

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTABILITY COMMITTEE

**INTEGRITY, EFFICACY AND VALUE FOR MONEY OF NSW
GOVERNMENT GRANT PROGRAMS**

CORRECTED

At Jubilee Room, Parliament House, Sydney, on Monday 8 February 2021

The Committee met at 10:00.

PRESENT

Mr David Shoebridge (Chair)

The Hon. John Graham

The Hon. Courtney Houssos

The Hon. Trevor Khan

The Hon. Natalie Ward

PRESENT VIA VIDEOCONFERENCE

The Hon. Matthew Mason-Cox

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The CHAIR: Welcome to the seventh hearing of the Public Accountability Committee's inquiry into the integrity, efficacy and value for money of New South Wales Government grant programs. Before I commence, I would like to acknowledge the Gadigal people of the Eora nation, the traditional custodians of this land, and pay my respects, those of the Committee and, I am fairly certain, those of all members present here today, to those Elders past, present and emerging. Today we will hear from the Deputy Premier, the Hon. John Barilaro, and Mr Tim Hurst, the Deputy Secretary in charge of the Office of Local Government. There has been substantial ongoing concern about the nature and manner in which grants were allocated both through the Stronger Communities Fund and more recently through the Bushfire Recovery Fund. We are grateful that the Deputy Premier has chosen to come and answer questions directly about his role in the allocation of some hundreds of millions of dollars of public money through these two funds.

Before we commence, I would like to make some brief comments about the procedures for today's hearing. Today's hearing is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, media representatives are reminded they must take responsibility for what they publish during the Committee's proceedings. Parliamentary privilege applies only to the evidence given here today and not to repetitions outside. Committee hearings are not intended to provide a forum for people to make adverse reflections on others under the protection of parliamentary privilege. In that regard it is important that witnesses focus on the issues raised in the inquiry. All witnesses have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. If witnesses are unable to answer a question today and would like more time to respond, I remind them that they may take a question on notice, in which case they will have 21 days to provide a written answer.

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The Hon. JOHN BARILARO, Deputy Premier, and Minister for Regional New South Wales, Industry and Trade, before the Committee

The CHAIR: Deputy Premier, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. We are in receipt of the letter you sent to me in my capacity as Chair and it has been distributed to Committee members. I would invite you to make a short opening statement, following which there will be two rounds of questions from the Opposition and the crossbench, of 20 minutes each. The Government has the opportunity at the end, should they wish, to ask some 15 minutes of questions. Deputy Premier, this will be quickest and easiest if we can make sure answers are directly relevant and to the point, given how little time we have. I now invite you, if you so wish, to make a brief opening statement.

Mr JOHN BARILARO: Can I just start by thanking the Committee for the opportunity to attend today. I know there are always many questions when it comes to grant allocations and grant funding by governments across the State. There is no question that governments have to be transparent and have confidence in the way they distribute funds. I felt it is important for the Committee to properly understand the context for this Government's record investment into regional New South Wales, and that is why I have made myself available here today. Thank you for the opportunity to be able to address this Committee.

As Minister for regional New South Wales, I am passionate about regional funding programs. One of the first actions I took as Deputy Premier back in 2016 was to argue the case for what was a \$1.3 billion Regional Growth Fund. It has since grown to \$2 billion. That was always going to attract attention because no government has ever seen such focus and investment in regional and rural New South Wales. The scale of regionally based funding I have fought for has earned me the title and unflattering nickname of "Pork Barilaro". I will give credit to one of your former colleagues, Mr Jeremy Buckingham, who called me "John Pork Barrel" after an announcement for a boat ramp in Coffs Harbour before the last election.

So I guess it is almost inevitable that I was going to appear here today. But it is a name that I have never distanced myself from because I am actually proud of what it represents, and that is the investment that I have fought for for regional and rural New South Wales. Do I like being called Pork Barilaro? No, but what it represents is the investment and I am proud of that. I have always said as the National Party leader that the party is a party of geography not ideology, so delivering investment into regional New South Wales has always been my fight and my democratic mandate to do. And I truly feel we are playing catch-up of lost time and wasted opportunities after suffering underinvestment because of city-centric governments of the past.

I accept the program this Committee has the strongest interest in is the Stronger Communities Fund, the program tied to council amalgamations policy. Over the years I have spoken plainly about how detrimental the council amalgamations policy was to regional and rural New South Wales, and one of my first actions as leader was to cancel any outstanding mergers in the bush. So when this Government sought to establish a program of this nature, of course it had my support because I saw the economic impact the mergers had on those communities. The Stronger Communities Fund has provided more than \$468 million to local councils to kickstart delivery of much-needed infrastructure for their local communities. I am advised that the first round provided between \$5 million and \$15 million supporting merged councils, recognising larger councils had higher costs for the merger process. The Government then approved the second round of funding and associated guidelines to support councils in providing community infrastructure projects. This was the Stronger Communities Fund tied grants round.

The guidelines were amended following a decision of Cabinet to allow not just the merged councils, but councils affected by the merger proposal, to receive funds as part of this round. The Premier, the Minister for Local Government and myself then signed off on the amended guidelines in line with the Cabinet decision. However, I want to make this absolutely clear: The Stronger Communities Fund was administered by the Office of Local Government, and the Office of Local Government falls under the responsibility of the Minister for Local Government. I have been advised that, with the exception of two grants which were formally approved by the then Minister for Local Government, all grants from the Stronger Communities Fund were formally approved by the CEO of the Office of Local Government acting under a valid instrument of financial delegation issued by the then Minister for Local Government in accordance with the Public Finance and Audit Act 1983.

I provided feedback to the Office of Local Government on regional projects through my adviser, who has appeared at this Committee inquiry. This is entirely appropriate and common practice as I am the Minister for regional New South Wales. The Committee has expressed considerable interest in briefing and record keeping processes of ministerial offices, mostly in relation to the Stronger Communities Fund. This Committee has been supplied with the approval records for funding programs that my department administers—for example, the

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Stronger Communities Fund, the Regional Growth Fund, the cultural funds and the sports funds. This means there are no questions of accountability over decision-making under my Regional Growth Fund.

In relation to the Stronger Communities Fund, my views were sought via discussions with my deputy chief of staff, who then relayed this information to the Office of Local Government as an input into that process. The biggest success as Deputy Premier is undisputedly the Regional Growth Fund. As its proudest champion, I can tell you that the Regional Growth Fund was created to serve a very straightforward purpose: to narrow the divide between the city and the bush when it came to investment. This fund has always been about righting historical injustice. For the first time, record funding has flowed to places that normally never saw a drop of government investment. You can see from the submissions that have been provided to this Committee by local governments and communities that there is overwhelming public support from regional communities for the fund and its sub-programs, and it would be a real dishonour of this Committee to choose to ignore those strong local and regional voices speaking in support of what the Government has achieved outside of Sydney.

Thanks to the Regional Growth Fund, the Government has been able to deliver investment into every single local government area in regional New South Wales without exception. The fund was designed so that every local government area would be allocated a minimum amount of \$3 million. That is why you will see supportive submissions from every single local government area [LGA] based in government and non-government seats. Technically, I have pork-barrelled The Greens seat of Ballina and Kate Washington's electorate of Port Stephens if you want to apply that terminology, or Phil Donato's seat of Orange or Roy Butler's seat of Barwon.

The truth is, when it comes to regional funding there are only ever two contradictory narratives levelled again Nationals politicians, and quite frankly I am getting sick of it. I am sick of parties turning up for one day of the year in a regional electorate wailing about government neglect, the lack of investment, and then the rest of the time while in Sydney all we are accused of is pork-barrelling in the regions. Well, you can't have it both ways. This Government can literally spend billions and billions of dollars on transport infrastructure in Sydney and no one bats an eyelid. Sydney-based projects have economics pushed aside and they get funded because it is the right to thing to do for the city. A sales yard upgrade in Armidale is a bribe but a new Metro station providing for Sydney's future is okay.

There have been times when I have had to take an agency to task for refusing to fund a water facilities upgrade that would provide a town with clean drinking water. I am talking about water that is so brown a public servant would never put it in front of their own children to drink. And yet this is supposed to be acceptable in regional and rural New South Wales. The powerful agencies of Department of Premier and Cabinet [DPC] and Treasury are run out of Sydney by Sydneysiders for Sydneysiders. This Government has done a great job of putting western Sydney on the agenda and it is great now we see the Greater Sydney Commission turn its attention to the Central Coast. But many of these central agencies could not pinpoint Ivanhoe, Brewarrina or Bombala on a map. This is why we have the Regional Growth Fund. It is why we have the regional New South Wales agency. The Regional Growth Fund has never been about gold plating. It is about parity with metropolitan communities, especially in those communities with small rate bases which makes this provision of basic infrastructure sometimes a struggle.

It is about everyone receiving a base level of investment, but also projects going where they are needed. It is about ensuring that our playgrounds are available for regional children and that there is mobile reception when you need it most. It is about making sure local libraries can continue to run as a service. I make no apologies for that. There are no North Sydney swimming pools being funded here, just pools in Leeton, Urunga and Bingara. I am sick to death of the mistruths that are spun in relation to this term "pork-barrelling". The definition is constantly changing to suit what I would say is a cheap narrative. If we fund government seats, then it is a rort. If we fund non-government seats, it is only because we want to pick them up at the next election. I really hate how regional New South Wales is used as a political football.

I will table a map that will show where funding has occurred through the Regional Growth Fund. I am tabling it so that the dots represented can actually show clearly, in a pictorial form, the projects right across the length and breadth of this State. Tell me how this is pork-barrelling, according to your definition. I dare you to turn up to these communities and tell them why they do not deserve these projects. The Committee needs to accept that governments are elected to prioritise projects and taxpayer expenditure. It is Ministers rather than the public service who are directly accountable to the electorate and therefore Ministers who make decisions. Elections, not committees, are the ultimate accountability mechanism in a democracy.

I have flagged, and you have indicated, Mr Chair, that I have written to you and I thank you for sharing that letter to the Committee in relation to inviting this Committee out to regional and rural New South Wales to see the impact of some of these projects right across the State. Today I just want to acknowledge the passing of

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Mayor Lilliane Brady from Cobar, a fantastic advocate for the bush—40 years in local government, 23 years as mayor. I can tell you, she used to tell me straight how that investment should look. Every time I went Cobar, she made it clear that she was there for finance, not for romance, and she was not going to accept any sweet-talking. It was all about investment. The last trip out there, I took the Treasurer with me where we funded a playground in the centre of town with a flying fox. I must admit when I jumped on that flying fox, my arse was scraping on the woodchip below. I was probably not meant to be on that flying fox.

The CHAIR: More tension on the cable was required.

Mr JOHN BARILARO: Yes, on the cable, that is right. But the point is, they are the sort of investments and they are the sort of mayors that influence my decision-making. They are the sort of mayors and councils and communities that actually help me shape the funding profile in relation to investment in the regions. When we look at pork-barrelling, there are examples from governments past, all colours and persuasions. What we call pork-barrelling is investment. In one way, when you think about it, at every single election that every party goes to we make commitments. You want to call that pork-barrelling, you want to call that buying votes, that is what the elections are for. It is the democratic process, something I am very proud of. If people want to cut out election promises, I am happy to hold all those parties to account.

I wanted to conclude by commenting to this Committee on the practice of calling staff before it, especially when it is former staff, no longer serving this Government. It is something I have not seen before and I believe unnecessary—especially when, in my submission to this Committee from the outset, I offered to actually attend because I think it is appropriate as the Minister for regional New South Wales, a Minister of this Government and the Deputy Premier, responsible for these funds, that I am, at the end of the day, responsible. I am happy to take the credit where credit is due or, where there are issues, to answer those questions and that is why I am happy here today to be at the Committee. Thank you very much.

The CHAIR: Thank you very much, Deputy Premier. I will go down to the Snowy Valleys with you if you come to the Central Coast and Ballina with me.

Mr JOHN BARILARO: Absolutely.

The Hon. JOHN GRAHAM: I just want to place on record firstly the Opposition's thanks for you turning up. Our view is you turning up here is very welcome to defend the decisions that you have made and that your Government has made. There are concerns about some of these funds, particularly the administration of Stronger Communities. We would like to see the Premier here to answer similar questions and if you could pass back to her the word from the Committee that we believe that would be appropriate to see her explain her decisions.

The Hon. COURTNEY HOUSSOS: I too would like to associate myself with the comments you made about the amazing Lilliane Brady. We heard during our last hearing from your department that no grant funding is provided without first a written brief outlining the project, created by the department, that is then signed by you.

Mr JOHN BARILARO: Correct.

The Hon. COURTNEY HOUSSOS: Now that is in stark contrast to what this inquiry has heard—some remarkable testimony that has been very troubling—

The Hon. TREVOR KHAN: Are you going to ask a question or are you going to give a speech?

The Hon. COURTNEY HOUSSOS: —about how the Premier's office operated, including shredding key approval documents from that Stronger Communities Fund—

The Hon. NATALIE WARD: He cannot answer that, if it is a question.

The Hon. COURTNEY HOUSSOS: —which actually broke the law. With the benefit of hindsight, do you have concerns around the way that DPC, the Office of Local Government and the Premier's office managed the Stronger Communities Fund?

Mr JOHN BARILARO: In contrast, I have submitted to this Committee all my processes from the Regional Growth Fund. All of the grants that I administer, I can put hand on heart here today and say there is always a brief that comes through my office, developed by the agency with recommendations and then I sign off on it. In all my grants, that is why I am appearing here today, because I am the final assessor of those and the person that signs off.

When it came to the Stronger Communities Fund—the merger money funds—I was not an administrator of the funds. Yes, I was part of Cabinet, I was part of the Expenditure Review Committee [ERC], or the three as the Deputy Premier, the Premier and the local government Minister signing off on the guidelines. But, again, that

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fund was administered by local government. Whatever processes were in the Premier's office or any of the processes in my office would have been in an advisory level. I would be asked by my deputy chief. I know Laura has been at this Committee. She would have flagged with me some ideas or some projects on which I would have given some advice and feedback. But, at the end of the day, as I said in my opening remarks, the Stronger Communities Fund was administered by the Office of Local Government under delegation to the CEO to sign off. I can't really answer what has occurred in the Premier's office, but I know what I did in my office and that was plain—offer feedback. But I was not the administrator of that fund.

The Hon. COURTNEY HOUSSOS: These are significantly stronger protections that you have outlined that are in place. Did you want to provide any reflections on the way that the Office of Local Government then administered the fund, or the Premier's office who broke the law.

Mr JOHN BARILARO: I am not sure again because I do not administer the fund and I have never been the Minister for Local Government. I actually do not understand what the processes may or may not be in the Office of Local Government. I know the CEO has been at this hearing indicating the processes internally but I cannot actually detail what those processes look like. But as a Minister responsible for a vast range of funds out of my office and knowing the processes that I have in the Department of Regional NSW, including a probity officer and a probity audit at the end of the funds program to give me feedback and to hold me to account, I just assume that every other agency works in the same way. What happens in the Office of Local Government is a question for the Minister for Local Government or for the CEO, but I would have to assume that what I do in my agencies is replicated right across the Government.

The Hon. JOHN GRAHAM: Given that answer, were you concerned when you heard about the shredding of documents in relation to Stronger Communities?

Mr JOHN BARILARO: Yes. This Committee has highlighted some issues that I was not aware of. I was not aware of where there was some lacking in processes. There is no question about that. As many in this Committee, I will be sitting at the end of this Committee inquiry and looking for the draft report to see exactly where we can strengthen it. But the idea that there was shredding of documents, we do not do that in my office. Anything that has a brief is signed. I have been at budget estimates and we have produced those briefs. I remember under Jobs for NSW I was dubbed then the "Minister for Surf 'n' Turf", a great name by the honourable Mr Veitch. I produced those documents. What happens in the Premier's office is up to the Premier's record management processes but I think there are lessons for everybody.

The Hon. JOHN GRAHAM: But you can understand why the community would be concerned with documents being shredded. You would share those concerns.

Mr JOHN BARILARO: Absolutely. You say documents are being shredded; that does not give confidence to anybody.

The Hon. NATALIE WARD: Unless they are in accordance with the law.

The Hon. JOHN GRAHAM: I do want to turn now to the bushfire funds and I want to ask specifically about the fast-tracked projects under the bushfire grants program. Firstly, if we can just agree on the facts here, I think you and Minister Littleproud announced these on 2 November 2020 and you announced 71 projects worth \$177 million.

Mr JOHN BARILARO: That is correct.

The Hon. JOHN GRAHAM: That was out of the Bushfire Local Economic Recovery Fund and that was reported as the New South Wales Government identifying those projects and them being accepted by the Federal Government. All that is on the record in your press release. They have come in for criticism because only three of those grants on the face of it ended up in Labor electorates—that is, two in Lismore and possibly one in Cessnock. It is a statewide program. Maybe you could allocate that to Cessnock. That has caused some criticism. Are there any other grants that we are missing here that ended up in Labor electorates? It really looks, on the face of it, that pretty much all of this funding has ended up in government seats.

Mr JOHN BARILARO: The first thing I need to identify is that, when you look at the list of local government areas that were impacted and those electorates that are tied to it off the RFS data, you see that 90 per cent of buildings damaged were destroyed in Coalition seats. I cannot hide from that. If you go back then to the whole impact, not just buildings, you see 77 per cent in Coalition seats, 27 per cent or thereabouts in non-government seats. I know the Blue Mountains have been an example. The Blue Mountains has received support of around \$26 million in a range of grants, business support, clean-up support, council grants.

The Hon. JOHN GRAHAM: But not in this.

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Mr JOHN BARILARO: But that was not in the Bushfire Local Economic Recovery [BLER] Fund.

The Hon. JOHN GRAHAM: I am asking about this round.

Mr JOHN BARILARO: When it comes to the BLER, the advantage that I have—the Prime Minister called out to all Governments to fast-track a heap of projects in that first round. That was the \$177 million. They were projects that we had identified. The advantage that I had as the Minister for regional New South Wales, having a number of projects running, is that we were actually in touch with a lot of communities about the projects that they had on their books. So we were able to lift those from other program funds that we were aware of, bring them forward and then identify them. With those rounds there were two components. One was funding community projects and one was sector development.

Out of the \$177 million, \$50 million—to put it into dollar terms—went to non-government seats. The one that benefited the most was the seat of Wagga Wagga. I know there has been again conversation saying that I helped out my good friend Michael McCormack federally in relation to the seat of Wagga Wagga. But the seat of Riverina, which is Michael's seat, actually holds the seat at the local government area of Wagga Wagga and the local government area of Wagga Wagga got zero dollars. It was the LGA of Cootamundra-Gundagai, which received only \$300,000. But the State seat of Wagga Wagga, which is an independent seat held by Mr Joe McGirr, received \$48 million. The balance of that was then in the Federal seat of Eden-Monaro, which is held by Kristy McBain, the Labor candidate. I just want to put on the record that the facts are not correct. Those projects were delivered by the department, identified by the department, by the agency, brought to Government. They went through the ERC. So I actually did not have the final sign-off.

The Hon. JOHN GRAHAM: Let me ask you about that.

The Hon. NATALIE WARD: Let him finish.

The Hon. TREVOR KHAN: Point of order—

The Hon. JOHN GRAHAM: There is no point of order.

The Hon. TREVOR KHAN: There is a point of order.

The CHAIR: Can I jump straight to the point of order. I think the Deputy Premier is giving content and being directly relevant. Best to let him finish and have that as the way going forward.

Mr JOHN BARILARO: When it comes to the Blue Mountains, the second round just closed on 28 January. That was a week ago, \$250 million. I have the guidelines for the Bushfire Local Economic Recovery Fund. In that, page 4 says that the priority of this round of funding "should be committed to the areas most impacted by the fires". The Blue Mountains had medium to high impact. Can I say that the Blue Mountains did actually lodge during that period, I think, half a dozen projects that did not meet criteria. But that does not exclude them because they had medium to high impact. We will be working with the Blue Mountains council to fast-track that investment in this round, which just closed. When we reached out to the council, those five or six projects didn't meet the criteria. We actually have offered to work with them.

My electorate, the Snowy Monaro council, which saw the big fires of Kosciuszko and the detriment we saw at Kosciuszko, and I know Mr Shoebridge hates—if I may say this—to see 5,000 brumbies destroyed. But we also lost three lives with those three US airmen, and we lost homes, 100-plus homes. Even my council got no funding in that round because they either didn't apply through the sector development or had no eligibility criteria, but they will get funded. I want to table the criteria.

The Hon. JOHN GRAHAM: You hope to make this up to the Blue Mountains in the next round. But how is it that they missed out, given that they are the twelfth-worst-affected local government area in the country, more than half of all the bushland and forest in the Blue Mountains is in the burn-scar area? They had facilities destroyed. They had facilities damaged. They got nothing. They put 23 projects to you. They got nothing. How is that the case?

Mr JOHN BARILARO: The 23 projects didn't meet criteria. So if we had fast-tracked those projects—

The Hon. JOHN GRAHAM: All of them? But there were projects approved right across the State.

