

PORTFOLIO COMMITTEE NO. 4 - INDUSTRY

Friday, 26 February 2021

Examination of proposed expenditure for the portfolio area

REGIONAL NEW SOUTH WALES, INDUSTRY AND TRADE

CORRECTED

The Committee met at 9:30.

MEMBERS

The Hon. Mark Banasiak (Chair)

The Hon. Lou Amato

The Hon. Catherine Cusack

The Hon. Sam Farraway

Ms Cate Faehrmann

Mr Justin Field

The Hon. Emma Hurst (Deputy Chair)

The Hon. Daniel Mookhey

The Hon. Peter Primrose

Mr David Shoebridge

The Hon. Mick Veitch

PRESENT

The Hon. John Barilaro, *The Minister for Regional New South Wales, Industry and Trade*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

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The CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2020-2021 initial hearings. Before I commence, I would like to acknowledge the Gadigal people, who are the traditional custodians of this land. I would also like to pay respect to the Elders past, present and emerging of the Eora nation, and extend that respect to other Aboriginals present. I welcome Deputy Premier Barilaro and accompanying officials to this hearing. Today the committee will examine the proposed expenditure for the portfolios of Deputy Premier, Regional New South Wales, Industry and Trade.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I would also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat. All witnesses in budget estimates have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide that answer within 21 days. Deputy Premier Barilaro, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. We expect that transcripts of this hearing will be available on the web from tomorrow morning. Finally, could everyone please turn their mobile phones to silent for the duration of the hearing.

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GARY BARNES, Secretary, Department of Regional NSW, sworn and examined

SCOTT HANSEN, Director General, Department of Primary Industries, sworn and examined

SHANE FITZSIMMONS, Commissioner, Resilience NSW, sworn and examined

ANSHUL CHAUDHARY, Acting Chief Executive Officer, Forestry Corporation, affirmed and examined

ANTHONY KEON, Executive Director, NSW Resources Regulator, affirmed and examined

KYLIE BELL, Executive Director, Industry, Trade and Investment, NSW Treasury, affirmed and examined

GEORGINA BEATTIE, Deputy Secretary, Mining, Exploration and Geoscience, Department of Regional NSW, sworn and examined

CHRIS HANGER, Deputy Secretary, Public Works Advisory and Regional Development Group, Department of Regional NSW, affirmed and examined

JAMES McTAVISH, NSW Cross Border Commissioner, Department of Regional NSW, sworn and examined

FIONA DEWAR, Acting Deputy Secretary, Strategy Delivery and Performance, Department of Regional NSW, affirmed and examined

The CHAIR: Today's hearing will be conducted from 9.30 a.m. to 12.30 p.m. with the Minister and from 2.00 p.m. to 5.00 p.m. with departmental witnesses, with questions from Opposition and crossbench members only. If required, an additional 15 minutes may be allocated at the end of each session for Government questions. Before we go to questions, it is not a classroom; if members or witnesses need to go and have a bathroom break or a drink break, they are free to do so. Do not feel like you are trapped in here. Obviously if there is a line of questioning that occurs while you are out, we will just pick it up when you return. As there is no provision for any witnesses to do an opening statement, I will throw to the Opposition to start.

The Hon. MICK VEITCH: Thanks, Chair, and good morning, everyone. Thanks for coming in for today's session. Thank you, Deputy Premier, for your attendance. Can I just ask, Deputy Premier, are you still the Minister for bushfire recovery?

Mr JOHN BARILARO: Yes, I still have the responsibility for bushfire recovery.

The Hon. MICK VEITCH: Yes. The only reason I ask that is that when you appeared before the grants inquiry—and today on our paperwork, it does not have that below your title. That is all. I thought, "Maybe it slipped off."

Mr JOHN BARILARO: It is a responsibility.

The Hon. MICK VEITCH: You still have, as gazetted, those responsibilities?

Mr JOHN BARILARO: Yes, absolutely.

The Hon. MICK VEITCH: Okay, thank you. And that means you are still responsible for the bushfire fund?

Mr JOHN BARILARO: Absolutely, yes.

The Hon. MICK VEITCH: Yes, okay. Can I just ask you some questions about the bushfire recovery? The grants that are being allocated out of the fund—is there a proposal to audit those grants and the way they have been taken up and then administered or expended by the recipients?

Mr JOHN BARILARO: As the Minister responsible for a range of grants in portfolios past and present—there are many processes before, during and after. But I am more than happy for Mr Chris Hanger to talk to the detail of what an audit process would look like at the end of the grant program funding.

Mr HANGER: Thank you, Deputy Premier, and thank you for the question. As the Deputy Premier outlined, there are a range of processes in place, in terms of program design. So, establishing program guidelines, establishing probity plans to ensure that the processes undertaken in assessing grants are effective, and then a post-program evaluation that will be undertaken both by the department and—we have already been alerted by the Audit Office of NSW that, absolutely, they will audit these programs. We are very confident in the way that they have been administered. It is important to note that these programs are still on foot. So, the current \$250 million round, which is the Bushfire Local Economic Recovery [BLER] Fund stream that has garnered a fair amount of interest—assessments are still underway for that. Absolutely, those processes are in place, but the program has not yet concluded.

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Mr BARNES: Mr Veitch, I just wanted to point out one thing, just for completeness. Some of the programs that we stood up in response to bushfires, the State stood up. The first two of those programs—one was about industry recovery and supply chains. That was a \$70 million program. It was entirely the State that stood that program up because at the time we did not have confirmation that the Federal Government would be co-funding industry recovery. And so we went and secured funds to stand that program up. We also secured funds to stand up the industry sector program, which was part of industry recovery, as well—another \$70 million. It was only at that point that the Commonwealth Government stepped in with their program that they call BLER—so, local economic recovery. Because we had not announced the second tranche of that funding, that \$70 million, they agreed that they would co-fund part of that program—just for completeness because I think during the grants inquiry things got bundled together that were State funded and federally funded and, for example, referred to as fast-track, where, indeed, that was a hundred and—

The Hon. MICK VEITCH: As I understand it, the guidelines for BLER were published in October last year.

Mr HANGER: Again, the secretary has indicated the overarching framework for these recovery funds are Commonwealth guidelines—the Local Economic Recovery guidelines. They are available on the Commonwealth website.

The Hon. MICK VEITCH: Yes, but I just want to get the time line in my own mind as it has been presented to me. So October is when they were published and, as I understand it, there has been a round of funding from that program already, or is there a program that has been deferred for a bit?

Mr JOHN BARILARO: What has been in the public domain is there was \$177 million distributed. Again, to Mr Barnes' commentary earlier, there is a separation in that. Some of it was sector development funding that we had pushed out early. Only about 22 projects were fast-tracked. I think that is correct.

Mr HANGER: Yes.

Mr JOHN BARILARO: Some 22 projects were fast-tracked.

The Hon. MICK VEITCH: Were they the expedited projects?

Mr JOHN BARILARO: Expedited. It was a process that went out to councils. We went through our Department of Regional NSW network. We worked with Resilience NSW. So they were projects that we were probably aware of. Then, of course, we went through that assessment.

Mr BARNES: Just to be totally clear, at the grants inquiry it was referred to, "\$177 million worth of fast-tracked programs".

Mr JOHN BARILARO: That's not correct.

Mr BARNES: The \$177 million was made up of \$108 million worth of projects that were in the second phase of our industry recovery program that we put up. That was the second phase, and the 22 projects—sorry, the \$70-odd million were the projects that we put up as sector development in phase two plus the \$108 million which was 22 fast-tracked projects.

The Hon. MICK VEITCH: I want to talk about the BLER program. A round that was about to be announced has been deferred. Is that correct?

Mr JOHN BARILARO: No, for the recent open round, which is \$250 million in the fund, applications just closed on 28 January. Is that correct?

Mr HANGER: Yes.

Mr JOHN BARILARO: Now we are in the assessment process of those particular applications. There are 650 applications to a tune of—off the top of my head again—about \$1.6 billion.

Mr HANGER: Yes, \$1.6 billion.

Mr JOHN BARILARO: So, no, nothing has been deferred. The program continues.

The Hon. MICK VEITCH: When could applicants expect to hear whether or not they have been successful in that round?

Mr JOHN BARILARO: There is no question from the grants inquiry there has been public scrutiny and question marks about who gets what, where and when. Originally we indicated that the assessment would take us through to May/June. I have instructed my agency that since the grants inquiry questioning and, of course, the focus in the media, we identify those areas that we know are, for instance, high to moderate impacted fire-prone

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areas like the Blue Mountains, which has been in the media, and that we do the assessments around those sooner rather than later. I am keen to see money flow out the door in a way that we do not have to wait until April, May, June.

The Hon. MICK VEITCH: We are now at the end of February, so that will be end of March, early April.

Mr JOHN BARILARO: I will have to ask my—

The Hon. MICK VEITCH: I will explore some of this with—

Mr HANGER: Just as context, there are 650 applications that have been submitted. As the Deputy Premier indicated, there is \$1.6 billion that has been requested from the fund. There are numerous—I am going to say tens of—applications above \$5 million each, which obviously requires a degree of assessment to be undertaken. The Deputy Premier has referred to the upper House inquiry on the efficiency and effectiveness of grants and, as already discussed this morning, we know that the Audit Office, both our own and the Commonwealth, will be looking very seriously at these programs. The last thing we want to do is breach process.

Mr JOHN BARILARO: Mr Veitch, can I just say in those criteria that you talked about earlier—the BLER criteria that we publicised—we did say for the projects that missed out, for instance, through the fast-track process, if you are a moderate to high impacted area you would get priority in relation to funding out of the \$250 million.

The Hon. MICK VEITCH: Deputy Premier, does that mean that they have essentially been approved already and that will be announced as part of this process, or does that mean they will have to go through the assessment process like everyone else is going through, to be announced?

Mr JOHN BARILARO: Again, there were applications out of those two streams in the first phase—out of the fast-tracked model. We have those applications in hand. Many of those have not been rejected. On one of the streams we worked with councils but, no, they sit in the assessment process. We have line of sight of all applications. Now we will do the assessment. As I said, the priority will be moderate to high impacted areas.

The Hon. MICK VEITCH: Looking at the time lines, that means we are probably looking at, if it is May—a bit of grey, say late April—

Mr JOHN BARILARO: Yes, okay.

The Hon. MICK VEITCH: You would be looking at about 18 months to see funds disbursed from when you started the process with BLER. Would that be correct?

Mr JOHN BARILARO: That sounds correct.

Mr HANGER: I might just add some context here, and we do have the commissioner as well, this is just one component of a \$4.4 billion recovery package that has been provided by governments, State and Commonwealth, to support bushfire-impacted communities. BLER is only one of multiple streams of support activity that is already underway for those communities, for businesses and for individuals.

Mr JOHN BARILARO: Mr Hanger is correct. Again, there has been a lot of scrutiny in the press about the Blue Mountains. The Blue Mountains has received in total already somewhere in the vicinity of \$30 million in support out of the \$4.4 billion spent on recovery. So the point Mr Hanger is making: There has been a lot of focus on BLER, this particular fund, but there has been over \$4 billion of support in business loans, loans, fencing, industry support, primary producer grants, a range of clean-up costs and, of course, the work we did with cleaning private property. So to say that a region has not received any support is actually incorrect.

The Hon. MICK VEITCH: Why was the metric "building impacted"—my quotation marks—used to assess the economic recovery fund?

Mr JOHN BARILARO: Why was it?

The Hon. MICK VEITCH: Yes. Why not economic impact?

Mr JOHN BARILARO: When you first look at it, and I will refer to Mr Hanger in a minute, let us have a think about what occurred. The largest bushfire in the State's history impacted on in excess of 3,500 homes, probably 10,000 assets of some sort, public and private, right across the region, with the largest logistics deployment in relation to recovery, not just fighting the fires—and credit goes to the Rural Fire Service—but since then the recovery with our partners Laing O'Rourke and Public Works Advisory. So the reality here is that when you look at what we incurred, and we saw the assets impacted, are you telling me that an area like the South

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Coast—where in Bega's electorate, for instance, there were about 1,000 homes lost—that that assessment, using an asset, like a home loss, is actually a metric that is not appropriate?

There are impacts in relation to the economy, as you are now leading to. You could argue that if Bega is on fire and even, say, one other part of the South Coast was not on fire, but they would actually feel the economic impact of loss of tourism, for instance, but our direct response would have to be about rebuilding those communities that have been directly impacted. That is why that particular metric was used. When you look at the impacts across the State, it is clear. The loss of homes, thousands, and the impact that has had on people and communities is significant. But if Mr Hanger wants to elaborate on any of that—

The Hon. MICK VEITCH: Deputy Premier, you mentioned homes. This is one of the reasons why I am asking about the buildings impacted. Outbuildings are also included in the definition for "buildings impacted". Would that be correct?

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: Are they the main component of what has been picked up as part of buildings impacted as opposed to dwellings?

Mr JOHN BARILARO: I will go to Mr Hanger.

Mr HANGER: Predominantly we would be looking at the number of houses destroyed. We are happy to table it. This is RFS data that is used. As the Deputy Premier has indicated, the vast—

The Hon. MICK VEITCH: I would appreciate that, if you could.

Mr HANGER: Yes.

Mr JOHN BARILARO: The RFS data points to 90—the question here will be at some point, I am sure, post the grants inquiry about pork-barrelling in Coalition seats. The RFS data shows that 90 per cent—let me really stress that point—90 per cent of buildings that were damaged were actually in Coalition seats. We do not want handouts or support. We would rather not have the fires in the first instance. But Coalition seats represent the vast majority of regional and rural communities that were impacted by fires. That is why the money flowed. But the reality here is it is about buildings damaged.

The Hon. MICK VEITCH: Does that RFS data actually break down between dwellings and outbuildings? Or does it work on a metric base?

Mr HANGER: It does break that down. I might ask the commissioner—

The Hon. MICK VEITCH: Excellent. You could just table it. That would be sensational.

Mr HANGER: Yes.

Mr BARNES: Mr Veitch, again for completeness—the \$250 million grant round that is currently under assessment in accordance with Commonwealth guidelines looks at three criteria. One is economic impact; one is impact on the environment, for which we use burn scars as a metric; and the other one is social impact. When those many, many applications are being assessed, it is a more complete set of criteria that the Commonwealth set, which we have adopted. So when we had to do that—

The Hon. MICK VEITCH: Are all the funds going to be expended from BLER?

Mr JOHN BARILARO: Absolutely.

Mr HANGER: It is about eight times oversubscribed.

The Hon. MICK VEITCH: I was wondering, with the 650 applicants. Will there be time frames on the successful recipients on spending the money?

Mr JOHN BARILARO: Yes, there is. On the fast-track round, for instance, there was a two-year window. I think it has got slightly extended from that from the Commonwealth. I would envisage it would be something similar for this next round.

The Hon. MICK VEITCH: I do not know if this will ever happen, but if it did happen, if someone for whatever reason did not expend the funds in that time frame, is there provision for clawback of the funding?

Mr JOHN BARILARO: I have overseen grants for a long time. We do grant extensions very, very often because there are many mitigating issues. No-one would have even assumed a thing called COVID last year. Who knows what we have got in front of us. So we always take into play—I would be honest to say I do not recall

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a time that we have actually pulled back a fund, unless the applicant has actually decided to return it because they are not going to progress with a particular project.

The Hon. MICK VEITCH: Will those who were unsuccessful receive feedback as to why they were unsuccessful?

Mr JOHN BARILARO: Absolutely. We pride ourselves on working with stakeholders. Once upon a time, it was what I would call the usual approach by government: You would put up a bucket of money and it is a beauty contest right across the State. People apply, many miss out. The big centres, who have got greater resources, normally get looked after. I changed a lot of that modelling in the grants approach, how we distribute grants like the Stronger Country Communities Fund. There is just an allocation to every local government area [LGA]. So no longer are they competing with another local government area; they are competing for projects within their LGA. We pride ourselves on working with applicants so that they are successful. At the same time, when they are not successful, we will work with them because, again, at the end of BLER, being support for projects in relation to what was the impact of the bushfires, we still have the Regional Growth Fund going forward. Some of these projects may fit into another grant category going forward. So we are working with applicants to make them successful.

The Hon. MICK VEITCH: Is the State Government able to levy an administration fee against the BLER funds from the Commonwealth?

Mr HANGER: We have not against the Commonwealth. We would generally account for administration cost within our own agency budget for managing those programs.

The Hon. MICK VEITCH: Is that based on a percentage of the funds?

Mr HANGER: Generally, yes.

The Hon. MICK VEITCH: Can I ask what that percentage is?

Mr HANGER: Typically, it is around 5 per cent.

The Hon. MICK VEITCH: So 5 per cent of the funds from the Commonwealth and—

Mr HANGER: No.

Mr JOHN BARILARO: State only.

The Hon. MICK VEITCH: The State only.

Mr HANGER: When we establish a new program, typically we benchmark around 5 per cent for administration cost for that program. It is important to note obviously for these programs but for others, where you have 5 million and 10 million or more in terms of project requests for funding, significant effort needs to be undertaken to understand the project being put forward. Then obviously we have already covered off the Audit Office requirements. We need to make sure that an assurance process occurs, that the projects are being delivered as they have been put forward. So there are costs associated.

Mr JOHN BARILARO: Mr Veitch, 5 per cent in my mind is very reasonable in the admin costs. We have seen in the past 15, 20, 25 per cent admin costs. I'm from business, mate. We have got to keep it lean.

The Hon. MICK VEITCH: But as it relates to the Commonwealth funding, we are not levying an administration fee.

Mr BARNES: No.

Mr HANGER: I might pass to Shane Fitzsimmons, because the Resilience commissioner and Resilience NSW lead the negotiations with the Commonwealth.

Commissioner FITZSIMMONS: I support what has been said by the Deputy Premier and my colleagues. We need to keep in mind that there is \$4.4 billion worth of funding and supports that are going out across New South Wales, across more than a hundred programs. The BLER that is being identified here is but one element of that multifaceted approach. There is an extraordinary amount of audit, as you would expect there to be. Through the NDRRA process, the natural disaster funding arrangement process, there are probably at least four independent audits that go along the way.

The Hon. MICK VEITCH: Commissioner, when you say "independent"—

Commissioner FITZSIMMONS: You have got agency audits. You have Resilience auditing organisations. We do claims back through the Commonwealth. We engage external bodies like Ernst & Young to look at all the disaster relief expenditure arrangements and the claims—

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The Hon. MICK VEITCH: So each of those four points are independently audited by—

Commissioner FITZSIMMONS: They are audited at least four times, internal and external and independent, so there is a variety of auditing processes along the way—

The Hon. MICK VEITCH: Are those audits available? Are they public? Or are they within agency?

Commissioner FITZSIMMONS: They are. Not only do we do the internal audits and governance, but we have then got Ernst & Young particularly as we compile our claims back against the Commonwealth. Then the Commonwealth themselves undertake very comprehensive audit programs of the jurisdictional or the State and Territory processes and claims. So there is a lot of governance insurance that is attached in that process, and Resilience NSW works very closely with agencies like Regional NSW and other departments across government that are delivering on different programs and different services. So there is a lot of crosscheck, probity and audit and compliance, as we say, when it comes to acquitting the funds. The other challenge is where we do call particularly for public responses or indeed when we are engaging with local communities. As the Deputy Premier indicated, everyone is looking to get support. They might put an application X into this program. We might assess that that is probably not the best program for it, it is best being served in this program. So there is a lot of movement in where is the best source and the most appropriate source of funding to support that local body.

The other aspect, I would say, again supporting my colleagues, is that the dataset that is provided from the RFS includes damaged and destroyed buildings, houses, outbuildings, other infrastructure in local communities. But there is also a correlation with other impacts around agricultural and rural impacts. But there is also, particularly leveraging off the work that we did independently, through the National Bushfire Recovery Agency, the economic analysis that went across bushfire areas around the country, including New South Wales, that were broken down on a local government basis to help inform the scale and complexity. The reality was in some areas the fire impact might be minimal in terms of area burnt, structures lost and other physical damage, but the economic impact through tourism dislocation and disruption was quite profound. So there has been a lot of different considerations that factor into how we prioritise and disperse the funding.

The Hon. MICK VEITCH: Thank you. We might come back to this. I think the bell has gone.

The CHAIR: Ms Hurst.

The Hon. EMMA HURST: Thank you, Chair. Late last year, following the defeat of the Local Land Services Amendment (Miscellaneous) Bill, you announced that there would be a development of a new policy in 2021 to protect koalas and the interests of farmers. Can you provide an update on this new policy and where it is up to?

Mr JOHN BARILARO: Firstly, this is a budget estimates meeting. Nowhere in those budget estimates—unless you can point to the page of budget estimates or the budget—does the koala policy sit within my realm, but I am more than happy to update the member. I can assure you that a lot of work has been done. Without stealing the thunder of the relevant Ministers, I do not think we are that far off from announcing what it looks like going forward.

The Hon. EMMA HURST: Are you aware whether the policy will be made available to the public before it is finalised?

Mr JOHN BARILARO: We will be announcing a position by Government that the relevant Ministers will announce. There will be scrutiny and, of course, there will be debate and we will go from there.

The Hon. EMMA HURST: Is it quite different from the koala State environmental planning policy [SEPP] that was introduced in March last year?

The Hon. SAM FARRAWAY: Point of order: I have given a bit of latitude but the Deputy Premier made the point that these are budget estimates. I would ask the Chair to ensure that the questions that are being asked are actually relevant to the budget and to the budget estimates process.

Mr JOHN BARILARO: Just with respect to the relevant Ministers, I do not think I should entertain anything about the detail of that policy. It is not within the remit of these estimates.

The Hon. EMMA HURST: I will move on.

The Hon. PETER PRIMROSE: To the point of order: To make it clear, there is a longstanding position that has been adopted that we are not only talking about the budget papers, we are talking about the whole area of the Minister's portfolio responsibilities.

Mr JOHN BARILARO: But I have no responsibility in relation or authority—

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The Hon. CATHERINE CUSACK: To the point of order: When you say longstanding, certainly under the previous Government we were actually made to name the line in the budget paper that we were referring to and how that connected to the question. Traditions are in the eye of the beholder, I would suggest.

The Hon. PETER PRIMROSE: The tradition goes back now, as you would be well aware, at least 10 years.

Mr JOHN BARILARO: Mr Chair, I am more than happy to say that there is a policy development in play. We are not far off from announcing it. I think it will meet the needs of both sides of the debate. Minister Stokes and Minister Kean have been at the heart of it, along with a number of other Ministers, and I am sure what occurred last year will end up with a result that I think most will be happy with.

The CHAIR: I will just rule on the point of order, so that we are all on the same page here. I accept the Deputy Premier's comments that these are budget estimates and the questions should be about the budget, but also there has been a tradition that we actually go wider and examine your whole portfolio, not necessarily line items on budgets, as long as the questions are relevant to your portfolio and your departments and staff.

Mr JOHN BARILARO: The koala SEPP isn't.

The CHAIR: Yes, exactly. Let me finish. As long as the question is within that wheelhouse, I will accept it. If it obviously strays to another Minister's portfolio, I am happy for you to indicate that and then the question does not need to be asked.

Mr JOHN BARILARO: I was more than happy to be transparent then, to give you some confidence that a lot of work has been done and there will be an update. It is imminent.

The Hon. EMMA HURST: Thanks for that. As the regional New South Wales Minister, are you able to tell us a bit about how the COVID-19 vaccine will be delivered in regional and remote areas and if there are arrangements being made for vaccines to be available to everyone if they are not close to hospitals or healthcare centres in regional and remote New South Wales.

Mr JOHN BARILARO: Yes, absolutely. There has been a lot of work at play. Without giving too much away, I would look at tomorrow as maybe a possibility for further detail. But the truth is that, at the heart of this, initially we have had a small amount of the Pfizer vaccine distributed to New South Wales. We have picked that up, and we have identified as a State government that the focus will be on quarantine workers, frontline health workers, police et cetera. At this stage quarantine has been our biggest risk in relation to more community transmission. That is where I would argue is the weakest link, if there is such a term, because this is still a human system and there can be failure. So the priority from the Government has been on quarantine workers.

The reality with the Pfizer vaccine is that it has to be stored at minus 78 degrees so it is logistically difficult even in metro centres let alone in regional and rural centres. But a hub-and-spoke approach will be part of an announcement and the truth here will be that it is not until the AstraZeneca vaccine hits the shores, hopefully in weeks ahead—that would be where the heart of the distribution throughout regional and rural New South Wales is. There is an announcement imminent again and we are just finalising detail, remembering we are working with Commonwealth here. In the next 24 hours, there will be some news around that.

The Hon. EMMA HURST: Can I just clarify that, in regards to the frontline workers in rural and regional areas, there is something that is going to be put into place to get the Pfizer out there while the other vaccine is still on its way.

Mr JOHN BARILARO: Our intention is that. As I said, there is just a little bit of detail we are working through with NSW Health and there will probably be an announcement within 24 hours.

