have made it very clear all along that there will be no mining in Wyong valleys unless we are satisfied there is protection for the water, and we stand by that guarantee. The water for the Central Coast, like the water everywhere in New South Wales, is of paramount concern.



**The Hon. SHAOQUETT MOSELMANE:** Can you rule out Wyong Valley?

**Mr CHRIS HARTCHER:** I am ruling in protection for the water, yes. I am ruling it in. This Government will protect the Central Coast water.

**The Hon. PETER PRIMROSE:** Will you advise how many WorkCover employees were transferred from the Central Coast in the past 18 months?

**Mr CHRIS HARTCHER:** I am aware that this issue has been raised on a number of occasions. The Government has given a commitment that WorkCover numbers will not go below 500 and that the head office will continue to remain at Gosford where it is a major employer and where it was relocated under Premier Bob Carr. Of the four directors' roles, three have been relocated to Sydney. The great mass of operational staff remain on the Central Coast at Gosford.

**The Hon. PETER PRIMROSE:** Is your answer three?

**Mr CHRIS HARTCHER:** No, my answer is not three because ancillary staff were with those three. My understanding is that it is a minimal number. I will take that question on notice.

**The Hon. PETER PRIMROSE:** Will you update the Committee on the current status of The Landing development?

**Mr CHRIS HARTCHER:** That is a huge issue for the Central Coast. The Landing, to which I referred earlier, is one of the great hopes for the Central Coast. It has to happen and it is something for which I have been campaigning for many years. The first stage of The Landing is the relocation of Gosford Public School. The previous Government made that decision which this Government promised to review. Having reviewed that decision, this Government found that the previous Government's decision was correct. Accordingly, this Government is continuing with the relocation of Gosford Public School to the new site at Henry Kendall High School.

The master plan for the urban renewal has been released by me. The exhibition of the State significant site study closed on 31 January 2012 and 500 submissions have been received. As a result, the Central Coast Regional Development Corporation has resolved to revise the State significant site study and to proceed only with stage one of the proposal at this time. The Central Coast Regional Development Corporation has advised the Department of Planning that it will not be proceeding with its proposal to seek the rezoning of land at Gosford waterfront for stages two and three at this stage. Once the department receives the development corporation's revised proposal the document will be made available on the department's website.

A number of community concerns were raised about the size of some of the proposals, but overwhelmingly there is community support for stages two and three. Where is it with stage one going ahead? The school is being relocated and the Government task force is looking at the potential for transferring certain public sector agencies to the Central Coast as it is looking at various other areas of the State. Lend Lease, the commercial partner, is working with the regional development corporation. Whilst stages two and three have been deferred, stage one is a definite goer.

**The Hon. SHAOQUETT MOSELMANE:** How many new commuter car parking spaces are currently under construction on the Central Coast? What new spaces are planned? When will the new Gosford commuting car parking begin construction?

**Mr CHRIS HARTCHER:** I will have to take that on notice.

**The Hon. SHAOQUETT MOSELMANE:** Given the tragic death of a man at Gorokan linked to the abolishment of the afternoon ambulance shift at Toukley, will you be restoring ambulances services?

**Mr CHRIS HARTCHER:** The Central Coast is well serviced by the Ambulance Service of New South Wales. The tragic death that you refer to at Gorokan is to be investigated by the State Coroner. The Government will await the Coroner's report as to adequacy or if there is an argument about adequacy of service and the Government will certainly be responding in accordance with the coroner's inquiry.

**The Hon. SHAOQUETT MOSELMANE:** Do you recognise that there is—

**Mr CHRIS HARTCHER:** What I do recognise is that there was some community concern about it and it is now under proper investigation by the appropriate person: the Coroner.

**CHAIR:** Minister, that concludes the examination of portfolios under your control. For all questions other than those which we have resolved differently, answers are to be supplied within 21 days. The Committee notes that the Minister has asked that answers to questions on asbestos be supplied within 60 days. That will be considered in a deliberative meeting of the Committee, but I cannot see any problems. Minister, I thank you and your staff for attending this hearing. I also thank you for your diligent answers.

**Mr CHRIS HARTCHER:** Mr Chair, I thank you and Committee members—the Hon. Shaoquett Moselmane, the Hon. Peter Primrose, the Hon. Luke Foley, the Hon. Scot MacDonald, the Hon. Jennifer Gardiner and the Hon. Dr Peter Phelps—for their attendance and interest in all matters. I note the attendance earlier of the two representatives of The Greens and express my disappointment that they were not prepared to join us for the whole meeting.

**(The witness withdrew)**

**The Committee proceeded to deliberate.**

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