Mr JOHN BARILARO: Remember there was a minimum \$1 million threshold. Remember these are joint criteria designed by the Commonwealth and the New South Wales Government. It is actually the same that is applied to every other State. This isn't just something that New South Wales made up. But can I just add this to that. You are right. The criteria that were attached to BLER funding were actually about the number of buildings impacted. Eurobodalla was 2,057 buildings. Bega Valley was 1,970 buildings. We will go down to the Blue

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Mountains. At 109 buildings, they are highly impacted. But that is what this next round was about, the \$250 million. To be honest—

The Hon. JOHN GRAHAM: But why didn't they get something in the first round? They are drought declared. They were receiving Commonwealth disaster relief payments—

The Hon. TREVOR KHAN: I will take the point of order, Chair.

The CHAIR: We can't have three people talking at once. I know what the point of order is, and it is well made. I say again the Deputy Premier is answering the questions and it will be neater and quicker and we will get to the point more if we let him finish.

The Hon. JOHN GRAHAM: How did they get zero?

Mr JOHN BARILARO: Mr Graham, I would have loved to have funded the Blue Mountains or Snowy Monaro—

The Hon. JOHN GRAHAM: Why didn't you?

Mr JOHN BARILARO: Because the projects weren't ready under the criteria. They had to be able to be completed within six months or started within six months. They had to meet the eligibility criteria, which had a \$1 million minimum threshold. There was a number of criteria. If I had interfered in that, you would be asking why did I interfere in the bureaucratic process. Those projects were identified. Unfortunately for the Blue Mountains—I will say this: As the Minister for regional New South Wales, the Blue Mountains doesn't come into my scope. So I am fully aware of what is available in the regions and may be not as much aware in the Blue Mountains. But my agency, can I say, did reach out to the Blue Mountains to work with them to make sure they get funding. But the beauty now is—

The Hon. JOHN GRAHAM: And was that the case for the Central Coast as well?

Mr JOHN BARILARO: Absolutely.

The Hon. JOHN GRAHAM: Their projects just weren't eligible. That is why they didn't get anything.

Mr JOHN BARILARO: Again I don't know exactly what the Central Coast put forward. I am happy to take that on notice and answer that on notice. But the truth here is now there is \$250 million—actually, there is about \$300 million to come. Out of that, the priority now goes to communities with medium to high impact. This document talks about who they are.

The Hon. JOHN GRAHAM: But you are doing that because the whistle has been blown on these projects.

Mr JOHN BARILARO: No.

The Hon. JOHN GRAHAM: You are doing that now to make up for the fact that the whistle has been blown on the fact the Blue Mountains got nothing.

The Hon. TREVOR KHAN: I will take the point of order again.

The CHAIR: I hear the point of order. I accept.

The Hon. TREVOR KHAN: Chair, we are going to have to go into a deliberative if this continues. This is unsatisfactory.

Mr JOHN BARILARO: Mr Graham, can I just make a comment—

The CHAIR: Sorry, Deputy Premier. I think the Deputy Premier is handling himself well. But for Hansard, if for no other reason, you letting the Deputy Premier finish, John, will make things easier.

Mr JOHN BARILARO: I think it is unfair to say that, Mr Graham, firstly because I can assure you, as the Minister responsible for recovery I have had public servants work for 12 months, night and day, over the Christmas period, especially making sure these councils were able to lodge. We have had 650 applications, at one point worth \$6 billion, for the \$250 million. So the reality here now is it is an oversubscribed fund. That is the first part. The second part, to say that the whistle has been blown because of this—this issue about bushfire funding was raised in the media in the last week and a bit. The criteria document, which I have now tabled, is a document that has been around for months and months. That said that in this round those highly impacted communities would get it. So you can't say we have just changed it. You have jumped the shark here. You can't accuse the Government of not funding projects or communities when the fund just closed one week ago and we now have to spend months assessing it.

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The Hon. JOHN GRAHAM: I am asking about this first round, which went out the door rapidly. Have you seen that preliminary assessment of bushfire impact across communities produced by the National Bushfire Recovery Agency, that report that was issued around the country?

Mr JOHN BARILARO: Around the country? I am not sure which report you are referring to, sorry.

The Hon. JOHN GRAHAM: It runs through impact on the Blue Mountains. It shows that it is the twelfth-worst local government area in the country. That was information that was provided to Governments. It was a key report directing State Government funding in other States. Have you seen that report?

Mr JOHN BARILARO: My agency would have seen the report, of course.

The Hon. JOHN GRAHAM: Why in the face of that can you then turn up and say, after the Blue Mountains community gave you 23 projects, all of those were ineligible, despite the fact this is the twelfth worst-affected local government area in the country?

Mr JOHN BARILARO: Let me put it into this context—the light is not great here, and I am getting older.

The CHAIR: If you're not careful, we will turn on the floodlights. Why don't we try that?

Mr JOHN BARILARO: The Blue Mountains economic impact ranges at about 2.3 per cent of statewide. Compare that to Shoalhaven, which is 14 per cent of statewide. So you could pick a figure like \$65 million impact for the Blue Mountains. But when you compare that and contrast that with those other areas, it does rank number 12. Therefore, they will get funding because they still had moderate to high impact based on the amount of dwellings destroyed, not on just the economic impact—

The Hon. JOHN GRAHAM: You are not seriously saying to the Blue Mountains or the Central Coast that those communities weren't massively impacted by the bushfires.

Mr JOHN BARILARO: No, I am saying they were.

The Hon. JOHN GRAHAM: These communities were ringed by fire—

Mr JOHN BARILARO: They will get funding in—

The Hon. JOHN GRAHAM: The Gosford fire was remarkable.

The Hon. TREVOR KHAN: John, for heaven's sake.

The Hon. JOHN GRAHAM: Both of these areas got nothing.

Mr JOHN BARILARO: They get priority funding in this round because of the moderate to high impact evaluation based on dwellings lost. But we have got places like Ballina, the electorate of Ballina, where there was only one house lost, but the economic impact is still real because of the lack of tourism. But then we went into COVID and that has been blurred. But again, Mr Graham, one of the things I am proud of is that every single project was designed, picked up and put forward by the agency. Furthermore, it was also signed off by the Commonwealth. I have trust in my bureaucracy, apolitical public servants who actually care about this fund. The \$4.4 billion that we spent in joint funding with the Federal Government to deal with the biggest catastrophe, the biggest logistics clean-up in State's history, is something I am bloody proud of—and the agencies behind it and the personnel.

The Hon. COURTNEY HOUSSOS: Will the 71 fast-tracked projects all be given until June 2023 to deliver the projects?

Mr JOHN BARILARO: I will have to take that on notice. I am confused about dates. They have six months to commence and I assume that is probably correct, yes.

The Hon. COURTNEY HOUSSOS: Then they have almost three years to complete the project?

Mr JOHN BARILARO: Probably. Can I take that on notice to give you a firm answer?

The Hon. COURTNEY HOUSSOS: Sure. That is a pretty significant time period. Just to confirm, they have to commence within six months?

Mr JOHN BARILARO: Yes, that is my understanding.

The Hon. COURTNEY HOUSSOS: What was the criteria for being fast-tracked?

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Mr JOHN BARILARO: Shovel-ready projects that could be started in six months, projects that were identified by the agency that were ready to go and projects that had merit. There is a set of criteria and, again, I can provide the—we may have already provided the Committee.

The Hon. COURTNEY HOUSSOS: It is the publicly available guidelines for the BLER fund, as you are calling it.

Mr JOHN BARILARO: Yes.

The Hon. COURTNEY HOUSSOS: I want to ask you specifically about the grant of \$11 million to operate the Macleay Valley skydiving project. Are you aware that this project had already unsuccessfully applied to two other grants, one State and one Federal?

Mr JOHN BARILARO: I am not aware that they had failed. They could have failed because they never met the criteria of those particular funds but that does not necessarily mean that project, if it has an economic uplift, in an area that was actually impacted by fires—that it was not suitable and a project put forward by the council.

The Hon. COURTNEY HOUSSOS: In July 2019 they applied for the New South Wales Government's Growing Local Economies [GLE] Fund. In December 2019 they applied for the Federal Government's Building Better Regions Fund. The round four that was announced in June 2020, Kempsey is not in there, the Macleay Valley project is not in there. If a longer, more rigorous assessment program rejected funding this project, what changed and what meant that it needed to be fast-tracked?

Mr JOHN BARILARO: I can talk to my fund, which is the Growing Local Economies Fund. One of the issues with the Growing Local Economies Fund is that it has to have a BCR of one-plus, which makes it very difficult in regional New South Wales to give back to Treasury a positive BCR—a return on investment. Therefore, those funds are often not suitable for certain projects. A lot of sporting and cultural projects never get funded out of GLE. It was a fund that was actually designed predominantly for shared infrastructure in industry where you get a business case that actually stacks up. Whatever the Federal program is, I cannot speak to that, but in relation to this particular fund we did not have the BCR approach. We were not looking through the lens of Treasury, which I have always argued is not the only matrix you should look through. It was about the social dividend, the economic dividend. It was a project ready to go to a region devastated by fires, an \$11 million-plus investment that would boost the local economy including supporting local businesses. That is the criteria behind it.

This happens all the time. When Kevin Rudd—I remember sitting on Queanbeyan City Council as a councillor—went out and said that we have got to stimulate the economy out of the GFC, which was a fantastic thing, a lot of councils had no projects on the shelf ready to go and we missed opportunities in that sort of funding. This is the same instance. We had a disaster. Off the back of a disaster we do minimise the criteria and the restrictions that you would normally apply in other funds and, therefore, these projects which may not be agreed to or funded through another fund get funded through something under a disaster arrangement.

The Hon. COURTNEY HOUSSOS: My time is about to run out. Specifically, Kempsey Shire Council documents show that this will create only 15 ongoing jobs. Even if you divide the total number of jobs created during construction and the ongoing jobs, each job would cost \$107,000. Is that the best way to spend \$11 million when this council told the national royal commission they had kilometres of boundary fences and internal fences that needed fixing immediately for economic reasons?

Mr JOHN BARILARO: Firstly, we have a fencing program to support all those councils. That program, can I say, still has about \$80 million in it. Firstly, there is a separate program in relation to fences. When it comes to roads we have \$500 million supporting local communities with the Fixing Country Roads program. This was a project in relation to economic activity. It creates probably 50 to 100 jobs during construction. You might want to come out and say it is worth \$100,000 but every job in the bush is so valuable, remembering we went from bushfires to COVID and the economy was tanked.

The Hon. JOHN GRAHAM: So \$100,000 a job?

The CHAIR: Your time has expired.

Mr JOHN BARILARO: We do not look at it through that investment. If I said to you the jobs created in a west metro or NorthConnex or George Street light rail—

The Hon. COURTNEY HOUSSOS: This is a skydiving program that is going to create 15 jobs. It is the second-largest project funded.

The CHAIR: You can come back to this in the next round.

CORRECTED

Mr JOHN BARILARO: It is going to create tourism to the region. The 15 direct jobs could actually equate to 100 indirect jobs and millions of dollars of economic uplift—

The Hon. COURTNEY HOUSSOS: That is 15 indirect jobs according to your own analysis.

Mr JOHN BARILARO: —to the region from a tourism perspective.

The CHAIR: We are into the next round of questions. We may come back to skydiving and how that relates to bushfire relief at a later point. Again, thank you for coming today, Deputy Premier. I do appreciate you responding and engaging with the questions. It is actually useful and hopefully will contribute to getting some answers. You gave a series of criteria that you say applied to the BLER, the bushfire recovery fund. Can you remind me what those criteria are?

Mr JOHN BARILARO: Yes. I am happy to go through it and I am happy to table it at the same time. With BLER funding, what we do look for in that—are you talking about the initial round?

The CHAIR: Yes, I am.

Mr JOHN BARILARO: Projects were sought from every bushfire impacted local government area. There were 47 in total. Then those options were narrowed to high and moderately impacted local government areas. High to moderate impact, it was all dependent on—high impact was 100 buildings damaged or destroyed, moderate was 15 to 99 buildings damaged or destroyed and low impact was 15 buildings damaged or destroyed.

The CHAIR: Can we break this down a little bit. That criteria was never made publicly known, was it?

Mr JOHN BARILARO: It was. It was advertised.

The CHAIR: Where?

Mr JOHN BARILARO: Firstly, the program was announced by the Prime Minister. Secondly, we contacted councils. Criteria is always part of the contact. Local members also received an email—I know Trish Doyle received an email—in relation to the program. That is why I get upset when I am told that nobody knew. People knew. The criteria would have been available when those particular councils made those applications. Some councils did not apply through the sector development. I know Blue Mountains made no application. Under the other component they put those 20-odd projects up but they did not meet criteria. The criteria was there for them to have a look at.

The CHAIR: We will explore that in a bit. You were talking about buildings—high, moderate and low—and it was on building numbers. Is that what you say?

Mr JOHN BARILARO: Absolutely, because even though we have had bushfires right across the east coast the impact of those fires, especially to communities, were significantly different. I have just talked about 3,000-plus buildings just in the South Coast versus only 100, say, in the Blue Mountains. So it does not mean that the Blue Mountains are not deserving. That is why this round is designed for areas like the Blue Mountains. I am happy to table this document with the criteria.

The CHAIR: Please do. Deputy Premier, your office has distributed these two documents that set out the statewide impact of the fires. I will just get a copy distributed to you. These would be familiar to you.

Mr JOHN BARILARO: Okay, yes.

The CHAIR: There are a series of criteria—buildings impacted, landholders impacted and then the economic impact. I might take you to the one for southern New South Wales first.

Mr JOHN BARILARO: Which is?

The CHAIR: The one with more blue on it. You will see if you go to the Central Coast, 40 buildings were impacted, 144 rural landholders were impacted and the economic impact there is \$163.3 million—or 6.5 per cent of their economy. Why did they not get a dollar?

Mr JOHN BARILARO: Because, as I said earlier, the BLER, the guidelines, the criteria was based on the first criteria, which was buildings impacted. I have made that clear and I have actually submitted the criteria.

The CHAIR: How could you come up with criteria that excludes a part of the State that lost 6.3 per cent of its economy as a result of the fires? Did you devise those criteria?

Mr JOHN BARILARO: The agency did in agreement with the Federal Government. Can I just make this clear, it may sound significant when you say—what was the percentage that you mentioned? Was it 6.3 per cent?

CORRECTED

The CHAIR: It was 6.5 per cent of its economy.

Mr JOHN BARILARO: But then you look at areas like the South Coast, and 14 odd per cent, I think, is the number. Again, I should have brought my glasses.

The CHAIR: Well, Bega Valley, 8.7 per cent; Eurobodalla, 6 per cent; Snowy Monaro, which you gave a huge amount of money to, 6.2 per cent.

Mr JOHN BARILARO: No, Snowy Monaro received no funding. Snowy Valleys—

The CHAIR: Queanbeyan-Palerang, 1.4 per cent. Snowy Valley, that you showered with money, 7.5 per cent, almost the same as the Central Coast.

Mr JOHN BARILARO: Yes, but again, sector development was one round, one fund. The sector development was to support forestry, agriculture, aquaculture and dairy. So those areas like Batlow and Tumut were devastated. Industries were destroyed—big employers like Visy in the forestry game, all were impacted. So that sector development was actually targeted at those particular industries and that is why you will see a skew in the investments. But again, as I have said, now that we are in the open round, the \$250 million, these communities will get priority. Those projects may not have been—if they had applied, maybe never met criteria. Secondly, if they have not applied or there were not any projects available or any projects that we are aware of, that is what this round is all about. This round is that they will get their fair share of the \$250 million. Why? Because they have been rated moderate and high.

The CHAIR: Because the 6.5 per cent loss to their local economy was not in industries that you were willing to help, they did not get a dollar. Is that how I am to read it? Because it was tourism and other industries that took a hit in the Central Coast, they did not get a dollar under this first round.

Mr JOHN BARILARO: You have got to look at those anchor industries that are very important, and tourism was not part of the sector development.

The CHAIR: You just don't rate it?

Mr JOHN BARILARO: It was not part of the sector development approach. It was those hard heavy infrastructure industries that we funded. It was all worked through criteria, it was out in the public domain, we worked across the board. But you also talk about there was no investment in those areas. The whole clean-up, \$4.4 billion—99 per cent of the clean-up subcontractors were all local out of those communities.

The CHAIR: Let's focus on the grant rounds that we are here to discuss. If I could take you to the Blue Mountains there as well, they lost 114 buildings.

Mr JOHN BARILARO: Yes.

The CHAIR: How is it that they did not get a cent even on your buildings criteria, 114 buildings—

Mr JOHN BARILARO: Absolutely. You want to single it out—

The CHAIR: They had lost 114 buildings, they had a \$65.4 million economic impact but they do not get a cent.

Mr JOHN BARILARO: Again, because based on the number of buildings impacted—but when you cherrypick the Blue Mountains out, it ranks number 19 on this list. But compare it to Eurobodalla at 2,057 homes, Bega Valley at 1,970 homes, Shoalhaven at 1,383 homes, Snowy Valleys at 966 homes—it is a big difference between 109 homes and 2,057. As we work through this list, we work with a number of areas. There were areas that actually had smaller numbers—like Goulburn Mulwaree, moderate—that received funding because they had those projects ready to go. Kyogle, again not one of our seats, received about \$2 million and only 16 homes were impacted—or buildings, I should say, were impacted. So the reality here is that we work with communities that had projects ready to go. It was not done off the back of if you are a Liberal or a National or a Labor or a non-government seat. It was actually based on the public servants working through projects they were aware of, projects that could start within six months. I have already detailed to this Committee that with Blue Mountains the projects they had put up did not meet the criteria. They put no projects up against Sector Development Grants. Now we are working with them and they are now our priority because they are rated high out of the next round of \$250 million.

The CHAIR: One of the reasons you identify homes lost as a criteria is because that has such a dramatic impact on people, doesn't it?

Mr JOHN BARILARO: Buildings. Yes, absolutely.

CORRECTED

The CHAIR: There are still people in regional New South Wales who have not got a home, still living in tents and caravans. Do you accept that, after the fire?

Mr JOHN BARILARO: No, I disagree with that. There are many people that have chosen to live in a particular way on sites. We have offered everybody accommodation options, including the partnership with Minderoo.

The CHAIR: You are telling me that the people who are still living on their properties in a caravan and have not got their house rebuilt have chosen to do that?

Mr JOHN BARILARO: They may not have insurance. They may not have the ability to rebuild.

The CHAIR: Correct.

Mr JOHN BARILARO: But we have offered them accommodation options and some of them decided to stay on their land. Why? Because they might have livestock. Some of them decided to stay on their land because it is their neighbourhood where their kids go to school or because of their friendship groups, networks.

The CHAIR: Compelling personal reasons to stay on their property, right?

Mr JOHN BARILARO: That is right. Absolutely.

The CHAIR: And they still have not got a house; some are uninsured. You accept that?

Mr JOHN BARILARO: Correct. Yes, they are uninsured. I am sorry.

The CHAIR: So what do you say to them, those people, about the \$10 million of bushfire local economy relief that did not go to them but went to a multinational corporation like Visy Corp? How do you say to them, "You haven't got a home. We're not funding your home, but I'm going to give \$10 million of bushfire relief to a hugely profitable multinational"? How do you explain that?

Mr JOHN BARILARO: Firstly, I think your question comes with bias because you are anti-forestry, so I am going to say that up-front. To just single out Visy—there are many businesses and industries that received funding regardless of how big or small they are.

The CHAIR: Answer the question though.

Mr JOHN BARILARO: Then we are in partnership with companies like the Minderoo Foundation, who makes their money out of a billionaire, out of mining.

The CHAIR: Answer the question.

Mr JOHN BARILARO: I will answer the question. The question is simple. We have put up \$10 million because of the devastation that happened to the forestry industry in the south—1,200 direct jobs out of Visy alone. Guess what? They have matched it with \$10 million. This does not just shore up new jobs; it shores up those 1,200 jobs for the future. That is actually what that investment is all about. That was what the sector development investment was all about. Would you argue that Tim Salway, the dairy farmer from the South Coast that lost everything plus two family members who received about \$550,000 or \$600,000 to support him to get back on with his dairy farm, is not worth it? You cannot cherry-pick Visy versus Tim Salway.

The reality here is the economic impact, the loss of jobs in those industries that absolutely were destroyed—forestry, the Batlow orchards, our dairy industries, cattle, agriculture. That is why we had a range of funds from \$75,000 to \$50,000 to \$10,000 to \$3,000 supporting these individuals. But you want to pick out Visy because they have a billionaire owner or a billionaire industry. Come down to my region. Come and talk to Kristy McBain, the Labor member for Eden-Monaro or, previously, Mike Kelly, the greatest champion of Visy ever in my region, the Labor member who backed in those 1,200 jobs out of my region, or that region. I tell you what, the devastation would be beyond the numbers you could put on your calculator.

The CHAIR: Can you table with this Committee the assessment that your department did regarding why you prioritised \$10 million to a multinational?

Mr JOHN BARILARO: Yes, absolutely. I do not have it here with me, but I am happy to table all those Sector Development Grants given to all businesses, all industries and all those that received funding from this Government.

The CHAIR: Are you seriously comparing giving \$500,000 to an individual dairy farmer who suffered such personal tragedy, such dreadful economic loss, with the resources of a family to recover—are you seriously comparing that to giving \$10 million to a multinational like Visy?