The Hon. EMMA HURST: I just wanted to ask you a little bit about your position on brumbies. There is a little bit of confusion and controversy on your position on the wild horse numbers. I am referring to *The Sydney Morning Herald* article where you were quoted. Can you clarify your position?

Mr JOHN BARILARO: You are referring to an article by Mr Hannam. I have some very frank conversations with Mr Hannam and I think he uses a bit of creative liberty to put my words into his words and appease one sector. Could I just make this absolutely clear. From the outset I have always said that the heritage connection of those horses to the mountain means a lot to a lot of those families that have been part of that landscape for generations. That is why we brought—and I will just dub it—the "brumby bill" to the House, recognising the cultural and heritage connection of those horses. But, at the same time, I have always said that if a survey was put in place where we could do an official count and a count that included everybody, where we could end the blame game and the wars, then we would be able to determine what is the endgame.

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The endgame here for brumbies is simple. We need to protect some of the most sensitive parts of the wilderness, especially Kosciuszko. The recent survey indicated there were about 14,000 horses in Kosciuszko, down from about 20,000 or probably 26,000. Our argument from the community's perspective was that the bushfires and drought did destroy a lot of horses and, in the end, that survey proved that to be correct. Going forward, what the brumby bill does is protect those horses from being shot from the sky. We have done that before. We do not want to see a repeat of that where horses were left to die for days and mares were left with foals. We do not want to see any of that. It was distressing to the community. What we are going forward with is a management plan about trapping and removing them and, at some point, hopefully even some ways of making sure these horses do not become as fertile or remain as fertile as they are.

My endgame is that we have now a target of 14,000, which I generally agree with. Fourteen thousand is too many horses for the mountains. There was a target of about 3,000 horses; yes, there was a target of about 600 horses. But that 600 horses was about a 20-year pathway. Let's not talk about 20 years. What are we doing today? The 3,000 target is something that both sides agree, if we could achieve, is significant. Imagine right now if we could remove 11,000 horses. I think both sides of the debate would be happy, so that has been always my position.

Ms CATE FAEHRMANN: Deputy Premier, before the last State election, I think in February 2019, you made a commitment to the electorate that you would raise the wall of Wyangala Dam at a cost of \$650 million. Can I ask where that \$650 million commitment came from—where that figure came from?

Mr JOHN BARILARO: Advice from the agencies at the time and understanding the scope of works that was in front of us. But, like always, you make those commitments. That was two years ago and along the journey you now are working on the detailed business case. There are many components to it. The final cost is yet to be public. I know, Ms Faehrmann, that you have publicly stated a figure. I can assure you that that figure has not been finalised at this stage and the Minister responsible for those dams, who is Minister Pavey, at some point will bring back to the Expenditure Review Committee [ERC] the business case for the Government to make a decision on the investment.

Ms CATE FAEHRMANN: Because I think at the time you said some of the money would be funded by the Snowy Hydro Legacy Fund. How much is that?

Mr JOHN BARILARO: Yes, the Snowy Hydro Legacy Fund—\$4.2 billion, every single cent legislated to the bush—has five key categories. One is water security.

Ms CATE FAEHRMANN: So how much from that fund—sorry, just remind me—is being allocated for Wyangala Dam?

Mr JOHN BARILARO: We do not know yet because the final business case and the costings are not finalised.

Ms CATE FAEHRMANN: I have a document before me which came through a call for papers in the upper House which is from the department. It is a capital delivery program summary that was produced in November last year and it says that for Wyangala Dam—this is in fact where the estimate came from, not from me personally—the estimate to complete now forecasts \$1.2 billion to \$2.1 billion.

Mr JOHN BARILARO: That is a big window there.

Ms CATE FAEHRMANN: You are saying it was \$650 million that you promised the electorate. Are you still suggesting that, for example, \$2 billion is still good value for money for the taxpayer?

Mr JOHN BARILARO: Firstly, there is no final figure so I cannot give any credit to the \$2 billion mark. Number two, that I think you have missed here, is the original announcement of \$650 million was also going to be matched by the Federal Government with a 25 per cent grant and a 25 per cent loan. Since then, we have negotiated with the Federal Government a 50 per cent grant, so you are discounting the Federal Government's contribution to this particular project. At this stage, as I said, the business case has not been finalised. The final cost has not been finalised. There is a big difference between \$1.2 billion and \$2.1 billion and, as I said, I will let the process finish and we will be telling the public clearly what the cost of this dam is. I think it is important we also break down the cost of that dam because, Ms Faehrmann, again you will be surprised that a big component of the cost will be the biodiversity offsets, which at this stage could be as high as \$400 million.

Ms CATE FAEHRMANN: There was also a March 2019 Cabinet document, from the Department of Industry, that said, "Expanding on the dam's capacity is not expected to translate to higher average water allocations or significantly increased drought resilience," and it basically said the dam is not worth it.

CORRECTED

Mr JOHN BARILARO: Firstly, that question should be to the water Minister. It is within her realm, but I am more than happy to comment that—

Ms CATE FAEHRMANN: Just to be clear, one of the reasons I am asking you this is that I have also asked the water Minister this and, really, the only justification that is coming back from the water Minister, because there is no business case, there is no modelling—the only justification when really pushed is that it was a National Party commitment at the last election.

Mr JOHN BARILARO: No, at the end of the day there is a business case being created, there are processes in place. The final cost—

Ms CATE FAEHRMANN: But you made the commitment before the business case.

Mr JOHN BARILARO: We go to elections and make commitments on a lot of projects.

Ms CATE FAEHRMANN: So at what point—

The Hon. SAM FARRAWAY: Let the Deputy Premier answer the question.

Ms CATE FAEHRMANN: Through the Chair, if you are going to ask—

The Hon. SAM FARRAWAY: Point of order: Cate Faehrmann is asking questions. The Deputy Premier is prepared to answer—

Ms CATE FAEHRMANN: Exactly. That is how it goes.

The Hon. SAM FARRAWAY: —and she is not allowing the Deputy Premier to answer the question. She is continually interrupting him. I would like to hear the answer, so perhaps allow the witness to answer.

Mr JOHN BARILARO: Just to answer that, there will be a business case that will come to the Expenditure Review Committee and, trust me, if you think you can get through the Expenditure Review Committee without a business case that stacks up, I can promise you, as a member of that committee—along with the with the Treasurer, the officials and the Premier et cetera—this has to go through that rigour. I am confident that it will. The business case will stack up and, again, we continue to negotiate with the Federal Government in relation to its contribution to the dam as it was also a commitment by the Federal Government, both Dungowan and Wyangala. You made a comment earlier about a report that talks about possibly this may not change anything. Let us not pretend here. We have not built any storage capacity in this State for a very, very long time—for decades. We have just endured the worst drought in recorded history. I will always argue that more water storage gives us the ability to become more resilient in dealing with the factors of drought, and with climate change we know those factors and the severity of drought will be more extreme.

Ms CATE FAEHRMANN: Sure.

Mr JOHN BARILARO: And, Ms Faehrmann, I know The Greens do not support dams. I get that. But it does not mean that your position is right.

Ms CATE FAEHRMANN: Deputy Premier, the information I have before us—and this is relevant in terms of the water available for industry, of course. The information from WaterNSW's own modelling demonstrates that it is 21 gigalitres per year yield, which is only an additional 3.5 per cent security. At, say, \$1.2 billion, that is approximately \$58 million per gigalitre. At \$2.1 billion, it is approximately \$100 million per gigalitres. So who is going to pay—if the dam was going to be \$2 billion, are you still going to go ahead with it as a National Party election commitment? At what point do you say, "It's not worth it"?

Mr JOHN BARILARO: Absolutely. The Expenditure Review Committee will evaluate the business case and will make that call at that time. Again, very early in the process. We are not there yet.

The CHAIR: Minister, it was reported by *The Sydney Morning Herald* on 4 March 2019, and additionally on 2GB, that you would finish your political career the way you started it—as a backbencher—and would step down two years out before 2023.

The Hon. CATHERINE CUSACK: That is definitely not in the budget papers!

The CHAIR: Minister, it is coming up to that two-year mark. When can Parliament look forward to that announcement?

Mr JOHN BARILARO: Can I thank the Chair for his question. He is very interested in my political career. I must admit there are a couple of very good Labor MPs that I do respect and I think, Chair, you are in the same category. I feel that me ending my career as the Leader of The Nationals seems to be the only way that both the Shooters and the Labor Party think they can win government and win our seats. The more I get asked that

CORRECTED

question, the more I answer, "I'm still thinking about it." Who knows, I might just give you the scoop today. Twenty twenty-three is not far off and maybe I'm hanging around. Who knows?

The CHAIR: We're quite happy with your performance, Minister.

Mr JOHN BARILARO: Thank you.

The CHAIR: What would that mean for your department, and have you put processes in place, given that one of the offices is in your electorate? What would that mean?

Mr JOHN BARILARO: If you mean in relation to agencies, we have made the announcement of the decentralisation of my Department of Regional NSW, with around 100 jobs to Queanbeyan, 100 jobs to Coffs Harbour, 100 jobs to Dubbo and 100 jobs to Armidale. That is part of the decentralisation policy. It is regardless of who the Minister of the day is. Minister Adam Marshall was the skills Minister once upon a time. He had the skills information technology section moved to Armidale, but he is no longer the skills Minister. We have public sector jobs across the board. We made an announcement recently that unless it is location specific, when we advertise a vacancy in the public service it can be regionally preferred.

So my hope is that I want to see more public servants across the regions because if you work, live and play in regional and rural New South Wales—especially high-end executives in the public service—guess what? You are going to make better decisions for our people in the regions. I make no apologies about decentralisation and getting more public servants in the bush regardless of where they are. Remembering, with our Department of Premier and Cabinet [DPC] network, the Regional NSW network and the justice cluster network—right across the State we already have offices in regional and rural New South Wales. If I am correct, Mr Barnes, 40 per cent of the public service is in the regions.

We are aiming to increase that because it does offer high-quality jobs. It leads stimulus for the economy. When the late Ian Armstrong—we had his State service, and I acknowledge all members here who attended that—moved the Department of Primary Industries to Orange, it changed Orange forever. Orange is now a cosmopolitan city because of the public service in there. I know Phil Donato recognises it. I know you do, Mr Chair, and all members of this Committee. But the reality here is that is irrelevant who the Minister is. The Department of Regional NSW was set up for the purpose of giving the regions a voice. Hopefully it lasts post my time. When Labor wins government I hope they keep it because it is important we give the bush a real voice in the decision-making for them, for their future, their community and their kids. More importantly, some of the best decisions are made not here in Macquarie Street; they are actually made in the bush.

The CHAIR: Picking up on those sentiments, why then did you vote against my colleague Roy Butler's teleworking bill only to announce verbatim only a couple weeks ago that you were essentially introducing the same thing?

Mr JOHN BARILARO: At the end of the day, we have many private members' bills put forward to the Government. Very often, you would agree, we oppose them because the detail is lacking. I would say Roy's was lacking, but I have respect for Roy. We had a good chat last week up at the late Lilliane Brady's State funeral about that issue. He has given me another one of his ideas that he has spoken about in the House. You know what, if it is a good idea for the bush I will introduce it as the Minister responsible, with the detail. Sometimes private members' bills are lacking. I actually acknowledge Roy for his advocacy and for what he does for the bush and about public sector jobs.

The CHAIR: Thank you. That same article stated that the Premier relies on your advice. Is that still the case, given that she called your bluff on the koala SEPP and leaving the Coalition?

Mr JOHN BARILARO: There was no bluff and we do not have a koala SEPP at the moment—

Ms CATE FAEHRMANN: Yes, you do.

Mr JOHN BARILARO: We have SEPP 44, you are correct, which is the appropriate SEPP in my mind. It actually manages both koala population habitat and private landholders—

Mr JUSTIN FIELD: I thought we were not talking about koalas.

Mr JOHN BARILARO: There was a point there about the SEPP. So, absolutely, the Premier and I have a strong working relationship, a professional relationship, in relation to dealing with matters for the State. I am the Deputy Premier of New South Wales but with a focus on the regions. That is why we have a Department of Regional NSW. It is why I am a strong advocate for the bush, and that is why I am prepared to fight internally. I sometimes think I am a better opposition leader than the Opposition in relation to holding this Government to account, because when it's bad for the bush, you'll hear about it from me.

CORRECTED

The CHAIR: Do you think that your other Coalition colleagues share the Premier's view, that they still rely on your advice?

Mr JOHN BARILARO: Absolutely.

The CHAIR: Then why did they—in particular, Mr Perrottet, Mr Tudehope and Mr Speakman—approach us to discuss matters regarding regional New South Wales and development before consulting you last year?

Mr JOHN BARILARO: Not correct.

The CHAIR: For the Deputy Premier's reference I will pass him this, which is to be tabled, which was an approach by people within your Government to talk to us about regional New South Wales initiatives, and our response was this compact and suggested initiatives. Why did they come to us rather than you as the regional New South Wales Minister?

Mr JOHN BARILARO: Tell me this, Mr Chair, what was the outcome of that document for you guys?

The Hon. SAM FARRAWAY: It was thrown out of the room.

Mr JOHN BARILARO: It was thrown out of the room. That is on my advice.

The CHAIR: Well, that was before Liberal colleagues went behind your back.

Mr JOHN BARILARO: No, you said, "Do they listen to me?" Yes, they do. Was I at that meeting? In the end.

The CHAIR: You were at the second meeting. Why did they approach us without consulting you?

Mr JOHN BARILARO: One of the things I pride myself on is working with Opposition members—very good Opposition members, including you guys, the Shooters—on issues that are important. We are always happy to trade with you guys. We know the upper House is a place where it seems like we need to trade; we do not have the balance of power. You guys hold us to ransom, even though we are the elected government of the day. At times, guess what, we do deals, don't we? You can just see that across the board when we do deals with Animal Justice, with The Greens —

The CHAIR: Quite a few.

Mr JOHN BARILARO: Well, hang on, I tell you what, the Shooters have voted 76 per cent of the time with Labor. Even The Greens do not vote like that.

The CHAIR: On Standing Order 52 motions, yes, of course.

Mr JOHN BARILARO: They do not vote in that sort of statistic, either. I think a vote for the Shooters is now a vote for a Labor-Shooters-Greens approach.

The CHAIR: Right.

The Hon. MICK VEITCH: Can I go back to the grants quickly with just a couple of questions?

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: The admin fee that is levied against the BLER, is that also levied against the total \$4.4 billion in grant funding that is available, or is that just a statement?

Mr JOHN BARILARO: Not necessarily. The \$4.4 billion expenditure in relation to bushfire recovery is again—a lot of it is Commonwealth and State joint funding. No, some of those funds would have no admin fee because it is part and parcel but, again, if Mr Hanger wants to elaborate.

The Hon. MICK VEITCH: It was just going to clarify that.

Mr JOHN BARILARO: Mr Veitch, I will be straight: I wish I could take 5 per cent of everything, mate. I would have a lot more for the bush.

The Hon. MICK VEITCH: A little clip on the way through. Projects that have missed out on other rounds will be considered in this. I just want to ask in particular about the type of projects that are being funded. The Skydiving Adventure Park at Kempsey, as I understand it, got about \$11 million.

Mr JOHN BARILARO: Correct.

The Hon. MICK VEITCH: On the basis of what criteria?

CORRECTED

Mr JOHN BARILARO: Again, from the grant inquiry perspective, everyone assumed we were funding projects to rebuild damaged infrastructure that was pre-existing. It was not about that; it is about stimulating the economy—not just for today but for the future. So the \$11.7 million for that particular project—with a small contribution by council—is building a conference centre, a skydiving platform and a rock wall so that it becomes a new tourism driver for the future. We are using this investment to drive and diversify an economy. It is an area that has very little, so by investing in this particular project off the back of bushfires, you stimulate those initial jobs—something like 60-plus jobs initially for construction and 35-plus jobs long term as part of the project. That is why we are investing in infrastructure projects.

The Hon. MICK VEITCH: How was that project picked, though, Deputy Premier?

Mr JOHN BARILARO: That project has gone through a number of rounds of the Federal Government's Building Better Regions Fund. It has come through some of our program funding in the past—

The Hon. MICK VEITCH: So it missed out on those rounds?

Mr JOHN BARILARO: Yes, because some of the criteria—say, the Growing Local Economies fund, which came off the back of poles and wires, there was a committee, you had to have a benefit-cost ratio of 1 plus, or there are other criteria or measures that it did not meet. So sometimes these applications do not meet a particular fund. The fund that was set up through the BLER meant that that particular criteria—

The Hon. MICK VEITCH: So it did not meet those criteria but it meets the criteria for this fund?

Mr JOHN BARILARO: Possibly because the criteria through the BLER is probably—in one way especially it was fast-tracked and, again, we went through the Commonwealth. Under that criteria it allowed us to fund projects that missed out on past funds. It is no different—I know there has been again a lot of commentary about a \$75,000 grant for Riverview Rural Fire Service investment in the Blue Mountains that missed out on that fast track and they said they have not, but that is because RFS are funding it through another fund. Again, my view is we have all of these funds with different criteria. So many applications in the past have gone through a particular grant process that is not the appropriate one. As we have indicated earlier, as even the commissioner indicated earlier, we assist them to find what is the appropriate funding. In this case, this is the right funding.

The Hon. MICK VEITCH: Is the \$11.7 million—is the project on time? And are the funds going to be audited?

Mr BARNES: Could I just again provide a bit of context?

The Hon. MICK VEITCH: Quickly, Mr Barnes, because we have 20 minutes and I can come back and talk to you about it this afternoon.

Mr BARNES: Look, I did want to say, the Commonwealth came to us when they decided they were going to jump into bushfire economic recovery and said, "We are going to run this \$250 million open round"—with the three criteria that I have talked about—"but can you dig into your network and make sure that if you have anything there that you have previously assessed, we want some momentum. We want urgency, we want it to be shovel-ready, we want it to be deliverable and we want it to be a good project about economic development." So Mr Hanger looked in all of the current pipelines because he has a good relationship with the 86 regional councils.

The Hon. MICK VEITCH: So it missed out on previous rounds but you picked this one as a pitch to the Commonwealth?

Mr JOHN BARILARO: The council also put it forward.

Mr HANGER: This project has shown up in local economy recovery programs that were put together, in economic development strategies—it has been submitted multiple times. The key criteria here is knowing projects that are ready to go. This meets that criteria. It is also important, as Mr Barnes has indicated, that this was signed off by the Commonwealth: They asked us to bring forward projects quickly.

Mr JOHN BARILARO: And they actually knocked back a number of projects we put forward. Is that correct, Mr Hanger?

Mr HANGER: Yes, that is correct.

The Hon. MICK VEITCH: They have knocked them back?

Mr JOHN BARILARO: Yes, in that fast-track round we put up a number of projects that the Commonwealth knocked back. Even after our assessment they went and knocked back a few more.

The Hon. PETER PRIMROSE: Deputy Premier, if I could just ask you a couple of questions relating to mining. On what date does the extension period for Shenhua's lease payment end?

CORRECTED

Mr JOHN BARILARO: I will go to Mr Barnes on that.

Mr BARNES: Shenhua had a responsibility to—

The Hon. PETER PRIMROSE: No, I understand. On what date?

Mr JOHN BARILARO: No, we are getting to the answer because there is a technical issue here.

Mr BARNES: Shenhua had to provide information to our mining department on 30 June last year. They did that. The ball is now in our court and we are doing due diligence around the issuing of the licence. It is us that are taking our time working through the process, looking at the outstanding conditions they have. But Shenhua has met everything in accordance with what we asked them to do and there is not an extension of time that has been afforded to Shenhua; it is us that are taking time to deliberately do our due diligence before we issue the licence. When we issue the licence, Shenhua will have 30 days to make a payment that we previously negotiated and agreed to with them. But the ball sits with us at the moment. I am very comfortable that our department is doing everything to make sure that that due diligence is undertaken carefully and comprehensively before we issue that licence.

Mr JOHN BARILARO: And there are issues that we know since about koala habitat, water and Aboriginal heritage. So there are a number of outstanding issues. I am more than comfortable for my agency to take their time in this final assessment.

The Hon. PETER PRIMROSE: So there is no date?

Mr BARNES: No, we set the date.

Mr JOHN BARILARO: It sits with us. The date that kicks in is the moment that we have done our assessment and we go back to Shenhua and then they have 30 days to make the payment, which is around \$200 million to the Government, to start the next phase.

The Hon. PETER PRIMROSE: When do you expect that may take place?

Mr JOHN BARILARO: Again, the assessment process from my agency is ongoing. Again, there is no rush. We need to get through the detail and give confidence to the community that we have considered everything before we go back to Shenhua.

The Hon. PETER PRIMROSE: So you have no idea of a likely date? A couple of years? A year?

Mr BARNES: I would have thought that it would be within the next 12 months.

The Hon. PETER PRIMROSE: Okay. Deputy Premier, there is a media article relating to this and you are quoted as saying that the company should get on with it. What did you mean?

Mr JOHN BARILARO: At the time there was a lot of talk in the media—and that was in an article down in Wagga Wagga, I assume, at a sod turning. I assume that is what you are referring to. The Shenhua project has been around for a long time. It has caused a lot of community angst. Of course, many years ago the New South Wales Government bought back half of it on behalf of the taxpayers of this State. We cannot have, in my mind, something so important outstanding. Either we are going to mine that area or we are not and, in my mind, Shenhua needs to make a decision. But, as I said, that was pre the date; they have met their conditions and now it sits with us. What we will not do is rush out into the process, and I am comfortable with the time line in front of us.

The Hon. MICK VEITCH: Deputy Premier, I have got some questions that relate to Forest Corp and the timber supply. We have got millers and even builders now getting in touch with our office and saying there is a shortage of timber for construction. I daresay you are hearing the same—

Mr JOHN BARILARO: Absolutely. I have come from the game, mate.

The Hon. MICK VEITCH: The issues are in the bushfire and its impact on the supply contracts from Forest Corp. What is the assessment both for hardwood and softwood? What assessment has taken place? Are the millers correct that they are not getting the supply but it is also an issue around quality of the supply they are getting?

Mr JOHN BARILARO: I will go to the acting CEO of Forest Corp in a second but let us not pretend here: We saw significant fires through our estates, both plantation and native forest. To sit here today to pretend that somehow the supply chain to mills right across the board will not be impacted, we are kidding ourselves.. I am sure The Greens members on this Committee will be saying that we are still not doing enough to protect the environment. But the reality here is that we do have an obligation to supply; we will work towards that, but in agreement with the Environment Protection Authority [EPA] we have worked tirelessly to recover a lot of the black timber, and that is important. It gave us some level of confidence that we could do that.

CORRECTED

But the reality here, I have got to be honest with everybody, is that to meet the contractual agreements and the supply right across the board is always going to be difficult post what we saw: the decimation of the estate across the board. But I am more than happy again to remind everybody that when we talk about harvesting in this State from private native forestry, from our native forests, we only ever harvest 0.1 per cent in any year. The reality is, so all members are aware of it, that it is not a free-for-all out there. But I will ask Anshul to maybe elaborate further.

The Hon. MICK VEITCH: Because it is about the magnitude of the problem that people are now raising with us.

Mr JOHN BARILARO: The magnitude is that we are going to struggle with supply, there is no doubt about that, but I am more than happy for Anshul to expand.

Mr CHAUDHARY: It is fair to say that the Black Summer fires had a significant impact on the forest. I think in softwood we lost about a quarter of our plantation estate. In the hardwood about 50 per cent of the native forest was impacted by the fires. In softwood at the moment we are salvaging the burnt timber as quickly as possible. There is a window of opportunity before the timber starts to go off, and we have, I think, to date salvaged about four million tonnes in softwood plantation. That is about double the normal rate that we are doing, which has created a lot of economic stimulus as well in the region and has provided the necessary timber to those mills. Hardwood has been a different story. We have reduced our harvesting operation since the Black Summer fires and it was reduced particularly in the South Coast and Eden area. We were supplying less than a third of what we would have normally done and, again, it is because of the impact of the fires.

We have been working quite closely with the EPA on it, on site-specific conditions to find out a way through. That has been a very slow process and we have found it has not been operational on the ground; when you start to put all those conditions together it does not quite work for timber production on the ground. So we have recently made a decision to recommence harvesting under the ruleset, which is the Coastal Integrated Forestry Operations Approval [CIFOA] that is part of our legal framework, but we are augmenting that with additional environmental safeguards so that there is environmental protection as well. This will allow us to start supplying some level of timber to those mills in the South Coast and Eden who are really informing us, firstly, that they are practically out of wood at the moment and the jobs that the mills sustained, and also the forestry sector in terms of the harvesting and haul are at high risk. So that is a decision we have made right now.

The Hon. MICK VEITCH: That leads to the next question. If you are building houses in Young, Tumut, Wagga and Queanbeyan, what is the impact upon construction of those houses? What are we doing to supplement what has just been explained is a potential shortfall?