Mr JOHN BARILARO: Put it into context.

CORRECTED

The CHAIR: Is that your genuine comparison?

Mr JOHN BARILARO: No, put it into context. I met with Tim Salway. I do not know if you have met with Tim Salway. The gratitude of Tim Salway for that investment—it meant he actually could continue on. He may only create a couple of jobs but they are important to the dairy industry and the supply of milk in that region. That is the first part. But you cannot compare Tim Salway because Visy employs 1,200 direct jobs. Forget the flow-on. If you get rid of Visy, regardless of who they are, if Visy was to fall over tomorrow because there is no resource—you have got to remember there is no resource: plantations gone, sulphur plantations burnt, something like 40 per cent of the estate gone. The impact is long term and Visy were able to put in place the infrastructure like salvaging the burnt logs so that we could actually try and salvage some waste, some industry. You cannot compare the two. They are as valuable. One job with Tim Salway versus 1,200 jobs with Visy, they are just as—they are equal in my mind.

The CHAIR: You are not pretending that the \$10 million gift that you gave to Visy produced 1,200 jobs, are you, Deputy Premier? You are not pretending that?

Mr JOHN BARILARO: The \$10 million investment secures the 1,200 jobs. It creates a handful of other jobs, but it secures the 1,200 jobs.

The CHAIR: Are you aware that last year during the COVID crisis Visy, particularly the pulp division of Visy, made record profits? At the same time as they were making record profits, this very division, you ploughed \$10 million of scarce bushfire funding into that company while they were making record profits. How do you explain that to people who have lost their homes, struggling to recover? How do you explain that?

Mr JOHN BARILARO: Again, we support industry. We support industries of all colours and all shapes and all sizes. We do not discriminate because they have made profits. Thank goodness there are industries that are still making profits. But I tell you what, the last 12 months for a lot of businesses, the economy—the risk on jobs is our number one priority and it met the criteria, co-funded. Let's be honest here. Just because you may not like Visy, because you do not like the industry, it does not mean they are not eligible.

The CHAIR: No doubt you like Visy because the primary owner of Visy, Mr Pratt, has given the Coalition at least \$1.5 million in donations in the last two years.

Mr JOHN BARILARO: Yes, in 2019. The Labor Party also received donations, so don't forget that part, and it was the Federal Nationals, not the State Nationals. So no conflict from my perspective.

The CHAIR: Weren't the State Nationals also signing off on this project?

Mr JOHN BARILARO: No but we—

The CHAIR: Are you saying no?

Mr JOHN BARILARO: What I am trying to say is there were no donations to the State National Party.

The CHAIR: No, but wasn't it your Federal National colleague who signed off on the project?

Mr JOHN BARILARO: On the sector development funding?

The CHAIR: Yes.

Mr JOHN BARILARO: I will have to take that on notice. I am not aware if that was the case.

The CHAIR: Deputy Premier, you have been answering questions fairly today. You know it was your Federal ministerial colleague—

Mr JOHN BARILARO: No, I am not sure—

The CHAIR: —who received \$1.5 million in funding from Mr Pratt—from a successful, profitable multinational corporation. You know that they received the funding and that is the context in which they got \$10 million.

Mr JOHN BARILARO: Mr Shoebridge, I do not know what donations—until you have just flagged it. I do know the donations go across all party lines, so let us not pretend, again, that this is somehow just Coalition parties that receive funding. Let us make that clear. I do not know, in the sector development grants, if I was the signatory only, or did it take signatory from also the Commonwealth? I said that and I am happy to come back and take that question on notice. But you cannot make that assumption and just assume. Legal donations, regardless of where they go, are legal.

The CHAIR: Pork-barrelling is legal too, is it not?

CORRECTED

Mr JOHN BARILARO: No.

The CHAIR: You give to donors; you give to Coalition seats. It is all legal in your mind, is it not?

Mr JOHN BARILARO: Again, your definition of pork-barrelling is what?

The CHAIR: It is handing out \$177 million of urgent bushfire relief, giving \$10 million to a major donor to your Federal party and only giving \$2.5 million to any seats that are occupied—

Mr JOHN BARILARO: That is incorrect. You know it is incorrect.

The CHAIR: —by the Opposition or The Greens—

Mr JOHN BARILARO: Forty-eight million went to the seat of Wagga Wagga.

The CHAIR: —or the Shooters, Fishers and Farmers Party.

Mr JOHN BARILARO: Can you correct your statement? Forty-eight million dollars went to the non-Government seat of Wagga Wagga.

The CHAIR: Why don't we drill into that a little more?

Mr JOHN BARILARO: Yes, absolutely.

The CHAIR: I accept that the bulk of that money—on a Federal basis—went into the seat of Eden Monaro.

Mr JOHN BARILARO: Correct.

The CHAIR: The bulk of it went to Eden Monaro. Did you indicate that you wanted to run for the seat of Eden Monaro?

Mr JOHN BARILARO: No, not at all—not in the last Federal election. There was a by-election that you may be referring to.

The CHAIR: What about that last by-election? Did you indicate you wanted to run for that seat?

Mr JOHN BARILARO: I did not run. Secondly, these grants were made after the by-election. So if you are going to talk about pork-barrelling or trying to buy votes, why would we not have funded this before the by-election? We did not.

The Hon. JOHN GRAHAM: There is always next time.

Mr JOHN BARILARO: We funded it post the by-election—significantly, months after the by-election. Again, your assumption—just because you say it does not make it right. The truth here is why did that area get funding? Have you been to Batlow? Did you see the devastation to the orchards? Did you see the devastation to the forestry industry? Get Joe McGirr here. He would back me in on the \$48 million because the majority went into his State seat of Wagga Wagga—only \$300,000 into the Federal seat of Riverina.

The CHAIR: Just to be clear, you are going to rule out a tilt for Eden Monaro?

The Hon. NATALIE WARD: Chair, that is out of order and you know it.

Mr JOHN BARILARO: Here is a question for you: Did you put your nomination in yesterday for the Senate race for The Greens? It closed yesterday. It is funny that I appear here today. I hope the Committee realises that this Committee is being used for your Senate race. On 13 March you will be preselected. I have ruled out Eden Monaro. I have ruled out running in the Senate. I thought you and I might have been partners in the Senate for a while, off the rumours this week. No, I have no intention of going Federal—zero; not today and not in the future. I have a great job here as New South Wales' deputy but, more importantly, working with the Premier to recover from this COVID economic crisis that we have faced. Guess what? We are going to invest in industry, we are going to invest in infrastructure and we are going to be proud of it.

The CHAIR: I gave you a second sheet. I think I took you to the southern New South Wales one. Can I take you to the northern New South Wales one?

Mr JOHN BARILARO: Yes.

The CHAIR: Again, the State seat of Ballina received not a single dollar from the bushfire relief fund.

Mr JOHN BARILARO: How many houses were destroyed in the seat of Ballina?

CORRECTED

The CHAIR: Why don't we go through that? Three buildings were impacted and 41 rural landholders were impacted. They suffered an economic impact of \$88.8 million—3.5 per cent of their economy.

Mr JOHN BARILARO: Yes.

The CHAIR: How is it that they were excluded as well?

Mr JOHN BARILARO: Because I have answered this question consistently.

The CHAIR: It is just buildings?

Mr JOHN BARILARO: Because the criteria and the guidelines of the BLER were buildings impacted.

The CHAIR: You did not rate the economic loss and the damage that they had, primarily to the tourism industry? Because it was not an industry that the National Party wanted to support, they just did not get a dollar? Is that right?

Mr JOHN BARILARO: I refute that. Of course it is an industry we support. The National Party represents most of the regions and regional seats, and tourism is our biggest driver. Mining is important; the agriculture is important. But tourism, and domestic tourism at the moment, is what has actually rebuilt our economies in regional and rural New South Wales—domestic tourism since the borders have closed. We are seeing some prosperity for a change. The rains have come, agriculture is booming, mining continues and tourism is at the heart of it. How dare you say that The Nationals do not support tourism because it is not an industry of ours? The National Party supports the regions. We are a party of geography, not ideology. We support industries that support our regions. The National Party also supports renewable energy zones—one of your favourite industries. We back it in each and every day.

The CHAIR: Yes—two decades too late, but you finally got there.

Mr JOHN BARILARO: It is not too late. We have been at the heart of it.

The CHAIR: Deputy Premier, you say that there are probity officers and a probity audit done.

Mr JOHN BARILARO: Absolutely.

The CHAIR: Was there a probity audit done of the \$177 million, and can you table it with us?

Mr JOHN BARILARO: I am not sure if that is the case at this stage. The probity officer or the audits are done also at the end of the program. I am happy to take that question on notice.

The CHAIR: You cannot satisfy us, sitting here now, that there was a probity audit done?

Mr JOHN BARILARO: I just do not know. I can tell you that every single fund that I administer up to this point has always had a probity officer role and a probity audit. I just do not know, and I am happy to take the question on notice and give you that answer. I do not want to mislead this Committee.

The CHAIR: How did Visy find out about the chance to get \$10 million of public funding?

Mr JOHN BARILARO: When the Sector Development Fund was created, all industries that had been talking to us during the impact of the fires—industries that had been lobbying us, industries that had been talking to the Government, with my agencies on the ground, including myself, visiting Visy and visiting those other mills up there, not just Visy, and visiting the orchards—we contacted them. That is what we do.

The CHAIR: Did you speak with Mr Pratt?

Mr JOHN BARILARO: No. I will say this: I think, since being the Minister for forestry, which was at the last election, I have never had a conversation with Mr Pratt.

The Hon. JOHN GRAHAM: I want to return to some of those broader questions about pork-barrelling.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: I am interested in your view. Do you agree with the Premier when she says, "Look, this term 'pork-barrelling' is common parlance"?

Mr JOHN BARILARO: As I said earlier, it was Jeremy Buckingham who called me John "Pork-Barrel". It is a term that has been devised in a way that accuses governments that we somehow only fund our seats. But you go to an election; you make a promise. That is what I think the Premier was actually referring to: that even though you call it pork-barrelling, it is that we are fighting and delivering investments in our regions. I am proud of the stuff that I do. The Stronger Country Communities Fund is no longer what I would call the beauty contest; it is a fund that is allocated to every single local government area—not even electorates.

CORRECTED

The Hon. JOHN GRAHAM: Understood. That distinguishes it from some of these other funds.

Mr JOHN BARILARO: That is how I do it. That cannot be pork-barrelling. But I am accused of pork-barrelling.

The Hon. JOHN GRAHAM: But you would essentially agree with her, then, that the community does not like it. It is not illegal; it is just a fact of life.

Mr JOHN BARILARO: Governments, forever and a day—remember, Julia Gillard did a deal with Tony Windsor. He has the best NBN in the country. That was actually to form government. Would you call that pork-barrelling?

The CHAIR: Yes.

The Hon. JOHN GRAHAM: I will return to the Blue Mountains question. I have looked at those 23 projects that are there. You are telling me all of these are ineligible?

Mr JOHN BARILARO: On the advice.

The Hon. JOHN GRAHAM: Some of these are RFS upgrades.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: Some of these are urgent repairs.

Mr JOHN BARILARO: Have you got the figures against them? I do not have them here in front of me.

The Hon. JOHN GRAHAM: I am looking at the projects that have been submitted.

Mr JOHN BARILARO: Are any individual projects—

The Hon. JOHN GRAHAM: But they are all out.

Mr JOHN BARILARO: For instance—let us just test one—are any individual projects at \$1 million or above?

The Hon. JOHN GRAHAM: I do not have that detail here.

Mr JOHN BARILARO: I cannot answer that. On the advice that I was given, those projects were ineligible against the criteria. I am happy, again, to come back to this Committee or to give this Committee the documentation for why they were ineligible.

The CHAIR: And, to be clear, where the criteria were published.

Mr JOHN BARILARO: Absolutely. We are happy to find all that.

The Hon. COURTNEY HOUSSOS: On the question of the criteria, you said earlier that this was the Federal Government—that it was the same system right across the board.

Mr JOHN BARILARO: It is co-funded—50-50.

The Hon. COURTNEY HOUSSOS: You said the criteria and the guidelines were the same across the board.

Mr JOHN BARILARO: No, I said that we worked through our criteria with the Federal Government. The Federal Government reached out to all States at the time to fast-track investment. What those criteria may be in other States, I cannot answer, but I know that the criteria that were designed in New South Wales were co-designed by the Commonwealth and the State.

The Hon. COURTNEY HOUSSOS: That was not what you said earlier, Deputy Premier. Earlier you gave us the impression that the Federal Government was the one that set the criteria.

The Hon. TREVOR KHAN: No, that is not right.

Mr JOHN BARILARO: No, I actually said the Federal Government reached out to all States about fast-tracking projects. That was applicable to everyone. Who knows what the programs look like in those States? I never made a commitment of what the programs look like. We then designed our criteria. What those criteria might be in Queensland or Tasmania or Victoria, I do not know.

CORRECTED

The Hon. COURTNEY HOUSSOS: Let us look at some of the projects that are being funded in other states. In South Australia the largest project is \$19.8 million for a new desalination plant for Kangaroo Island, which was decimated by the fires.

Mr JOHN BARILARO: Fantastic.

The Hon. COURTNEY HOUSSOS: In Victoria they are looking at upgrades for community halls that are usually used as evacuation centres to make them more accessible, so that people in wheelchairs or the elderly can have more accessibility. But in New South Wales the second largest single grant that you provided was \$11 million for a skydiving facility to create 15 jobs.

The Hon. NATALIE WARD: Is there a question?

The Hon. COURTNEY HOUSSOS: Do you still stand by that decision?

Mr JOHN BARILARO: Firstly, it was a decision by the agency that brought it to the ERC. We signed off on it because it met criteria. At the end of the day, that \$11 million investment is about direct jobs and indirect jobs driving tourism long term, and it is an opportunity for them. Again, congratulations to South Australia and Victoria for all those projects, but one project does not make it better or more worthwhile than another. If it meets criteria, and it is ready to go, which is within the criteria, it deserves funding.

The Hon. COURTNEY HOUSSOS: Let me specifically draw you to the project in St Ives, the Snives Hives. They were given \$194,000 to expand to Somersby on the Central Coast. One of the assessment criteria—I am referring to your document that is available—says there needs to be local support and participation. Now this is \$194,000 to expand a private company to an area where the local MP did not even know the grant was available.

Mr JOHN BARILARO: I cannot answer that. I don't know. You are asking me the specifics of a whole heap of grants and I am happy to come back and offer this Committee why that particular project was funded.

The Hon. COURTNEY HOUSSOS: I am giving you an example of one that does not conform to your criteria.

Mr JOHN BARILARO: You are saying that, but the agency would have ticked it off because it meets criteria. So let me come back to this Committee formally, through the agency, on why and how that particular project—

The Hon. COURTNEY HOUSSOS: And can you tell me how many local jobs will be created by that funding?

Mr JOHN BARILARO: I am happy to do that.

The CHAIR: Sorry, Mr Deputy Premier, you said one of the criteria is a \$1 million threshold. I can read to you 50 of these projects that have budgets of \$260,000, \$80,000, \$50,000, \$390,000, \$275,000—

Mr JOHN BARILARO: But they might have been—

The CHAIR: —\$43,000, \$240,000. I could go on. That's just not true. That \$1 million criteria clearly was not part of it.

Mr JOHN BARILARO: No, but they may have been actually put in as a total package.

The CHAIR: No.

Mr JOHN BARILARO: No, you don't know that. I don't know that, so let me come back and give you those answers.

The CHAIR: That's just not true.

The Hon. JOHN GRAHAM: Deputy Premier, you are making clear this was a recommendation from your agency.

Mr JOHN BARILARO: Absolutely.

The Hon. JOHN GRAHAM: So they assessed it, they ranked it. You did not make any changes to the recommendation that came across your desk.

Mr JOHN BARILARO: As far as I am concerned, no changes were ever made. Correct. Everything that was recommended—

The Hon. JOHN GRAHAM: You approved these, though. You accept that.

Mr JOHN BARILARO: —by the agency then went back to ERC for approval.

CORRECTED

The Hon. JOHN GRAHAM: And they recommended these 71 projects.

Mr JOHN BARILARO: Yes, absolutely. All these projects. And I have faith in my officials that they followed the protocols.

The Hon. TREVOR KHAN: Wow, that is a change from the last round of hearings.

Mr JOHN BARILARO: Sorry?

The Hon. JOHN GRAHAM: You have confirmed that you are relying on buildings impacted. And you have really confirmed to us that this report from the National Bushfire Recovery Agency, which went to all the States and which set out a range of other criteria, just was not considered in that narrow buildings impacted—

Mr JOHN BARILARO: I did not say that was not considered. I am sure my agency has that report and if it was considered as part of decision-making, can I come back to this Committee? I will take that on notice.

The Hon. JOHN GRAHAM: Great. I want to turn to the Stronger Communities Fund, the tied grants round that you referred to. This Committee has been searching for the architect of these grants. It is a quarter of a billion dollar fund. No-one will own up to approving these funds, and as you would know it is very unusual in government that no-one will claim credit for handing out a quarter of a billion dollars. In evidence to the Committee, emails from your office have been presented that set out your role. They variously go through and say, "Yes, confirmed. All approved by the DP", "DP's approved funding", "Updates approved by the DP", "DP's now approved", "The DP's approved this", "DP agreed to"—you're getting the theme here.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: Did you approve these grants for \$61 million?

Mr JOHN BARILARO: I did not approve them because I was not the Minister responsible for a fund, with a delegation. It was actually the CEO of the Office of Local Government. This fund was administered—

The Hon. JOHN GRAHAM: How can you say that though, given these emails?

The Hon. TREVOR KHAN: Just let him answer.

Mr JOHN BARILARO: I get asked a question, "In Cabonne there's a project. Do you think it's something that should be up on this farm?" "Yes, I approve that." Just the word "approve" does not necessarily mean I am the final signatory. Just because I approve something going up as a recommendation, feedback from my office, that is the norm. You are trying to pick a word that in my mind can be used in many different ways. So the reality here is that—

The Hon. JOHN GRAHAM: Well, it's a word that in government has quite a formal meaning.

Mr JOHN BARILARO: No, but as I said clearly from the outset, the delegated authority was to the CEO of the Office of Local Government.

The Hon. JOHN GRAHAM: So was Mr Hurst, the CEO of the Office of Local Government, the decision-maker in this project? Is that what you are putting to the Committee?

Mr JOHN BARILARO: Yes, he was.

The Hon. JOHN GRAHAM: Every grant program has a formal decision-maker.

Mr JOHN BARILARO: Because I have here the delegation that gives him the authority.

The Hon. JOHN GRAHAM: So he was making the decisions about where these—

Mr JOHN BARILARO: Yes, and he would reach out or we would reach out. We were taking on issues from local MPs, councils. Remember, the mergers were something I took on passionately. I travelled every single regional area that was impacted by mergers, remembering 13 local government mergers in the bush were all in Coalition seats. All of them were in Coalition seats. And all Coalition seats or all mergers in the bush got the same equity amount of funding. There was no up or down.

The Hon. JOHN GRAHAM: Yes. One of the issues that the ICAC put in front of this Committee is that it is illegal, it is a breach of trust—

Mr JOHN BARILARO: What is?

The Hon. JOHN GRAHAM: It is possibly corrupt conduct, for a decision-maker, if they are a bureaucrat, to be directed inappropriately by Ministers, by politicians.

CORRECTED

Mr JOHN BARILARO: Who said they were directed? I didn't say they were directed. We gave feedback.

The Hon. JOHN GRAHAM: If Mr Hurst is the decision-maker, why is your office bombarding him with directions about what you think—

Mr JOHN BARILARO: No, it wasn't directions. It was feedback.

The Hon. JOHN GRAHAM: Why is your office bombarding him with feedback?

Mr JOHN BARILARO: I am the Minister for regional New South Wales. I am the leader and the member of Parliament and the Deputy Premier that travelled to these communities and heard firsthand of the impacts, the extra costs associated with the implementation of mergers and the associated lack of investment. So I had every right to give feedback and that is all it was. I have no authority to sign off, and Mr Hurst or the Minister for Local Government could easily have said, "No, thank you. We're going to do XYZ instead."

The Hon. JOHN GRAHAM: That is not what Mr Hurst says. He is administering this fund. I agree with that. He's signing the cheques; I agree with that.

Mr JOHN BARILARO: There are no briefs to me that I have signed off—

The Hon. JOHN GRAHAM: He did not have the first clue about some of these projects.

The CHAIR: Sorry, you are both talking over each other. Mr Graham has to finish his question and Mr Barilaro has to finish his answer. So pay respect to each other.

The Hon. JOHN GRAHAM: I just to want put to you Mr Hurst's view because he is coming this afternoon—

The Hon. TREVOR KHAN: I am taking a point of order.

The CHAIR: I will hear the point of order.

The Hon. TREVOR KHAN: The consistent one who interjects is sitting opposite me. He may not like the answers that he is receiving but he has just got to restrain himself long enough to allow the answer to finish. Otherwise it does turn into a complete dog's breakfast.

The CHAIR: I have heard the point of order. I think if for no other reason the point of order was useful because it has allowed everyone to take a deep breath. What I might do, so we get back in order, is pass to Mr Graham and ask him to ask his question, and then we will wait until the conclusion of the answer.

The Hon. JOHN GRAHAM: Mr Hurst is coming this afternoon. He has continually said, and he has said in writing in answers to do this Committee, he was signing the cheques, he was sending the cheques out. No problem. He was not deciding which of these projects were allocated.

Mr JOHN BARILARO: So who did he say was deciding?

The Hon. JOHN GRAHAM: He says, in the tables he has put to this Committee, it is the Premier or the Deputy Premier providing that guidance, providing that direction. He says you are approving which projects get the funding. That is what all the facts show. That is what all the emails show. That is what all the documents show. How can you say that you are not approving these funds?

Mr JOHN BARILARO: To that, there are no documents or facts that show that I was approving these funds. As my office often does, right across government, we gave advice, we gave feedback. Mr Hurst is a professional public servant who I absolutely respect and admire. And there is no question that the mess of the Stronger Communities Fund, being the mergers in general, something that I did not love—actually, on the public record I disagreed with. At the end of the day, my office's role, and my role, was to give feedback. That is all it was. There isn't a brief with my signature on it. There isn't a brief that gave any direction to Mr Hurst or the Minister for Local Government at the time. And at that time, as he had delegated authority to sign off, he could have made any decision in or against any of those decisions and he didn't.

The Hon. JOHN GRAHAM: There are documents, there are at least 10 emails. I have referred to a number of them—

Mr JOHN BARILARO: Of advice. Of feedback.

The Hon. JOHN GRAHAM: —and they say that you approved these. Not advice; you approved these.

Mr JOHN BARILARO: No. It doesn't say that.

CORRECTED

The Hon. JOHN GRAHAM: That is what the documents show, the contemporaneous email documents. I invite you to respond.

Mr JOHN BARILARO: But, Mr Graham—

The CHAIR: Deputy Premier, it is easier if you just let Mr Graham finish his question.

Mr JOHN BARILARO: But he did not let me finish the answer.

The CHAIR: I accept that. I had thought you had finished but I accept you hadn't. So why don't we do this: If you have anything additional to add to that first question, add it now, and then Mr Graham can ask his question.

Mr JOHN BARILARO: I just want to make it clear: As the Minister for regional New South Wales, as the Leader of the National Party, as the Deputy Premier of New South Wales, I get bombarded by Ministers from all agencies all the time asking for feedback in relation to programs, to investments, and in some cases public service job cuts which we are not happy about and then I go in and fight when I am not happy with them. But the reality here is, we give advice all the time. If you want to use the word, does the DP "approve" or he has "approved", I have approved the advice that we have given but that would be it. At the end of the day, that is a document from one of my staff members. But there is not a document from me, a brief signed by me saying signed, approved, direct. I just did not do that. I had no authority to do that.

The Hon. JOHN GRAHAM: You can understand why I am sceptical though. You referred to the surf and turf scheme before, the GO NSW Equity Fund, you turned up to estimates and told us nine times that was all at arms-length from the Government.

Mr JOHN BARILARO: Absolutely it was.

The Hon. JOHN GRAHAM: In the end—

Mr JOHN BARILARO: It still is.

The Hon. JOHN GRAHAM: —there was a brief with your signature on it approving that fund.

Mr JOHN BARILARO: After a panel recommended it.

The Hon. JOHN GRAHAM: This is exactly the same.

Mr JOHN BARILARO: That is the point.

The Hon. JOHN GRAHAM: You are saying it is arms-length.

Mr JOHN BARILARO: No, no, that is great.

The Hon. JOHN GRAHAM: It is not. You are approving these.

Mr JOHN BARILARO: I love it. That is a great example.

The Hon. JOHN GRAHAM: You are approving these.

Mr JOHN BARILARO: Mr Graham, that is a great example. I am glad you went to that particular fund. A panel recommended it, I as the Minister signed it.

The Hon. JOHN GRAHAM: You approved it.

Mr JOHN BARILARO: No, no. That is right. That is right. In that case. But, let us go back to the Stronger Communities Fund.

The Hon. TREVOR KHAN: John, John.

Mr JOHN BARILARO: I am not the signatory, I am not the authorised signatory to approve any funding under the Stronger Communities Fund. That is Mr Hurst or the Minister for Local Government.

The Hon. JOHN GRAHAM: I just want to ask you about one specific example.

Mr JOHN BARILARO: Hang on. No, no. Let me—I have a right to finish.

The Hon. JOHN GRAHAM: I am going to hand over to my—

The Hon. NATALIE WARD: Let him answer.

The Hon. JOHN GRAHAM: Happily, I am going to hand over to my colleague.

CORRECTED

The Hon. NATALIE WARD: Just let him answer, or we will go into committee. We will go into committee and we will waste all your time.

The CHAIR: Mr Graham, could you let the Deputy Premier finish that answer.

Mr JOHN BARILARO: Yes. I have showed you consistently, I have submitted to this Committee all my grant funding programs and how the process looks, the briefs that I sign, when I approve I sign. We give advice to an agency like global government. I would assume they have processes no different to my agency. Unless my agency is gold standard, diamond standard, and I am proud of that, I assume that all other agencies work in the same way. Just because there is an email from my staff member that says yes, we like that project, that does not mean I have signed off on it, because I do not have the authority to. I just do not have the authority. My role was as a member of Cabinet, one of the three Ministers that signed off on the guidelines, and then we gave advice and feedback. That is it. That is, I am sorry, there is no silver bullet here, mate.

The Hon. JOHN GRAHAM: Your office has been clear though that your office went out, for example on the Central Coast, you approved these grants, asked government MPs only and allocated the money in the Central Coast in this way: \$4,875,000 to Mr Crouch's electorate of Terrigal, the one government MP you asked; \$425,00 to The Entrance; \$200,000 to Gosford; nothing to Wyong; nothing to Swansea. That was your decision. Mr Hurst knows nothing about the Central Coast and those briefs. He did not ask Mr Crouch where the money should go, and the answer was all to his electorate. That was your office. That was your decision.

Mr JOHN BARILARO: Actually, you have just detailed that it is not all to Mr Crouch's electorate. You just mentioned three other electorates I think in all in your own question.

The Hon. JOHN GRAHAM: And it went almost all to him.

Mr JOHN BARILARO: No, no, but it goes to a local government area that was merged. Central Coast was a merged council. It was not an electorate. It had nothing to do with electorates. I think you are confused. It was all to do with merged councils.

The Hon. JOHN GRAHAM: Mr Crouch may disagree.

Mr JOHN BARILARO: The criteria for the bush was all about councils that were impacted by mergers. Even though the criteria did say if you were a council impacted by the mergers but not directly merged, in the second round that was part of the criteria. But in the bush none of that happened. It was only those merged councils. Mr Crouch has every opportunity, like every member, to push for and fight for investment in his community right across the board. And at the time I assume he was also the Parliamentary Secretary for the Central Coast.

The Hon. COURTNEY HOUSSOS: The issue we have is that there are no documents. We are relying on your memory, we are relying on the memory of a staffer.

Mr JOHN BARILARO: Well, I do not have documents.

The Hon. COURTNEY HOUSSOS: That is part of the problem.

Mr JOHN BARILARO: Because it is not my program. I do not have documents because it is not my program. I did not sign off on them.

The Hon. COURTNEY HOUSSOS: The limited documents that we do have do not actually draw us to that conclusion, Deputy Premier.

The Hon. TREVOR KHAN: Well, you anyway.

The Hon. COURTNEY HOUSSOS: Did you ever ask why you were not receiving briefs for this funding?

Mr JOHN BARILARO: No, because you only get a brief if you are the Minister responsible for a program. I get briefs every single day to sign off for all grants or programs that I am responsible. But if I am not the Minister with no authority. Delegated authority as we know, it has been submitted to this Committee, was to the CEO of local government.

The Hon. COURTNEY HOUSSOS: Did you ever ask to see an assessment?

Mr JOHN BARILARO: I do not get them. He would have the briefs. Get the briefs from the CEO of local government.

The Hon. COURTNEY HOUSSOS: I am asking what you asked for.

Mr JOHN BARILARO: I asked for nothing.

CORRECTED

The Hon. COURTNEY HOUSSOS: I am asking did you ever ask for an assessment?

Mr JOHN BARILARO: Because I had no authority, because I do not get to assess. I actually, I am sorry to say as Deputy Premier I was nobody in this process, except, hey, I am the Minister for Regional New South Wales, I want to give you some feedback.

The Hon. COURTNEY HOUSSOS: Deputy Premier, that is not what the documents that we have been provided tell us.

Mr JOHN BARILARO: Which documents? Please produce the documents.

The Hon. COURTNEY HOUSSOS: The documents that have been provided by your office say that you approved these projects.

Mr JOHN BARILARO: No, no. They were emails—

The Hon. COURTNEY HOUSSOS: As my colleague said—

Mr JOHN BARILARO: They were emails by staff.

The Hon. COURTNEY HOUSSOS: —the word "approval" when you are a Minister of the Crown, even I, as a backbench Opposition MP, knows that actually holds some standing.

The Hon. TREVOR KHAN: Well, that actually may demonstrate why—

The Hon. COURTNEY HOUSSOS: And surely you as the Deputy Premier—

The Hon. TREVOR KHAN: —you are a backbench Opposition member.

The Hon. COURTNEY HOUSSOS: —would understand that that holds standing within government. When a public servant receives an email saying the Deputy Premier approves this project, that means something.

The Hon. NATALIE WARD: In your opinion.

Mr JOHN BARILARO: Here is a question: How many times is there an email from me or through my staff saying to agencies, do not fund something. Do you call that approval or not approval? The thing is, we give feedback each and every day. My signature does not appear on any document that signs off on the funding and the ability to cut a cheque, full stop. You have not got a document that says that.

The Hon. COURTNEY HOUSSOS: Why then did your staffers send emails to this public servant saying, "These are the projects that are approved. We need a media release tomorrow."? And then when asked—

Mr JOHN BARILARO: I do not know. I have not seen that document.

The Hon. COURTNEY HOUSSOS: When asked—

Mr JOHN BARILARO: Please, can you produce that document? I want to see it.

The Hon. COURTNEY HOUSSOS: Your office is the one that has provided it to the Parliament.

Mr JOHN BARILARO: My office has. I did not. So, can I see this document that you are referring to about a media release? I am happy to look at it if someone has it.

The Hon. COURTNEY HOUSSOS: I can provide that to you. Deputy Premier, your office was then asked that for our audit purposes we need to confirm that the Deputy Premier approved this email. That implies a higher level. This is not feedback.

Mr JOHN BARILARO: I have not seen that. At no point have I been asked to be the authority or the signatory to anything in relation to the Stronger Communities Fund. We just gave feedback. I stick to what I have said consistently. And there are no documents to show otherwise.

The Hon. COURTNEY HOUSSOS: Deputy Premier, my time is about to conclude. I want to ask you one final question. Do you think that the shredding in the Premier's office was acceptable in relation to the documents for this particular program?

Mr JOHN BARILARO: We have heard how if those documents were thrown in the bin, is it any different to shredding. If their record management in that office was what it was, and I think the office has accepted that they will improve their records. Every office manages its records in a very different way. I am not here to judge the office, nor the individual. I actually feel very sorry for that individual who was dragged to this Committee who I know now when she is in the street cops a lot of abuse, and that is not [audio malfunction].

CORRECTED

The Hon. COURTNEY HOUSSOS: Have you made any changes to the way your office runs as a result of the State Records—

Mr JOHN BARILARO: I am really confident of our record keeping, and I will always take advice if we can improve.

The CHAIR: Thanks, Deputy Premier. You accept you putting your signature on documents is an important part of your ministerial duties and ensuring that you do that properly?

Mr JOHN BARILARO: Yes.

The CHAIR: And you accept that you signed off on the two different sets of guidelines for the Stronger Communities Fund?

Mr JOHN BARILARO: I think the second set, not the first set. I think the first set was signed off by the—

The CHAIR: I show you two documents.

Mr JOHN BARILARO: Can I have a look at that? Thank you.

The CHAIR: The black and white one is the initial round?

Mr JOHN BARILARO: That is small print. Yes.

The CHAIR: We can put on floodlights but they are pretty aggressive. The first one, the black and white, is the 2017 round. If you go to page 2 of that you will see signed by Deputy Premier, there is your signature and a date in 2017. Do you see that on the second page?

Mr JOHN BARILARO: Yes, because this is in the ERC—

The CHAIR: Yes.

Mr JOHN BARILARO: Because it says in the recommendation from Cabinet, sorry, the submission from the Minister's office or local government, was the Minister seeking endorsement of a Cabinet standing committee, expenditure review committee, which I am a member of.

The CHAIR: There is your signature and a date. Do you see that?

Mr JOHN BARILARO: Yes. I am a member of, yes.

The CHAIR: It is important to put a date when you sign something, so you know what date things are approved. Is that right? You agree?

Mr JOHN BARILARO: You would want to.

The CHAIR: Yes, you would want to. So why do we not go to the next one, which is the briefing and the changing guidelines that allowed a very, very large expansion of the expenditure of the money. These are the guidelines under which the \$250 million was allocated.

Mr JOHN BARILARO: Yes, which Cabinet authorises.

The CHAIR: Do you see on page 2 of that there is your signature again?

Mr JOHN BARILARO: Yes.

The CHAIR: You see, it is not dated?

Mr JOHN BARILARO: Oh well, yes.

The CHAIR: Why did you not date it?

Mr JOHN BARILARO: Could have just possibly not dated it. Is it a hanging offence, is it, that I did not date it? Two others have dated it. Look, it might have just been a misstep that I did not date it, but I signed it and I have said up front that I was a co-signatory on the guidelines.

The CHAIR: We asked your department to tell us when it was dated and they said they have no records that indicate when it was dated. Do you know if you signed this before or after grants were approved under these guidelines?

Mr JOHN BARILARO: No. The guidelines would have been the reason that we would have changed the definition of the criteria, and no grants would have been able to be funded before this was signed, so of course I signed it, before.

CORRECTED

The CHAIR: Why do you not come back on notice and tell us when you signed it?

Mr JOHN BARILARO: Well, I cannot, because if I have not a document in that tells me otherwise it is very difficult. This is the document and does not have my signature on it. But, you know, you look at that, the twenty-seventh was one signature, the twenty-ninth, so I will pick a date in between. How does that sound?

The CHAIR: Just make it up?

Mr JOHN BARILARO: No, I am not going to make it up and you are asking me to make it up.

The CHAIR: No, I am asking you to tell me when you signed it.

Mr JOHN BARILARO: You have the document that has my signature on it.

The CHAIR: You see, the Premier's office signed off on a whole bunch of grants before these guidelines had been finalised. Did you?

Mr JOHN BARILARO: I am not aware of that.

The CHAIR: You cannot tell us when you signed it?

Mr JOHN BARILARO: No, I cannot tell you when I signed it.

The CHAIR: You say Mr Hurst is responsible for all of the administration for the Stronger Communities Fund.

Mr JOHN BARILARO: Yes.

The CHAIR: So he would know how money was allocated. You would accept his position?

Mr JOHN BARILARO: I would assume so, absolutely.

The CHAIR: I will read directly what Mr Hurst says when he was asked about the Premier's role and the Deputy Premier's role. He took it on notice and he answered this:

Of the \$252 million total in the tied grants round, \$141.8 million was allocated by the Premier, \$61.3 million was allocated by the Deputy Premier, and, \$48.9 million was approved by the Minister for Local Government.

The Hon. TREVOR KHAN: Interesting turn of phrase.

The CHAIR: Did you allocate \$61.3 million of grants programs?

Mr JOHN BARILARO: No. Straight out, no.

The CHAIR: I thought you said you accepted that Mr Hurst would know how this program was done and I read to you directly what Mr Hurst's position is.

Mr JOHN BARILARO: Can I ask you a question? How did I allocate it? Where is the authority for me to allocate that funding? I have in front of me an Office of Local Government instrument of financial delegations which is signed by Mr Hurst. He was the person who had the ability. Go back to those councils. I think we have to break something down here. I know the issue was always about Hornsby and what happened in the city. I have no sight of what happened in the city. But if you look at the funding profile for regional and rural New South Wales, I think every single council that was merged received out of that \$70 million an in globo amount of about \$5.595 million.

The CHAIR: Deputy Premier, that is not how this fund works.

Mr JOHN BARILARO: There was no discrepancy. In other words, there was a decision to give everybody the same amount of money to those councils for implementation costs, infrastructure and program funding. That was it. What role did I have in that?

The CHAIR: Deputy Premier, you are confusing two programs. It is unfortunate that you are not aware of that, but you do know you are confusing two programs. The \$61.3 million of projects that originated from your office was not allocated in that way.

Mr JOHN BARILARO: That did not originate from my office. I disagree with that accusation.

The CHAIR: Let me show you another document.

Mr JOHN BARILARO: You have no documents that show that I signed off on \$61.3 million.

The CHAIR: I am going to show you one, Deputy Premier.

Mr JOHN BARILARO: I would like to see the document where I have signed off on \$61.3 million.

CORRECTED

The CHAIR: Here comes one.

Mr JOHN BARILARO: Thank you.

The CHAIR: I hope it is open to page 17. This is a bundle of documents that came under Standing Order 52. If you go about halfway down the page there is an email from Tim Hurst to, amongst other people, Laura Clarke at your office. He says:

Hi Laura and Alysia - just confirming we are working on the revised agreements and should have them done today as required.

Also Laura can you please confirm for our audit records that the Deputy Premier has approved these project allocations to the Councils.

Do you see that?

Mr JOHN BARILARO: Yes.

The CHAIR: In response to that request for confirmation for the audit records, your office says:

Hi Tim,

Sorry for the late response - yes confirmed all approved by the DP.

You say there are no documents, but there is a document coming from your office providing an audit record trail showing that you approved the funds. How do you explain it?

Mr JOHN BARILARO: Not at all. You are confusing something here. There is a process. This is the end of the process. When we get to the point of funding agreements—you are talking about funding agreements, so councils have now identified a project, gone out to fund the project, worked with the Office of Local Government and Tim Hurst would be the signatory to this agreement. This is now just a funding agreement. By then, all projects would have been identified because you are talking about a funding agreement. That is what the email says: "For our audit purposes". "Hi Alysia, just on the revised agreements." You are talking about the funding agreements.

The CHAIR: No, Deputy Premier. Perhaps you did not read it accurately. It says "project allocations to the council". "The Deputy Premier has approved these project allocations to the council." It is not the funding agreements; it is the projects. It is in black and white and you are trying to deny it. It is getting awkward.

Mr JOHN BARILARO: It says:

Hi Laura and Alysia - just confirming we are working on the revised agreements—

that is, the funding agreements—

and should have them done today as required.

The CHAIR: I will read it to you again.

Mr JOHN BARILARO: No, I am reading the same email.

The CHAIR: So that we are abundantly clear, the chief executive officer from the Office of Local Government is writing to your office for the purpose of audit records. He writes:

Can you please confirm for our audit records that the Deputy Premier has approved these project allocations to the Councils.

Your office responds, "Yes, confirmed. All approved by the Deputy Premier" for the audit record.

Mr JOHN BARILARO: Yes, and you deliberately left out the first part of that email that says:

Hi Laura and Alysia - just confirming we are working on the revised agreements and should have them done today ...

These are funding agreements. Projects have been identified—who knows who by—then signed off by the CEO and now we are doing funding agreements. Check the funding agreements.

The CHAIR: Deputy Premier, you are just saying black is white and war is peace.

Mr JOHN BARILARO: I am reading your email.

The CHAIR: Let me finish. Your office approved the projects.

Mr JOHN BARILARO: No, they did not.

The CHAIR: There is an email trail if you go back.

Mr JOHN BARILARO: No, there is not.

CORRECTED

The CHAIR: Go back to page 18. These are the lists of projects that came from your office.

Mr JOHN BARILARO: Yes, they were put up by council.

The CHAIR: They came from your office.

Mr JOHN BARILARO: Let me just put this into context. You are now picking on something here as John Barilaro, the local member for Monaro, a fantastic local member who is fighting for his community, working with his councils that will merge from five councils into two.

The CHAIR: No, we are back on the "Pork Barilaro" thing.

Mr JOHN BARILARO: No, hang on. Merging five councils into two. These are the projects we worked on with the councils in relation to going up, so I have actually done my job as a local member. This is not me as the Deputy Premier. I want you to understand the difference here. As the local member I got a 12 per cent margin at the last election after a 1.5 per cent start because I work with my community and my councils. That was the largest swing in the State in the end; it was significant. There was a low Greens vote I recall, and Labor had its worst primary vote in probably 20 years of 27 per cent.

The CHAIR: But it was not about the politics, you are telling me.

Mr JOHN BARILARO: No, absolutely not. That was work done with the councils. Those projects were put up by council and I have had to check them as the local member. That is all it is.

The CHAIR: This was not coming to you as the local member.

Mr JOHN BARILARO: You have tried to pick out a document that I as the local member would be working on with my community and somehow make out that that is the process I had across the board. Show me other lists like that as the Deputy Premier giving advice to the Office of Local Government.

The CHAIR: Sure.

Mr JOHN BARILARO: If you can show me those lists I would be surprised.

The CHAIR: Sure. Why don't we go to the Central Coast? Your office also signed off on a list of projects identified for the Central Coast.