Mr JOHN BARILARO: Firstly, it is very difficult. You cannot just grow a tree overnight. There is a 22-, 25-, 30-, 40-, 50-year rotation on these trees and the reality is we have always been a net importer of timber in this State and in this country. Let us not kid ourselves: A number of decisions by the Carr Labor Government changed the landscape when it came to timber in this State and all we did was give up our responsibility for managing forest in our country—

The Hon. MICK VEITCH: We can blame the past, but we have got to build the houses now.

Mr JOHN BARILARO: Hang on, let us get down to this. If it was not for that, we would not be importing as much timber—

The Hon. MICK VEITCH: But surely the bushfires highlighted that we had an issue. They were pretty devastating—no-one disagrees about the devastation of the bushfires—but people want to build houses.

Mr JOHN BARILARO: As the acting CEO has said, the ability to be able to work with companies where we were able to get the black timber and salvage something like four million tonnes is a real positive out of what occurred. Going forward, we know there is a shortage across the country but we also know there are global factors. I know there were pines that would come out of the Baltic states and are no longer destined for Australia; they are heading off to the US. So there are a whole lot of global pressures in relation to what has happened.

The Hon. MICK VEITCH: What is our plan?

Mr BARNES: The other thing that we did, Mr Veitch, through that first \$70 million that had been available to the supply chain was that the New South Wales Government stepped in and provided a subsidy for haulage of softwood from other parts of the State to the mills that needed it. So it was just within the State. But we provided money, and I have to say that was welcomed and kept some of the supply there so that the timber mills could stay open, albeit with reduced staff—

CORRECTED

The Hon. MICK VEITCH: So what is the plan going forward?

Mr JOHN BARILARO: The plan, as we saw about a \$40 million investment into Forest Corp, is to start planting again.

The Hon. MICK VEITCH: That would not fix the problem—

Mr JOHN BARILARO: But you cannot fix the problem, mate.

The Hon. MICK VEITCH: —in this period of time.

Mr JOHN BARILARO: Can I be honest? There will be a cliff-edge moment when we have gone through all the black timber. We have been quite open with the sector; we have worked with them. You get this huge push right now that will take us through for a few years, but there is going to come a cliff-edge moment when supply will be an issue, but, as Mr Barnes has indicated, we have already put in place subsidies to bring timber from other parts of the State into mills that have got no local resource—remembering that once upon a time you built a mill where there was source; bushfires have effectively changed that landscape. So we will be working with the industry going forward. There is no easy fix, Mr Veitch, there is not.

The Hon. MICK VEITCH: I know. I am not saying there is. Will this impact on the price of constructing houses?

Mr JOHN BARILARO: Radiata pine for studs—that is going to be a big cost impediment; timber for flooring, timber windows, you name it, of course there is a flow-on effect.

The Hon. MICK VEITCH: There is going to be a price impact of these fires on the construction of houses, is that right?

Mr JOHN BARILARO: I think we will have to agree with that, absolutely.

The Hon. MICK VEITCH: And do we have a plan going forward for this or do we not have a plan?

Mr BARNES: I might throw to Mr Hansen because his team have been working both with the softwoods and the hardwoods crew about a longer-term solution.

Mr HANSEN: There are two things I was going to add just quickly. The first one is, as per what COVID itself has done, let alone COVID and bushfires, we are seeing a significant disruption to what have normally been supply chains, and timber is no different. For example, a number of the mills have been sourcing a greater amount of the logs for their yards outside of sourcing from Forestry Corporation and, in fact, sourcing from either private land or from interstate to maintain supply volumes. Similarly—and Anshul can talk further to this—Forestry Corp has seen a disruption to their export market as well and that has seen the redistribution. So in the short and medium term, there is a redistribution of current logs moving across the east coast of Australia that is taking out some of that lumpiness. In the medium term it is that replanting investment combined with both the State and the Federal dollars on haulage, freight offsets, to encourage areas un-impacted by fires to be able to pick up in terms of supply requirements.

Then the final piece is, typically a sustainable yield forecast would be built over six, seven years of foresters going out into forests, back to pilot sites, measuring the girth of trees, measuring the regrowth rates and so forth and putting this together to get an assessment. We have realised that there is an urgent need for that to have been fast-tracked as at 2020. Using new technologies with remote sensing and satellite imagery of fire intensity to enable us to actually—Anshul's team has been going into the forest and actually correlating that back to what does it mean when we see this in the satellite imagery and the remote sensing, and what does it actually mean on the ground in terms of logs available—the impact on the forest—to try to get a sense to build an intermediary picture about the forward 100-year supply story and how that has been impacted.

The Hon. MICK VEITCH: When the builders are ringing me about not being able to get timber for construction—Deputy Premier, you said that there is a cliff issue occurring. Are we already there? Have we already gone off the cliff? Is it fast approaching?

Mr JOHN BARILARO: We are not off the cliff yet. But you have just heard Mr Hansen talk about what we are doing short term, medium term and then we have got the long-term picture. Again, for anyone in the room to say it is going to be business as usual pre-fires, we are absolutely kidding ourselves. It is going to be a new approach going forward. We are working through that. In the short term we have got it covered through either subsidies for haulage to move the resource around—of course, we are planning for the long term but the private native forestry [PNF]—

CORRECTED

The Hon. MICK VEITCH: With all due respect, Deputy Premier, the builders who are ringing me are saying that you do not have it covered in the short term. They cannot get the supplies. That is a problem. You worked in this industry; you would know.

Mr JOHN BARILARO: Mr Veitch, what is your solution? If you can show me how I can grow a tree overnight, I will take it on board and get these guys to plant that tree.

The Hon. MICK VEITCH: You worked in the industry. Your colleagues would be telling you there is a problem.

Mr JOHN BARILARO: Absolutely. This is why I always argue that timber is the ultimate renewable. Our Greens friends here today should be the biggest supporters of that industry and that sector but they are not. The reality is that timber is the ultimate renewable. We will end up going back to a lot more steel frames. There are other products on the market in relation to building. We all know that. Anyone who has been in the building industry—it changes each and every day. There is new technology—new builds, you know, from lightweight panels through to timber through to, of course, concrete and steel. The industry will always adapt to shortages. I have been in this game. The Carr Government changes destroyed my business overnight from being a milling business that used a lot of local hardwood to a business that went to manufacturing and importing timber from overseas. Businesses and industries will adapt to the changes but, again, we cannot pretend it is business as usual. Again, we are going to rely heavily on imports because the State made this decision many moons ago.

The Hon. EMMA HURST: Deputy Premier, could we go back to what we were talking about just before we finished in the last round? You mentioned a target of around 11,000 horses. There are still a lot of brumby advocates, as you will know, who will say that the survey that you mentioned is still an over-inflated number. Do you have any response to that?

Mr JOHN BARILARO: I have been the member for 10 years. I went to an election in 2011. I went back to an election in 2015. I went to another election in 2019, where the issue around brumbies and the mountains was at the heart of it. My position has always been clear. As much as there is agreement—and there would probably be disagreement. I have to admit that Animal Justice were on the side of the argument with me at a lot of those town hall meetings in relation to the way we humanely manage the reduction of horses up in the mountains. I know that others would rather us get up there—the choppers are going to shoot horses from the sky and let their carcasses rot on the forest floor. They have disregarded foals. That is what some would like to do.

We have put in place the management tools that do not allow you to shoot a horse unless it is from an animal health or public safety perspective. We want to go down the path of trapping. We can dispute if 14,000 is the right number or if it is 20,000 or 10,000 or 6,000. My message to a lot of the advocates, whom I have represented on this debate for a decade, is: Let's not get caught up on the 14,000. Even if it were only 10,000, that is still 7,000 more than the agreed number. We all sort of said 10 years ago that 3,000 would be appropriate. Let us just focus on the removal of the first tranche of horses to that sustainable measure. As we get closer to that 3,000 number in the future, we will then have a look at what happens post that. But right now it is a balance between protecting the environment and horses. I have always said that we would do it in a humane way and I am comfortable with where we are at.

The Hon. EMMA HURST: You talked about trapping. Are you also supportive of immunocontraceptives as a more humane method?

Mr JOHN BARILARO: Yes, I think we have to in the future. I mean, the technology around that is still not quite there, but I know there has been a lot of work done in the US with mustangs and those wild horses. The truth here at the end of the day is that we have to look at those measures. I do not want to see a repeat of Guy Fawkes River National Park, where horses were left to rot and die on the forest floor—mares with foals left to suffer for days and days. Horses had 10 or 11 bullets in them. The public outcry was so significant at the time that that trauma and that scar sits with the communities that have horses in their backyard.

That is why, in this debate in an area as sensitive as Kosciuszko, where you would think that my pro-brumby stance would mean I would lose every vote from a very Green community in Jindabyne and that region, they actually have a connection to these horses and they want it done in a very humane way. That is why it is my number one polling booth because I have never changed my position that we have to find a balance but we cannot be extreme. If you want both sides of the community on this journey—I think we got there through the advisory committee and the scientific committee coming together. I genuinely think for the first time we have got a pathway to success. It may not meet the success that one or the other side of the argument want but it is a pathway to success that I think is balanced.

The Hon. EMMA HURST: I absolutely agree with you in regard to avoiding another Guy Fawkes situation. We are definitely on the same side of the table on that one. What about other humane methods that are

CORRECTED

not being done, like a government-funded sanctuary? I know there is one in the USA. Is that something that you would put your support behind?

Mr JOHN BARILARO: Yes, I would absolutely welcome it. I have had proponents come to me about projects like that. We know there are some fantastic programs with horses or animals in general working with people with mental illness or disability. There are positive outcomes from such programs. I am absolutely open to that. One of the things that I am surprised with also is the number of horses that are being rehomed over the past couple of years. Once upon a time it would sit around 20 per cent. That has almost doubled. There is this appetite for rehoming as well. I cannot pretend here that a lot of these horses will not end up at the knackery and disposed of but, as long as it is done humanely, I think again the broader community accepts that.

The Hon. EMMA HURST: You mentioned some of these horses are being rehomed. I am sure you have heard from the same people that I heard from that there is a lot of stress within the community about how many they can take in. Is there anything being done to support these rescue groups that are wanting to take the horses in?

Mr JOHN BARILARO: At this stage that is organic in the sense that those groups are out there. I was surprised to see how much demand there was across the State and the country in relation to rehoming. Going forward, your idea and proponents' ideas about other approaches like sanctuaries or facilities and then maybe further support for people that are rehoming—they are the things that we should be considering as part of the plan of management in relation to Kosciuszko and the brumbies.

The Hon. EMMA HURST: You have also been vocal about your plans to develop the Snowy Mountains region to make it the "Aspen of the Southern Hemisphere". Are you concerned that any further development like that might actually harm the brumbies or other animals in the area?

Mr JOHN BARILARO: No, not necessarily. If you have a look at the footprint within which activities like skiing and the lodges—the footprint that we are putting in place—there is about a \$27 million investment in mountain biking. That is all done within National Parks and their plan of management. Again, everything is done through the lens of protecting the wilderness and the most sensitive areas and the environment. When I say I want to make it the Aspen—we have already got the natural attributes and the natural landscape of the beautiful lake and beautiful mountain. Skiing conditions have improved considerably. We know climate change will have some sort of an impact on that going forward. But when we talk about the Aspen of Australia, it is about connectivity, the infrastructure to get people to the mountains to enjoy the region, and developing further investment not necessarily all in Kosciuszko but in Jindabyne and surrounds.

So from a tourism perspective it is a 12-month destination. Places like Aspen and a lot of resorts across the globe, including New Zealand, do more in summer trade than they do in the winter. It is about broadening the appeal of Kosciuszko as an Aspen or as a tourist destination for both summer and winter. That is the investment that is happening. Under the special activation precinct, the work that is being done through my agency there identifying things from transport connectivity, investment, tourism, expansion, residential development, the airport connection, rail or road—all of that has to be considered but it is all part of the supply or, I would say, the corridor to the mountains, not necessarily all in the mountains. Again, Perisher has for a long time been working with government in relation to taking the lease on their footprint to see more expansion. They are entitled—I think there is already a provision for an additional 800 beds up in the Perisher footprint but it is all within the footprint.

Mr JUSTIN FIELD: The Acting CEO, Mr Chaudhary, of the Forestry Corporation—all my questions will be related to hardwood forestry. I just indicated that the corporation intends to recommence logging under the CIFOA without any more site-specific operating conditions. This follows up on a letter that was written by your department and the corporation to the EPA last September indicating that. Did you or your office direct your department or Forestry Corporation to write that letter or take that decision?

Mr JOHN BARILARO: I will get Mr Gary Barnes to respond to that in a second. But firstly, when we talk about the coastal Integrated Forestry Operations Approval [IFOA], that was a decision of this Government in 2018. The Government of the day are the policy-setters that set the rules in place. The acting CEO of the Forestry Corporation indicated that as long as we work within those rules and within the law—and of course the EPA has a role as a regulator and sheriff on the beat to make sure the Forestry Corporation does the right part—

Mr JUSTIN FIELD: I think we all understand how we got here, Deputy Premier. It was a pretty simple question. Did you direct that decision?

Mr JOHN BARILARO: Absolutely not. You have a copy of that letter, sir, do you not?

Mr JUSTIN FIELD: I have a copy of a letter from your department.

Mr JOHN BARILARO: Who is this signatory to that letter?

CORRECTED

Mr JUSTIN FIELD: It is a pretty simple question. I have emails that suggest it was your office directing the push—

Mr JOHN BARILARO: I would like you to table those emails. Will you table those emails?

Mr JUSTIN FIELD: We got them through a call for papers. They are on the public record.

Mr JOHN BARILARO: Will you table those emails today?

Mr JUSTIN FIELD: I will table them.

Mr JOHN BARILARO: Please. Until such time as you table the emails that show that somehow I gave a direction—

Mr JUSTIN FIELD: We will get to that in the next section.

Mr JOHN BARILARO: Hang on, you cannot ask a question based on an email that does not exist—and I can assure you of that. But I have Mr Gary Barnes here, who signed the letter.

Mr JUSTIN FIELD: Then to Mr Barnes—

The Hon. CATHERINE CUSACK: Point of order: I ask the Chair to clarify that the material being quoted should be available to the witness and to the Committee.

Mr JUSTIN FIELD: To the point of order: I am happy to table them, but I would like to continue with this line of questioning. I will not refer back to those comments but I will get printouts of the emails and seek for them to be tabled. I would like to use my time now to continue the line of questioning about how the letter came to be written, if we could come back to that. I will not refer back to those emails, Chair.

Mr JOHN BARILARO: I have the signatory of that letter here, Mr Gary Barnes, so he can answer the question.

The CHAIR: To the point of order: As long as the questions do not deviate back to those emails, I am happy for you to continue asking Mr Barnes a question. But if you are going to cite documents, it is fair to the witnesses that they have that in front of them so that they can comment.

Mr JUSTIN FIELD: Fair enough, Chair. Mr Barnes, in answering that question, will you please provide to the Committee and the public the basis on which the decision was taken to effectively ignore site-specific operating conditions and move back to using the coastal IFOA?

Mr BARNES: When the bushfires happened, the Government stood up an architecture to respond to that. It included a statewide recovery committee. I was appointed to chair one of the committees on industry recovery. I had two industry sectors within my bailiwick that I was responsible for: tourism and the forestry industry. We were given the opportunity to have some free consultancy provided to us. At the time some of the big consulting firms were wanting to play a part in responding to what was then, pre-COVID, the biggest response effort that the Government has faced for a long time. Boston Consulting Group was brought in specifically to look at those two industry sectors and the places that were most impacted. We call them functional economic regions. Boston came in and looked at the relative impact of the forestry sector on all of the FERs that were impacted in those industry sectors including the Snowy Valleys, the South Coast and Eden. Their advice was that it was paramount, when it was safe to do so, to get activity happening to keep those engine industries alive and moving forward.

Mr JUSTIN FIELD: Will you table that Boston Consulting Group report?

Mr BARNES: I am happy to do so. In answer to your question about whether I was directed by the Deputy Premier: No. I informed the Deputy Premier that I had advice from the Forestry Corporation that it believed given the passage of time that it could get back into certain coupes and operate in accordance with its legislative framework, which is the coastal IFOA.

Mr JUSTIN FIELD: I appreciate that. So Mr Chaudhary, you disagree with the assessment by the EPA that in going back in without site-specific operating conditions you would potentially be in breach of the New South Wales Forestry Act 2012 and the requirements for ecologically sustainable forestry management? You disagree with that?

Mr CHAUDHARY: If I can just explain that, Mr Field, as you know we are a State-owned corporation. We have statutory objectives. The fundamentals of the objectives really are to balance the environmental, social and economic outcomes of the forestry industry. Since the Black Summer fires, we reduced our harvesting right down. We wanted to make sure the forests got a decent break. As I said earlier we have been supplying less than a third of what we normally would do, particularly in South Coast and Eden.

CORRECTED

Mr JUSTIN FIELD: I understand all that background, but you would also agree that you have a requirement to comply with the regional forest agreement [RFA].

Mr CHAUDHARY: That is right. The legal framework includes the RFA and the coastal IFOA, which is inherent in our Forestry Act. That is exactly what we are complying with. But like I said earlier, our decision to recommence—the IFOA already contains quite a robust set of rules anyway, with hundreds of prescriptions in there. What we are doing is adding additional environmental safeguards for better environmental outcomes but also making sure that some timber is supplied to those mills to keep them going. Otherwise they will be closing and there will be an impact on jobs and families.

Mr JUSTIN FIELD: We will come back to this. Thank you.

The CHAIR: Deputy Premier, in January 2021 in *The Sydney Morning Herald* you are reported as saying that you are open to ending logging in State forests as part of what is reported as your new bromance with Minister Kean. Can you help us reconcile that commentary?

Mr JOHN BARILARO: The bromance?

The CHAIR: No, I do not want to know about the bromance. You keep that bromance stuff to yourself. But as the Minister in charge of forestry, you are quoted as saying that you are open to ending logging in State forests. Is this your Bob Carr moment?

Mr JOHN BARILARO: Firstly, Mr Chair, you are really living up to expectations that upper House members have a lot of time to spare. You seem to do a lot of reading—especially the SMH, which surprises me from a member of the shooters.

The CHAIR: We are very highbrow.

Mr JOHN BARILARO: You are referring again to Mr Hannam's article, the same article that you referred to earlier. As I said earlier, Mr Hannam had the ability to use a bit of creative writing and took liberties to quote or misquote me, let me say. At the end of the day, let us not kid ourselves. The idea of private native forestry plantations will continue to grow. That is where the focus needs to be. Society is moving and everyone is moving. But right now we have a very robust system in place that protects the environment through harvesting. I do not like using the word "logging". People that hate the industry like to use the word "logging". We harvest. We harvest 0.1 per cent of the estate annually in a very sensitive way—with probably a very light touch if you think about what happens globally. In my mind, we do it in a sustainable way. No, I believe that private native forestry plantations and native forests will all be part of the landscape when it comes to the timber industry going forward.

The CHAIR: Thank you for that clarification. Just picking up on some of Mr Veitch's comments about the potential increase in the cost of housing and the potential cliff edge that we may reach, would you think that perhaps a solution may be to invest some of our time and money in Australian-made steel? Steel framing of houses would probably fit in with your view on the expansion of the Dendrobium mine in the Illawarra as a way to sidestep that cliff edge while our forests recover.

Mr JOHN BARILARO: As I said earlier, the market will respond. If there is a shortage of a particular product, the market responds. Builders will continue to build homes. Goodness gracious, steel-frame homes have been around from the days of a company called Nu-Steel. I used to be a supplier of product to them back in the eighties—a long time ago. Metal frames have been cyclical. We have had periods where it has really been growing and times when it has gone the other way. But I believe the truth will be that as building practices change, with lightweight panels that we do not use now and a lot of concrete or bricks—the cost of building is expensive and skill sets are also part of the problem for the building industry going forward. We are always finding different technologies. Steel frames will come back to the fore if there is a supply issue around timber. But who knows? There will be other products available in relation to building, but the market and businesses adapt. They always have and they always will.

The CHAIR: Just picking up on some of your comments around brumbies—I am not going to dwell too much on it, but you spoke about the heritage value that some people hold for brumbies. In fact some people say they contribute to tourism. People visit Kosciuszko National Park for brumbies, that is obvious. In fact there are actually brumby tours in the national parks. Mr Peter Cochran runs a brumby tour around Adaminaby, charging \$1,700 for a three-day tour. This is the same Peter Cochran who donated \$15,000 to your last State election. Minister, can you explain why trapping for brumbies is not occurring in the area where Mr Cochran runs these tours when it is occurring in other national parks? This has been put to me by concerned constituents. I would rather have you answer the rumours rather than them sit there and fester in the community and grow.

CORRECTED

Mr JOHN BARILARO: I mean, you asked that question under parliamentary privilege because it is defamatory. There is no question about that. Let me correct you on a couple of statements. Mr Peter Cochran did not donate to me at the last election. You are referring to a donation back in 2010, possibly to the National Party when we were in government after Labor and I was the candidate. The quantum of that donation escapes my mind. If it is actually that quantum—that is the second part that I think you have been misled by whoever your so-called constituent is. To say that somehow the areas that he runs his horses—there are also other companies.

There is a name, and if I say Rudd you will connect that to another certain politician, a family member who also runs a fantastic tour. They are entitled to do that under the agreement with the national parks. The greatest impact actually on Mr Cochran's business—or for a lot of them—is actually what has been happening with Snowy 2.0, taking parts of the park out where they no longer can actually run their businesses. So this assertion or accusation somehow that Mr Cochran is getting special treatment because of a donation to the party, which was not before the last election, actually predates government—or was previous to us when in government—and is one that your constituent has set you up to use parliamentary privilege to defame me, Mr Cochran and anyone else in the place.

The Hon. SAM FARRAWAY: Defaming a former member of this Parliament as well.

Mr JOHN BARILARO: Yes, and who does not have an ability to be here today to respond. But look, you did that on behalf of your constituent. You have done your job, but I think I have answered that.

The CHAIR: Thank you for that clarification and for putting that rumour to rest. Moving to digital connectivity. Mr Butler wrote to you in early 2019 regarding this \$400 million fund. He then wrote to you again in October 2020 and you responded. You stated, "The New South Wales Government has invested \$39 million to build 140 mobile phone towers in regional New South Wales, and of those towers 120 are already operational." Can you just advise where the next 20 mobile phone towers are going to be located and when they will be operational?

Mr JOHN BARILARO: Firstly, there was the Mobile Black Spot Program from the Federal Government that we also co-invested in. A lot of these towers, the 170-plus—or whatever the number that we have been quoted—are about towers that have been invested right across the State dealing with mobile black spots. My understanding—again, the numbers are off the top of my head—is that it has probably resolved the issue for about 12,000 extra kilometres of regional areas. We made that commitment at the last election of \$400 million—\$300 million for mobile black spots and \$100 million for data. Remember that this is technically not a place for the State to play in; telecommunications is within the Federal jurisdiction. But off the back of the Snowy Hydro Legacy Fund we have identified those five principles—water security being one of them—and connectivity is important. We are now out to market at the moment with \$300 million, working with stakeholder groups and those industries to see what that investment would look like. I hope it is more than 20 towers, but if there is a specific on 20 towers that is outstanding I am more than happy to take that on notice and come back to you.

The Hon. MICK VEITCH: Minister, I want to ask a series of questions around New South Wales special envoys. Is Jim Harrowell still a New South Wales Special Envoy to China?

Mr JOHN BARILARO: I am going to have to refer this question to Ms Bell, who is rushing up to the microphone.

Ms BELL: The simple answer is, yes, he is still an official envoy, but he has been on hold from that position for at least six months.

The Hon. MICK VEITCH: Is that since his appearance at ICAC?

Ms BELL: No. The envoys were designed to travel with Ministers to give specialist expertise when they go overseas. Because we obviously have not been travelling we have stood all of them down except for Jim. That is the answer.

The Hon. MICK VEITCH: So you have stood all of them down except for Mr Harrowell?

Ms BELL: Most of the others have resigned because there is no active role for them to play.

The Hon. MICK VEITCH: So he can still use the title New South Wales Special Envoy to China?

Ms BELL: I do not believe he uses the title publicly, no.

The Hon. MICK VEITCH: But he could if he wanted to?

Ms BELL: I think he sent an email to the department to say that he is not active in the role at the moment, so I think the answer is that he is not using the title.

CORRECTED

The Hon. MICK VEITCH: Yes, but he could if he wanted to?

The Hon. SAM FARRAWAY: He is still in the role.

Ms BELL: If he sent an email to say that he is not active, then it would be inappropriate for him to then use the title.

The Hon. MICK VEITCH: Do you think it is appropriate that he still be in that position in light of the testimony he provided to the ICAC in the Daryl Maguire inquiry?

Mr BARNES: That is not for Ms Bell to answer.

The Hon. MICK VEITCH: I am sorry, I was actually looking at the Deputy Premier when I said that.

Mr JOHN BARILARO: Again this is budget estimates.

The Hon. MICK VEITCH: Are you not the trade Minister?