Mr JOHN BARILARO: What page are you talking about? I am looking for it. I cannot see anything here for the Central Coast.

The CHAIR: Here we go: 28 November 2018. It is coming to you. You are not the member for Central Coast, are you?

Mr JOHN BARILARO: No, I am not.

The CHAIR: Macmasters Beach, Copacabana, Empire Bay—that is not you?

Mr JOHN BARILARO: No, mate. Nice part of the world.

The CHAIR: Here is your office saying to the Office of Local Government, "Hi Tim"—and just a reminder that Tim is the CEO of the Office of Local Government—"DP has approved the following projects for the Central Coast: \$1.8 million for a road, \$175,000 for a rugby club, \$31,000 for some archery, \$260,000 for some toilets at Macmasters Beach." There you go; there is a list. Explain it.

Mr JOHN BARILARO: Right. Great list.

The CHAIR: You said there were no lists coming to you as the Deputy Premier. You denied these exist. I have shown it to you now. Explain your role.

Mr JOHN BARILARO: My role? Advice, feedback. Are these projects that are in the Central Coast? Fine. Again, where is my signature, Mr Shoebridge? Where have I signed off on this?

The CHAIR: I do not have an undated signature to attach it to. I have an email from—

Mr JOHN BARILARO: Is this an email from John Barilaro?

The CHAIR: Deputy Premier, you are asking me the question.

Mr JOHN BARILARO: No staff have any authority to sign off on any project funding, especially when it is not within your agency. Again, a staff member might have put forward "work with the local member, work with the CEO of Local Government" but we do not sign off on it. Mr Shoebridge, earlier you said how important it is to have a signature on a document. You have pulled me up because I forgot to date something. You

CORRECTED

said how important it is to have briefs with signatures. I have agreed to all of that. There is no signature with my name on it that says anything about my authority to sign off on anything.

The CHAIR: Was part of your strategy in this to avoid putting your signature to these projects because you knew that—

Mr JOHN BARILARO: I will tell you what my strategy was—

The CHAIR: No, let me finish. Because you knew that it was such an obvious pork barrel in the lead-up to the election?

Mr JOHN BARILARO: No.

The CHAIR: Was it a strategy to avoid putting your signature on it?

Mr JOHN BARILARO: No, absolutely not. My strategy was to make sure that councils that were impacted by what was a disastrous merger policy that you guys opposed and hated as much as I did—

The CHAIR: One of the few things we are agreed on.

Mr JOHN BARILARO: Thank you. My job was to make sure that everyone got the investment that those communities deserved. That is all that is at the end of this, mate. That is all that is at the end of this. If you look at that list of projects, they are a bloody good list of projects. Those communities fought for it. They are actually community projects.

The CHAIR: On what basis did you approve?

Mr JOHN BARILARO: I did not approve.

The CHAIR: It says here—

Mr JOHN BARILARO: I advised.

The CHAIR: I will just read it again. This is from Laura Clarke. What was her role in 2018?

Mr JOHN BARILARO: Deputy chief of staff.

The CHAIR: Okay.

Mr JOHN BARILARO: A fantastic individual.

The CHAIR: Fantastic, highly competent, very accurate.

Mr JOHN BARILARO: Absolutely.

The CHAIR: She says, "DP has approved the following projects for the Central Coast Council." You are saying she had no authority to say that?

Mr JOHN BARILARO: No.

The CHAIR: Is that your position?

Mr JOHN BARILARO: Again, I have pulled you up on the word "approved" because these lists—

The CHAIR: It is her word.

Mr JOHN BARILARO: Hang on. Where did that list originate?

The CHAIR: You tell me.

Mr JOHN BARILARO: We did not originate the list.

The CHAIR: You have jumped straight to my question.

Mr JOHN BARILARO: So what happens is that there are projects at the Central Coast—

The CHAIR: You have jumped straight into my question.

Mr JOHN BARILARO: "Hey, Minister for Regional New South Wales, what do you think of these projects?" Yes, thumbs up.

The CHAIR: On what basis did you decide to give a quarter of a million dollars to some toilets at Macmasters Beach? Why did you tick that?

CORRECTED

Mr JOHN BARILARO: I thought those projects were fine, but I did not sign off on them; the Office of Local Government signed off on them. I do not have the authority to sign off on them.

The CHAIR: How did you know they were fine?

Mr JOHN BARILARO: I would assume—again, going off memory—the local member may have been fighting for them.

The CHAIR: Is it only Coalition MPs you spoke to? Because 95 per cent of this money went to Coalition seats.

Mr JOHN BARILARO: No, no, no. Again, 13 mergers in regional and rural New South Wales—all 13 were Coalition seats. I do not know how our own Government went and smashed our own seats, but how could I speak to a non-Government member when those mergers were our seats?

The CHAIR: But you know the money was available for not just councils that were merged, and this is the reason you brought in the guidelines.

Mr JOHN BARILARO: Yes.

The CHAIR: But also, for all of those councils that were not merged—none of them got a dollar.

Mr JOHN BARILARO: No, no. No, it was not.

The CHAIR: Yes, it was.

Mr JOHN BARILARO: The criteria said that if you are a council impacted by mergers but not directly merged, you had the ability.

The CHAIR: Correct.

Mr JOHN BARILARO: But all funds were spread equally—there were about \$5.5 million—to every single local government area that was merged.

The CHAIR: That is plainly untrue.

Mr JOHN BARILARO: There was no manipulation of it. There is no fairer way of distributing the funds equally across all local government areas.

The CHAIR: Deputy Premier—

Mr JOHN BARILARO: If I had done what you have accused me of—

The CHAIR: That is just plainly untrue. What you are putting on the record here is plainly false. The \$61 million—

The Hon. TREVOR KHAN: I will take the point of order, Chair.

Mr JOHN BARILARO: How?

The CHAIR: I will hear it.

The Hon. TREVOR KHAN: Chair, you have fallen into the John Graham trap; that is, you are just engaging in a discussion here that is out of control. You have just got to rein it back.

The CHAIR: You are correct. I call myself to order. Deputy Premier, you finish.

Mr JOHN BARILARO: At the end of the day, the mergers impacted—they were all Coalition seats. The accusation of pork-barrelling or whatever—if you go back to the records, outside of two which were signed off by the Minister for Local Government, which you have identified yourself, they were about \$40-odd million. The other \$60-odd million was equally distributed across the rest of those LGAs in an equal and fair way. Predominately, a lot of that money was actually, I recall—even in my own electorate, where I had Snowy Monaro and Queanbeyan-Palerang, out of the \$5.5 million, \$3 million plus was for the additional costs for implementation. There is nothing fancy about announcing that we are giving councils more money for the stuff-up in relation to mergers because it has actually cost them a lot more. There is nothing fancy. Councils then go on and fund the rest of it, because it was tied grants, to projects. It was done equally across every single local government area in regional and rural New South Wales. I just cannot see where the smoking gun that you are looking for is.

The Hon. JOHN GRAHAM: Tell that to Gosford.

The CHAIR: Deputy Premier, Murray River got \$4 million. Murrumbidgee got \$5.5 million. Hilltops gets \$5.7 million. City of Randwick gets \$2.5 million.

CORRECTED

Mr JOHN BARILARO: Again, City of Randwick is not regional.

The CHAIR: City of Ryde gets \$2.3 million.

Mr JOHN BARILARO: I am sorry. I have no role in what happened in Sydney.

The CHAIR: This money was allocated not on some sort of parity amongst these councils.

Mr JOHN BARILARO: It was.

The CHAIR: It was based on the projects that were identified.

Mr JOHN BARILARO: By council. There is no \$60 million for one and \$3 million for another. They are all roughly in the same ballpark, depending on the program funding. I think not all councils spent all their money. Again—

The CHAIR: Who raised these? Who gave the lists to your office?

Mr JOHN BARILARO: Which lists?

The CHAIR: I have given you two lists. You have got the Queanbeyan one there. You have got the other council one there.

Mr JOHN BARILARO: Well, the Queanbeyan one—the great local member would have provided that after working with his local government.

The CHAIR: I have given you the Central Coast.

Mr JOHN BARILARO: I think the great local member of Monaro would have given that to—

The CHAIR: What about the Central Coast one?

Mr JOHN BARILARO: The Central Coast would have come from the local member, or from that community, or from council. It gets sent to me to say, "Hey, have a look at it," but I have no authority to sign off on it. There is not a single document here today that has my signature—my name—on it. You pulled me up because I forgot to put a date on something, and now you want to somehow tie an email that has gone from a staff member to Tim Hurst—that is now, in your mind, an official document. I do not think so. You would be now dragging me over the coals if that was the case, but it is not the case.

The CHAIR: Yes. Well, Deputy Premier, I have taken you to an email that the Office of Local Government required from your office for the purpose of audit records. Are you saying that is not important and that it did not matter what your deputy chief of staff said for the audit purposes?

Mr JOHN BARILARO: It is, because that is what the staff's role is to do—to make sure, from an audit purpose, things are done right. But that was referring to a funding agreement, which I said to you is actually at the end of the process. You cannot just pretend that, "Hey, from an audit process, these are the jobs we want you to fund." No. This was already the funding agreement. These jobs were signed off by then—end of story.

The CHAIR: Is it only Coalition MPs that contacted your office for these projects?

Mr JOHN BARILARO: Look, I cannot recall. They did not contact me. I cannot recall if they talked to my staff. But I just said earlier that all 13 mergers in the bush were all Coalition seats—so, predominately, yes.

The CHAIR: Deputy Premier, you did confirm there are no briefings. There is nothing with your signature on to identify how the \$61 million was allocated.

Mr JOHN BARILARO: Because I am not the authority. I am not the consent authority for this program. It is the Office of the Local Government.

The CHAIR: Yes. Can we just go back to the skydiving facility? More than \$11 million allocated for a skydiving facility at Kempsey Airport—you would have recalled signing off on that, wouldn't you, because it is quite a big chunk of money?

Mr JOHN BARILARO: Firstly, this would all have come to ERC and they would have all been signed off. I have no problem that ERC signed off on this \$11 million; I have said that before.

The CHAIR: Do you know what the skydiving facility is, Deputy Premier?

Mr JOHN BARILARO: You want me to recall hundreds of different projects across—actually, there is 2001 projects under my Stronger Communities Fund across the regions. I cannot recall.

The CHAIR: But I am asking you about the \$11 million you signed off towards the end of last year.

CORRECTED

Mr JOHN BARILARO: I am happy to give this Committee the brief that sits behind that decision.

The CHAIR: What about if I told you it is basically a pond that people land—

Mr JOHN BARILARO: I am glad you know. So, you have been there?

The CHAIR: It has not been built yet. It is basically a pond that people will land in when they skydive, as well as a function centre and a rock climbing wall. How does that relate to bushfire relief—building a big pond so that people can land into it?

Mr JOHN BARILARO: It had nothing to do with bushfire relief. Again, you are mixing two programs. We have got bushfire relief, \$4.4 billion, supporting—

The CHAIR: This was the bushfire relief funding.

Mr JOHN BARILARO: No, no, no. This was a bushfire local economy recovery fund.

The CHAIR: Correct.

Mr JOHN BARILARO: This is about the economy. We were investing in projects that were shovel-ready—ready to go—to stimulate those economies that were impacted by bushfires, to stimulate jobs. That is what this fund was about.

The CHAIR: You are seriously defending, in the face of so much need, more than \$11 million of public money going to build a pond so that people can land in it at Kempsey Airport?

Mr JOHN BARILARO: You know who I defend here? This council.

The CHAIR: Are you seriously defending that while people do not have a home?

Mr JOHN BARILARO: Again, you are calling it a pond.

The CHAIR: That is what it is. It is a pond.

Mr JOHN BARILARO: You are calling it a skydiving wall and—what did you say? A function centre, as well? Did you not say that?

The CHAIR: A conference centre, a rock climbing wall and a big, fat pond.

Mr JOHN BARILARO: A conference centre—so, it is a bit more than a pond, Mr Shoebridge. Secondly, the council put this project forward because they believe in it. It is not for me to judge. Do you know what the problem is? We sit here in Macquarie Street, we look out our little window and we want to tell regional and rural New South Wales what is best for them. These projects are designed and delivered by locals and by local communities. Ask the mayor of this council what he thinks of this project. Get him here. Invite the mayor. I bet you he will back this in, day and night.

The CHAIR: I would invite you to look at the comments—

The Hon. TREVOR KHAN: Point of order, Chair. That is your time. It is our time now.

The CHAIR: The merits, or otherwise, will be discussed in another forum. Deputy Premier, I want to thank you for your attendance and your answering questions put by the Opposition and myself.

Mr JOHN BARILARO: Not a problem at all.

The CHAIR: I am now going to hand over to the Government, if they have any questions or clarification.

The Hon. TREVOR KHAN: I do not have any.

The Hon. NATALIE WARD: Thank you, Senator—sorry, Chair. Deputy Premier, thank you for coming along today. I have just a couple of very brief questions.

The Hon. JOHN GRAHAM: Are you going to thank the other senator?

The Hon. NATALIE WARD: Why didn't you give money to Brisbane City Council?

Mr JOHN BARILARO: Sorry?

The Hon. NATALIE WARD: Brisbane City Council.

Mr JOHN BARILARO: Why did I?

The Hon. NATALIE WARD: Why didn't you?

CORRECTED

The CHAIR: They are not in New South Wales.

The Hon. NATALIE WARD: Because it did not meet the criteria, was not part of your job—was not anything to do with it?

Mr JOHN BARILARO: That is right.

The Hon. NATALIE WARD: Tasmania—any reason why you did not do that?

Mr JOHN BARILARO: That is right. Look, can I say to the Hon. Natalie Ward: At the end of the day, it is easy to play politics with politicians. We signed up for this, right? But when it comes to bushfire recovery, I will say this from the outset—I will tell you what. I had a public meltdown last year—my mental health. I have sat in round tables in kitchens with farmers who want to take their shotgun to their head because of drought. I had to sit around in these communities and listen to the impact of the bushfires. If you genuinely think I was going to go in there and somehow politicise this—I am telling you, that is wrong. I actually even took on Littleproud. I took on the Federal Government when I saw that the money was not reaching those businesses and those communities, and they changed their criteria.

The one thing that I am so proud of is the work that was done through the Public Works Advisory, with our partnership, to clean up this State. I forced the hand of the Government to partner with Minderoo so we would build 150 very different styles of accommodation—pod-style accommodation—for the people that wanted to stay on their land but did not want to stay in a tent. I took that all seriously and I will tell you what: I wore that. I did not have the skill set as a counsellor to understand the impact, and that bloody broke me. That broke me last year. But I can be upfront with this Committee: There have been no politics played in this.

I care about what is happening in the regions. I hope we never have to see it again. I do not want to see LGAs having to apply for these funds because it means that they were not impacted. The loss of life—we just had the one-year memorial for the three airmen from the US that died at Peak View, who came to another country and are not going home to their families. That is a brother, or a son, or an uncle, or a husband that is no longer returning home. That is the disaster that I face. I sit with these people, I hurt, and I know sometimes in the rigid guidelines of government—we do not actually deliver.

The thing that actually haunts me still today is that I have left someone behind. Yes, I know that we have probably got 30-odd properties that have not been cleaned and there are a number of reasons for that where property owners do not want us on their site. Because even though the physical scar that the rains have come sort of washing the environment—even though the burn scar is going, the mental scar will be with us forever. Kids have had to see mum and dad cry. I tell you what. What I endured through this off the top of drought, I hope I never have to endure again. I support this Committee in relation to looking into the transparency of grant funds. That is why I am here today. Otherwise I could have easily said no. I do not think there is a legal obligation for me to be here, but I actually wanted to be here because I think it is important that we all come together in supporting our communities.

If we have not got the criteria right, I hope the Committee says, "You know what, the criteria is too strict." That will help me fight Dom Perrottet, the Treasurer, and fix it. I am here genuinely to do the right thing and I wear this. I travel 250 nights away from home. I spend nights in these communities. It is not always pleasant. I have been to communities where they want to run me out of town or throw a rope over a branch and hang me, but I am the face that keeps turning up. Good bad and ugly, I wear it. I am proud of what we have achieved, but more importantly it is not the politicians. This has only been successful because of the bureaucrats and the public servants that have worked night and day over the last 12 months in tough conditions, especially with COVID kicking in, over Christmas breaks and Easter breaks. I am here for them because they do not deserve to be dragged through the mud. I thank the Committee for the opportunity. I thank you for what you are doing. This is actually an important part of the Government and an important part of the Executive. We need to be held to account. I am happy to be here.

The Hon. NATALIE WARD: There is more money coming, is there not?

Mr JOHN BARILARO: Yes, there is.

The Hon. NATALIE WARD: There is a second stage.

Mr JOHN BARILARO: So this \$250 million—this is why it was hard. We have jumped the gun here in a sense that those proposal submissions only came in about a week. January 28 was when it closed. But what concerns me again—guess what? \$1.6 billion, 650 projects for a \$250 million fund—there might be another \$80-odd million or \$90 million after that. The issue now will be how do we see who gets the funding. It is off the BLER criteria, which means "highly impacted". I know off that impact that the Blue Mountains, which missed out previously, will be a number one priority, and my own backyard in Snowy Monaro, where we lost life and

CORRECTED

property. But at the end of the day we need to support those communities and that is why this funding and this program—I am so confident and transparent about it that I am always happy to submit to this Committee all the documents.

The Hon. NATALIE WARD: Speaking of Blue Mountains and criteria, there has been a lot of emphasis on that today. I will go over that quickly. According to the criteria, Blue Mountains and Central Coast and their submissions—you could not have possibly approved them even if you did have a role approving, which you did not. You could not have because they did not complete the criteria. Is that not correct?

Mr JOHN BARILARO: Today you would be dragging me over the coals saying, "Why did you politically interfere in funding those projects?" Regardless of what seats they were, we have criteria set up. Are the criteria right or wrong? I think Mr Shoebridge touched on that, that he did not think that buildings impacted should have been the only criteria. He believed the economic impact and impact from tourism should have been part of it. But unfortunately the BLER criteria is what it is; therefore, they are assessed accordingly. I could not and would not interfere and those projects that came back to ERC met the criteria.

The Hon. NATALIE WARD: With the proper process.

Mr JOHN BARILARO: Yes.

The Hon. NATALIE WARD: My final question, Deputy Premier, is this: Given there is further funding coming out and respecting the role of these committees, is it a good time for this Committee to be reviewing funding before that funding has been rolled out? When, in your view, is a good time to review these programs?

Mr JOHN BARILARO: Firstly, I was surprised that this particular fund, the \$250 million fund and this second round, was under so much scrutiny when actually the submission date had not even closed. That is disappointing, because what I got upset about was what I was reading in the press and where the media has taken this story. When I see a headline that said today in *The Sydney Morning Herald* that three local government areas have received zero funding, that is actually incorrect. Because if you then look at this fund that may be correct, there has been a—I can say the Blue Mountains received \$26 million already in support plus the clean-up costs on top of that. I think we should always wait until the program is closed. Mr Graham has now said, "The only reason that they are getting priority is because we made so much noise." But the criteria has been out for months and months. At the end of the day I would be happy to come back through budget estimates in a future date when this fund is then extinguished and the probity office and the audit office go through it. I tell you what, if I have stuffed it up, you will know about it because you will be hammering me at budget estimates.

The Hon. NATALIE WARD: Indeed, thank you very much for coming.

The CHAIR: Deputy Premier, I think you have taken a number of questions on notice and I think you said you would provide a series of documents. I remind you again that you have 21 days to get that in. Thank you for your attendance.

Mr JOHN BARILARO: Thank you.

The CHAIR: That concludes this morning's hearings.

(The witness withdrew.)

(Luncheon adjournment)

CORRECTED

TIM HURST, Deputy Secretary, Local Government, Planning and Policy, Office of Local Government, on former oath

The CHAIR: Mr Hurst, you have already been sworn as a witness, so I just remind you that you continue to remain on that oath or affirmation.

Mr HURST: Yes.

The CHAIR: I will give you the opportunity, if you wish, to make a brief opening statement.

Mr HURST: I do have just a brief statement I'd like to make. The Committee has advised me that it has requested my attendance today to provide further clarification as to my role and the role of the Office of Local Government in relation to the administration of the Stronger Communities Fund tied grants round and to explore some further lines of inquiry based on evidence that has been given to the inquiry by other people since my last appearance before the Committee.

I would like to note that in September last year I appeared before this inquiry for three hours and answered the Committee's questions. I have also provided detailed written responses to questions on notice from the Committee as well as responses to clarifications sought by the Committee. This is in addition to the documents produced by my department in response to the Standing Order 52. I acknowledge and I am grateful that I have been asked to assist the Committee with new matters that have arisen since my last appearance. I would like to confirm that if questions go to matters in respect of which I have already given evidence, I intend to rely upon the answers that I have previously given, which are on the record. Thank you.

The CHAIR: Thank you, Mr Hurst. But I think we do look for your cooperation and we do look to get some answers, because much of the evidence you gave earlier and the answers you have given on notice have been contested by various ministerial officers, which is the main purpose we have had you back this afternoon. I hope you understand that.

Mr HURST: I'm here to assist the Committee.