Mr JOHN BARILARO: I am the trade Minister but you are now dwelling into an ICAC inquiry that is ongoing. I actually think it is not appropriate for me to respond to anything that ICAC is still looking at.

The Hon. MICK VEITCH: But this relates to his role, not to the ICAC inquiry.

Mr JOHN BARILARO: You know what, I will take these questions—because of the sensitivity around ICAC—all on notice.

The Hon. MICK VEITCH: Essentially what I am saying is because of the testimony he provided under oath at ICAC, do you consider that it is appropriate that he still be the New South Wales Special Envoy to China even though he sent an email saying—

Mr JOHN BARILARO: Listening to Ms Bell's answer, he may not be, but I will take it on notice.

The Hon. MICK VEITCH: Can I now ask you some questions around what are colloquially referred to as the accommodation pods that were put in place post the bushfires?

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: Why did the construction of these pods not go to tender? I guess what I am asking is: Why did we not use local builders to put these things together immediately post the bushfire to help stimulate their activity?

Mr JOHN BARILARO: Firstly, I am not sure if that question is correct.

The Hon. MICK VEITCH: I am happy to be corrected. Tell me.

Mr JOHN BARILARO: So we are talking about containers. They were containers that were designed either for two people to sleep in or for four people, off the top of my head. They were in partnership with the Minderoo Foundation. Twiggy Forrest at the Minderoo Foundation made a public commitment to support bushfire communities. They identified the opportunity where we could get these pods out quickly. The key here of course is getting the pods out to communities and to families in a way that met their needs, where they could stay on their property for many reasons—looking after stock and family networks. The pods were actually very welcomed. But it was a joint partnership between the New South Wales Government, a 50-50 arrangement, with Minderoo and possibly in some cases I think one of the other foundations, which I might get the Commissioner to talk to. But we deployed in excess of 130 or 140 pods. They are now located supporting those communities. They were containers that would have already been in the country because of the way that they were manufactured, but I would have assumed that most of them were fitted out locally because we were meeting need. But I will ask the Commissioner if he has any further info on that.

The Hon. MICK VEITCH: My understanding is that they did not go to tender.

Commissioner FITZSIMMONS: No. It was an agreement with a foundation. The Minderoo Foundation came forward with the money. They were manufacturing that in South Australia and fitting them out.

The Hon. MICK VEITCH: South Australia, yes.

Commissioner FITZSIMMONS: As the Deputy Premier indicated, they were designed for couples and families. We have done over 210 of them.

The Hon. MICK VEITCH: Sorry, Commissioner, what I am trying to get to is: Did we use local jobs to put these together?

CORRECTED

Mr JOHN BARILARO: But, Mr Veitch, in the height of bushfire recovery our number one priority was looking after these families.

The Hon. MICK VEITCH: I am not disagreeing with that.

Mr JOHN BARILARO: So if we had a company already in play, out of South Australia in this case, that could provide these pods in a timely manner—and, yes, we could sit here today and talk about why it wasn't local. We were in partnership with a foundation that was picking up 50 per cent of the tab. I think the priority was people, not profits, and it was not about rebooting the industry. In real terms this is again one program out of hundreds of programs, out of \$4.4 billion. We have already heard about the other stimulus that we have put into industry to create jobs. I think we should disconnect here because I know we always like to talk "New South Wales first" and "Australian Made"—and I am the first to champion that each and every time—but sometimes it is actually about people. Our priority was to people and the partnership with Minderoo allowed us to do that.

The Hon. MICK VEITCH: So you said "50 per cent ownership". Who owns them now?

Commissioner FITZSIMMONS: To pick up on the Deputy Premier's point—I will get to that question specifically, Mr Veitch—we have got to remember that this was done in parallel with a number of other programs. At the same time that the State Government led a very innovative program, we had to clean blocks to then also look at temporary accommodation. We ended up going to market parallel with the partnership program with Minderoo through the charitable organisation, but we also partnered with Minderoo, The Salvation Army and Red Cross to bolster that program, to get over 200 pods. At the same time, there were just under 3,700 properties that were cleared up. The tender that was released across New South Wales resulted in 99 separate contractors, all regionally located in the impacted areas, being engaged to do the contract work and to facilitate work.

Mr JOHN BARILARO: Correct.

Commissioner FITZSIMMONS: There were rapid implementation programs of reimbursement—

The Hon. MICK VEITCH: Who owns the pods now?

Commissioner FITZSIMMONS: The pods are with us. They are with us, as a State, and we are working through that at the moment. Already a number of them are being turned over and re-used in other locations and other families. There is a challenge to work out the viability and the economy around storing and maintaining them and using them into the future—or do we disburse them into another market and have an arrangement in place for actioning this at some time in the future?

The Hon. MICK VEITCH: That was my next question. Now that we have got them—I have spoken to some people that have actually been in the pods. They are quite grateful that they had a roof or some sort of accommodation.

Mr JOHN BARILARO: Yes.

Commissioner FITZSIMMONS: Absolutely.

The Hon. MICK VEITCH: I am not arguing about that.

Mr JOHN BARILARO: I know that, Mr Veitch.

The Hon. MICK VEITCH: What I am saying, though—now that we have got them and they have proven to be quite handy, are we going to store them and use them in whatever case occurs for another occasion?

Mr JOHN BARILARO: The commissioner has already indicated that. Remembering—correct me, Commissioner—these pods can be in place for up to two years because, again, they are temporary accommodation. There are a whole heap of local environmental plan and local planning council regulatory arrangements about how long you can have temporary accommodation on site for the rebuild. About repurposing them, the commissioner started to lean into that. We will be considering all those options. The idea of maintaining and holding could outweigh the benefit—

Commissioner FITZSIMMONS: Correct.

Mr JOHN BARILARO: —so we may re-use, repurpose or maybe put back to market. I do not know.

Commissioner FITZSIMMONS: We are working with industry specialists at the moment to get models and evaluations on the viability of storing. It might not be storing all 210, because some of them have been pretty weathered during the last six or 12 months, depending on how long people about them. It might be about having a cache or a core capability but then having the arrangements in place with philanthropy groups or others so that, in the event that we get an extraordinary outer scale event like we have had this time around, we have got a model

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that we can actually replicate and grow into the future. So, we are exploring the variables and the options, but we have still got a way to go before we land—

The Hon. MICK VEITCH: Is one of the variables we are exploring actually using that template and the lessons we have learned around the construction of these—are we going to use local firms in the future?

Mr JOHN BARILARO: Again, the bushfire season we had was an extraordinary event and the recovery has been the largest logistics program in the State's history when it comes to recovery. We have learnt a lot. The Laing O'Rourke model, in relation to the partnership with Government in the clean-up that the Commissioner touched on, where we saw in vast cases everything being so local—at a very local level or a regional level, the support for businesses. There is a lot to learn. Like Victoria, what it learned back in 2011—their fires. That infrastructure then stayed in place. That is why we actually have now an office of resilience. That is why we have a commissioner for resilience. It is about making sure we have the infrastructure so we are more prepared in the future. There are lots of lessons, not just around the pods.

The Hon. MICK VEITCH: Yes. Can I also ask: With the ones that have not been damaged, are we going to store them in a central location or are we going to have them in locations around the State?

Mr JOHN BARILARO: We are still working through that.

Commissioner FITZSIMMONS: That is all going to be evaluated.

The Hon. MICK VEITCH: So, that is a part of the variables?

Commissioner FITZSIMMONS: Yes.

Mr JOHN BARILARO: Yes.

Commissioner FITZSIMMONS: Like we have done with other emergency management arrangements, you have caches of different scales in different geographic footprints, with a capacity to bolster from more centralised stores as well. We are looking at that framework and that mindset to weigh up what the most viable option is going forward.

The Hon. MICK VEITCH: And will the Minderoo Foundation have any of these pods as well? Are they still involved with the pods?

Commissioner FITZSIMMONS: No. We have pretty much consumed all the pods that were available. Picking up on what the Deputy Premier said, we were talking timeliness to attend to the immediacy of needs for people—shelter, support. Dare I say it—we overlook it more often than not—it is the emotional connection to their land. People criticise being put in a shipping container or a caravan or something, but the people that we visit—you try and get them away from the block of land. Having something on that block of land that they can connect to—they can still be with their animals. They can oversee repair and construction. They can see a new house being built. That was a really important aspect.

Minderoo came with the proposal. Given their extraordinary linkages with mining camps and other sorts of pop-up facilities, they were supply chain-ready and they had a capacity to really deliver in a very quick period of time. And then, we were able to grow that partnership with other charitable organisations, who had received support through community donations, that could bolster that program. Off the top of my head, it is about 211 or 216 pods that we have been able to distribute. Already a proportion of those are being repurposed into other families, because some people have been able to move into their new homes. We are very mindful that it is a valuable asset. What that looks like going forward, how we store it, and what the arrangements are for maintenance and refurbishment for redeployment—they are the things we are trying to explore with industry expertise in New South Wales about what the best models and options might be going forward.

Mr JOHN BARILARO: To the heart of your question: In the future, could it be local? Of course, and that is what we are exploring.

The Hon. MICK VEITCH: Just to be categorically clear: The pods are being retained for future emergency events where they will be used and that is what we are holding these pods for? They are emergency accommodation?

Commissioner FITZSIMMONS: Well, they can be used for—sorry, Deputy Premier.

Mr JOHN BARILARO: No, no.

Commissioner FITZSIMMONS: Have you been in one, Mr Veitch?

The Hon. MICK VEITCH: Yes.

CORRECTED

Commissioner FITZSIMMONS: When you go in there, you will see there are bathroom facilities, toilet and showers. There is a kitchenette. There is a table and chairs and there is sleeping. So, they do a lot into a shipping container. The 20-foot is the most common one and the 40-foot is the family unit. Yes, they are ideal for temporary accommodation in times of disaster, but they may be beneficial for other things. They might be beneficial in times of disaster and support for a forward coordination office or something like that, because attached to the pod are things like a generation unit and a water pod that can enable water supply into the pod. It can enable self-sufficiency in terms of power, so you have got lighting, heating and cooling. There is the potential for a multiplicity of uses. But, absolutely, we have found them to be very valuable for providing short-term accommodation for people in need to stay on their property.

The Hon. MICK VEITCH: Mr Chair, I have to make a clarification. In my previous line of questioning around the special envoys I said "his evidence". I meant "the evidence at ICAC" because Mr Harrowell was actually representing someone. He actually did not give testimony. So, "the evidence"—I need to clarify that and make it clear.

Mr JOHN BARILARO: Thank you.

The Hon. MICK VEITCH: Mr Harrowell did not give evidence; it was "the evidence". Thank you for that.

Commissioner FITZSIMMONS: The other thing that I would point out—I have just received a message to remind me. Working in conjunction with Public Works, we have actually started testing the domestic market in New South Wales, particularly for modular homes and modular housing and modular solutions that can provide not just short-term relief support for families but also economic viability for construction and timeliness for construction, as well. We are working with a range of other suppliers across New South Wales about modular housing options.

The Hon. MICK VEITCH: We have got the template. Now, we can—

Commissioner FITZSIMMONS: Correct.

Mr JOHN BARILARO: Yes, absolutely.

The Hon. MICK VEITCH: I just want to clarify with you, Deputy Premier—the commissioner did say that we now own these. In answer to a question on notice of mine back in June last year, these are jointly owned?

Commissioner FITZSIMMONS: We probably were not working it out then, with fairness, Mr Veitch. We have evolved. It is an agreement we have with Minderoo. We effectively have bought these and we own them and we are utilising them. What we do with them thereafter—we have got to work out the best solution.

The Hon. MICK VEITCH: Yes. At what point did we do that?

Commissioner FITZSIMMONS: In the last 12 months.

The Hon. MICK VEITCH: So, before Christmas?

Mr JOHN BARILARO: Possibly.

Commissioner FITZSIMMONS: I do not know.

The Hon. MICK VEITCH: Okay. Could you take it on notice and find out?

Commissioner FITZSIMMONS: I can.

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: That would be good. Thank you. I just want to ask some questions, if I could, about the Department of Regional NSW.

Mr JOHN BARILARO: What a great department!

Commissioner FITZSIMMONS: Sorry. Before you go on, I can backtrack there. Shared ownership—and with Minderoo we made the determination in March 2020.

The Hon. MICK VEITCH: Okay, thank you. So, I am trying to get my head around the structure and the organisational chart. I have been able to get a hold of that, to work out how it all plays out and what it looks like on a map. You are going to have four offices in regional New South Wales, as I understand it: Armidale, Queanbeyan—

Mr JOHN BARILARO: Four hubs.

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The Hon. MICK VEITCH: Hubs, yes. Are each of these hubs going to have 100 staff?

Mr JOHN BARILARO: I think when we made the announcement we said "up to".

The Hon. MICK VEITCH: Up to?

Mr JOHN BARILARO: Up to 100.

The Hon. MICK VEITCH: So, up to 100 staff?

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: Now, are those staff going to be brand new public sector jobs in regional New South Wales, or are we relocating people from metropolitan Sydney into the regions?

Mr JOHN BARILARO: I will get the secretary to answer in a minute, but I have got to say this: First and foremost, the more people who move out of Sydney to the regions with the expertise and the ability to prosecute the case for investment, I would love it. You know my call-out has always been to the public service to decentralise. After our recent announcement I think you will see more public servants moving from Sydney to the regions. Why would you not? You get to live in the best part of the State.

The Hon. MICK VEITCH: COVID has proven we can work from home.

Mr JOHN BARILARO: But there are always opportunities for locals. We are always advertising at a local level for locals to get employment. I think that is what you are trying to pick here. I am happy for the secretary to respond even further.

Mr BARNES: As the Deputy Premier previously talked about, on 2 April the department stood up a central agency to sit alongside of DPC and Treasury to have input into very serious decisions in relation to how to respond to bushfires and COVID. To deliver services for the bush we have around about 4,000 staff located in over 100 locations at the moment. Over 75 per cent of the staff are already in the bush. It is an amalgam of the Department of Primary Industries, Local Land Services, the mining department as well as Public Works Advisory and Regional Development, with a small overlay of strategy, delivery and performance, and some corporate services. We were a lift out of the Department of Planning, Industry and Environment. We got no extra money to stand ourselves up, so it was a straight lift with no additional budget but a distinct focus on doing business. We have about 1,000—

The Hon. MICK VEITCH: We can explore this with you this afternoon.

Mr BARNES: Yes, we have 1,000 staff left in—

The Hon. MICK VEITCH: I just want to talk to the Deputy Premier because I want to get a better understanding of how this is playing out.

Mr BARNES: Alright, sure.

The Hon. MICK VEITCH: Just to be clear, it is up to 100 jobs at each of the four hubs?

Mr JOHN BARILARO: It could even be more. Who knows?

The Hon. MICK VEITCH: Yes, but we are not talking about 100 jobs for all four hubs. Each of the hubs may have up to 100?

Mr JOHN BARILARO: Correct.

The Hon. MICK VEITCH: Then there was an expression of interest put out for people to work in those hubs?

Mr JOHN BARILARO: I do not know what the actual process was, but the secretary is here.

The Hon. MICK VEITCH: What I am getting at here is the skill sets that would be required are clearly going to be quite diverse. As much as I want as many people working and living in regional New South Wales as possible, sometimes we have difficulty getting the workforce with the skill sets to meet our needs. Has that been given consideration in your mind, Deputy Premier, around moving people to those areas?

Mr JOHN BARILARO: The first thing is I have more confidence than you that the skill sets do exist.

The Hon. MICK VEITCH: I did not say they do not exist. It depends on what you require the department to do.

Mr JOHN BARILARO: We already have significant industries in the regions like mining, agriculture, tourism and local government. We already have a significant footprint of public servants in regional and rural

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New South Wales where they have lived and a place they call home. I genuinely think the skill set is there. But, again, I have no problem with people who have decided to move from Sydney to the regions to work in regional New South Wales coming with those appropriate skill sets.

Mr BARNES: We can talk more about it this afternoon.

The Hon. MICK VEITCH: Yes, could we?

Mr BARNES: The up-to-400 staff are largely staff who are being offered the opportunity to move from our metro areas out into those regional locations. We have identified a functional area for each of those four: regional development, strategy and performance at Queanbeyan; a minerals focus, particularly critical minerals, at Dubbo; agriculture, already building on the strong work we have at Armidale; and Public Works Advisory up on the Far North Coast.

Mr JOHN BARILARO: Coffs Harbour.

Mr BARNES: Sorry, Coffs Harbour, yes.

The Hon. MICK VEITCH: Yes, thank you.

The CHAIR: Mr Shoebridge?

Mr DAVID SHOEBRIDGE: Chair, you go ahead. You take the first bit.

The CHAIR: Okay, sure. I have a few more questions on digital connectivity, Deputy Premier. It seems like we have only spent around 10 per cent of that \$400 million. I wonder if you could talk us through the hurdles and obstacles that are stopping us from getting more of this money out quicker.

Mr JOHN BARILARO: If we had pushed it out the door quicker, I would have appeared in front of Mr Shoebridge's grants inquiry last week explaining why we rolled out 300 million bucks overnight in an area that is predominantly within the jurisdiction of the Federal Government. But the reality is we are at the market. It takes a lot of work to work out the marketplace when it comes to technology. We all know, if you look at the Federal program at the NBN—what they originally started with, where they have landed and now the continued investment—it is nowhere near what they thought. This area of digital connectivity, be it mobile blackspots or data and all that, has always been an area of sensitivity.

We have seen issues in the past with other programs. My agency has done a lot of work behind closed doors to make sure, with engagement, understanding of the sector and the marketplace. We know in previous rounds of the Mobile Black Spot Program a lot of the big players, the big telcos, were happy to play in that space. Their contribution was significant, but I would argue that now, as we get through the low-hanging fruit and it is gone, the more difficult areas where the telcos are not interested cause us some issues. So what the agency has done is look at the program, designed its criteria and we are now currently in the market waiting to see what the response of the market is. But I am happy to ask Mr Hanger—

Mr BARNES: Ms Dewar.

Mr JOHN BARILARO: —Ms Dewar to respond further.

Ms DEWAR: Thank you, Deputy Premier. As the Deputy Premier outlined, there is roughly \$400 million allocated under the Snowy Hydro Legacy Fund to regional digital connectivity. That program is largely divided into three. It looks at mobile phone blackspots; it looks at a program called Gig State, which is about fibre connectivity; and also has a program called Farms of the Future. That is a significant amount of money to expend, and, as per the Snowy Hydro Legacy Fund, it is looking at transformational investment in regional economic development, so we are taking our time to do due diligence around the program and expenditure of that money. As the Deputy Premier said, that program also builds on top of the \$50 million Connecting Country Communities program, through which we have funded to date 120 additional mobile phone towers with a further 20 to come to the market. So we are learning from that experience. I would also say we are using the digital connectivity program to explore other options about what new technologies might be brought to market, and the tenders that are currently in the market at the moment are seeking that response from the market.

Mr BARNES: Yes, and the other thing is for big IT investment, and one of those programs certainly is. It goes through the Infrastructure NSW [INSW] Infrastructure Investor Assurance Framework to make sure that as things go through the gates there is a value-for-money proposition for the people of New South Wales. So we are moving as quickly as we can, and the market is responding to the moves that we have made. In fact, to the Deputy Premier's point, I remember maybe it was Mr Hanger at the time and I went to the Commonwealth to talk about the fact that we would enter the market. At that time we were looking at augmenting what the NBN Co was looking at doing in terms of the rollout of the connectivity for regional New South Wales towns. As we went in

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there was a planned rollout for a very significant town—I will not say which one it was—and the planned rollout for the NBN at that point in time was satellite; not microwave or fixed wireless or fibre to the node—it was satellite. We said, "If you continue with that, we'll jump into that space." I have to say that the NBN responded to us actively playing in the market. So there have been some, I think, fairly substantial, good gains for the New South Wales Government stepping into a space that traditionally other jurisdictions do not play in.

The CHAIR: Just picking up on some of the comments you made there, Deputy Premier, you mentioned the reluctance of telcos. Do you think that is our biggest hurdle—that for 40 years telcos have not wanted to go out and invest in these areas or have been reluctant to go out and invest in these areas?

Mr JOHN BARILARO: Some better than others and, of course, I know your colleague Roy Butler raised the issue out at Barwon. You would have to argue a lot of those areas are what we would call thin markets for the big players. This is why the Government plays in this space, because we want to see equity right across the board. The reluctance has been there—some telcos better than others. I do not want to just paint them with one brush.

At the start of the Mobile Black Spot Program from the Federal Government over the last couple of years—I think there were three, four or five rounds in the end and their investment—as I said, a lot of what we call the low-hanging fruit was picked up, where the telcos wanted to play it because they saw the return on investment. You have got to accept that in the space of technology and IT, things change in 24 hours. What Ms Dewar was referring to is that, even though the large telcos may be reluctant in some areas, there is new technology, new opportunities and new businesses that may offer other products that we can now actually play in that space. That is why we have gone to the market, testing the market with a range of products. We will see what comes back of it. I am still confident that some of the big telcos will be part of it. I think the NBN still has a role in it. But I actually would be absolutely pleased to see some small Australian businesses with the IT capability to hopefully pick up some opportunities and show off what they can do with new technology.

The CHAIR: I will just pick up on some of Ms Dewar's comments. Are we still being dictated to a fair bit in terms of what that technology is from the telcos, or are we saying what the standard is, what we want?

Mr JOHN BARILARO: From the telcos' perspective, we know what they have to offer. There may be some slight changes in some offerings. That is why we are in the market: to look at other options. I think, Ms Dewar, that is correct.

Ms DEWAR: That is correct, Deputy Premier.

The CHAIR: Mr Barnes, you quoted an acronym, I think, ISNN, saying that it goes through an investment—

Mr BARNES: INSW. Infrastructure NSW.

The CHAIR: Is that the only quality control process we have with this program? We have had concerns. I know that the concerns that have come out of Silverton are to do with the Federal Mobile Black Spot Program, where they say they do not think they have got value for money and they are still having problems with landline and mobiles. Is this investment—I cannot remember what you just said.

Mr JOHN BARILARO: Infrastructure NSW.

The CHAIR: Is that the only quality control check we have with our version of the Mobile Black Spot Program?

Ms DEWAR: The Infrastructure NSW independent assurance process is the final hurdle for us to invest. That is largely an independent review from the process that we undertake.

The CHAIR: So there is nothing else in terms of on-ground—once it has gone through that stage, what are we doing to check that what actually gets put in the ground is fit for purpose? Are there ongoing project evaluations on these?

Ms DEWAR: There are ongoing working relationships that largely, I would say, the NSW Telco Authority has with organisations that we do work with. That partnership is designed to make sure that the ambitions of the program are being met. It is an assurance process to make sure that government investment is being expended appropriately.

The CHAIR: I am just moving on to a bit of energy and resources and the Narrabri gas project and the outstanding petroleum exploration licences [PELs], Deputy Premier. I think your Boggabri branch actually called for the New South Wales Government to extinguish all PELs as soon as they expire and your parliamentary team

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responded, saying that you have gone back to the Department of Regional NSW to recommence the assessment of outstanding PELs. Can you update us on where we are up to with that evaluation.

Mr JOHN BARILARO: I can introduce the response. I might go to Ms Beattie shortly. Firstly, regardless of a National Party branch putting forward a motion in relation to ending the PELs—again, if I had done that, you guys would be crucifying me, saying that I am responding from a political perspective. As the resources Minister, we have put our statements in relation to the future of coal, the future of minerals in this State. The future of gas will be a big part of it. All PELs were put on hold until such time we made a decision around Santos. That decision now has occurred. We have now recommenced the evaluation of all those other PELs that are in the system. That will go through the appropriate processes. But at the same time, in a few months' time, we will also be putting out our Future of Gas in this State, the final part of that particular document. Ms Beattie, did you want to talk further to the outstanding PELs?

Ms BEATTIE: Thank you, Deputy Premier. At the moment the department has 13 applications that are under assessment. Twelve of those are renewal applications for petroleum exploration licences and one is for an assessment lease. So at the moment we are, as the Deputy Premier suggested, in discussions with the titleholder about the extent of those future licences. At the moment they are actively under assessment.

The CHAIR: You said "titleholder". Are those 13 applications all one titleholder? Is that correct?

Ms BEATTIE: Yes, they are.

Mr DAVID SHOEBRIDGE: Minister, nice to see you. Minister, starting where you just left off: You keep touting some sort of gas-led recovery and the jobs that a gas-led recovery—

Mr JOHN BARILARO: So does the Prime Minister.

Mr DAVID SHOEBRIDGE: So does the Prime Minister. Is that because you are ignorant of the data that shows that the gas industry in the last two years has shed 2,600 jobs, 10 per cent of its workforce?

The Hon. CATHERINE CUSACK: Point of order—

The CHAIR: I will hear the point of order.

The Hon. CATHERINE CUSACK: I just think that the questioning is required to be at least courteous and not casting those aspersions. If he has a question, can he please form it without all of the layers of judgement and bile?

Mr DAVID SHOEBRIDGE: It is a perfectly standard question.