The CHAIR: Terrific. I will hand over to the Opposition.

The Hon. JOHN GRAHAM: I might just reiterate that, because it is fair to say that we appreciated you coming last time but you were a reluctant witness on some of the questions. It took a little bit to get you to finally answer some of those. But I have to say that the evidence—

Mr HURST: Sorry, is that a question? I don't think I was a reluctant witness. I think I—

The Hon. JOHN GRAHAM: I am just about to compliment you, so you might want to stop there. I was going to say that the evidence you have now put in front of the inquiry, particularly in writing, has been some of the most informative. As the Chair says, it has been contested. But by the time we have reached this point in the inquiry, I must say, your version of events I have found quite compelling, particularly the table you provided to the Committee, which really sets out—I will come back to specifics of this—exactly what your role and the Office of Local Government's role is for each of these 33 grants but also what is the role of the ministerial officers. So I thank you for the evidence you have given, which has given us some really solid information.

It has, however, been contested. I want to put to you some of those views and give you the chance to respond to those and tell us: Do you reiterate the view or do you want to change the view you put to the Committee, given that those contradictions have been made by other ministerial officers? I might turn first to former Auditor-General Tony Harris' evidence, which strongly agreed with your evidence, and took us through the distinction you draw in this table between who authorises the money—who sends the cheque; the role you played—and who decides on the projects. He says those are two very separate ideas.

The Hon. TREVOR KHAN: Can we just ask a question?

The Hon. JOHN GRAHAM: I think, in this table and in your evidence, you agree with that; is that correct?

Mr HURST: I'm sorry, what was the question?

The Hon. JOHN GRAHAM: They are two very separate processes, aren't they: signing the cheque, approving the money—going out the door, the financial approval, and the actual selection of the projects. Who gets what money and how much they get are two separate processes, aren't they?

Mr HURST: I have actually answered the question about the process of administering the grants. I provided that in writing on 19 October.

CORRECTED

The Hon. JOHN GRAHAM: I think the answer you gave on that occasion really agrees with Mr Harris' evidence. Is that a fair characterisation?

Mr HURST: I don't have anything to add to the written advice I gave to the Committee on 19 October.

The Hon. JOHN GRAHAM: Mr Hurst, this may get more difficult if you continue to take that view all the way through. Mr Harris draws a distinction between committed and incurred expenditure and also the financial approval that separately happens. You perform the financial approvals here. You reiterate your view that you weren't choosing the projects or choosing how much money was allocated to each council.

The Hon. TREVOR KHAN: Is that a question or is it an assertion?

The Hon. JOHN GRAHAM: I am asking: Is that correct?

Mr HURST: I dealt with the question of the approval of the grants in my responses to the question on notice furnished to the Committee on 23 October.

The CHAIR: Mr Hurst, if you are going to adopt this approach, please indicate which answer on which page.

Mr HURST: Of course. If we could just go back to the question, I will confirm this is the correct answer.

The Hon. JOHN GRAHAM: I have asked you whether you agree with the evidence which has been put by Mr Harris. Are you reaffirming your view that you did not select these projects and select the amounts that these councils received?

Mr HURST: I have answered that question. The answer is in the written advice that I provided to the committee on 23 October, on pages 3 to 5.

The Hon. JOHN GRAHAM: Okay, that is very lengthy, but yes. Let me put it to you this way: We have had the Deputy Premier this morning say, for example, in relation to the Central Coast projects—he says he had nothing to do with selecting these projects. He did not choose the 29 projects that ended up in Terrigal. The one that ended up in a neighbouring electorate, the one that ended up in another electorate—not his decision. He says you chose those projects. You assessed them. That is new evidence.

The Hon. TREVOR KHAN: That is not an accurate characterisation of his evidence.

The Hon. JOHN GRAHAM: He said you chose those projects. What do you say to that?

The CHAIR: He said the Office of Local Government.

The Hon. JOHN GRAHAM: Yes, your agency.

Mr HURST: I have dealt with the question of the process in my written advice to the Committee on 19 October and about the specific question of approvals on 23 October.

The Hon. JOHN GRAHAM: Mr Hurst, the Deputy Premier put this view an hour ago. I am asking you to respond to it. You have not given us anything in writing on that. Did you approve these projects on the Central Coast? You have told us previously that was not the case. The Deputy Premier now says you approved them. Did you approve them?

Mr HURST: I cannot comment on what the Deputy Premier said, but I do rely on the answer on 23 October from pages 3 to 5.

The CHAIR: Just to be clear, there is a table that you have authored. Is that what you are referring to?

Mr HURST: There is a table in the response to the Committee.

The CHAIR: In relation to the Central Coast, it says, "Projects identified for New South Wales Government by", and then in relation to the Central Coast there are three projects and you say, "Deputy Premier", "Deputy Premier", "Deputy Premier". Do you stand by that evidence that it was the Deputy Premier that identified the projects, not your office?

Mr HURST: I have nothing to add to the answer that I have already provided the Committee.

The Hon. TREVOR KHAN: Chair, could I—

The Hon. JOHN GRAHAM: I think this might be helpful, Chair. Since we are in my time, I defer to the—

The Hon. TREVOR KHAN: I am not trying to do that, John. I am just wondering if this might be a time for a brief deliberative discussion, in the absence of others, just to work out where this is going to go.

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The CHAIR: Given the nature of where we are up to, I am going to ask if we have agreement in the Committee to have a brief deliberative. Trevor is calling for a brief in-camera deliberative.

The Hon. JOHN GRAHAM: Yes, I think that is helpful.

The Hon. TREVOR KHAN: It certainly should not come off anyone's time.

The CHAIR: I am just going to put that. We will pause the clock and we will enter into a short, confidential session to discuss matters. We will do that now, so we will go off air. We might just ask anybody who is not a member of the secretariat or a member of the Committee to just briefly step outside. Hansard can stay. If we can't trust Hansard, we're in a world of pain, aren't we?

(Short adjournment)

The CHAIR: Mr Hurst, I would just like to make a number of observations. The first is that, as a senior bureaucrat, there is an expectation from the Committee that you will provide evidence to assist the Committee and I reiterate that the primary purpose of the evidence here today is because much of what you have put in your earlier evidence and in your answers to questions on notice has been contradicted by witnesses who have come after you, including your role in the assessment and consideration of projects and the role of the Office of Local Government. The Committee is of the view that it is a legitimate line of inquiry of you to determine whether or not you adhere to your earlier evidence and why it is that we should not accept evidence contradicting you given by other witnesses. I would urge you to assist the Committee in seeking to provide those answers.

I will also place you on notice that, yes, you are appearing by invitation today and we have not yet issued you with a summons but, should you continue to refuse to answer questions, the Committee may well consider summoning you to appear later. If so, we will advise you that you will again be under oath and subject to section 11 of the Parliamentary Evidence Act 1901 and compelled to answer questions. I would hope that we do not get to the situation where we conclude the evidence today and bring you back by summons and compel the answers under the Parliamentary Evidence Act. With those observations, I will hand you back to the safe hands of the Opposition.

Mr HURST: Chair, may I respond to those comments?

The CHAIR: You may.

Mr HURST: I have been of a great deal of assistance to this Committee. Considerable time and effort went into preparing the material that was provided to respond to the questions on notice and in the other letters that I have furnished, in each instance, to answer the questions that the Committee has asked of me. I was here for three hours last September answering all of the questions and, those that I could not, I came back with answers to those on notice. I am entitled to rely on those carefully prepared answers that I believe fully provide the material that the Committee is asking of me and I encourage you to use the information I have already provided. As I have said so far, I stand by the information that has been provided as my evidence to this Committee.

The CHAIR: Mr Hurst, my final observation, before handing you to the Opposition, is this: We are providing you with an opportunity to explain why your evidence, given under oath, should be preferred to a large array of evidence that contradicts you, given particularly by ministerial officers also under oath. We are obliged for procedural fairness, if for no other purpose, to give you the opportunity to explain why your evidence should be preferred to that of other witnesses that directly contradicts you. With those concluding observations, I will again hand you over to the Opposition.

The Hon. JOHN GRAHAM: Mr Hurst, you have directed us to pages 3 to 5 of your previous evidence and that is the helpful table I referred to. That runs through the council, it runs through each of the 33 grants and the date of the funding agreement. It runs through, crucially, who authorised the expenditure and, for almost all of the grants, that is indicated as your role, the Chief Executive of the Office of Local Government. But it also runs through who identifies the projects and it names, in terms of who is identifying the projects, who is selecting the projects which get the money—the Deputy Premier, the Premier or the local government Minister, respectively. Each of those offices or each of those people—the Premier, the Deputy Premier, the Office of the Premier, the Office of Deputy Premier, the Office of Local Government, the Minister for Local Government—have said they did not identify the projects. They did not approve the projects. Your evidence to date contradicts them, this evidence in this table. Do you stand by your evidence? Do you want to change the evidence you have given to the Committee?

Mr HURST: No, I do not want to change the evidence I have given to the Committee.

The Hon. JOHN GRAHAM: Is there anything else you would like to put on the record, given that you have given us clear evidence of what your narrow role was and that you did not select and approve these projects.

CORRECTED

Is there anything else you want to put on the record, given those views have been contradicted a number of times by those other offices or Ministers?

Mr HURST: I cannot comment on the belief that other people have. I simply reiterate that this was my attempt to give the Committee the most fulsome answer to the questions that it sought of me following the last hearing.

The Hon. JOHN GRAHAM: This table, as I have said, is very helpful, but you stand by it is the point today.

Mr HURST: I have already provided my answer in writing to the Committee, Mr Graham.

The Hon. JOHN GRAHAM: Can I ask you to react to this bit of evidence from Mr Harris and just see if you have got a reaction for us. Mr Harris told this Committee:

... it is quite clear that the Office of Local Government did not wish to be seen as the entity selecting the grants. And, in some respects, of course, it could not select the grants because it did not have any information. It was not involved in identifying them, it did not know anything about them until they got a request that this council for this project be given this amount of money.

That is the quote from Tony Harris. That agrees with your table. It agrees with what we have heard from you previously. Do you wish to respond at all to that comment from Tony Harris?

The Hon. TREVOR KHAN: I will take a point of order. There actually were four propositions contained in that question. At least where he started and where he ended, I think this witness may well be able to answer, but the propositions—

The CHAIR: I think it is a fair point of order. We might try to break this down into bite-size pieces, Mr Graham.

The Hon. JOHN GRAHAM: Any reaction to Mr Harris' comment?

Mr HURST: I accept that that is the view Mr Harris holds.

The Hon. JOHN GRAHAM: And Mr Harris' evidence, I see it as consistent with the table, pages 3 to 5. Do you see it as consistent or inconsistent with the evidence you have already provided?

Mr HURST: I stand by the evidence that I have given the Committee.

The Hon. JOHN GRAHAM: Thank you for that. One thing the ICAC has said to this Committee in their submission is this:

If the Minister is not the appointed decision-maker, directing or urging a public servant to make a decision preferred by the Minister—

that is their quote. Then they go on to say it might be a breach of public trust, it might be corrupt. That is the problem if you were the decision-maker here. Have you read that ICAC submission?

Mr HURST: I have read the ICAC submission.

The Hon. JOHN GRAHAM: Do you have anything you want to add, given those observations by ICAC?

Mr HURST: No, I don't have anything I would like to add.

The Hon. JOHN GRAHAM: I will hand to my colleague and then hand to you a couple of documents.

The Hon. COURTNEY HOUSSOS: I am also going to provide you with a couple of documents. These have been provided as part of a call for papers to the Parliament. I am going to start with document number 4, which is at the back, which is an email to yourself from Laura Clarke, which outlines a list of projects for the Central Coast. It says that the total will be \$1.918 million—a bit more. Mr Hurst, what was the basis for you choosing to spend that amount of money on those specific projects?

Mr HURST: I have actually answered in detailed written material for the Committee. It is in that table, provided on 23 October—my considered view about each element of the process that was outlined in the 19 October letter. That covers how, for each line of that table, they followed the process.

The Hon. COURTNEY HOUSSOS: I just want to be clear. The basis, according to that table, would be this email that was sent to you. These projects were identified by the Deputy Premier's office; is that correct?

Mr HURST: The table identifies for each grant the particular documents that made up each element of the process.

CORRECTED

The Hon. COURTNEY HOUSSOS: Is there any additional documentation in your department to support the awarding of this funding?

Mr HURST: I don't believe there is.

The Hon. COURTNEY HOUSSOS: This is the sole documentation on which you signed the cheque?

Mr HURST: The documentation is the documentation detailed in my response to the question on notice, provided on 23 October.

The Hon. COURTNEY HOUSSOS: That is not my question. My question is: Is there any documentation other than this email?

Mr HURST: Without entering into this email, I have answered the question that I don't think there is any additional documentation to the material identified in the table provided on 23 October.

The Hon. COURTNEY HOUSSOS: Mr Hurst, we received some evidence from Ms Clarke when she appeared before the inquiry. She said that there was an expectation that there would be an independent assessment against the criteria for this particular grants program. Can you outline what that assessment process was?

Mr HURST: The process was detailed in my letter of 19 October. I have no explanation that can assist the Committee with that comment.

The Hon. COURTNEY HOUSSOS: Can you direct me exactly to where you answered that question about the assessment process?

Mr HURST: On 19 October I provided a letter to the Clerk of the Parliaments that talked about the processes for approval of grants from the Stronger Communities Fund tied-grants round. That letter has been tabled before this Committee and entered into evidence.

The Hon. COURTNEY HOUSSOS: Mr Hurst, I will turn to document number 3, which I have provided to you. Again it is an email from the Deputy Chief of Staff to the Deputy Premier. It says, "See attached the breakdown of projects for CGRC from additional merger funds which the DP has now approved. Steph Cooke would like to announce tomorrow." Can you outline what assessment process would have been undertaken in order for Ms Cooke to announce that the next day?

Mr HURST: The process that the Office of Local Government followed was outlined in my letter of 19 October.

The Hon. COURTNEY HOUSSOS: This says that a briefing note was prepared. Is that correct?

Mr HURST: The letter explains the process, Ms Houssos. It is quite clear. The letter was written to give definitive advice to the Committee about the process that was followed.

The Hon. COURTNEY HOUSSOS: This says that a briefing note authorising the expenditure was prepared for and signed by either the Minister for Local Government or by yourself. In this case, it was yourself. I am putting to you again that the sole basis of the allocation in this case to the Cootamundra-Gundagai Regional Council for a total of \$3.8 million was this email from the Deputy Premier's office.

Mr HURST: The basis of the allocation is detailed in the table that I provided to the Committee on 23 October. Considerable effort was gone to to ensure that that table was accurate and provided the Committee with the detail that was required to understand the application of the process in each instance.

The Hon. JOHN GRAHAM: Mr Hurst, the Committee is trying to understand what this evidence means. My colleague is putting to you that the only supporting document is this email from the Minister's staff. Is that correct? We are just asking for you to interpret the information you have put in front of us. That is how we read it. Is that wrong?

Mr HURST: Mr Graham, I rely on the evidence I provided in writing in my response on 23 October.

The Hon. JOHN GRAHAM: So there is nothing other than these emails?

Mr HURST: The basis is detailed in the thorough answer I provided to the Committee.

The Hon. COURTNEY HOUSSOS: Can I ask how long would an assessment usually take if you were administering a grants program? How long do you normally allow for an assessment process?

Mr HURST: I think that is a hypothetical question, Ms Houssos.

The Hon. COURTNEY HOUSSOS: I am asking you because, according to your previous testimony, you drafted the guidelines; it was your office that administered these funds. So I am asking how long you would

CORRECTED

usually take as a senior public servant—as a deputy secretary, I note, now. How long would you normally take to provide a thorough assessment of \$3.8 million of public funding?

Mr HURST: I think it would depend on the program.

The Hon. COURTNEY HOUSSOS: Mr Hurst, we have received evidence from the Deputy Premier's former Deputy Chief of Staff, who said that she expected that there was an independent assessment process. Are you saying that the preparation of the briefing note, which has been provided to this Committee, is the assessment process?

Mr HURST: I am saying that the process that was followed is the process detailed in my letter of 19 October.

The Hon. COURTNEY HOUSSOS: And I am asking you to expand on that and explain to us: What was that independent assessment process?

Mr HURST: I'm sorry, "independent assessment process" are your words—

The Hon. COURTNEY HOUSSOS: No, they are not my words. These are words that Ms Clarke said. Sorry, they are my words. There would be an independent assessment process against this criteria. Ms Clarke says, "To me, that is the role of the administrator of the fund." That is yourself.

Mr HURST: I accept that that is the evidence Ms Clarke gave. The process that was followed is detailed in the letter of 19 October.

The CHAIR: Mr Hurst, I have the correspondence of 19 October last year that you tabled with the Clerk of the Parliaments. I assume that your answers are referring to this paragraph:

For each grant a briefing note authorising the particular expenditure was prepared for and signed by either the Minister for Local Government or me under delegated authority for the Minister for Local Government under section 12 of the *Public Finance and Audit Act 1983*. Confirmation of projects having been identified by the New South Wales Government, as set out in the Guidelines, was attached to the respective briefing note in the form of emails from Minister's staff.

Is that the process you are referring to?

Mr HURST: I can confirm that that is the process that I outlined to the Committee.

The CHAIR: Perhaps what we might do is just break down one of these projects that you have helpfully included in your table. So let us go to page 5 of your answers of 22 October. Do you see that, and do you see Snowy Monaro?

Mr HURST: Yes, I see Snowy Monaro.

The CHAIR: We will deal with the first one; 22 November 2018 you have got there as the date of the funding agreement. Do you see that?

Mr HURST: Yes, Mr Shoebridge, I can confirm that I am looking at the same table as you.

The CHAIR: No, I just want to be clear we are talking about the same project, Mr Hurst. I am going through this particular funding decision, the one that was concluded in a funding agreement on 22 November 2018. Do you see that?

Mr HURST: Yes, I can confirm I see that.

The CHAIR: Some \$5,250,000 was paid under that funding agreement. Do you agree with that?

Mr HURST: The table indicates \$5,250,793.

The CHAIR: Correct. For 16 projects?

Mr HURST: The table indicates 16 projects.

The CHAIR: Correct. I can indicate that I am reading from the table so I know that it is the table that is indicating this, Mr Hurst, just to make things quicker. You authorised that expenditure. Is that correct?

Mr HURST: I have given evidence to the Committee.

The CHAIR: You authorised that expenditure. Is that correct?

Mr HURST: That is my evidence to the Committee, Mr Shoebridge.

The CHAIR: And you authorised that expenditure on 20 November, is that right? And that was two days before the funding agreement was signed. Is that correct?

CORRECTED

Mr HURST: Mr Shoebridge, I stand by the dates that are in this table as my evidence to this Committee.

The CHAIR: So I just want to be clear. You authorised the expenditure two days before the funding agreement was signed. Is that true?

Mr HURST: That is my evidence to the Committee, Mr Shoebridge.

The CHAIR: Well, why did you authorise the expenditure before the funding agreement was signed?

Mr HURST: My suggestion is that it took that long for the agreement to be returned by the council.

The CHAIR: All right.

Mr HURST: I cannot answer that question definitively without further information.

The CHAIR: The 16 projects were actually identified by the Deputy Premier. Is that correct?

Mr HURST: The material in the table, Mr Shoebridge, is my evidence to the Committee.

The CHAIR: Mr Hurst, it will be much simpler if you just answer my questions directly. The 16 projects were identified by the Deputy Premier. Is that correct?

Mr HURST: Mr Shoebridge, I have given evidence to this Committee in a written form in advance of this hearing.

The CHAIR: Identifying that the 16 projects were identified by the Deputy Premier.

Mr HURST: I do not understand why you need to read this table back to me line by line when I have confirmed this is the evidence I provided to the Committee.

The CHAIR: Because I am now going to show you another document, Mr Hurst. There is a bundle of documents there that hopefully is open to the one where you will see a handwritten No. 17 in the top right-hand corner. Do you see that?

Mr HURST: Yes, I see that.

The CHAIR: It starts with an email from you on 20 November 2018. Do you see that at the top?

Mr HURST: Yes.

The CHAIR: And if we go halfway down the page, you sent an email on 19 November 2018 to, amongst other people, Laura Clarke, the deputy chief of staff of the Deputy Premier. Do you recall sending that email, Mr Hurst?

Mr HURST: No, I do not recall sending the email, but I accept that this is an email that I sent.

The CHAIR: All right. You say in that email:

Hi Laura and Alysia —just confirming we are working on the revised agreements and should have them done today as required.

Then you say:

Also Laura can you please confirm for our audit records that the Deputy Premier has approved these project allocations to the Councils.

Do you see that?

Mr HURST: I see that email, yes.

The CHAIR: What did you mean by your audit records?

Mr HURST: For the purposes of keeping records for subsequent audit.

The CHAIR: But what did you need to prove for the purpose of the audit? What was the evidence that was required to be included in an audit trail?

Mr HURST: There was a need to document the process of providing the grant in accordance with the guidelines.

The CHAIR: No, Mr Hurst. What was the use of an email from the Deputy Premier for the purposes of audit? What was the use?

Mr HURST: I can only say that the purpose of the audit is to establish that the process was followed.

The CHAIR: What part of the process did you need to evidence was followed?

CORRECTED

Mr HURST: I would suggest it is the final phrase in the process, where it talks about "confirmation of projects having been identified by the NSW Government, as set out in the Guidelines" being attached to the briefing note.

The CHAIR: So you needed audit records and proof that, and I will quote your email, "The Deputy Premier has approved these project allocations". You needed proof that the Deputy Premier approved the project allocations for your own audit records. Is that correct?

Mr HURST: We needed to document the process for our electronic document management system and for the briefing note.

The CHAIR: No. What evidence did you require? I am not interested in a generic statement about process. What was it that was needed to be proven for the purpose of an audit that you were seeking from Ms Laura Clarke, the deputy chief of staff of the Deputy Premier? What was the evidence you required for an audit trail?

Mr HURST: It is in the process document:

Confirmation of projects having been identified by the NSW Government, as set out in the Guidelines ...

The CHAIR: Mr Hurst, you needed clear evidence that the Deputy Premier had approved the 16 projects, did you not? That is what you needed.

Mr HURST: I needed confirmation of projects having been identified by the New South Wales Government.

The CHAIR: Can you look at the email above that, which you got in response from the deputy chief of staff:

Hi Tim

Sorry for the late response—yes confirmed all approved by the DP.

Do you see that?

Mr HURST: Yes, I see that.

The CHAIR: That is what you needed for your audit trail, isn't it? You needed the confirmation that it was all approved by the DP.

Mr HURST: "Approved", as this Committee has heard, has a number of different elements to it.

The CHAIR: Please tell us.

Mr HURST: And in this case what we are looking for is confirmation of the projects having been identified by the New South Wales Government.

The CHAIR: Once you got the 16 projects, did you assess their merit or quality?

Mr HURST: The process that was followed is detailed in my letter, Mr Shoebridge.

The CHAIR: No, Mr Hurst, you have not identified whether or not you assessed the quality or the merit of these projects. That is not an answer. Did you, or anybody in the Office of Local Government, assess the merit or quality of any of these 16 projects?

Mr HURST: That was not part of the process that the Office of Local Government followed.

The CHAIR: So how could you sign off on \$5 million going to these projects when you had not assessed the merits of them and when, on the basis of this email, there was no assessment of the merits being given to you by the Deputy Premier's office? How did you sign off on \$5 million of public money going to these projects?

Mr HURST: Mr Shoebridge, the basis of the document I signed is contained within the document and it has been provided to the Parliament.

The CHAIR: So all you had was a list of projects—no merit assessment, no briefing, and you signed off on \$5.5 million of public money without any merit assessment at all. Is that your evidence, Mr Hurst?

Mr HURST: The basis for the expenditure approval was covered in the briefing note which the Committee has a copy of.

The CHAIR: In relation to these projects, we have had unambiguous evidence from the deputy chief of staff of the Deputy Premier's office that she had no role in doing merit assessment. We have had unambiguous evidence from the Deputy Premier that he had no role in doing merit assessment. And now we have evidence from

CORRECTED

you that you had no role in doing merit assessment. To the best of your knowledge, did anybody assess the merits of these projects?

Mr HURST: I can confirm that that was not part of the Office of Local Government's role [audio malfunction]. I cannot comment on the evidence of others. That is their evidence.

The CHAIR: You see, Mr Hurst, I have taken you in some detail to this one project, but there are hundreds of projects for which you signed off on more than \$210 million of public money in a similar process, where nobody did a merit assessment. Can you explain how or why that happened?

Mr HURST: The program was administered in accordance with the guidelines.

The CHAIR: Which did not require any merit assessment. Is that your evidence, Mr Hurst?

Mr HURST: We provided the guidelines previously to the Committee.

The CHAIR: I might just show you another document, which is the amended guidelines. Do you see that, Mr Hurst? It says "Stronger Communities and New Council Implementation Fund guidelines"? Do you see that?

Mr HURST: Yes, I can see that.

The CHAIR: Did you author this document?

Mr HURST: I think "author" is not the word I would use.

The CHAIR: Help me here, Mr Hurst. What was your role?

Mr HURST: Certainly I reviewed the document and submitted it for approval.

The CHAIR: You submitted it for approval to who?

Mr HURST: The approval was for the consideration of the Minister for Local Government, the Deputy Premier and the Premier.

The CHAIR: Did you say "for"?

Mr HURST: You asked what I submitted it for. It was for the approval.

The CHAIR: You will see that the Deputy Premier has signed it but it is undated. Do you see that?

Mr HURST: Yes, I can see that.

The CHAIR: Do you know when he signed it?

Mr HURST: I do not have that material to hand. I am happy to take on notice whether the Office of Local Government has a record of when it was signed.

The CHAIR: Just to be clear, before you hand us back to either the Deputy Premier's office or the Department of Regional NSW, in answers to questions on notice from the Department of Regional NSW, they made it clear that it was your office's responsibility to ensure the briefing note was signed and they have no records of when it was signed. Did the Deputy Premier approve the guidelines after the projects had been identified and funded?

Mr HURST: I have undertaken to take on notice the question about whether the Office of Local Government has a record of the date that the Deputy Premier signed this document.

The CHAIR: Do you remember chasing it up at any point and trying to get the Deputy Premier to sign it?

Mr HURST: I do not have a specific recollection of that, no.

The CHAIR: Is it usual for ministerial briefing notes to be undated?

Mr HURST: It happens from time to time.

The CHAIR: You did not try to pick it up at the time? Wouldn't that be your responsibility, Mr Hurst?

Mr HURST: I think I am responsible for a lot of things, but the administrative checking of each document that comes back is a little bit beyond me, Mr Shoebridge, in every example.

The CHAIR: If I could return to the email of 20 November 2018, do you still have that in front of you?

Mr HURST: Yes, I have that.

CORRECTED

The CHAIR: You required the audit records to identify that this was part of the process, wasn't it, part of the decision-making process?

Mr HURST: Yes, it was to document the process.

The CHAIR: When I said the process, the process was to make a decision about funding projects. Do you cavil with the term "decision-making process", Mr Hurst?

Mr HURST: There was a process. It is a process I have outlined in my letter of 19 October.

The CHAIR: The purpose of the process was to make a decision, wasn't it? It was not just to have wheels of bureaucracy endlessly turn. It was to make a decision about funding projects, wasn't it, Mr Hurst?

Mr HURST: The purpose can be for a lot of things, Mr Shoebridge.

The CHAIR: You tell me what the purpose was then, Mr Hurst.

Mr HURST: In each instance it generally culminated in the payment of a grant to a council.

The CHAIR: Was there a single occasion when a project was identified by either the Premier or the Deputy Premier or the Minister for Local Government where you determined not to fund it?

Mr HURST: There is only one occasion where a project was put forward that did not comply with the guidelines.

The CHAIR: What was that?

Mr HURST: It was a project submitted by Murray River shire council.

The CHAIR: Did that come from the Deputy Premier's office?

Mr HURST: Yes, the advice came through with a list of projects and one of the projects was not compliant with the guidelines.

The CHAIR: But in every other case you made a payment to fund every project that was identified by both the Deputy Premier and the Premier. In every other case, you paid and funded every single project, is that right?

Mr HURST: Every amount that was paid out in the tied grants round was a grant that was consistent with the guidelines.

The CHAIR: And you have made it clear that none of those had any merit assessment done by your office, that is correct?

Mr HURST: I can confirm that the process that was followed is the process outlined in the letter of 19 October, Mr Shoebridge.

The CHAIR: Ms Clarke, in her evidence, says that to the best of her recollection, and I read:

... I was advised by Tim Hurst, CEO for the Office of Local Government, to email these projects through to him indicating the Deputy Premier's support. My understanding was that these were to be considered with other projects that other newly merged councils had applied for.

Could I break that down into two parts. First of all, were these projects considered with other projects? Was there a further consideration process? Did you look at all of them together and say which should or should not be funded?

Mr HURST: The projects were identified by the Government, as set out in the process.

The CHAIR: I will put it plainly. Were they, and I quote from Ms Clarke's evidence, "considered with other projects that other newly merged councils had applied for"? Did that happen, in your office?

Mr HURST: I am not aware of any instance where other projects were also considered.

The CHAIR: Ms Clarke also said:

My recollection is that only a small proportion of the Stronger Communities Fund went to regional projects ...

Is it your understanding that some \$61 million of the funding went to regional projects, as identified by the Deputy Premier?

Mr HURST: I have answered this question. I provided it in the response to a question on notice on 23 October.

CORRECTED

The CHAIR: I just want to be abundantly cautious here. You stand by your evidence that \$61 million worth of regional projects were identified by the Deputy Premier.

Mr HURST: I am being very careful with the words here because I do know that you place of a lot of weight on them. I stand by the answer I provided to my question on notice on 23 October on page 2.

The CHAIR: But you agreed with me earlier that the emails that I took you to in relation to that \$5 million for Snowy Monaro were part of the decision-making process. Do you agree with that?

Mr HURST: I agree that emails were identified in the table on pages 3 to 5. This is a summary of, in each case, the approval document which was held by the Office of Local Government and has been provided to the Parliament.

The CHAIR: And they were part of the process under which decisions were made whether to fund or not fund projects in accordance with the guidelines. That is your evidence, isn't it, Mr Hurst?

Mr HURST: This "decision" word, I think we need to be careful. It is about confirmation of projects having been identified by the New South Wales Government.

The CHAIR: So who made the decision?

Mr HURST: The approval of the payment was made either by myself or the Minister for Local Government, as detailed in the table.

The CHAIR: I am not asking about approval of the payment. Who made the decision that project A would be funded and project B would not?

Mr HURST: I have given, Mr Shoebridge, the detail about how that program was administered, in each instance. I have told you about my role and the role of the Office of Local Government. One by one, you have the list.

The CHAIR: As Ms Clarke goes on to say, and this includes in reference to the emails I have taken you to:

... the emails I sent to the Office of Local Government were not part of the decision-making process.

Is Ms Clarke right in that regard?

Mr HURST: I cannot comment on the view that Ms Clarke holds.

The CHAIR: No, Mr Hurst, you can answer this question. Were the emails sent by the Deputy Premier's office, including the one I took you to, part of the decision-making process?

Mr HURST: The process was outlined in the letter of 19 October. The specific elements of that are in that table on pages 3 to 5 of the answers to the question on notice from 23 October, Mr Shoebridge. I have been very careful to ensure that this is there to assist the Committee. In fact, the question was asked, because I believe Mr Graham said that he was finding it difficult to follow the material because there was so much. This table provides that information, Mr Shoebridge.

The CHAIR: We may come back to this later, but it would be fair to say that, from following your evidence today, I remain deeply troubled that at no point anywhere was this \$250 million project that you were administering looking at the merits or the quality or the needs of any of these projects. I will hand you back to the Opposition.

The Hon. COURTNEY HOUSSOS: That brings me to my next question. Mr Hurst, I am going to hand you another document. I have put a number 5 on the top. I want to take you to the bottom of the page of that particular document. It says, "Please, do not contact the council until the release is issued." Did you contact any of the councils prior to issuing the funding agreements?

Mr HURST: Yes.

The Hon. COURTNEY HOUSSOS: Can you tell us which of those councils you contacted?

Mr HURST: I can't be definitive, but there were certainly councils that were contacted to seek clarification.

The CHAIR: I think you gave evidence you called Hornsby Council to tell them the good news that they were getting \$100 million, didn't you, Mr Hurst?

Mr HURST: I certainly recall conversations with—

CORRECTED

The CHAIR: You would remember that one.

Mr HURST: —Snowy Valleys Council.

The CHAIR: I apologise.

The Hon. NATALIE WARD: It was only 90.

Mr HURST: There were definitely conversations with councils. That did occur.

The Hon. COURTNEY HOUSSOS: It was just some councils that were not allowed to be contacted until the release was issued; is that correct?

Mr HURST: I don't know. Perhaps we didn't have a need to contact the council. I really don't know.

The Hon. COURTNEY HOUSSOS: Let me move on to the next point. You said that the Murray River shire council was the single project that was judged to be noncompliant with the guidelines. On what basis was it noncompliant with the guidelines?

Mr HURST: My recollection is, because it was for a fit-out of council administration offices.

The Hon. COURTNEY HOUSSOS: I would like to take you to document number 1 from the documents that I handed to you. Look right at the bottom of that document. This is an email from yourself to Ms Lau in the Premier's office on Wednesday 27 June 2018. It is rather brief. It says, "Hi, Sarah. Our lawyers have suggested it would help if I had something beyond your earlier emails to confirm the allocation. Would you mind sending me an email that says the following: Following the decision to revise the funding guidelines, the Premier has determined to allocate to Hornsby Council out of the Stronger Communities Fund amounts of \$50 million for Hornsby Quarry and 40"—I assume it is million; the million is missing—"for Westleigh Recreation Area." Mr Hurst, why did you seek advice from your lawyers that you needed that specific wording?

Mr HURST: I don't know why I sought advice. Sorry, I don't recall; it was some time ago.

The Hon. COURTNEY HOUSSOS: It is a pretty significant step to seek legal advice and then to provide that in exact wording—

The Hon. TREVOR KHAN: I don't know.

The CHAIR: I would have wanted legal advice before I did it, that is for sure.

The Hon. COURTNEY HOUSSOS: Mr Hurst, at one point you say you need this "for our audit records". At one point you have gone to the lawyers to say, "Is this enough? Is this conforming?" This shows a pattern of behaviour that you have some concerns about the way this fund is being authorised. Did you seek legal advice on any other payments under this program?

Mr HURST: I don't recall, Ms Houssos. It was a considerable time ago.

The Hon. COURTNEY HOUSSOS: I want to refer you to some testimony that the ICAC gave to this Committee. The Chief Commissioner provided this evidence:

If a Minister intervenes and overrides a government grant program or scheme, including in particular in relation to the decision-making processes by which successful applications are determined, and intentionally does so for purposes of possible electoral advantage, such intervention could constitute corrupt conduct under the provisions of the ICAC Act.

What steps did you take as a senior public servant to ensure that there was some merit to these projects other than possible electoral advantage?

Mr HURST: Ms Houssos, the program was administered according to the guidelines. Cabinet made the decision. The guidelines were formulated around the Cabinet decision. The Office of Local Government implemented the program, consistent with the guidelines.

The Hon. COURTNEY HOUSSOS: But the guidelines did not conform to the Department of Premier and Cabinet's guidelines about what a grants program should be like.

Mr HURST: Ms Houssos, I have answered this at the last hearing, last September.

The Hon. COURTNEY HOUSSOS: Exactly, and your—

The Hon. TREVOR KHAN: Just make sure he has finished.

Mr HURST: At that session, I remember explaining about how the guidelines were indeed just guidance to New South Wales Government agencies and, of course, that the Office of Local Government does take into

CORRECTED

account the nature of councils as entities under the Local Government Act. I seem to remember providing quite a lot of material about this in September.

The Hon. COURTNEY HOUSSOS: Since your appearance to explain that, Mr Hurst, we have heard evidence from the Department of Premier and Cabinet, which said that those guidelines, those policies should be in effect across Government, irrespective of where the grants program is issued.

Mr HURST: I'm sorry, are you making a statement of fact that that was the evidence of DPC?

The Hon. COURTNEY HOUSSOS: That was the evidence that we received last week from DPC.

Mr HURST: Would you mind telling me where they said that?

The Hon. COURTNEY HOUSSOS: They said that last week, in last week's hearing. On 1 February they appeared in this room in the afternoon hearing and they told us that those guidelines should apply to grants programs that are administered by the New South Wales Government.

Mr HURST: Right. So they didn't say they must apply to the programs.

The CHAIR: No, Ms Houssos has repeatedly said "should".

Mr HURST: Right.

The CHAIR: So perhaps you could respond to the proposition.

Mr HURST: And I have explained that there were departures—and there are departures in other programs administered by the Office of Local Government—from those guidelines. Those guidelines, as I explained at the previous hearing, are primarily written for where the grant recipient is a non-government organisation. Councils are a level of government, established as entities under the Local Government Act.

The Hon. COURTNEY HOUSSOS: The specific guidelines that I am talking about, Mr Hurst, are the ones that say that all relevant applicants should be entitled to information, that it should be posted on a public website somewhere, and that it should be well available. In fact, all applicants who are eligible should indeed be notified, where possible. As you have just said, they are a level of government—

The Hon. TREVOR KHAN: Is this a question?

The Hon. COURTNEY HOUSSOS: —so they would be easier to contact. Mr Hurst, surely all of the councils that were eligible should have been contacted.

Mr HURST: Ms Houssos, I have dealt with the question of eligibility—I know this is a matter of considerable interest for the Committee—in my letter of 30 October.

The CHAIR: Mr Hurst, let me be clear. As I understand your reasoning, his evidence was that you are only eligible once you are identified.

The Hon. COURTNEY HOUSSOS: Mr Hurst, you have had a series of job titles that we have seen on emails and now in appearing before this Committee. You were the acting CEO of Local Government; is that correct?

Mr HURST: I have had a number of roles. Sorry, I am just not sure how this is relevant to the Committee.

The Hon. COURTNEY HOUSSOS: I am just asking you what your current job title is.

Mr HURST: As we established at the hearing in September, my role is Deputy Secretary, Local Government, Planning and Policy at the Department of Planning, Industry, Environment.

The Hon. COURTNEY HOUSSOS: When did you take on that role?

Mr HURST: It would have been approximately April. I am sorry, I don't know exactly when. I would have to look it up.

The Hon. COURTNEY HOUSSOS: Roughly, April 2020?

The Hon. TREVOR KHAN: He said he will have to look it up.

Mr HURST: I am not prepared to speculate. I will have to look it up.

The Hon. COURTNEY HOUSSOS: You are taking that on notice?

Mr HURST: I am happy to take on notice when the role title changed.

CORRECTED

The Hon. COURTNEY HOUSSOS: Perhaps you can take on notice when you were appointed acting CEO. Was there a job in between acting CEO and then Deputy Secretary?

Mr HURST: Yes. I was the Chief Executive of the Office of Local Government.

The Hon. COURTNEY HOUSSOS: Can you provide us with a time line of when you were appointed to those particular roles, please?

Mr HURST: Yes, I undertake to provide that on notice.

The Hon. JOHN GRAHAM: Mr Hurst, I will take you back to your helpful table. You have referred to it as pages 3 to 5 in your answers. I will ask about another specific example and that is the funding agreement that related to Hornsby Shire. Can you go to that table and tell me the date the expenditure was authorised? I will hand that document with the single email up to you. Have you got that date, Mr Hurst?

Mr HURST: I do not want to continue to labour on this but the details of the grant on Hornsby Council, I have provided that detail to the Committee.

The Hon. JOHN GRAHAM: Yes. Good. So I'm looking at that detail and it says these three things—

Mr HURST: They are in the table I provided as my response to the question on notice on 23 October.

The Hon. JOHN GRAHAM: And that table indicates the guidelines were signed off that were relevant to Hornsby on 27 June 2018.

The Hon. TREVOR KHAN: This was done to death last time. It was not just in the table.

The Hon. JOHN GRAHAM: The authorisation date is 27 June 2018, and the project was identified by the Premier on 27 June 2018—all on the same day. That email you have got in front of you is that identification. That comes through on 27 June 2018, the date the guidelines were signed, the date the project was identified, the date you authorised expenditure at 4.09 p.m. We have heard since you gave evidence that Hornsby Council were then told at around 5.00 p.m. This is all happening very, very quickly in relation to Hornsby, isn't it? It is identified at 4.09 p.m. and a call goes in at 5.00 p.m.

The Hon. NATALIE WARD: Do you have a question?

The Hon. JOHN GRAHAM: Is that correct?

Mr HURST: Mr Graham, you asked me this exact same question in September and I answered it at the hearing, about the time—

The Hon. JOHN GRAHAM: I have not put this email to you before about 4.09 p.m.

Mr HURST: You asked me last time, if my memory is correct, about how quickly it was that the process unfolded, and I answered the question at the time. You have now put times around it. I can confirm the evidence that I gave at the hearing last September. It happened quickly.

The Hon. JOHN GRAHAM: Yes. You have already said that there is no merit assessment for this process. Clearly there is no time for a merit assessment process in the 51 minutes between when it is identified and when that call goes in. You would agree with that?

Mr HURST: The process that was followed for this grant, just like the others, Mr Graham, is detailed in my letter of 19 October.

The Hon. JOHN GRAHAM: I might just ask that these second documents be handed up to you. You would not have seen these documents when you gave evidence to us last time because these documents had been shredded, Mr Hurst. These are the working advice notes that were destroyed in the Premier's office. They were shredded and then deleted off the electronic system. If you look at that first one, which relates to the approval of funding for metropolitan local councils from remaining local council merger funds, the third page has a recommendation that says "approve the proposed funding at Table 1" for open spaces projects for all these projects. I am putting to you, Mr Hurst, that is consistent with the evidence you have given that in fact it was the Premier approving these projects, selecting these projects. Do you have any comment?

Mr HURST: My comment is that I have not seen this document before.

The Hon. JOHN GRAHAM: Yes. You agree, though, that is what that recommendation says. It says "approve the proposed funding"?

Mr HURST: Do I agree that you are reading from this document, Mr Graham?