Mr JOHN BARILARO: Thank you, Mr Shoebridge. Look—

Mr DAVID SHOEBRIDGE: He is able to answer it. You do not need Catherine to defend you, do you, John?

The Hon. CATHERINE CUSACK: It will be just much easier for him and for the witness if we can proceed in a civil way. That is my suggestion.

Mr DAVID SHOEBRIDGE: I do not think John Barilaro is asking for Catherine Cusack to come riding to his rescue.

The CHAIR: Let me rule, please.

The Hon. CATHERINE CUSACK: He just opens up with that.

The CHAIR: Let me rule, please. The point of order is taken. It is only fair that I actually rule on the point of order. I understand where Ms Cusack is coming from. I do not believe Mr Shoebridge was calling the Deputy Premier ignorant but more pointing out that he might not be aware of all the facts. But I cannot necessarily be in Mr Shoebridge's head and try and understand what exactly he is thinking, nor do I want to. But I would advise Mr Shoebridge to be careful with his words.

Mr JOHN BARILARO: Firstly, thank you, Ms Cusack, for stepping in.

Mr DAVID SHOEBRIDGE: She is always in your corner.

Mr JOHN BARILARO: She is always in my corner. We have a close relationship. We are always fighting for the regions. I tell you what: If a lot more people were like Ms Cusack, you would see that the regions would be better.

Mr DAVID SHOEBRIDGE: We might get back to the question, though. Are you aware—

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Mr JOHN BARILARO: No, I know. You have asked the question. I know.

Mr DAVID SHOEBRIDGE: It has shed 10 per cent of its jobs. The going got tough and the gas industry betrayed its workforce.

Mr JOHN BARILARO: Once upon a time, The Greens supported gas over coal. Somehow you dropped that off at some point in your policy platforms. The truth here, Mr Shoebridge, is this: One thing that came out of COVID that was absolutely clear is Australians are saying that we should produce more and manufacture more. To do so, we need to have reliable energy and energy sources and, of course, downward pressure on energy prices. We all supported this Government's energy plan going forward. Gas is a big part of it. The investment from the Federal Government into New South Wales—a component talks about gas. The Santos gas or the Narrabri gas wells are going to be a big part of it. There are still a couple of active players in the space about import terminals as well. Yes, if you want to see a revival of manufacturing and Australians producing more, gas will be a big part of it and will be a part of the economic revival that we will see. We do not really have a gas industry here in New South Wales. What we have is the benefits of—there has been no loss of jobs.

Mr DAVID SHOEBRIDGE: My question was not a general treatise on gas. My question was: Are you aware that this industry, when the going got tough last year, sacked 10 per cent of its workforce across the country?

Mr JOHN BARILARO: How many employees lost their job with Qantas over the last 12 months because of COVID?

Mr DAVID SHOEBRIDGE: Across the rest of the economy, it was less than a fifth of that. This industry betrayed its workforce and you pretend that it is the solution for jobs in regional New South Wales.

Mr JOHN BARILARO: Mr Shoebridge, your anti-gas bias is behind this question. Gas is going to be a big part of the transition from coal. The question should be around when are we exiting from coal and what is the transition from coal to renewables. This Government has done a lot in that space in renewal energy zones. I think our track record has clearly shown that we have activated or will be activating something like \$50 billion in investment in renewables. You know that coal will come to an end at some point in the future, but we are not going to fast-track it. We will let the market do that. And gas will—

Mr DAVID SHOEBRIDGE: My question was about the 10 per cent cut in jobs, and you refuse to address it.

Mr JOHN BARILARO: No, your question was whether I still stand by my comments about a gas-led recovery. The answer is yes. I genuinely believe that and it will be a sector that will see significant growth, not just in gas. But, hopefully, off the back of that there is hydrogen, which you should be supportive of.

Mr DAVID SHOEBRIDGE: I accept that your position is not evidence-led because you have not addressed the 10 per cent cut in its workforce. You think that is okay, do you?

Mr JOHN BARILARO: How many hundreds of thousands of people lost their jobs during the COVID year? You just want to single out one. I think that is unfair on those workers. You are politicising those job losses. They are the ones that are going home, not being able to pay their mortgages because of loss of jobs.

Mr DAVID SHOEBRIDGE: They have not heard you talk about that once to now.

Mr JOHN BARILARO: But you will change it all in the Senate.

Mr DAVID SHOEBRIDGE: Minister, I know you gave some answers earlier today about the \$250 million round of bushfire funding and, as I understand it, you said that, because it has been oversubscribed—was it in the order of \$1.6 billion?

Mr JOHN BARILARO: Correct.

Mr DAVID SHOEBRIDGE: Because it has been oversubscribed, you will be prioritising the hardest hit areas, is that right?

Mr JOHN BARILARO: No, I said that within the guidelines, the document around this said those regions that are moderately to highly impacted that did not receive funding under the fast-track round would get priority.

Mr DAVID SHOEBRIDGE: So where do we see that written out?

Mr JOHN BARILARO: I submitted that document at the grants inquiry. I tabled that document.

Mr DAVID SHOEBRIDGE: No, where do we see the internal prioritising of the hardest hit areas, however you want to describe them? Where do we see the criteria on which you will be differentiating? There

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will be many projects that meet the criteria. Where are we going to see the basis on which you will be differentiating between the projects.

Mr JOHN BARILARO: We have already given you the criteria about how we have evaluated high, moderate and low off the back of the burn scar—the impact on buildings.

Mr DAVID SHOEBRIDGE: But that was not in the criteria for the \$250 million round. That was a different set of criteria you had for the first \$177 million, Minister.

Mr BARNES: The criteria that will be used for the \$250 million will be in accord with the Federal Government's desire to have three things looked at: One is economic impact, the other one is the impact on the environment, and then the other one is the social impact. Those criteria have been developed. My understanding is that the assessment panels, as they are formed, will undertake, as is typical, webinars so that everyone can understand how the assessment process will take place.

Mr DAVID SHOEBRIDGE: Perhaps you can give whatever it actually is in writing that you have that set up these criteria on notice, Minister?

Mr JOHN BARILARO: Yes, happy to do that.

Mr DAVID SHOEBRIDGE: When can those areas like the Blue Mountains, the Central Coast and the North Coast, which have got not a dollar, expect the first round of approved projects to actually roll out?

Mr JOHN BARILARO: Thank you, Mr Shoebridge. To that question, it is incorrect to say those areas never received any funding. I touched on this earlier and you were not in the room but—

Mr DAVID SHOEBRIDGE: Out of the \$177 million. That is what I meant.

Mr JOHN BARILARO: It was not actually \$177 million. You have got to break that down and we explained that a little bit earlier in this budget estimate.

Mr DAVID SHOEBRIDGE: When are they going to get some money?

Mr JOHN BARILARO: Mr Shoebridge, if you go back to this program, the program closed on 28 January. We had indicated that, through the assessment process, we would be getting this resolved by May-June this year. That is what we originally said. I will give you credit: Since this spotlight has come on this fund since the grants inquiry, I have asked the agency to talk to the probity officer and to talk to the agency about how we could fast-track any projects, especially in those areas that are highly impacted and moderately impacted, places like the Blue Mountains. We are now starting that process. We will be engaging with the community, we will be engaging with local members and we will be engaging with the proponents, clearly upfront. I hope, rather than waiting for the whole program to be completely finalised, under advice from the probity officer, that we could start peeling off and making announcements and supporting those communities earlier rather than later.

Mr DAVID SHOEBRIDGE: So, potentially before May-June.

Mr JOHN BARILARO: I hope so.

Mr DAVID SHOEBRIDGE: But you have not got a specific date.

Mr JOHN BARILARO: Again, we are working with the agencies. There are 650 applications—\$1.6 billion in applications. Again, there has got to be a level of probity.

Mr DAVID SHOEBRIDGE: Will you ensure that that process you are going through is transparent and communicated to the grant bidders?

Mr JOHN BARILARO: Absolutely. Furthermore, we have indicated that we will start having sessions with those local members, like Trish Doyle up in the Blue Mountains, so she can see clearly what has been put forward. We will be working with the proponents and we will be making this absolutely transparent. As I tried to touch on in the grants inquiry, there is no politics being played here. I have had to sit in those communities. I have had to see the impacts of the fires on those communities off the top of drought.

Mr DAVID SHOEBRIDGE: Minister, given the time we have, let's not revisit the—

Mr JOHN BARILARO: Maybe you should not ask those questions. You will be getting a lot of those answers.

Mr DAVID SHOEBRIDGE: I asked you about the date. Minister, moving on to another point, the Forestry Corporation has indicated that it is planning to get back into the Kalang Headwaters and start logging the Kalang Headwaters. They have been advised by the local community and ecologists, that 57 per cent of the

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1,800 hectares that have been tagged for logging is high conservation value, the majority being threatened lowland subtropical rainforests. How on earth were those compartments selected for logging?

Mr JOHN BARILARO: I refer to the acting CEO of the Forestry Corporation.

Mr CHAUDHARY: Thank you, Mr Shoebridge, for the question. It is part of our complex planning process. We go into site-based assessments and undertake broad-area searches and surveys to understand the threatened species and the vulnerable species that are there in the forest. We have scientists in our forests who are trained professionals who have been operating in the forest for a number of years, and they understand the ruleset. The ruleset I am talking about is the Coastal Integrated Forestry Operations Approval.

Mr DAVID SHOEBRIDGE: Most of this was done as a desktop assessment. You did not send ecologists in. It was a desktop assessment.

Mr CHAUDHARY: Mr Shoebridge, in relation to that particular one, I am not across the details. I can happen to take that away.

Mr DAVID SHOEBRIDGE: That is what I am asking you about. You are logging over 1,000 hectares of high-conservation-value forest, more than 693 hectares of threatened lowland subtropical rainforest. You did not send an expert in. That is what I am asking you about. How did you choose it?

Mr JOHN BARILARO: The acting CEO has said that he will take those questions on notice, in relation to this specific location.

The Hon. PETER PRIMROSE: Thank you, Deputy Premier. I would just like, if I can, to return to a matter you were raising earlier and I think it was Ms Beattie who was talking about it. What I am trying to explore a bit further is a document that you alluded to that I think was called the Deputy Premier's regionalisation policy, which you spoke about in terms of moving staff. I may have the title wrong; I do not know. This related specifically to the transfer or movement of staff from within the Mining, Exploration and Geoscience section of the Department of Regional NSW. I am looking at them being transferred out of Maitland. I do not know how many staff are employed in Maitland and whether this will be a forced transfer. I do not know whether it would be voluntary. I am simply seeking at the moment information about that.

Mr JOHN BARILARO: I will ask the secretary to respond.

Mr BARNES: I can talk to that. More broadly, as I said, we have got a whole bunch of staff that are based in the greater metro area. Maitland actually is a regional area. With all of those aspirations that we have to get up to 100 staff in each of those four locations, that will happen as jobs become vacant or, in the metro areas, if people choose to relocate. So the metro areas pick up Newcastle, Wollongong and the Greater Sydney footprint. They do not pick up the Central Coast—that is a regional area. And they do not pick up Maitland. So there will be no-one forced to relocate from Maitland out to Dubbo, but as jobs become vacant, then I am happy to make a decision in relation to where best to place regional staff as we try to create a hub of people who have expertise in the critical mineral space. The Central West is the hub for critical minerals.

A number of very prospective projects are there. We will make a decision at that point about relocating vacant positions from one regional location to another. But I spoke to all of the resources regulator crew last week up in the Hunter. They asked me the same question. There is no forced pressure for them to get out of Maitland. We have just renewed the lease on the facility at Maitland. Georgina is travelling up there regularly and it is pleasing to note that the folk are coming back in their droves into Maitland because during COVID, it was only a very small footprint of people in that facility. I hope that answers your question.

The Hon. PETER PRIMROSE: Can I ask you then, how would you respond to this statement: With two-thirds of New South Wales mining conducted in the Hunter and Central Coast, why would you be moving those jobs four hours away from the majority of the mines in the State?

Mr BARNES: The vast majority of our mining and regulatory—the Minerals, Exploration and Geoscience that Georgina heads up and Anthony Keon is here, the regulator. The vast majority of those jobs will stay in Maitland. But we need to create some jobs out closer to where our other mining hubs are as well because, while coal has a future, also people who are extracting different sorts of minerals—gold, silver—also need people close at hand to provide insights, support and regulation to them. We are building up over time. We might never get to 100 in Dubbo, we might end up with a smaller number that makes sense. So, as the Deputy Premier said, it will be up to 100.

The Hon. PETER PRIMROSE: How many positions do you expect, over let us say the next five years, might be transferred out of Maitland?

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Mr BARNES: We do not know. There is a typical turnover rate within the public sector, usually between 8 and 12 per cent. That has decreased a bit with COVID. Not all of those positions that turn over will be suitable to relocate out to Maitland. So we cannot tell you that. We have a very small number of folk already out at Dubbo in the mining sector, and there are some new positions that are being created in the critical mineral spaces where we work with the Feds, but we are not looking at a mass exodus from Maitland.

Mr JOHN BARILARO: The overall branching approach from me is that I want more public sector jobs in the bush, regardless of where they are. And Maitland will always have a presence. We do not want to see jobs being lost across the regions, but will there be movement across regions? Of course, as things have changed. Coal comes off, when we go to mineral mining the Central West is a big part of it so there is an opportunity to grow jobs into the Central West. To Mr Barnes' point, it is very hard to predict what happens in five years because with some of those particular mines, the market will change the landscape.

The Hon. PETER PRIMROSE: But absolutely no-one—

Mr JOHN BARILARO: No-one will be forced.

The Hon. PETER PRIMROSE: No individual is going to be required to move.

Mr BARNES: No.

Mr JOHN BARILARO: No, not at all.

Mr BARNES: And it is the same in Sydney. There are a number of people who are working for us who are based at Parramatta, The Rocks, Newington. If they want to go to one of those locations we will assist them to get there. If they do not because they have got family, they have got childcare responsibilities, or they might have parents and family that they looking after, how silly would it be for us to require them to relocate?

Mr JOHN BARILARO: I think what we have learnt from COVID is that the workforce will become more flexible, both in government and the private sector, going forward. We have picked up on that, and the best way for us to encourage more public servants to move to the regions is to offer more flexibility. The truth here is, let those individuals determine where they want to be and their future, and I am excited about that. I genuinely think the growth of the public sector in the regions will continue. More importantly, high-level executives who are the decision-makers will be choosing to live in regional and rural New South Wales. I reckon in a few years' time will be back here for a Sydney summit because of the decline of jobs in the city.

The Hon. PETER PRIMROSE: But overall there will be a reduction in the number of those jobs in Maitland.

Mr BARNES: Only as vacancies become available and informed decisions might be made about allocating a vacancy to a different location.

The Hon. PETER PRIMROSE: But it is logical to say that overall there will be a reduction in the number of jobs.

Mr BARNES: There may be a small reduction.

The Hon. PETER PRIMROSE: But we do not know how many yet.

Mr BARNES: We do not know how many.

The Hon. MICK VEITCH: Deputy Premier, I just want to come back to the special envoys. This is more about your role here. How often as the trade Minister did you meet with the special envoys?

Mr JOHN BARILARO: Over the last 12 months the focus has been on COVID.

The Hon. MICK VEITCH: Sorry, pre-COVID.

Mr JOHN BARILARO: I have only been the Minister for two years. In the first 12 months, I had an opportunity to meet a number of them, and we hold events, we come together. But I have got to admit in the last six to nine months, probably very little. We announced our Global NSW strategy, 21 new destinations where we are increasing the number of—everything was put on hold, to be honest. I have to be honest, when it came to the trade space a lot of it has been put on hold. We have done a bit of work on inbound and local support, and supporting industry in relation to trade. But outside of that—we have announced new markets, we were looking for new looking trade commissioners as well—everything has been put on hold. We are going to revamp that shortly.

The Hon. MICK VEITCH: And how many of them were there, do you know, prior to them all stepping down?

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Mr JOHN BARILARO: I am going to have to take that question on notice.

The Hon. MICK VEITCH: Okay. And are they paid, is the other thing, if you are going to take it on notice?

Mr JOHN BARILARO: And what was that? The second part?

The Hon. MICK VEITCH: Are they paid?

Mr BARNES: There were six.

The Hon. MICK VEITCH: There were six?

Mr JOHN BARILARO: We will take on notice—

The Hon. MICK VEITCH: And are they paid?

Mr JOHN BARILARO: Yes, I can take that all on notice. How many, and what were their salaries.

The Hon. MICK VEITCH: In the trade space, Deputy Premier, this relates to COVID. How many employees do we still have in the trade space overseas at this point in time? Did we bring them all home?

Mr JOHN BARILARO: Again, I will have to take that question on notice unless Kylie Bell can answer that one.

Ms BELL: We have 18 staff overseas. They are all local staff but none of them are Australian citizens, so none of them have been brought home.

The Hon. MICK VEITCH: Okay.

Ms BELL: They are all continuing to work. Most of them have been working from home because, like us, their offices have been shut. But we have lost no-one, and we have appointed two new people in Vietnam and Singapore over this period to help exporters. But they are not Australians who need to be returned back.

The Hon. MICK VEITCH: That begs the question, if we have 18 people who are employed by the taxpayers of New South Wales, what sort of action do we take to protect their own health and safety whilst they are overseas in these destinations?

Ms BELL: Quite a few of our staff are embedded within the Australian Government's offices at the consulates or their embassies. So they work with us to follow protocols. For example, our staff in the US have not been at work now for 12 months. We follow the local health and safety requirements of that country to ensure that they comply. We work with them on a daily basis. They continue in their roles but they do them from home.

The Hon. MICK VEITCH: Deputy Premier, the gambling card and its impact on regional New South Wales, is that a part of the bailiwick for the Department of Regional NSW?

Mr JOHN BARILARO: No, not at all. The gambling card is a conversation piece that is happening in the public domain from the Minister responsible for liquor and gaming, Minister Dominello. I have been making my commentary in that space based on that it is public discourse and nothing more. It is not the responsibility of my agency.

The Hon. MICK VEITCH: And it has not been—

Mr JOHN BARILARO: It has not been to Cabinet. It is not a policy of the Government at this stage. Correct.

The Hon. MICK VEITCH: Thank you. I wanted to ask some questions about special activation precincts, if I could. I am trying to work out how the activation precincts are progressing. I know a number have been announced—special activation precincts and jobs activation precincts, I believe. But I guess there needs to be some clarity around just how they work to create the jobs in those regions. I was talking to some people in Parkes last week who were concerned that the planning process would be circumvented to expedite development on the precinct. Is that a correct statement?

Mr JOHN BARILARO: It is. The whole purpose around special activation precincts, firstly, was to identify what I would call a catalyst. Say, Parkes, for instance, it is inland rail. We already have connections out west and east. Inland rail gives us the opportunity to go north-south, and therefore gives us an opportunity to do something like an inland port. To do so, we identified the opportunity and worked with council, who originally came up with the idea, to focus on a special activation precinct model. Under that, we have concierge services for business and industries. We master plan—and I'm happy to be corrected at any point. We master plan the area. That way we can give proponents fast approvals. But we have done all the heavy lifting early on. Doing the master

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planning, doing the environmental planning and then being able to issue an environmental certificate to a proponent means they can get an approval within 30 days. That is all part of the heavy lifting we have done early, so we are not really circumventing the planning processes; it is just that we have done it all.

The Hon. MICK VEITCH: So you are doing it up front.

Mr JOHN BARILARO: We've done it all up front.

The Hon. MICK VEITCH: You mentioned concierging. Who is responsible for the concierging? Is that within the agency?

Mr JOHN BARILARO: Within the agency of Regional NSW.

The Hon. MICK VEITCH: What is the council's role with that concierging process?

Mr BARNES: I might answer that one. Obviously, the council, along with other government departments, will all receive interest from companies that have an interest in establishing. So there is a "no wrong door" policy. At Parkes, for example, Kent Boyd receives many, many expressions of interest and queries. They go to our concierge, which is Ian Smith. Ian is based at Dubbo. Ian has people for each of the precincts and from there we work out whether it is a good fit. As the Deputy Premier said, we do two things with special activation precincts. We do a master plan and it is an intense, community-engaged and driven exercise. It happens through an inquiry by design process that we pay Planning to undertake on our behalf. They come up with the master plan. Again, the master plan goes up for public consultation and it is very clear then that the community have input. At Parkes I think we had 28 or 30 community pieces of feedback, which is unheard of for a master planning exercise. That means we have engaged with community all the way through.

The Minister for planning then signs off on a SEPP, a State environmental planning instrument for that precinct. Then we have a Regional Growth NSW Development Corporation, whose responsibility it is to roll out the economic enabling infrastructure, because this is the other string to the bow. Government, again, through the Snowy Hydro Legacy Fund and through the Infrastructure NSW investor assurance process, looks at whether there is a value-for-money proposition for the Government to spend money on common user infrastructure to bring jobs ahead of otherwise when the market might respond. At Parkes we are currently in the market for \$180 million for flyovers, flood-proofing and opening up connectivity to the parcels of land that people can come in.

When someone expresses an interest and the land is available and accessible, they can either buy land or they lease land off the development corporation. They have 30 days from the time that they make that decision to when they can get issued a certificate, including an environmental certificate, because all the EIS work with all of the planning agencies—including the EPA, Environment, Energy and Science and Heritage—is all done up-front, but only for complying development. It is not a free-for-all. We are very distinct about the industries that suit these precincts. Every one of these precincts will be a UNESCO-supported best practice industrial precinct so that we can get those very green credentials. We have made sure that we have included that right up front. In fact, we won awards at the end of last year for that very reason.

The Hon. MICK VEITCH: Okay. So can I ask about the master plan?

Mr BARNES: Yes.

The Hon. MICK VEITCH: They are publicly available documents?

Mr BARNES: Yes, they are up on the Planning department's website.

The Hon. MICK VEITCH: So if there is a SEPP they would be public available?

Mr BARNES: Correct.

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: So if anyone raises issues, we can say, "Go look at the"—

Mr BARNES: And we are happy to brief them, particularly if they have an interest. But Wagga is very close to finishing the master planning process and a SEPP being declared. We then have three or four other ones. There will not be a bucketload of special activation precincts. You need a catalyst for this, a year-round economy up in Jindabyne and the Snowy Mountains—

Mr JOHN BARILARO: Defence infrastructure at Williamstown.

Mr BARNES: —the joint strike fighters at Williamstown and industries that want to go there. Moree—

The Hon. MICK VEITCH: So synergies developing off what you have?

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Mr BARNES: Yes.

Mr JOHN BARILARO: And there is no shortcut because we have to do all the heavy lifting. It takes two or three years to get to this point before we can actually make an offering.

The Hon. MICK VEITCH: So is there a jobs quotient to—

Mr BARNES: Yes. We cannot get money for the common user infrastructure unless we can demonstrate to an independent panel that these precincts will be jobs generators.

Mr JOHN BARILARO: We predict 18,000 direct jobs out of these precincts and then you look at supply chain—three to one, four to one—after that.

Mr BARNES: So it is an exercise. Anytime government goes to expend big amounts of money, you have to go through full business processes. They have to be externally validated and the only metric here is: Will it create jobs?

The Hon. MICK VEITCH: Okay. BCR, as a matter interest, do they have to go through the business case process?

Mr BARNES: They do. This one goes through a full-blown BCR process up through INSW like any restart program might.

The Hon. MICK VEITCH: Can I ask then, is there a proposed review of these five or 10 years down the track to see if they have achieved the goals that were originally—

Mr BARNES: Like everything we do, there are built-in measures that comply with Treasury's assurance framework where we have to, in program design, build in whether the money that has been allocated is having the impact that we might have. For example, in the Regional Growth Fund, for the first \$1.3 billion of that there was a built-in point where we went back and had a look at whether the 2,100 projects that had been rolled out were having a positive impact as we said it would. That fund, unheard of in this country for regional growth funds, generated a BCR of well over one after the facts, so we know it is working.

Mr JOHN BARILARO: Mr Veitch, do you know what? When I leave politics, if I could point to one thing that I think I would be most proud of, it is the special activation precincts. It is a game changer in driving new industries in the regions. It is the one thing I will hang my hat on. Out of everything I have done, it is one that I think communities—our biggest problem right now is councils are coming to us going, "Can we be a SAP?", "Can we be a SAP?" But we cannot dilute it because it has to have that catalyst. I think it is—it really is. I hope that in 10 years time when someone evaluates it they say, "These guys got it right."

The Hon. MICK VEITCH: In a sense, if you are going to hang your hat on it, it sounds like you are looking for a legacy, which means you might be heading out the door, Deputy Premier.

Mr JOHN BARILARO: Geez, I gave it away. That was the question earlier.

The Hon. CATHERINE CUSACK: You got him, Mick.

The CHAIR: Good supplementary.

Mr JOHN BARILARO: Mick, you are exiting too so we might do it together, eh?

The Hon. MICK VEITCH: Well, you know, who knows?

The CHAIR: Sorry, Ms Beattie, I know you have been up and back all morning. I am going to ask you to come back up again one more time. Those 13 PELs that are under one title holder, am I right in assuming that title holder is Santos?