The Hon. JOHN GRAHAM: Is that an accurate—

CORRECTED

Mr HURST: I agree that you are reading from this document.

The Hon. JOHN GRAHAM: And you did not see this because it was shredded but that is what was sitting in front of the Premier before you then received an email.

Mr HURST: I can't offer any advice on that, Mr Graham. I have not seen this document until today.

The Hon. JOHN GRAHAM: I will take you to the second document. Again, there are two pages here, the second working advice note that was shredded. The recommendation there again says "approve the proposed funding at Table 1 for metro local councils". You agree that is an accurate representation of what is in front of you now that you are seeing these shredded notes for the first time?

Mr HURST: Mr Graham, you are reading from a document that I have seen for the first time.

The Hon. JOHN GRAHAM: For the first time. Thank you. Looking at those notes—

The Hon. TREVOR KHAN: You got that grab in, John. Are actually going to go to anything of substance?

The Hon. JOHN GRAHAM: —there is no business case, there is no benefit-cost ratio, there is no merit assessment here in the documents that sat in the Premier's office. Would you agree with that statement?

Mr HURST: I don't know. I haven't read the notes. They have only just been provided to me and I once again confirm I have never seen these documents before.

The Hon. JOHN GRAHAM: Could you take on notice that question in relation to a business case, a benefit-cost ratio or a merit assessment?

The Hon. TREVOR KHAN: I will take a point of order. You can't ask this witness—

The Hon. JOHN GRAHAM: If the witness wants more time he should have it.

The Hon. TREVOR KHAN: No, you can't ask this witness to take something on notice that has nothing to do with him.

The Hon. JOHN GRAHAM: I am putting to him the documents that the Premier's office shredded. He is administering this scheme—

The Hon. NATALIE WARD: No, you're just trying to get your TV grab.

The Hon. JOHN GRAHAM: —he can answer it—

The Hon. TREVOR KHAN: I will take a formal point of order.

The CHAIR: I am going to call you both to order because points of order and responses are not improved by being yelled. It does not improve the quality of the argument on either side of the record. I will hear the point of order.

The Hon. TREVOR KHAN: The point of order is this: Taking all John's theatrics out of it, he is entitled to ask this witness—he's a public servant—questions that relate to him and his area of responsibility. He can't put to him invitations to take things away that are not within his remit, and that is essentially what he is doing. It is inappropriate. There are actual rules of fairness that apply to this Committee.

The CHAIR: I understand the point of order.

The Hon. JOHN GRAHAM: To the point of order, Chair: I am asking the administrator of the scheme—for the first time he is seeing the documents the Premier's office shredded—if there is any merit assessment in those documents. That is a fair question to the person who administrates the scheme on behalf of the Government.

The Hon. TREVOR KHAN: I will take a further point of order. You can ask him to deal with matters that are within his knowledge, not stuff somewhere else.

The Hon. NATALIE WARD: And it calls for opinion.

The CHAIR: The document you have put to him is the document from the Premier's office that had been shredded and recovered?

The Hon. JOHN GRAHAM: Mm-hmm.

The CHAIR: Being the document is not this witness's document, I don't think you can ask for an opinion from this witness, because I don't think we are entitled to ask for opinions in relation to Government policy from

CORRECTED

the witness. I think you can explore whether or not the witness has seen it, whether it was part of his decision-making process—

The Hon. TREVOR KHAN: To which he said "no".

The CHAIR: —but I don't think you can ask the witness to give an opinion about its content, Mr Graham. Anyway, I have made that ruling.

The Hon. JOHN GRAHAM: I am objecting to your ruling, and I will pursue that elsewhere. Mr Hurst, having seen this for the first time, do you have any observations you would like to make about those shredded documents?

Mr HURST: I am just confirming that these have been put in front of me minutes ago and I haven't read them.

The Hon. JOHN GRAHAM: Great. I might put some questions to you on notice relating to those documents then. Your office has received multiple emails. We heard many of them were from the office of the Deputy Premier and the office of the Premier, indicating that the Premier or the Deputy Premier variously approved projects. Those offices, those Ministers, have repeatedly said they couldn't say how that was received at your end. When you received those emails indicating that the Premier or the Deputy Premier had formally approved these projects, what meaning was conveyed?

The Hon. NATALIE WARD: You don't need to agree with the premise of those questions.

Mr HURST: I am just going to have to go back to the evidence that I have previously given, which is that the process is outlined in my letter of 19 October. In each instance there is documentation that shows how the process was applied. It has been summarised in the evidence I have provided to the Committee in my answers to the questions on notice.

The Hon. JOHN GRAHAM: Thank you, Mr Hurst. Does the Office of Local Government hold any conflict of interest declarations in relation to the tied grants funding round?

Mr HURST: I have actually been asked this question at the last hearing and I have answered it in a question on notice. It is in fact in the bundle of papers here from 23 October. The only thing I would like to add to that is that the ministerial register of interests is kept by the Department of Premier and Cabinet, and that matters relating to the ministerial declarations of interest should be referred to the Department of Premier and Cabinet.

The Hon. JOHN GRAHAM: Yes. As I understand it, you are confirming there is no conflict of interest declarations that are held by your office. You indicated previously—

Mr HURST: Sorry, could I just answer that?

The Hon. NATALIE WARD: Did you answer that? Did you confirm it?

Mr HURST: Can I just say that I answered that question specifically in my response to the question on notice provided on 23 October. It is on pages 9 and 10. Because you asked me the same question when we were here in September.

The Hon. JOHN GRAHAM: And you are not aware of any declaration from the Premier in relation to the electorate of Wagga Wagga of a conflict of interest?

Mr HURST: That was the additional information that I provided, which is that that ministerial register of interests is kept by the Department of Premier and Cabinet and that matters relating to the ministerial declarations of interest should be referred to the Department of Premier and Cabinet.

The Hon. JOHN GRAHAM: I understood your answer the first time, Mr Hurst. You talked about the guidelines and indicated that they went to the three Ministers to sign—these are the amended guidelines signed between 25 and 27 of June 2018. Did those go to Cabinet?

Mr HURST: I cannot reveal Cabinet decision-making processes, but I will say not to my knowledge.

The Hon. JOHN GRAHAM: We have received evidence today that they did. It was the Deputy Premier's view, but that is the first I have heard of it. And you are saying, to your knowledge, it did not go to Cabinet; it just went to those Ministers.

Mr HURST: I am actually precluded from discussing Cabinet matters and Cabinet approval processes, as we covered at the last—

The CHAIR: But if, to the best of your knowledge, something did not go to Cabinet, you are not precluded from saying that and that is your evidence, isn't it, Mr Hurst?

CORRECTED

Mr HURST: And that is what I said.

The Hon. JOHN GRAHAM: Mr Hurst, there have been no consequences for any of the Ministers—the Premier, the Deputy Premier—involved in this pork-barrelling scheme. Is it possible that the only person who might suffer a consequence out of this scheme is the mayor of one of the affected councils, who you are charging and attempting to suspend?

The Hon. TREVOR KHAN: I think this is really going a bit far, on so many levels.

The CHAIR: Not only that, I think that matter has been dealt with in a previous determination by the Committee. We made a decision previously on that.

The Hon. JOHN GRAHAM: I think I am out of time.

The CHAIR: You are indeed.

The Hon. TREVOR KHAN: I didn't even say the word outrageous.

The CHAIR: Mr Hurst, just to be clear, you have provided a detailed response to that suggestion, which we have published, and just which I wish to note. You have provided that detailed and considered response to that suggestion.

Mr HURST: On 12 December.

The CHAIR: You have indeed.

Mr HURST: And I think the only thing that is relevant to add to that is that the NSW Civil and Administrative Tribunal has decided to conduct a hearing into the matter.

The CHAIR: Yes. Mr Hurst, you recall you had a series of questions by Mr Graham now, and there were a series of questions last time, about the \$90 million that was given to Hornsby council. Do you recall that?

Mr HURST: I confirm I have previously given evidence to the Committee on those projects.

The CHAIR: We had evidence, since you last gave evidence, from the former policy adviser from the Office of the Premier, a Mr Crocker, in relation to that. Did you watch that evidence from Mr Crocker?

Mr HURST: I have reviewed the transcript.

The CHAIR: Mr Crocker added some additional information that I thought you might be able to throw some light on. In relation to the Stronger Communities Fund, he says:

To my recollection, that general advice—

which was the policy advice he gave—

was to act consistently with the Cabinet decision and specifically that outstanding issues should be addressed in three areas ...

The first one I will take you to is this. He says firstly—

Mr HURST: Sorry, Mr Shoebridge. I have a copy of the transcript here. Would you mind telling me which page you are on?

The CHAIR: Two. At about point eight. The paragraph that commences, "To the best of my recollection". Do you see that?

Mr HURST: Yes, I do. Thank you.

The CHAIR: I am taking you about halfway through, and just the first proposition there:

... firstly, that there should be a focus on resolving significant outstanding issues from the merger process, which was predominantly the Hornsby council and Parramatta council issue ...

Do you see that?

Mr HURST: Yes, I see those words.

The CHAIR: What was the Hornsby council and Parramatta council issue?

Mr HURST: I believe that Mr Crocker went on to provide further evidence about that issue.

The CHAIR: Given you were then, and are now, the head bureaucrat dealing with the Hornsby and Parramatta council issue, I am really after your input, not the policy adviser of the Premier.

CORRECTED

Mr HURST: I can confirm that the council, to my knowledge, made resolutions and wrote letters about the situation that they felt they were in following the conclusion of the merger process.

The CHAIR: No, I am asking you about the Hornsby and Parramatta council issue. What was the issue between Hornsby and Parramatta council, Mr Hurst?

Mr HURST: I understand there were a number of issues with both of those councils, including the distribution of previously collected rates, the distribution of previously collected section 94 contributions, and about the disadvantage that Hornsby council felt they were at in terms of their longer term finances because of the loss of part of their area. Can I also point out that the proclamation [audio malfunction] provides a process for the councils to resolve these issues, in the transition, between themselves and that the councils were working through that process, but that it was taking some time. My recollection is that in fact it actually ended up in court at one stage.

The CHAIR: Parramatta council was suing Hornsby council for more than \$16 million of monies that Parramatta said Hornsby had to pay them from both reserve section 94 funds and from rates that were not forwarded to them. That is the case, isn't it? Parramatta council was suing Hornsby council.

Mr HURST: I cannot definitively confirm that, but that accords with my understanding of the events of that time.

The CHAIR: And Hornsby council was refusing to pay because they said they had been duded in this process because they had agreed to give up the Epping area to Parramatta on the basis that they would get to gobble up Ku-ring-gai. That is right, isn't it?

Mr HURST: I can confirm that that is what Hornsby council said was the basis of their grievance following the process.

The CHAIR: And the rationale for giving Epping to Parramatta was to provide a bunch of Liberal votes into the Parramatta council area to try and gerrymander the Parramatta council in the long run, isn't it?

The Hon. NATALIE WARD: No, we are not going to go there and I ask you to restrain yourself, Chair. That is not for this witness to possibly answer in any respect.

Mr HURST: Mr Shoebridge, I cannot possibly answer that question.

The Hon. NATALIE WARD: And for the record we have a submission by Hornsby council.

The CHAIR: Is that a point of order?

The Hon. NATALIE WARD: It is.

The CHAIR: What is your point of order?

The Hon. NATALIE WARD: That we have before this Committee evidence from Hornsby council about its issues and I think that your last question was unfair to this witness and does not go to these issues. I ask that you withdraw it. It was a media statement.

The CHAIR: I just want to be clear, I do not think that is a relevant point of order. The manner in which, and the reasons for which, grants were allocated is clearly before the Committee.

The Hon. NATALIE WARD: Your interpretation is not.

The CHAIR: I do not accept that point of order. Mr Hurst, the reason why the area of Epping was put into Parramatta was in order to provide a large chunk of Liberal voters to shore up the Liberal vote in Parramatta.

The Hon. NATALIE WARD: I take the point of order once again. You are asking a public official an opinion which he cannot reasonably provide. I object to the question.

The CHAIR: I will put it in a neutral way. Why was Epping moved into Parramatta? What was the rationale from a local government perspective? Why was that decision taken?

Mr HURST: I do not have a specific recollection of the wording, but you will find the answer in the proposal document, which was submitted to begin the process of merging the councils under the Local Government Act. It was required to detail the reasons supporting the merger, and that was the document that then was reviewed by the delegate and sent off to the boundaries commission before finally proceeding with the merger.

The CHAIR: Is one of the reasons why Hornsby council got \$90 million so that they had a pool of money from which to pay Parramatta council the \$16 million that Parramatta was suing them for?

Mr HURST: I do not know. I have no information about the reason.

CORRECTED

The CHAIR: Were you speaking with Parramatta and Hornsby council about these outstanding disputes?

Mr HURST: Certainly, but the question of the funding that Hornsby sought, because of their assessment of the forgone revenue over the longer term and lack of financial capacity that brought to the council, they had certainly written to the Government about that. The Office of Local Government had undertaken some analysis of that material and, of course, we spoke to the council during that period.

The Hon. NATALIE WARD: I think there was also an independent financial assessment undertaken by BIS Oxford Economics, which is in the Hornsby submission.

The CHAIR: Mr Hurst, we agree that the amount of money that was in issue between Parramatta and Hornsby was in the order of \$16 million, don't we?

The Hon. TREVOR KHAN: I am just going to take the point of order, Chair, with respect. A point of order, I think, is different and I apologise for not having been here for all of it. But this is really starting to get a long way from a grants inquiry now.

The CHAIR: I will explain in a very short time, I assure you. It was in the order of \$16 million, Mr Hurst, we agreed on that earlier?

Mr HURST: I also said that I couldn't be definitive about exactly what the amount being sought through the court system was.

The CHAIR: Can I take you to page 5 of your answers in October of last year. Have you got that table?

Mr HURST: Yes, I have the table.

The CHAIR: Do you see the third line where it says, "Payment to the City of Parramatta"? Do you see that?

Mr HURST: Yes, I see that line.

The CHAIR: Do you see that a grant was made, approved by you, to pay Parramatta Council \$16 million on 20 November 2018? Was that payment of \$16 million to Parramatta Council so that they would drop their legal proceedings against Hornsby?

Mr HURST: My recollection of that—and this is because I did have conversations with the council—is it was for improvements to Dence Park at Epping.

The CHAIR: Mr Hurst, was there any connection between the payment of \$16 million to Parramatta City Council in November 2018 and their almost immediate discontinuance of the legal proceedings?

Mr HURST: I don't know that I can answer that question, Mr Shoebridge. It was not a consideration in making the payment of the grant to City of Parramatta. That relied on the material that is detailed in the table and was attached to the briefing note providing the funding approval.

The CHAIR: So you relied upon the Premier's email to you on 6 November 2018 to authorise that payment; is that right?

Mr HURST: Mr Shoebridge, you have been here before. The process that was followed is outlined in the letter of 19 October. For each individual grant you will find that summarised in the table provided to the response to question on notice on 23 October. That was my purpose for providing that material to the Committee.

The CHAIR: Did Parramatta ever indicate to you that they will consider dropping their legal action against Hornsby Council, provided the \$16 million in funding that you authorised to be paid was provided to them?

Mr HURST: I don't have a recollection of that.

The CHAIR: In fairness to you, Mr Hurst, I will tell you where I get this information from. The information comes from one of the shredded briefing notes from the office of the Premier, where her advice is:

We also recommend you approve \$16 million for a new aquatic facility and water-play park in the Epping area for Parramatta City Council. This funding is broadly equivalent to the section 94 contributions owed to them by Hornsby Council. Parramatta has indicated they will consider dropping their legal action on the section 94 contributions owed to them if this funding is provided.

Does that assist your memory?

Mr HURST: I still have no recollection of a link being drawn between the two. But as I previously provided in evidence to this Committee, I haven't seen either of those documents before today.

CORRECTED

The CHAIR: Was it ever part of the guidelines that funding for community projects would be made available on the basis that it would resolve unrelated third-party litigation? Was that part of the guidelines?

Mr HURST: The guidelines, Mr Shoebridge, you have a copy of; they have been entered into evidence before this Committee.

The CHAIR: Was it part of the guidelines—to the best of your knowledge—to fund projects from public money to resolve unrelated third-party litigation?

Mr HURST: My understanding is the guidelines said that the funding was available to apply to projects identified by the New South Wales Government—to councils affected by the merger process.

The CHAIR: I will hand over to the Opposition.

The Hon. COURTNEY HOUSSOS: I want to ask you, Mr Hurst, about the decision to grant Mingara Regional Athletics track resurfacing—Central Coast Council. I believe I have already provided you with some documents that provide where the Deputy Premier's office identified this project. I want to specifically ask you whether you ran any searches, did any checking to see whether they had been a political donor, if that was part of your process.

Mr HURST: The process for administering the grants is in the letter from 19 October. In response to that particular question about ministerial involvement, I have previously indicated to Mr Graham that questions about that ministerial register of interest need to be directed to DPC.

The Hon. COURTNEY HOUSSOS: This is not about ministerial disclosures; this is about political donations, which are publicly available, and whether your department did any checking before allocating this funding. Before you signed the cheque, did you check to see whether they were political donors?

Mr HURST: I am not aware of that check occurring.

The Hon. JOHN GRAHAM: Can I just once again describe you as a reluctant witness, Mr Hurst, and ask you to respond to that on this occasion?

The Hon. TREVOR KHAN: I think that—

The Hon. JOHN GRAHAM: He has responded once.

The Hon. NATALIE WARD: He's been sitting here. He's arrived voluntarily.

The CHAIR: I will rule that one out of order.

The Hon. JOHN GRAHAM: Very good.

The Hon. NATALIE WARD: He's been sitting here for an hour and a half.

The CHAIR: Mr Hurst, was there ever any probity checks or a probity assessment done by the Office of Local Government for the Stronger Communities tied grant round?

Mr HURST: Not at this stage, no.

The CHAIR: What do you mean "not at this stage"?

Mr HURST: I await with interest the outcome of this inquiry and any recommendations that you might have for the Government or the Office of Local Government about the administration of grant programs.

The CHAIR: Mr Hurst, isn't it usual, when you are dealing with programs in the order of a quarter of a billion dollars, to have a probity assessment of it?

Mr HURST: Not in my experience.

The CHAIR: Does the Office of Local Government have a process where they have some kind of probity checks when they are handing out \$250 million or more?

Mr HURST: The process is that we give money to councils. Councils are entities established under the Local Government Act. Councils, as I have mentioned, have legislative responsibilities on them, about how they use their own money and money that is granted from the Government. There is a regulatory and monitoring framework that sits around councils as well. I'm just saying that I think councils are, as I have mentioned previously in evidence to the Committee, a different category of grant recipient.

The CHAIR: Mr Hurst I think I would fundamentally agree with you, that councils have very clear processes under which they hand out large amounts of money. They have merit assessments, they have quality assessments of the projects, and they have audit and probity panels. But you had none of that, Mr Hurst. Can you

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explain why the Office of Local Government's systems are so substandard as against the organisations you are overlooking?

Mr HURST: When we are talking about giving the money to the councils, what I am getting at there is that the Act actually says that councils should carry out functions in a way that provides the best possible value for residents and ratepayers. So we have the expectation, when giving the money to councils, that they will achieve that outcome.

The CHAIR: But, Mr Hurst, there was no obligation on you to ensure that we get the best value for the residents of New South Wales. You handed out \$250 million without ever checking there was a merit assessment. That is the case, isn't it? You had far less regard than Cootamundra Council.

Mr HURST: What I will say is that, giving money to councils, we rely on the special arrangements that apply to councils as a level of government under the Local Government Act. The Act is very specific about some of these requirements. Councils have to plan strategically, using the Integrated Planning and Report framework. They are expected to provide effective and efficient services to meet the diverse needs of their local community. They have a responsibility to invest in responsible and sustainable infrastructure to benefit their local community. They are required to have effective financial asset management in place, including for reporting, maintenance. Councils, as I'm saying, are a particular category of grant recipient. That means that the same level of oversight is dealt with in a different way, through the monitoring and reporting that we have as the regulator for the local government sector.

The CHAIR: If only a tiny bit of that kind of rigour had been applied by your office, Mr Hurst, we wouldn't have had you back here on three separate occasions. But I appreciate your attendance. Unless there any further questions or any questions from the Government—

The Hon. JOHN GRAHAM: I just want to say I am very surprised to hear there is not a probity assessment process.

The Hon. TREVOR KHAN: I will take the point of order if we are now going to enter into statements.

The Hon. JOHN GRAHAM: I have seen those for a range of other grants programs that this Committee is looking for and some of those have raised concerns. But you are saying, in the areas you administer they are just not being applied at all. Is that what you are telling us?

Mr HURST: What I am saying is that councils are a different category of grant recipient. Councils have legislative obligations on them about what they do with the money and how they spend that money, how they acquit that money to the Government. That means that they are a different category as a level of government.

The CHAIR: I again ask the Government if you have any questions at this stage.

The Hon. TREVOR KHAN: Strangely, you will be surprised that I do not have any questions.

The CHAIR: Ms Ward?

The Hon. NATALIE WARD: No, thank you, Chair.

The CHAIR: That concludes this afternoon's hearing.

(The witness withdrew.)

The Committee adjourned at 15:10.