Ms BEATTIE: I would just like to clarify something there.

The CHAIR: Yes, sure.

Ms BEATTIE: Santos controls all the titles but there are a number of subsidiaries and joint ventures related to Santos. So the actual title holder on the application may have other companies there.

The CHAIR: On notice, would you be able to provide the dissection of those subsidiaries?

Ms BEATTIE: Yes, absolutely.

The CHAIR: Thank you. Minister, the future of gas statement—I just want to make sure that we are talking about the same thing. Is that what is on the website that has, "Strategic opportunities for gas in regional NSW"?

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Mr JOHN BARILARO: That is the precursor. We are out and about at the moment with that, but when I hand—which is when; the middle of the year?—will be the strategic—

The CHAIR: So that is the precursor but there will be another statement?

Mr JOHN BARILARO: Well, it will be like the future of coal statement, where we have said, "Here in this State we accept that there is coal mining." There are areas that we are absolutely ruling out, and if you want to play in this space these are the areas that we have identified with the work that we have done through our agency, where we believe there is an appetite for coal mining. There is a resource in one way and that is where we are focused. The same will happen to gas. We will come back. We are out there at the moment. I know we are out in parts of the State working with communities et cetera, but we will come back with a future of gas statement, which will clearly identify where and what: where in the State we believe there may be a resource, where there is an opportunity. Who knows what that looks like? I can honestly say, hand on heart, that I have no idea what that will look like. Do I believe that a number of these PELs will not be part of it? Possibly. Absolutely.

The CHAIR: So you are out consulting with the community about what the future of gas statement will look like? That was going to be my follow-up, so you have confirmed that.

Mr JOHN BARILARO: Yes, what is it called? We have a special name for it but I cannot remember what it is called.

Ms BEATTIE: Deputy Premier, I am happy to jump in there. The strategic statement for gas in regional New South Wales you referred to was released towards the end of last year. That committed to a more comprehensive gas strategy being prepared and that will be delivered in the middle of this year. What is currently out for consultation at the moment was also referred to in that strategic statement last year, but it is a preliminary regional issues assessment in western New South Wales, which is looking at gas resources in the west of the State.

Mr JOHN BARILARO: That is it.

Mr BARNES: And all of those things will be taken into account when we end up putting options forward to the Deputy Premier for a gas strategy.

The CHAIR: Now that Narrabri has gone through the planning approval, one of the concerns leading up to that approval was the issue of insurance and, looking at a comment from NSW Farmers president, James Jackson, who has argued publicly that the State should act as an insurer of last resort for farmers, is that something that the Government is considering at all?

Mr JOHN BARILARO: First and foremost, the Santos gas project went through the planning process, a robust assessment process, and then to the Independent Planning Commission. The IPC takes into account all those issues around groundwater—and this is where I assume you are heading to—impacts on the environment, the whole kit and caboodle, and within the framework of the Government and the policy. I honestly, hand on heart, say that we have got the toughest regime for gas, not just in the nation but, I believe, globally. The IPC has a series of recommendations on how you protect those areas that are around water aquifers et cetera, the environment and that is all part of—I cannot remember—I think it was 100-plus conditions to the Santos approval.

What you have put forward, what people are talking about, is an insurance. That is an idea that has been floated; there has been no such proposal put to me. I am always happy to give consideration, but that in itself would say that the planning department have got it wrong, that you cannot actually protect against some of the adverse outcomes if that is the case. But I would argue that the science, the work that has been done by Planning, has put in place the conditions that will minimise the impact.

The CHAIR: The 70 petajoules of gas that will come out of Narrabri—I am just quoting Adam Marshall here. He says that Narrabri "will provide more than enough gas for everyone for ever and ever". That is his statement; I am not going to try and put his words in your mouth, Mr Barilaro.

The Hon. MICK VEITCH: Try.

The CHAIR: No, I will not. The future of gas statement—you are going out and talking to communities. Have you done any modelling around how much more gas New South Wales needs to produce or can produce under this future of gas statement?

Mr JOHN BARILARO: Firstly, on the Narrabri one, it is more like 60 per cent of the State's gas needs for the next 20 years I think is closer to the mark of what we know with the current Santos gas project. Of course, going forward we will be looking at our domestic needs, and that is the key here. We rely heavily on gas out of the Strait and gas coming from elsewhere being piped into this State. A lot of it gets piped and exported out, we all know that. Here on the eastern seaboard, I think there is about 1,900 petajoules of gas produced out of the Strait et cetera, and two-thirds of it is exported. There is an argument that we need more gas locally to get the

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price down. Of course we are going to look at need, of course we are going to look at where the resource is, but the reality is it is very possible there are areas that may be under exploration that are not going to be appropriate from an environmental perspective or an economic perspective. But we are jumping the gun here. We will be going through the process and when I come back out in the next few months, we will know clearly where we think there is opportunity and how much gas you could produce. That is a big question.

Mr BARNES: Given that we are also doing work around the opportunity to create a special activation precinct at Narrabri itself, we will get a fairly clear understanding of what industries are there and their needs for cheap gas, who want to set up in locations close to where the wellheads are. As the Deputy Premier says, as all of this information comes to hand, we can make informed decisions about what the gas strategy might look like going forward.

Mr JUSTIN FIELD: Deputy Premier, continuing my previous line of questioning, under the Southern Regional Forest Agreement there is a requirement for New South Wales to make forest products available to timber and forest-based industries at volumes no greater than sustainable yields and that requires a review every five years or on an as-needed basis. Has a review been conducted since the fires?

Mr JOHN BARILARO: I will ask Mr Hansen to respond to that.

Mr HANSEN: As I was outlining before, there has been a sustainable yield review completed in the last six months of last year. That is now being finalised. Whilst not at the stage of public release at this stage, it has been guiding Forestry Corporation's supply discussions with customers as well as supply agreements and will be available soon.

Mr JUSTIN FIELD: What do you mean it has been completed but not finalised?

Mr BARNES: The work in completing the yield assessment for the next 100 years, that forward 100-year assessment, as I outlined before—this one has been done quicker and with the use of increased technologies to be able to try to see the impact of fire intensity on that, to try to map that in, because the frames—

Mr JUSTIN FIELD: Maybe if we could just go to the key point then, because Forestry Corporation has indicated they plan to go back in under the CIFOA. Eighty per cent of South Coast forests have burnt. I am trying to understand whether the sustainable yields in those forests have changed and how much have they changed to the extent that you can still log under CIFOA and be compliant with the RFA.

Mr JOHN BARILARO: They are augmented. They are not going back to the CIFOAs, which they are entitled to, but Forestry Corp do accept that you just cannot go back to business as usual, and that was the point I made earlier, that they are prepared to put in place—

Mr JUSTIN FIELD: Augmented by what?

Mr JOHN BARILARO: By a number of different measures in making sure that we—

Mr JUSTIN FIELD: None of which the EPA can hold you to. They are voluntary, correct?

Mr JOHN BARILARO: The EPA is the regulator. The EPA is not—

Mr JUSTIN FIELD: EPA have said they cannot hold you to these voluntary additional conditions.

Mr JOHN BARILARO: That is right. We would do that in the best interests. One of the things that people have to—

Mr JUSTIN FIELD: Can I get back to the key point, Deputy Premier?

Mr JOHN BARILARO: No, you made a point there, but Forestry Corp—

Mr JUSTIN FIELD: You actually jumped in and cut off the answer to my question. So if you want to take it in a different direction, if you think you need additional conditions, how is it that you are not going through this process with the Natural Resources Commission [NRC] at the moment to establish what the pathway back to CIFOA should be? Why are you undermining that review before it even starts?

Mr JOHN BARILARO: No, we are not, but the NRC work that is going to have to happen is going to allow us to, firstly, get back to the integrated forestry operations approvals. We already indicated that we are not going back to the full gambit of the IFOAs, that we are going to augment a number of other issues, understanding the impact of fires.

Mr JUSTIN FIELD: None of which the EPA as the regulator can hold you to.

Mr JOHN BARILARO: You have asked me a question about the NRC. The NRC work, when that is finalised in months ahead, will then influence Forestry Corp in its approach in how it manages getting back to the

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full conditions of the IFOA. But let us not kid ourselves: That work is actually more important for the future as well. But in the future we are going to have fires again, we will have a forestry industry that will be impacted, and the work that the NRC will do now will play an important role in how we manage the future. So there are two components to this but, in the meantime, what we are doing is going back to those forests under our legal framework but, understanding the impact of the fires, putting a whole range of measures in place.

Mr JUSTIN FIELD: Your legal framework includes the RFA. Eighty per cent of the forests have burnt. We have not seen the yield assessment—that is a requirement of the RFA—either to the Department of Primary Industries or to Forestry Corporation. Have you got legal advice as to whether or not Forestry Corporation's logging plans on the South Coast are compliant with the requirements under the RFA to only make forest products available at no greater than sustainable yields? Have you got legal advice on that, because the EPA have warned it would be against the law what you are proposing?

Mr HANSEN: If the EPA has evidence that there is a breach against the CIFOA I am sure that they will take action. That is their job.

Mr JUSTIN FIELD: No, no, the EPA have warned that if you log under the CIFOA without additional site-specific conditions, you would breach ecologically sustainable forest management conditions.

Mr HANSEN: I am happy for you to clarify that question with them when they are here on Tuesday or Monday next week.

Mr JUSTIN FIELD: They are the regulator; they have written to you.

Mr HANSEN: No, they have not written to us.

Mr JUSTIN FIELD: They have written to Forestry Corporation.

Mr HANSEN: But the framework for the IFOA means that if EPA believe that Forestry Corp's operations in going back in and operating under the IFOA was a breach of those conditions of the requirements that they have to be able to meet legally, then they would take action against Forestry Corporation.

Mr JUSTIN FIELD: So you are just goading them to basically issue a stop work order or take you to court. Is that where we are at now?

Mr HANSEN: No.

Mr JUSTIN FIELD: Eighty per cent of the forests burnt and you want to have a legal fight with the EPA over it instead of waiting the few months until the NRC reports.

Mr HANSEN: No. We have rules in place. Remember, the Government and the Executive of the day sets the policy. The EPA may not like the policy—

Mr JUSTIN FIELD: And then 80 per cent of the forest burnt—that is the point.

Mr JOHN BARILARO: The EPA is the sheriff on the beat, but they know—again, firstly, we have been able to work within those forests with site-specific arrangements. Now we are moving back to the IFOA and with a number of augmented measures to protect, because, again, with respect to Forestry Corp, they do not just go in there and pillage these forests, as you would like to pretend and claim—

Mr JUSTIN FIELD: I have been in the forest fairly recently. They got issued stop work orders because they were pillaging.

Mr JOHN BARILARO: And 0.1 per cent of the estate annually gets touched. Again, I am going to defend Forest Corp. In a sense that what we try to do, we do everything within the rules that are set by government and within the legislation and within the law.

Mr JUSTIN FIELD: When will the sustainable yields review be published?

Mr HANSEN: Very soon; there you go.

Mr JUSTIN FIELD: This month?

Mr HANSEN: Given the fact that I think that has four or five days to go—

Mr JUSTIN FIELD: Next month?

Mr HANSEN: Within a month you would expect it to be published, yes.

Mr JUSTIN FIELD: Okay.

CORRECTED

Mr HANSEN: And that is a report that we do under our obligations under the RFA with the Federal Government.

Mr JUSTIN FIELD: Which is the whole basis on which the CIFOA rules are established.

Mr HANSEN: Yes.

Mr JUSTIN FIELD: You actually have to meet those.

Mr HANSEN: Correct.

Mr JUSTIN FIELD: And the sustainable yields are the basis on which you can log. We do not know that publicly yet, but you are going in.

Mr JOHN BARILARO: We do not know it publicly, but Mr Hansen indicated earlier that some of the information has been used to inform Forest Corp.

Mr HANSEN: Yes.

Mr JUSTIN FIELD: Deputy Premier, this NRC review is happening. It is supposed to chart a pathway back to CIFOA—

Mr JOHN BARILARO: Great. It is supported by me.

Mr JUSTIN FIELD: Awesome. Why would anyone trust that you would abide by what it recommends, given you have not listened to what the regulator has warned you about and are going back into the forest under the CIFOA now?

Mr JOHN BARILARO: Because I have faith and confidence in what we do within Forest Corp and within our policy, and within the legal framework that has been set up. That is why.

Mr JUSTIN FIELD: So a law unto yourselves when it comes to forestry?

Mr JOHN BARILARO: No, not at all. The EPA is the regulator and, as to Mr Hansen's point, if it believes that we are in breach, it will take action.

Mr BARNES: I think the other thing—just to note—is that when the site-specific conditions were put in place, the EPA themselves made them only relevant for the first 12 months. For most of them, that 12-month period is over.

Ms CATE FAEHRMANN: Deputy Premier, I want to turn to the Dendrobium mine. You have said in a number of statements in the media and in public forums that you want to strike a balance when it comes to that mine. How do you intend, if you are looking at overturning the IPC's decision and you are wanting to potentially introduce legislation—this is what you have said publicly, how can you balance the fact that WaterNSW essentially does not want the project to go ahead because of the impact on the State's water or Sydney water catchments and potential water supply? Where is the balance there? How are you balancing the impact on water with what I think you are saying is the future of coal in the region?

Mr JOHN BARILARO: Firstly, the IPC made a decision on Dendrobium. They are an independent panel to do so—an unelected body. I am the Minister for resources in the State and my job is to advocate for the sector in a balanced way. There have been policy or documents already done in relation to mining in the catchment, which have indicated that you can mine, and we do mine within Sydney's water catchment. That has minimal impact in relation to water loss. You take that into account. We had a whole-of-government—we had the Department of Planning and its experts provide to the IPC that they were supportive of the extension at Dendrobium. The reality here is, yes, WaterNSW has its concerns and at this stage some of those concerns will have to be reinvestigated. It is now up to South32, the proponent, to put forward to the Government what it wants to do in the next steps. The Dendrobium mine is so important, not just to the 400 jobs that are connected to Dendrobium, but it is actually the 3,000 jobs at BlueScope and the probable \$10 billion hit to that local economy and the State economy. This has significant ramifications across the board.

Ms CATE FAEHRMANN: Could you just explain in terms of the 3,000 jobs at BlueScope Steel, are you suggesting that if this particular Dendrobium extension does not get approved or does not go ahead, 3,000 jobs at BlueScope Steel are at risk?

Mr JOHN BARILARO: Absolutely. Absolutely they could be at risk and it could be even worse than that because the reason BlueScope and BHP—

Ms CATE FAEHRMANN: So the IPC has found, and in fact evidence has been presented, that in fact 70 per cent of the potential coal mined from South32 gets exported.

CORRECTED

Mr JOHN BARILARO: No. I met with—

Ms CATE FAEHRMANN: Are you aware of that statistic that the majority of this coal does get exported to countries, largely in Asia?

Mr JOHN BARILARO: First and foremost I was down there with my colleagues from the Labor Party Ryan Park and Paul Scully in relation to a roundtable that included BlueScope. BlueScope is looking at further investments in a furnace. Does this decision impact on that further investment? Yes, it does. Does it mean a long-term impact on those jobs? Will they then have to rely on imports? That is all the economic reality. So there is a real threat to that economy. My point has always been that we want to see mining in parts of this State where we can do it. This was an extension to an existing mine. My view is that South32, the proponent, may have to do a little bit of work in relation to meeting some of the issues around WaterNSW. Again, I go back to this point: The Department of Planning, which I trust and which is the planning experts in this State—hundreds of years of shared expertise, in my view—put forward to the IPC that this project should get the green light.

Ms CATE FAEHRMANN: What about WaterNSW's objection compared to the Department of Planning? Is that balanced?

Mr JOHN BARILARO: Well, yes. The Department of Planning takes—

Ms CATE FAEHRMANN: Do you think that there are hundreds of years of expertise within WaterNSW as well to plan for a safe water supply for Sydney?

Mr JOHN BARILARO: Absolutely. The Department of Planning takes all that into account and under that assessment what it worked through was that you could put in place an extension. You could actually approve the extension and mitigate some of the impacts on the water catchment. WaterNSW has chosen to do what it has done and it is a stand I—

Ms CATE FAEHRMANN: With respect, Minister, I do not think that the Department of Planning put in anything that said that the impact on water supply could be mitigated.

Mr JOHN BARILARO: Again, as I said earlier, there is a document and a paper that talks about mining in the catchment, and it clearly showed that you can. My understanding is that the loss that you may incur from mining is less than the current leakages and other losses that you see currently. The truth here is that you can mine in catchments. We are doing it as we speak and the extension—the Department of Planning gave it the green light and the IPC has now rejected it. It is now up to South32 to put forward. But as the Minister for mining, the economic disaster that this will cause to the Illawarra and to jobs in the supply chain, including at BlueScope, is significant enough for me, as Deputy Premier and for me as the resource Minister, to talk publicly about what needs to happen. I have noticed that the Shooters have a bill in relation to—no I am sorry, Latham—

Ms CATE FAEHRMANN: Yes, sorry, you are now digressing. I have got limited time, Deputy Premier. In relation to your public statements on this—

Mr JOHN BARILARO: Very clear.

Ms CATE FAEHRMANN: You addressed the roundtable with BlueScope Steel where you said that the decision would have significant ramifications right across the Illawarra. You said:

The idea we can transition away from the coal industry, mining industry, steel industry, overnight is ridiculous.

Mr JOHN BARILARO: It is.

Ms CATE FAEHRMANN: This Dendrobium application is not about transitioning overnight, though. I think some of this is, if approved, coming into play in something like 2037. So rejecting Dendrobium will have nothing to do with and will have no impact on the steel industry for a very long time.

Mr JOHN BARILARO: That is so incorrect though.

Ms CATE FAEHRMANN: No, it is not. Your statement—

Mr JOHN BARILARO: No. BlueScope made it clear at that roundtable that while they are now investigating a significant—

Ms CATE FAEHRMANN: 2037 is when the seam is going to come into—

Mr JOHN BARILARO: —investment in their furnace. Those decisions actually have to be made today in relation to that. So if you now put doubt in their mind to invest in a furnace—which means that the current infrastructure or capital that you have got at BlueScope Steel will only last a certain period, regardless that the

CORRECTED

extension itself is taking a longer term—then you have really missed the point here. We give certainty to industries and supply chains based on decisions.

Ms CATE FAEHRMANN: You are scaring industry unnecessarily with facts that are not correct.

Mr JOHN BARILARO: No, this is again coking coal. This is coking coal. Again, it is a big part of the lessons learned. We want to produce more manufacturing. I got asked questions earlier about moving to metal frames if we run out of radiata pine for studs. Well, guess what? This is all part of that whole supply chain.

The CHAIR: Thank you Deputy Premier. Time flies when you are having fun. You have taken several questions on notice, so the Committee Secretariat will be in touch with those. Once again, thank you for your time.

(The Minister withdrew.)

(Luncheon adjournment)

The CHAIR: Welcome back to the afternoon session of budget estimates 2021 initial hearings for the Deputy Premier, and Minister for Regional New South Wales, Industry and Trade. We will now go straight to questions from the Opposition.

The Hon. MICK VEITCH: Thank you very much, Chair. I want to go to the Forestry Corporation and the annual report, if I could.

Mr CHAUDHARY: Sure.

The Hon. MICK VEITCH: I have a series of questions. Given that the privatisation of softwood assets is no longer proceeding, as we understand it from the statements from the Premier, do you reckon the State-owned corporation is the best corporate structure to achieve the Forestry Corporation's longer term objectives?

Mr CHAUDHARY: I think it may be more of a question for government policy. We are a State-owned corporation and I can tell you a little bit about the finances there, Mr Veitch. Perhaps I will start with that and the Secretary might want to add to it.

The Hon. MICK VEITCH: I guess what I am looking at here is, when you give consideration to the bushfires and their impact on particularly the softwood plantations but also the hardwood, is the current structure the right one to deliver the longer term requirements and objectives of the Forestry Corporation?

Mr CHAUDHARY: One of the things that I would say there is that we have to look at the business from a long-term perspective. It is a long-term business. Yes, we have taken quite a bit of an impact from the fires. It will incur a lot of expenditure, particularly for restocking and replanting the estate and repairing the damaged infrastructure and road network. That will occur over the next seven to 10 years. After that we will have the ability to again produce positive results and return a profit back to the State. I think the whole corporate structure does bring with it a level of discipline and financial management. That is my view, anyway. I do not know if the Secretary would like to add to that.

Mr BARNES: Mr Veitch, this time last year Government had engaged in a scoping study to look at both the hardwood and softwood industries, and the most appropriate vehicles for delivering what the State needed. You are quite right that privatisation was taken off the table—not that it was ever on the table as it was just a scoping study. Things like the bushfires, the devastation of the softwoods industry—where we lost over a quarter of our softwoods—and the massive impact that the fires have had on the capacity of the Forestry Corporation to deliver supply agreements obviously cause the policy people who sit in Scott Hansen's area to look at this from a long-term strategy and policy perspective. I would be happy for Scott to make any observations.

The Hon. MICK VEITCH: I think I will come back to that.

The Hon. DANIEL MOOKHEY: Greetings to you, Mr Secretary and Mr Director General, and to the other officials as well. It is good to see you again. Mr Secretary, I want to direct some questions through you to the Commissioner if that is possible.

Mr BARNES: Absolutely no problem at all.

The Hon. DANIEL MOOKHEY: Thank you. Commissioner, did you recommend to the Minister for Transport and Roads that he introduce a clearance zone around all State-managed highways by ensuring trees within 40 metres of either side are removed?

Commissioner FITZSIMMONS: No, I did not.

The Hon. DANIEL MOOKHEY: When did you first learn that policy was in place?

CORRECTED

Commissioner FITZSIMMONS: I am not aware that there is a policy in place.

The Hon. DANIEL MOOKHEY: Okay, thank you. Can I please table this for the Commissioner through you, Mr Secretary?

Mr BARNES: Yes.

The Hon. DANIEL MOOKHEY: I will table the same documents for the Committee, the Secretary and others if they would like a copy. Sitting here right now, Commissioner, are you not aware that this policy applies?

Commissioner FITZSIMMONS: What policy are you referring to? You said a 40-metre policy, did you not?

The Hon. DANIEL MOOKHEY: Yes, I did. A policy of establishing clearance zones around all State-managed highways by removing all trees within 40 metres of either side. Do you have document "A" in front of you?

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: If you read the first paragraph, that sets out the policy.

Commissioner FITZSIMMONS: No, I do not think it sets out a policy, with respect. What it is saying is:

In light of the recent catastrophic fires in NSW, I am writing to instruct you in your role as Secretary for Transport for NSW to establish a 'clearance zone' around all state managed highways, by ensuring trees within 40 metres either side cannot obstruct vital road access.

The Hon. DANIEL MOOKHEY: Sure, fair enough.

Commissioner FITZSIMMONS: It does not say anywhere that it is a policy.

The Hon. DANIEL MOOKHEY: But you accept that this is a ministerial direction issued to the Secretary of Transport for NSW. To be fair to the Minister for Transport and Roads, that is what he said it was yesterday.

Commissioner FITZSIMMONS: With respect, I have not spoken to the Minister about this letter specifically. It is not a letter from the Minister to myself; it is a letter from the Minister to the Secretary.

The Hon. DANIEL MOOKHEY: Have you seen this letter before?

Commissioner FITZSIMMONS: I do not recall seeing the letter.

The Hon. CATHERINE CUSACK: Point of order: This is not material that is within his portfolio responsibilities.

The Hon. DANIEL MOOKHEY: On indulgence to that point of order—

The Hon. CATHERINE CUSACK: Excuse me, may I complete my point of order before you indulge or whatever it is you plan to do?

The Hon. DANIEL MOOKHEY: Sorry, Catherine. Sure.

The Hon. CATHERINE CUSACK: This is not a matter that the Commissioner is in a position to give a responses for, nor is it appropriate. I also add that he is responsible for administrative matters and that policy questions need to be directed to Ministers, as was done yesterday when the Minister actually responsible was here. I ask the Chair to draw him back to the portfolio limitations on which questions may be asked.

The Hon. DANIEL MOOKHEY: To the point of order: It will become pretty clear in about 30 seconds that it is a matter that is relevant to Resilience NSW.

The CHAIR: You have 30 seconds to make it relevant.

The Hon. DANIEL MOOKHEY: Thank you. Just to confirm, you had not seen this letter before?

Commissioner FITZSIMMONS: I do not recall seeing the Minister's letter to the Secretary.

The Hon. DANIEL MOOKHEY: Sure. Can you turn to document "B", please?

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: This is the response that Mr Staples sent back to Mr Constance. Do you see the paragraph that is highlighted?

CORRECTED

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: It reads:

TfNSW has developed a three point plan that is consistent with the approach established by Resilience NSW and based on an understanding of the risks to the transport network.

Did Transport for NSW consult Resilience NSW in formulating this plan?

Commissioner FITZSIMMONS: Sorry, you keep saying "this plan". I think you need to be a little bit more specific. I can read the correspondence, so I can read the paragraphs.

The Hon. DANIEL MOOKHEY: I will be very specific: "TfNSW has developed a three point plan that is consistent with the approach established by Resilience NSW". If you read down—

The Hon. CATHERINE CUSACK: Point of order: This is a matter for Transport for NSW to answer. In relation to plans or policies or whatever language he is using, he is trying to use to get around the problem of asking policy questions of bureaucrats. This is not the correct forum for those questions to be put and he has not established that link whatsoever.

The Hon. DANIEL MOOKHEY: To the point of order: I am asking whether or not Resilience NSW—

The Hon. CATHERINE CUSACK: I also note that I do not have the material in front of me.

The CHAIR: I believe it is being photocopied.

The Hon. DANIEL MOOKHEY: To the point of order: My time is limited.

The Hon. CATHERINE CUSACK: I also say, as a courtesy to members of this Committee, that is inappropriate as well.

The Hon. DANIEL MOOKHEY: To the point of order: It is entirely consistent for me to be able to ask the head of Resilience NSW whether it has been consulted about the development of what Transport for NSW has described as a plan, especially when they say it is consistent with the approach established by Resilience NSW.

The CHAIR: Let me rule on the point of order. I ask the secretariat to photocopy those documents for all members. I did give you the leeway of the 30 seconds. I believe you have tied it in to Resilience NSW's response. I think you are clear in what you say in terms of wanting to ascertain what consultation another department has had with Resilience NSW. As long as it follows that line, I am happy with the questioning so far.

The Hon. DANIEL MOOKHEY: Thank you, Chair. Commissioner, you did ask what the plan was? You will see that it is described below:

1. Plan for a resilient network ...
2. Invest in resilience improving maintenance and capital projects ...
3. Improved operational capacity ...

Have you seen this letter before, by any chance?

Commissioner FITZSIMMONS: No, I have not.

The Hon. DANIEL MOOKHEY: Were you or was anyone in your agency, to the best of your knowledge, consulted by Transport for NSW in developing its three-point plan?

Commissioner FITZSIMMONS: Let me answer the question this way: I am aware that Transport for NSW spoke with Resilience NSW concerning the matter of clearing roadside vegetation. And yes, as is the case with lots of clearing, absolutes like 40 metres were described as impractical in a lot of areas. It is about a risk-based approach. We were consulted and talked about the risk-based approach to corridor management.

The Hon. DANIEL MOOKHEY: Do you recall when that took place?

Commissioner FITZSIMMONS: It would have been some time last year, I suspect the tail end of last year; the latter half of last year.

The Hon. DANIEL MOOKHEY: The latter half of last year.

Commissioner FITZSIMMONS: What date is on that?

The Hon. DANIEL MOOKHEY: If you turn over the page.

Commissioner FITZSIMMONS: I do not have it any more. They have taken it from me.

CORRECTED

The CHAIR: Sorry.

The Hon. CATHERINE CUSACK: None of us have it.

The Hon. DANIEL MOOKHEY: I provided a copy for the secretariat and I provided a copy for the witness.

The Hon. CATHERINE CUSACK: Yes, but you see the problem is, the Hon. Daniel Mookhey, that there are other members of the committee here; it is not just you.

The Hon. DANIEL MOOKHEY: Just take mine. There is not much.

The Hon. CATHERINE CUSACK: There is the Chair, the secretariat and Hansard. There are other people in the room, not just you.

The CHAIR: Thank you, Ms Cusack. We are getting the issue resolved.

The Hon. DANIEL MOOKHEY: It is dated 31 July, which is the date the bushfire royal commission was issued and that was the date of the letter, which was a reply. So when you said that you were consulted, to the best of your recollection was Resilience NSW consulted prior to 31 July?

Commissioner FITZSIMMONS: I am happy to take that on notice. I was of the view that we were consulted sometime last year. I do not know the specific time. I am happy to find out.

The Hon. DANIEL MOOKHEY: That would be really helpful, Commissioner. Has Resilience NSW ever recommended to anyone that every tree within 40 metres of either side of the major State highway be removed?

Commissioner FITZSIMMONS: No.

The Hon. DANIEL MOOKHEY: Is this a policy that is necessary?

The Hon. CATHERINE CUSACK: Point of order: This is a question that is correctly addressed to the Transport portfolio, as was established, and that is the reason why this issue was being explored as a policy matter for Transport in a previous estimates hearing. He is now asking questions relating to a different portfolio.

The Hon. DANIEL MOOKHEY: To the point of order: I think it is fine for me to ask the expert advice of the head of Resilience NSW as to whether this practice is required.

The Hon. CATHERINE CUSACK: He is not your consultant. The responsible Minister and portfolio is Transport and you well know it. This is just a cute trick by you to try and—

The Hon. DANIEL MOOKHEY: To the point of order: I have just asked whether the agency has ever provided this advice and does the agency consider this policy is needed. It is well within the bounds of budget estimates.

The Hon. CATHERINE CUSACK: It is not appropriate to ask him for his thoughts on a policy for Transport.

The CHAIR: The witness is quite able to address that. If he does not think that he is in the position to offer that opinion, that is up to him. I will allow it so far.

The Hon. DANIEL MOOKHEY: Is this a practice that is required, Commissioner?

Commissioner FITZSIMMONS: Can you ask your question again? I am a little bit lost on where you are trying to go here.

The Hon. DANIEL MOOKHEY: I will say this as clearly as I can.

The Hon. CATHERINE CUSACK: I think he would like you to come out and attack the Minister.

The Hon. DANIEL MOOKHEY: Is it necessary to remove every tree within 40 metres of either side of State-controlled highways?

Commissioner FITZSIMMONS: That is all premised on what the intent of that clearing would be. I cannot be absolute in my answer of yes or no there.

The Hon. DANIEL MOOKHEY: Do you mind taking that on notice, if possible, and providing some advice, if you can?

CORRECTED

Commissioner FITZSIMMONS: I do not know that I would be providing you with any more advice. Your question was: Is it required to clear 40 metres on either side of a highway? My answer is: It would be circumstantial, depending on what was trying to be achieved as a result of that clearing.

The Hon. DANIEL MOOKHEY: Just to be clear, Resilience NSW has never recommended that that action be taken?

Commissioner FITZSIMMONS: I am not aware of that, no, not at all.

The Hon. DANIEL MOOKHEY: Can I ask you some other questions about how Resilience NSW functions? You were constituted by way of an administrative order, is that correct?

Commissioner FITZSIMMONS: Yes, like all other government departments.

The Hon. DANIEL MOOKHEY: You effectively assumed the functions of the Office of Emergency Management—that is correct?

Commissioner FITZSIMMONS: We incorporated the resources and personnel and functions of the Office of Emergency Management.

The Hon. DANIEL MOOKHEY: Do you, by any chance, happen to have your administrative orders with you?

Commissioner FITZSIMMONS: No, I do not.

The Hon. DANIEL MOOKHEY: I think I may have a copy in the folder. I am not sure that you can have mine. I will just ask you a question and I will give it to you just in case. The administrative orders say, "The Ministers to whom you are responsible for is the Premier; the Deputy Premier, the Minister for Regional New South Wales, Industry and Trade; and the Minister for Police and Emergency Services." That is your understanding as well, isn't it?

Commissioner FITZSIMMONS: Correct.

The Hon. DANIEL MOOKHEY: How often do you meet with the Premier?

Commissioner FITZSIMMONS: I meet with her periodically. Depending on the different forums, weekly or thereabouts.

The Hon. DANIEL MOOKHEY: Weekly. Do you seek those meetings?

Commissioner FITZSIMMONS: It is not always weekly, no.

The Hon. DANIEL MOOKHEY: But generally weekly is the practice.

Commissioner FITZSIMMONS: It could be weekly, yes. It is periodically.

The Hon. DANIEL MOOKHEY: Are those meetings that you seek or that the Premier seeks?

Commissioner FITZSIMMONS: They are just organised. It is not like I am seeking them on a regular basis.

The Hon. DANIEL MOOKHEY: Since you have been constituted on 1 April 2020, you have had numerous meetings with the Premier. Is that a fair and accurate statement?

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: How many have you had with the Deputy Premier?

Commissioner FITZSIMMONS: Again, the Deputy Premier is often in the same meetings. They are pretty regular. Periodically we catch up, yes, absolutely.

The Hon. DANIEL MOOKHEY: Have you had separate meetings with the Deputy Premier that you have not had with the Premier?

Commissioner FITZSIMMONS: Not specifically one-on-one meetings, no.

The Hon. DANIEL MOOKHEY: Why is that?

Commissioner FITZSIMMONS: I do not know.

The Hon. DANIEL MOOKHEY: How do you interpret your relationship with the Deputy Premier? What exactly are you required to report to him?

CORRECTED

Commissioner FITZSIMMONS: Effectively to provide the remit there, we report to the three individuals you have described. The Premier relates to the establishment of Resilience NSW—its principle carriage. The Deputy Premier has responsibility for leading the bushfire recovery effort. As the bushfire agency for New South Wales and particularly the role around recovery, we work very closely with Regional NSW, the Deputy Premier's office and the Deputy Premier. Then also we look after emergency management policy coordination, so we have Minister Elliott, the Minister for Police and Emergency Services, who we report to as well.

The Hon. DANIEL MOOKHEY: That is very helpful context, Commissioner. I really appreciate that. How many one-on-one meetings have you had with the Minister for Police and Emergency Services?

Commissioner FITZSIMMONS: I could not tell you off the top of my head. Again, they are regular and periodic.

The Hon. DANIEL MOOKHEY: So you have regular and periodic meetings with the Premier, you have regular and periodic meetings with the Minister for Police and Emergency Services—and just to be abundantly clear, that is appropriate—but we do not seem to have regular and frequent meetings with the Deputy Premier.

Commissioner FITZSIMMONS: No, that is actually not what I said. As a matter of fact, I think you sought to distinguish between the regular catch-ups and meetings with the Deputy Premier and how many of those might be one on one.

The Hon. DANIEL MOOKHEY: That is very fair from you, Commissioner.

Commissioner FITZSIMMONS: What I said was that there are not many one on ones but I catch up with the Deputy Premier periodically, yes.

The Hon. DANIEL MOOKHEY: I am just struggling to reconcile, therefore, that given the Deputy Premier's responsibility for bushfire recovery and given Resilience NSW's responsibility to lead bushfire recovery and further resilience to bushfires, how it is possible that you do not have those meetings with the Deputy Premier on a one-on-one basis or on a regular basis.

Commissioner FITZSIMMONS: How do you define a "meeting"?

The Hon. DANIEL MOOKHEY: I will leave that to you, Commissioner.

Commissioner FITZSIMMONS: I do not know if we are talking semantics here but there is regular contact with the Deputy, there is regular contact with the Deputy's office. I do not think a day would go by where my senior people are not in contact with the Deputy Premier's office and the Department of Regional NSW. It is a living, ongoing relationship with those three ministerial portfolios.

The Hon. DANIEL MOOKHEY: I appreciate that, Commissioner. Commissioner, I am just going to read from your annual report. It says:

The former Office of Emergency Management and Disaster Recovery Office functions transferred in their entirety from the Department of Communities and Justice (DCJ). To ensure business continuity from day one, DCJ agreed to provide all corporate services to Resilience NSW in accordance with a Memorandum of Understanding (MoU).

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: When was that MOU entered into? Was that when you established?

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: Can you by any chance table that MOU?

Commissioner FITZSIMMONS: I do not have it here but I would be able to get that.

The Hon. DANIEL MOOKHEY: If you do not mind, that would be great. Is that a continuing MOU? When does it expire?

Commissioner FITZSIMMONS: It had a period of effect but it is the subject of review for extension now.

The Hon. DANIEL MOOKHEY: Now?

Commissioner FITZSIMMONS: We are going through the process now, yes.

The Hon. DANIEL MOOKHEY: Is that with a purpose towards terminating the MOU?

CORRECTED

Commissioner FITZSIMMONS: No, not at all. As a matter of fact it is actually about extending it. We are looking at, as part of a whole-of-government strategy, onboarding to what is going to be the new whole-of-government shared services platform. We are going to be one of the early adopters or lead agencies for migration onto that platform. We are looking at extending our MOU with Justice around corporate services to be extended to cover that period of time while we transition to the new platform, where the goal is to ensure that broader government organisations are going onto a more modern and efficient whole-of-government shared services system.

The Hon. DANIEL MOOKHEY: That is helpful context but what I wanted to understand was, given that your administrative orders say in clause 4, "Resilience NSW is established as a public service executive agency related to the Department of Premier and Cabinet", which means you are in that cluster—

Commissioner FITZSIMMONS: Yes.

The Hon. DANIEL MOOKHEY: —why is your corporate services going to continue to be provided by the Department of Communities and Justice as opposed to transferring to the Department of Premier and Cabinet? Because, as far as I can tell, as far as Premier and Cabinet agencies go, I think the arrangement that you just outlined is unique.

Commissioner FITZSIMMONS: I cannot speak for the other agencies or elements of the DPC cluster but what I would say is that for the sake of ease, consistency and seamless transition, given that our teams were largely extracted out of DCJ, which had the primary remit for providing all the corporate services systems and functions and our software platforms, our email structures—everything was already tied up and embedded in the DCJ network—it was expeditious and it was cost effective to retain that arrangement with DCJ, particularly in the knowledge that going forward we would be looking at being one of the early adopters across government and DPC for coming onto a new, advanced shared services system.

To me, it would seem a little folly to do a significant change program onto a different shared services arrangement and platform with another entity, knowing that we were seeking to transition to another one. Keeping and retaining the MOU, maintaining as much continuity—remembering that this change came about as we were leading the largest ever recovery effort the State has seen in our history. Unnecessary disruption was a bit of a focus in that regard.

Mr BARNES: Just to back the commissioner up, those sorts of arrangements that happen when there are machinery of government are quite normal.

The Hon. DANIEL MOOKHEY: Thank you.

The CHAIR: Thank you. Ms Hurst?

The Hon. EMMA HURST: I have a few questions for Mr Chaudhary. On 3 February 2021 Forestry Corporation released a statement that a koala had been found unwell in a timber harvesting operation on the North Coast and that the koala was taken to a rescue group but had to be subsequently euthanised. Do you know which rescue group the koala was taken to?

Mr CHAUDHARY: Yes. I believe it was the Port Macquarie Koala Hospital.

The Hon. EMMA HURST: Is there a protocol to reach out to local koala groups when these circumstances arise?

Mr CHAUDHARY: Look, when we do find a koala in the forest that is injured, it does trigger off a protocol. Immediately we have the koala taken to a care group that provides it with urgent medical attention. We also report it to the regulator. They carry out their investigation and we carry out our investigation. If there are any lessons to be learned about that then we adapt that into our management practices.

The Hon. EMMA HURST: Is there anything in the protocol if there is not a rescue group that is nearby or able to pick up the koala?

Mr CHAUDHARY: I am not sure about that, but I can check that for you.

The Hon. EMMA HURST: Yes, if you would not mind taking it on notice.

Mr CHAUDHARY: Sure.

The Hon. EMMA HURST: You note as well in the research that the autopsy indicated that the koala had sustained various injuries. In these circumstances, do you believe that the injuries were actually caused by Forestry Corporation?

CORRECTED

Mr CHAUDHARY: Look, that particular koala, as I understand, had a couple of things going. It did suffer injuries. It also had advanced chlamydia and it was blind. It had to be—unfortunately—euthanised, so it cannot be conclusive that it was due to Forestry operations.

The Hon. EMMA HURST: On your website, as well, there were two similar incidences that took place in May 2020, where two koalas were found injured on separate sites. Are you concerned that there is any kind of pattern with what is happening with koalas in the area?

Mr CHAUDHARY: I think if you look at the last 10 years, there have been very few koalas that have been found injured in our forests. Yes, there were two that were last year, so that was quite unusual to find two koalas injured in one year. One was in a plantation forest and one was in native forest. One of the koalas was released back into the habitat, so it was okay. Look, we take our operations very seriously when it comes to koala management. We undertake a whole series of surveys and make sure that we protect koala habitat as we find it. I do not think there is any particular pattern forming there.

The Hon. EMMA HURST: And what steps are being taken to ensure that the incidents do not happen again?

Mr CHAUDHARY: Look, we operate within our regulation, the rule set which is known as the Coastal IFOA. That carries with it numerous prescriptions around threatened species habitat, so koalas are included in the native flora and fauna. We have ecologists in the field who carry out research and use techniques to identify koala habitat. As we find the koala habitat, we mark that in our mapping systems and we provide adequate protection. In fact, over the last two years, we have set aside 20,000 koala feed trees. So it is part of our management process. As the science develops, we adapt those practices in our normal operations.

The Hon. EMMA HURST: And does the Forestry Corporation provide any compensation to the rescue groups that are taking in the animals?

Mr CHAUDHARY: Look, we work very closely with the rescue groups, in particular the Port Macquarie Koala Hospital. In fact, most recently we have partnered with them to open up a koala breeding program at one of our State forests, in the Cowarra State Forest precinct. That is a great opportunity for koalas but also for the local community, as it is going to lead to additional economic activity for the Port Macquarie local community as well.

The Hon. EMMA HURST: So you provide financial support to them if you bring an injured koala to them as well?

Mr CHAUDHARY: Look, I am not sure exactly if it is financial support. Post the bushfires, we did provide a number of supports, including watering stations and so forth, for the koalas. We worked closely with the care groups and trained them in how to navigate the forest and look for koalas. But the specific one that I was referring to was where we have provided them with the land to operate within for the koala breeding program.

The Hon. EMMA HURST: In October last year the Environmental Protection Agency actually commenced five prosecutions against the Forestry Corporation for breaching koala exclusion zones in Wild Cattle Creek State Forest. Have these proceedings been resolved or are they ongoing?

Mr CHAUDHARY: Look, they are ongoing. They are on foot. Unfortunately I cannot talk much about it. The only thing I will say there is that it was in relation to some trees that were felled in a high-use koala zone. No koalas were harmed in the actual event and that was an event that took place two years ago. I think it was 2018.

The Hon. EMMA HURST: How many prosecutions have been commenced by the EPA against Forestry Corporation over the past five years?

Mr CHAUDHARY: Over the past five years; I will have to get back to you. The one that you have just referred to is the one that I am aware of that is on foot, but I will have to take that on notice, in terms of which—

The Hon. EMMA HURST: You are not aware of any other ones that are on foot?

Mr CHAUDHARY: That have commenced, no. There are always investigations going on as part of the regulator, but there are no prosecutions apart from the one that we just talked about.

The Hon. EMMA HURST: What about fines? Can you confirm how many fines have actually been issued?

Mr CHAUDHARY: In which period are you referring to?

The Hon. EMMA HURST: In the five years, sorry.

CORRECTED

Mr CHAUDHARY: I will have to take that on notice.

The Hon. EMMA HURST: If you could take that on notice, that would be fantastic.

Mr CHAUDHARY: Yes. This is disclosed in our annual report as well as in our sustainability report, but I am happy to provide that information.

The Hon. EMMA HURST: What is the date of the latest report of those statistics?

Mr CHAUDHARY: That would have been at 30 June 2020.

The Hon. EMMA HURST: Okay, great. Thank you.

The CHAIR: Mr Field?

Mr JUSTIN FIELD: Thank you, Chair. Mr Hansen, I would like to come back, if I could, to questions about the RFA and, in particular, the requirement to do the sustainable yield review. Can you just confirm that the sustainable yield review that has been undertaken but not yet been made public was initiated as a result of the fires? It is not a regular review?

Mr HANSEN: No. In fact, my understanding is that this is actually ahead of the scheduled timing for the yield reviews that are part of the RFA. It has been brought forward in time because of that trigger of the significant event of the fires.

Mr JUSTIN FIELD: Okay. You said "your understanding", so it is not a DPI document? Is DPI doing it or is Forestry Corporation doing it? I am sure there is sharing of information, but who is responsible for completing it?

Mr HANSEN: The information that gets fed into FRAMES, the Forestry Resource and Management Evaluation System, which is the system approved under the RFA for the sustainable yield assessment, that data primarily comes from Forestry Corporation. They are both foresters on the ground plus, as I said, this time the impact assessment from the fire scar mapping and the remote sensing assessment work that they have done. That is packaged up. We do a review of that data. We have a look as to the assessments that they are making there, and then that assessment gets discussed and lodged with the Commonwealth as part of our obligations in dealing with them under the RFA.

Mr JUSTIN FIELD: Sure. It was triggered as a result of the fires then, effectively. You brought forward a review but the fires were the trigger. Who made the decision that the fires were a trigger and when was that made?

Mr HANSEN: I would have to take that on notice, unless Anshul has that.

Mr CHAUDHARY: Well, it was quite obvious that a significant part of the estate had been impacted by the fires. Unlike softwood, where the timber is not resilient so the trees are not resilient—when the fire goes through it, the softwood pine trees die. In hardwood, the eucalypt species are more resilient to fires, obviously depending on fire severity. Given the catastrophic fire event, we took it upon ourselves to undertake a review of what that sustainable yield would look like over the next 100 years.

Mr JUSTIN FIELD: So Forestry Corporation initiated that review. The Commonwealth did not come to you and say, "Hey, you need to do an assessment of sustainable yield," off the back of it?

Mr HANSEN: No, that is right. And, as I said, I am not sure of the date that that was. We will have to take that on notice.

Mr JUSTIN FIELD: If you could confirm that on notice, that would be great.

Mr HANSEN: Yes.

Mr JUSTIN FIELD: Could you also confirm that that sustainable yield assessment has been done for each of the RFA regions?

Mr HANSEN: Yes.

Mr JUSTIN FIELD: It has been. I understand the review has been completed, but not yet been made public, but could I just push you on a couple of key elements? Obviously, the sustainable yield figure will be in there. I think in the last review, 2018, that is on the front page; it is the key question. Could you give me an indication about what the high-quality sustainable yield figure now looks like for the South Coast, for example, one of the worst-affected areas?

CORRECTED

Mr HANSEN: I would not be able to do that until we have actually got that report being able to be made available to the commercial operators who also, if we need them to, utilise that. At this point in time it has not been approved for me to be able to release that.

Mr JUSTIN FIELD: Okay. Can you give us a sense of it? I mean, 80 per cent of the forests were impacted. I recognise they are more resilient, but this really goes to the nub of the issue here. How is it that you are issuing an ultimatum to the EPA, essentially, that you think you can go back in under the pre-fire CIFOA? Some 80 per cent of the forest has burnt. You have done a sustainable yield assessment, which is not yet public knowledge. I am just trying to work out on what basis you think you can make a decision that any logging that you conduct at the moment will be compliant with your obligations under the RFA to only harvest timber at a sustainable yield level.

Mr CHAUDHARY: Can I just clarify that? The decision to recommence operations in the South Coast and Eden is nowhere near business as usual or the pre-fire levels that you are suggesting. This is only at those levels that are allowing some timber to flow through to those mills to keep those jobs supported. As I mentioned earlier, we are going to put in the additional measures that we are talking about, which are drawn from the site-specific conditions. The difference is that they are going to be workable on the ground. When you pull together the different site-specific conditions, sometimes we are finding that they are not—

Mr JUSTIN FIELD: The difference is that the regulator cannot enforce them.

Mr CHAUDHARY: But it does still lead to better environmental outcomes. The way we are treating it is that it will be fully in our planning process. In our plans we will hold ourselves accountable to it. We will be transparent about those conditions, and they will be—

Mr JUSTIN FIELD: With respect, Mr Chaudhary, you were issued stop-work orders by the EPA last year for not meeting those conditions. The idea that you now have voluntary ones that you say will deliver on that and that you will meet them does not pass the pub test at all.

Mr CHAUDHARY: If I can just answer that question: The additional conditions that we are talking about, we would publish our performance against those, so we would be completely transparent on how we are performing against them. You referred to the stop-work orders. We take our compliance very seriously, and we operate, Mr Field, in hundreds of forests all throughout the year, and the majority of them are fully compliant. Whenever there is a breach, it is very disappointing because our forestry industry relies upon the forest and it is in our best interests to comply with the law because we depend on the forest as well. But whenever there is a breach, we carry out our investigations. We expect the regulator to penalise us if it is our fault, and we learn from those mistakes if they are there.

Mr JUSTIN FIELD: You said that it will not be business as usual. Effectively, I think you mean that there will be less timber coming out of the forest as a result of going back in under the CIFOA with these new voluntary conditions. What percentage reduction in resource harvesting will there be compared to business as usual?

Mr CHAUDHARY: Look, we are still working through a lot of that at the moment to understand which compartments we are able to go into. It was clear in the new year that the site-specific conditions that were being negotiated with the EPA—the time frames were not going to be met. We were not going to be able to deliver anything to those mills. We have not been supplying anything for the past five months to the South Coast and Eden, and those jobs are at high risk. It is part of our ecologically sustainable forest management principles to balance out environmental, social and economic outcomes. So that is what we are really trying to do.

Mr JUSTIN FIELD: We will test that assumption in the next round. Thank you, Mr Chaudhary.

The CHAIR: This question may be to Mr Hansen or to Mr Chaudhary. This morning the Premier gave a figure—I think it was 0.1 per cent that we harvest or 1 per cent that we harvest?

Mr HANSEN: The Deputy Premier?

The CHAIR: Sorry, yes, the Deputy Premier. How much do we actually have at any time that is able to be harvested across our allotments? Obviously, it would be more than 0.1 per cent. There would be a bit of fat in the system.

Mr BARNES: I think the Deputy Premier, when he was talking about 0.1, was talking about all of the hardwood that is available right across New South Wales. If you are looking at the estate—Mr Chaudhary could give you an idea about that—my understanding is that in a very, very productive year, it is as little as 30,000 hectares that is harvested.

CORRECTED

Mr CHAUDHARY: Yes, that is right. Just to put that into context, there are about 22 million hectares of forested land in the State and State forest makes up about 2 million hectares of that. Of the 2 million hectares, half of that is protected because of environmental values. Of the other million hectares, we operate in around about 1 per cent in any given year, and we do not go into new areas of the forest either. We come back to the same forest over the decades because the forest naturally regenerates. It is a relatively small footprint of the entire—so that is the 0.1 per cent that the Deputy Premier referred to.

The CHAIR: Mr Hansen, you look like you were going to add something there.

Mr HANSEN: Yes. We have spent that much time in each other's company, Chair, you obviously read the body language of when I am itching to get into the conversation.

The Hon. MICK VEITCH: You are going to see a lot more of each other over the next couple of weeks too.

Mr HANSEN: I am looking forward to every moment of it. The one step in between those two numbers—there is the 22 million hectares of native forest in New South Wales, of which only 7.5 million hectares is actually in the Crown's hands. The rest is actually in private ownership across the State, and that is important to pick up on. Of the 7.5 million hectares that is in the Crown's hands, 75 per cent of that is actually in nature conservation reserves or in national parks, and so dealt with by the NSW National Parks and Wildlife Service. The two million, or the 25 per cent remaining, is then where Mr Chaudhary's figures come into effect. So it is the fact that in a very good year they may have access to up to 30,000 hectares, which is 3 per cent of the harvestable forest that Forest Corp has within its control or 0.1 per cent of the actual native forest habitat in the State. That is where you get that number.

It is important for two reasons, just to keep that in perspective. Firstly, when we talk about regional forestry agreements, those forestry agreements are actually not just on that one million hectares, it is actually on all of not only the State-owned forestry estate, but also private forestry estate. So the IFOA, the Integrated Forestry Operations Approval, that we have been talking a lot about here is one of the tools for giving effect to that, as is the tool of the PNF code, which will be subject, I am sure, to discussions on Wednesday next week, for private forestry, but then also the operations of the NSW National Parks and Wildlife Service in their 7.5 million or the 6.6 million hectares that they look after. So there is a whole lot of different vehicles that look after that native forestry estate in New South Wales, and a whole lot of those—three of those—are broken up into those sorts of proportions, and what we are talking about here is how effectively and how well Forestry Corporation does its job on that 0.1 per cent of the State's native forestry.

The CHAIR: Just looking at some of the softwood plantations in the Central West and noting, Mr Chaudhary, your comments about the South Coast, obviously you had some fairly serious damage done to Bargo and Greenhill. At the end of last year and into this year I have personally noticed a hive of activity in some of those Central West forests, like Gurnang, Vulcan and Mt David. Were those operations pushed forward because of the devastation in those forests down on the South Coast or were they always going to be occurring at that time?

Mr CHAUDHARY: Mr Chair, the forests that I think you are referring to, which is now what we call the northern softwood plantations, but it covers Bathurst, Macquarie, Oberon, those sorts of areas—

The CHAIR: Yes.

Mr CHAUDHARY: They were not affected by the fires significantly anyway, and so those operations would be just a normal part of business.

The CHAIR: Okay, so they were not, I guess, brought forward to compensate for the fact that you lost on the South Coast?

Mr CHAUDHARY: No, because on the South Coast or Tumut, Tumbarumba is where most of the impact was and also a bit in Bombala. But in the Tumut and Tumbarumba regions the trees need to be salvaged. There is about a 12-month window before those trees start to go bad, so we are salvaging those and we are towards the end of that window now. But that is where the timber is coming from; it is all in that region.

Mr BARNES: We have taken—and again, this goes to the transport subsidies that we provided to move timber around. When it became obvious that softwood, for example, in the northern part of the State would no longer find a home to an overseas market, we made sure that the mills that were in the Snowy Valleys and also at Oberon had access to that timber so that they could keep their ships going and keep their wood supply in place. So there were a number of deliberate decisions that Forestry Corp made in concert with consultation with the Softwoods Working Group and other key players in that space.

CORRECTED

The Hon. PETER PRIMROSE: A quick question, if I can, to Mr Barnes. I hope this is an easy one. Earlier today I had a conversation here with the Deputy Premier about workforce regionalisation. I have subsequently been sent a very poor screenshot of the policy document by some of your staff. I was wondering if it would be possible to get hold of a copy of that policy document. It is simply headed up on your letterhead, "Workforce regionalisation policy statement. Policy Number: PEC-002".

Mr BARNES: My head of corporate is here sitting at the back. He can hunt it down and get a copy for you.

The Hon. PETER PRIMROSE: I do not need it today.

Mr BARNES: I am happy to do that for you.

The Hon. PETER PRIMROSE: I would also appreciate if there have been any subsequent updates to that document.

Mr BARNES: Most certainly.

The Hon. MICK VEITCH: Can I just ask something arising from the commissioner's responses to my colleague Daniel Mookhey—the Government shared services platform, where Resilience NSW is going to be an early adopter, as I understand it. Mr Barnes, is the Department of Regional NSW looking at also being an early adopter or are you going to allow the bugs to be ironed out with Commissioner Fitzsimmons and then take it on?

Mr BARNES: Look, you are talking about a new IT platform that is in the offing.

The Hon. MICK VEITCH: It should be smooth; you should have no trouble.

Commissioner FITZSIMMONS: What could go wrong?

Mr BARNES: This is something that you might want to talk to my colleague Emma Hogan about because I know that Minister Dominello is very keen to bring all the smaller agencies and the central agencies onto the same platform so that as machinery of government [MoG] changes happen—and they do—we do not end up with—

The Hon. CATHERINE CUSACK: Point of order: Just to clarify, these are policy questions concerning a different portfolio. While I think it is definitely worthy to be making inquiries of these gentlemen about the impacts on their portfolio, the transition arrangements were pretty clearly outlined by the commissioner. I really would ask that questions be confined to their area of responsibility. And also, a fishing expedition about policy being considered by Minister Dominello at the moment is better asked to that Minister.

The Hon. MICK VEITCH: To the point of order: It was not meant to be a fishing exercise; I am just asking whether or not they are going to be part of the early adoption. There is absolutely nothing—

The Hon. CATHERINE CUSACK: Okay, I accept that.

Mr BARNES: We are actively engaged in the work that is being undertaken to bring us onto a common platform, as will the commissioner. Given that in my agency at the moment we probably have three or four platforms and I think everyone realises that moving to a common platform, a common enterprise resource planning makes sense and the Government is committed to do that.

The Hon. MICK VEITCH: I want to now go back to the Forest Corp annual report. It states in the annual report that timber revenue is expected to decrease by 25 per cent. So what impact will that have on Forest Corp as an entity? But also, I guess, how do you accommodate that within your exercise?

Mr CHAUDHARY: Sure. That is a very good question, Mr Veitch, and it is one that we are very concerned about. So a quarter of the softwood plantations of all of the revenue translates to a fairly large number—about \$100 million in revenue. What we are doing there is—first of all, the impact of the fires is going to see additional expenditure over the next several years. One of the key expenditure items is restocking the plantations and that is in the vicinity of about \$150 million over the next seven years. The other one is that we have lost—not quite lost, but fire has damaged a lot of the road network in our native forest part of the business, which is something like 200-plus bridges and about 20,000 kilometres of road.

We have, for your information, about 60,000 kilometres of road in the forest network. A lot of those roads are not for harvesting purposes. We have multiple-use forests, so we have access for the public for a whole variety of activities such as recreation, tourism, hunting and so forth. So there are a lot of other uses of the forest. There is an obvious impact but that is going to be there for probably the next seven to 10 years. We want to rebuild the plantations and the roads, and then we will see that expenditure normalise and we will return to a profit position. Just to also reiterate, pre the fires and since corporatisation, the corporation has had a fairly strong

CORRECTED

financial performance. In fact, since corporatisation we have returned to the Government in the form of dividend and taxes almost \$260 million.

The Hon. MICK VEITCH: I do not think anyone underestimates the impact of the bushfires on the operation. You were talking about the infrastructure that was damaged by the fires. Clearly since the last time we had budget estimates and I asked this question, until now, there is no way in my mind that you would have been able to rectify all of the damage. How much is outstanding?

Mr CHAUDHARY: We have actually done quite a bit of work over the last 12 months. We were fortunate enough to get some funding from the Government in terms—it was an equity injection in terms of the stimulus funding, which was about \$46 million.

The Hon. MICK VEITCH: Yes.

Mr CHAUDHARY: I am happy to report that to date we have largely expended that fund and we have been able to—about almost \$14 million has been spent in repairing the roads. That is, I believe, around 5,000 kilometres of roads that we have rectified as a result of that. I am happy to get you the proper numbers if you want.

The Hon. MICK VEITCH: Yes, that will be good.

Mr CHAUDHARY: Sure, I can take it on notice and provide that information.

The Hon. MICK VEITCH: It is quite clear and pretty obvious that there is a large volume of work to go through.

Mr CHAUDHARY: Yes, it will take some time to resolve.

The Hon. MICK VEITCH: Yes, and not just road infrastructure. I am talking about infrastructure as a whole. There is a whole range of other infrastructure you are responsible for.

Mr CHAUDHARY: Sure, that is right. One of the parts of that was the expansion of the nursery to restock, do the replanting of the pine plantations. That work has been completed. We expanded the nursery in Blowering and also the one in Grafton, and they have been fully sown. We are accelerating our replanting over the next seven years so that it is ready for the next planting season.

The Hon. MICK VEITCH: Yes, the Deputy Premier kindly allowed my colleague Paul Scully and I to visit the Blowering Nursery. It is quite a fantastic arrangement.

Mr CHAUDHARY: It is beautiful.

The Hon. MICK VEITCH: It is a really good nursery.

Mr HANSEN: Just on that, there are three components to that equity injection. The first one is expansion of Blowering and Grafton; the second one, as outlined, is the infrastructure pieces—the roads, the bridges, the facilities; and the third one—in fact just over half of the dollars—is for replanting to re-establish the plantations.

The Hon. MICK VEITCH: So the \$46 million was divided into sort of three bundles. Is that what you are saying?

Mr HANSEN: That is right, yes.

The Hon. MICK VEITCH: Along the lines you just articulated.

Mr HANSEN: Yes.

The Hon. MICK VEITCH: The softwood timber did take a fair hit from Tumut. Some of my mates I went to school with work in the industry there and they are all a bit nervous about what it means in the longer term for them. In the annual report it says you cannot sustain all your returns to existing volumes in the worst-affected areas for up to 20 years—this is the softwood I am talking about. How is Forestry Corp managing the supply contracts in an environment like that? Are we pulling stuff out of the Central West?

Mr CHAUDHARY: No, we are working with our customers in the space. It is fair to say that yes, there will be a decline in the wood supply going forward and it does take about 30 years for the newly planted trees to fully mature. So there is going to be a supply dip in the next 20-, 30-year period and we are working with the mills down in Tumut and Tumbarumba to work out what that looks like for them, and that obviously will have an impact on the go-forward contract supply as well.

The Hon. MICK VEITCH: And the Bombala mill as well.

Mr CHAUDHARY: Yes, that is right—to a lesser extent, though.

CORRECTED

The Hon. MICK VEITCH: There was also damage to private softwood plantations such as Hume's, for instance, at Takajo. Can we pick up the slack a little bit from other private softwood forests anywhere else? Is that possible?

Mr CHAUDHARY: I am sure that our customers are looking at all of that. They would have direct contracts with those private plantations already. As far as I understand, most of the private plantations have got committed timber, so it would be to one of those mills.

The Hon. MICK VEITCH: There has been a bit of a discussion today around the contract haulage arrangements to accommodate, but given the reduction in the softwood timber supply, you can see the timber trucks—and Anshul spoke about it—going through places like Bathurst and Young, hauling out of there. What has been the impact on contractor numbers around the logistics of, once we harvest, getting into the mills?

Mr CHAUDHARY: I can talk to the softwood plantations there. During the whole salvaging operations, we obviously stepped up our contractor workforce, the harvest and haul crews, quite significantly—in fact, I think we have doubled it—and we have had something like 60,000 truck movements in the Tumut and Tumberumba area, which has provided, I think, quite a significant level of economic activity in that region as well. So yes, that is really the current impact. Of course, once the salvage supply stops and things will have to normalise, then that will look a bit differently.

Mr BARNES: Again, if you look at the second half of the initial bushfire industry recovery program that we put in place, we supported the bringing forward of applications from the milling sector because milling burnt timber has a hugely detrimental impact on the kit that they have got.

The Hon. MICK VEITCH: They have to retool, essentially.

Mr CHAUDHARY: Yes.

Mr BARNES: So, as Mr Chaudhary says, we have done everything possible to get as much of the burnt fibre out so that it can be used, because, unlike hardwoods, the structural integrity of the softwoods disappears quickly. There is no question that hauling and logging contractors in the softwood space have been very busy. If you have a look at the same hauling and logging people on the South Coast and Eden, they have had an 85 per cent hit. Their equipment is not set up to haul small logs. So while one part of the sector is enjoying a very intense upward tick that will not last forever, another part of the sector in the hardwoods area has really struggled.

The Hon. MICK VEITCH: Yes. I think we should acknowledge that some of those trucking companies in particular on the far South Coast are doing it a bit tough.

Mr BARNES: I have been in front of them on several occasions and they are grown people at the end of their wits.

The Hon. MICK VEITCH: I just now want to go on to—

Mr HANSEN: Just before you do, the additional piece in that storyline that you have just been pursuing there is actually the fact that because of the assistance provided to help haulage freights—coincide that with the closing of the China market due to perceived biosecurity issues—you have had product that would otherwise have been finding its way offshore because of the practicality about distance to local processing capacity, being able to potentially be diverted and assisted with the haulage assistance to find its way. Given the fact, I think, that mid-2020 was sort of the high watermark in terms of export volumes of predominantly softwood in the rough, that is an additional supply source, which, with that additional haulage assistance, is able to be utilised by the domestic industry.

Mr BARNES: It means that Borg's, AKD, Hyne, Visy have been able to keep going and most of them have sustained, at the moment, the same number of shifts.

The Hon. MICK VEITCH: Yes, they are still ticking over at the moment, that is right. I just want to move on to another matter which is to do with the Awaba Mountain Bike Park in the Olney State Forest, which was recently included in a map of areas where hunting was permitted. I do accept that the map was very quickly taken down once it was discovered what had happened—that this map was put up in error—but it does beg the question: Have we reviewed the maps for other areas to make sure we have not made the same mistake?

Mr CHAUDHARY: Yes, we have. The actual maps are provided by us to the Department of Primary Industries and DPI manage the hunting, but we carry out risk assessment all the time to make sure that when hunting is happening in a particular forest, there are no other operations and the public in the forest. I am aware of the one that you are referring to and I understand that, apart from the actual map not reflecting that there were topographical issues there, they made sure that the hunting and the trail bikes were in different parts of the forest. But, nevertheless, we have corrected that, Mr Veitch, and checked through our other maps as well.

CORRECTED

The Hon. MICK VEITCH: And obviously out of that investigation you have put in place measures, I assume, that would ensure that we will not do that again.

Mr CHAUDHARY: Yes.

The CHAIR: It was probably hunters that picked up the mistake, was it not?

The Hon. MICK VEITCH: It was taken down very quickly, and appropriately so. There are now measures in place to make sure that we are not going to put these maps up on a public forum that will have cyclists interacting with my mates over here in the recreational hunters.

Mr CHAUDHARY: Yes.

The Hon. MICK VEITCH: I just want to talk about the boundary fencing as a part of the public land boundary fencing program for land adjoining Forestry Corp land. How many kilometres of fencing was applied for and what was the total volume of grants that were finally—

Mr BARNES: Is this in relation to the Good Neighbours Fencing Project?

The Hon. MICK VEITCH: Yes.

Mr BARNES: That project is administered by Local Land Services and sits within Minister Marshall's bailiwick, but I believe Mr Hansen has the figures and I am happy for him to give them now.

The Hon. MICK VEITCH: It would save a bit of time to do it now. Yes, that is good.

Mr HANSEN: These are as at the end of January, which is the last month run that we have had: completed fencing was 5,746 kilometres; applications received, 4,235; the total sum was just under \$29 million.

The Hon. MICK VEITCH: It is administered by LLS, Mr Hansen, but with regard to Forestry Corp fencing, was Forestry Corp a part of that program as well or did you run your own program?

Mr HANSEN: No, so eligibility was for those who had boundaries with Crown land regardless of tenure. The engagement with Forest Corp, National Parks or Crown Lands when an application came in was actually negotiations about access for sites, for the work to commence and obviously ensuring that it was not going to be in conflict with anything else that was being done in that site at that time.

Mr BARNES: The rule was that if a primary producer had already received some funding through, for example, National Parks, which in custom and practice provides some money to support the reconstruction of boundary fences—if it was paid for under that, then there was not any double dipping.

The Hon. MICK VEITCH: Was exclusion fencing given any consideration as it related to—

Mr BARNES: I think you best ask that question to Minister Marshall. I think the answer from last year will stay the same and that is that exclusion fencing was something that could be done and sort of entertained within the money that was made available.

The Hon. MICK VEITCH: Did Forest Corp and their processes—your infrastructure rebuild after the fires—did you look at exclusion fencing at all?

Mr CHAUDHARY: No. As you can appreciate, Mr Veitch, we have got about 20,000 kilometres of—

The Hon. MICK VEITCH: Yeah, a lot of fence.

Mr CHAUDHARY: Yes, so we are exempted by the Dividing Fences Act to put up fences. But where we are able to help our neighbours, we provide in-kind contribution like timber for the posts and what have you and we continue to do that.

The CHAIR: Just picking up on some of the questioning around boundary fencing, boundary disputes between Forestry Corp or State forest land and private property owners—how many are there currently in contention?

Mr CHAUDHARY: I am not aware of that, but I can take that on notice and check for you, Mr Chair.

The CHAIR: Yes, no problem at all.

Mr HANSEN: I am only aware of one at the moment, but we can see if there are others. That one is actually about buffers as opposed to boundary.

The CHAIR: I was just not sure whether, perhaps since the fires have come through—and obviously there is more work needed to be done on fencing—that has raised the profile of boundary disputes. That is fine. Ms Beattie, I have a couple more questions about those PELs and then I will leave you alone. Those PELs that

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you were speaking about before lunch—the 13—are they in one geographical area alone or are they spread across several electorates? I know that the member for Northern Tablelands, the member for Tamworth and also the member for Barwon have all made public statements about their concern over PELs in their electorates. Those 13 that are still there, can you give us an idea of the geographical spread?

Ms BEATTIE: There are 13 titles. As I said earlier, there are 12 that are exploration.

The CHAIR: Yes.

Ms BEATTIE: Yes. They cover an area from Mudgee through to the Queensland border. In terms of more specific detail than that, I would have to take it on notice.

The CHAIR: Yes, please. The Deputy Premier also spoke—obviously in this consultation that is occurring around the future of gas statement—that some of these PELs may or may not be utilised. What are the standards or criteria that you will be utilising or applying to decide which ones are and which ones are not?

Ms BEATTIE: At the moment we are in discussions with Santos about the future of those PELs, so really it is up to the titleholder to come back to us to update. Some of those licence applications have been around for quite some time. The assessment of those was put on hold until the decision was made about the Narrabri project and now that that has happened we have picked up the assessment of those again. So we are going back to the titleholders to clarify the intention of those applications.

Mr BARNES: I think in the broad, the criteria that the Government might adopt as it takes a stance through its gas strategy have not yet been determined for the entirety of the exploration licences that are in front of them.

Ms BEATTIE: I might add to that. It touches on the modelling as well. Part of the statement and the work that we are doing for that future of gas statement involves some modelling about demand for gas and all of this is really linked to affordable energy to support manufacturing and jobs growth.

The CHAIR: Since the approval from IPC, has there been a renewed interest in other areas within the State for similar projects?

Ms BEATTIE: The applications are still under assessment. So as far as I know there are not any further applications. Those ones are, yes, all being assessed at the moment.

The CHAIR: According to the Australian Competition and Consumer Commission, obviously we are one of the world's largest gas exporters, but we also export at a cheaper price to overseas markets than we actually pay domestically. Has the department done any work to affirm the gas companies' rationale? They state that it is due to alleged shortages. That is the reason why we pay more. Has the department done any work to actually prove or disprove that theory? Moving forward to a future of gas statement, I think it would probably be important to have some baseline data as to exporting and importing and domestic supply.

Mr BARNES: Obviously, as things currently stand, we are right at the front end of having a gas industry. So the people in the strategy area within Ms Beattie's team will be looking at the broad range of public policy for the jurisdictions which the gas producers have, to look at how we create our policy here that will sit as part of that strategy. But at the moment we are at the front end of an industry and, yes, of course we need to look at what happens right across the country. Because if—and we hope when—the Santos gas becomes a reality, we want to make sure that every molecule of that gas adds to those things that are going to be available for us to support what we believe will be an emerging manufacturing market that would rely on that affordable energy.

The CHAIR: I appreciate Narrabri is a new project, so I accept that we are on the front end of that, but gas is not a new thing in Australia. Have we done any work Australia wide on why we are exporting at a cheaper price than we are supplying domestically?

Mr BARNES: Of course that will form part of our deliberations.

Mr JUSTIN FIELD: Ms Beattie, while you are there, an issue has blown up in my region on the South Coast in the last 48 hours. A mining exploration licence application has been made over a pretty small nine-square-kilometre area that covers the coastal township of Cudmirrah, the Swan Lake, which is neighbouring, and the coastal strip to Sussex, which is this sand dune covered with the Bangalay Sand Forest. The community is in a bit of an uproar. This has come up time and time again. Is there any consideration within Government about requiring mining exploration licence applications to have some formal notification when they are made to landholders, local government and other stakeholders? My understanding is the application was received in January. We only found out last week when a small notice was put in the local paper. The community has no statutory ability to object to the application. Are there any considerations in Government to change policy to more formally engage communities and discussions about future mining exploration licences?

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Ms BEATTIE: Regarding that particular application, I might add that the process is currently on hold. The clock has stopped while we clarify some more information.

Mr JUSTIN FIELD: It is the fact that there was a publication error. It claimed it was one mineral type when online it was listed as another, is that correct?

Ms BEATTIE: Yes, that is right. We have gone back to the applicant to understand a little bit more about that, so for the time being it is on hold. In terms of the process for applications, a notification is put in the paper and then once the assessment has been done for an exploration licence then stringent conditions are put in place around community consultation as well as the environment. That is after the issuing of an exploratory licence.

Mr JUSTIN FIELD: I think that is the point this community is making: Every patch of that land is sensitive coastal environment. It seems pretty extraordinary that this application can be made in the first place. I understand this company just registered basically the week before it lodged the application. What assessment do you do of the suitability of the individuals involved or the company's ability to actually undertake any mining exploration appropriately?

Ms BEATTIE: Once the application is lodged, there is a rigorous assessment before we issue an application for exploration. I believe it includes a fit and proper person test as well as an assessment of the area and the potential for the resource. As I said, if anything is unclear—in this case there seem to be some anomalies around what they have put forward—we put a hold on that application while we gather more information. Once an application is lodged, it does not guarantee that an exploration licence will be issued.

Mr JUSTIN FIELD: How long will that hold be for? I know the community is watching this and will be very interested.

Ms BEATTIE: Yes, I understand it is sensitive. It really depends until we get more information from the applicant, but it will be on hold until that time.

Mr JUSTIN FIELD: Thank you. Mr Hansen, a couple of final points on the sustainable yield document that has been completed but not yet made public. We have made that clear. Will it be subject to any independent verification, for example, by the NRC or the Commonwealth?

Mr HANSEN: I do not believe this one will go through any independent verification process. But the regular auditing of those as part of the obligation under the Regional Forest Agreement to make sure that wood supply is always less than sustainable yield is an ongoing, independent assessment that the Commonwealth does. But I am not sure about this one and would have to take it on notice.

Mr JUSTIN FIELD: In this instance, given that it was brought forward because of the severity of the fires, surely we want to make sure that we do not make an error here that could potentially set back sustainable forestry yield for a long period.

Mr HANSEN: Yes, that is right. We want to make sure. The last thing you want is to get those numbers wrong. At the same time we want to make sure that we do not tie it up for too long before it is able to be utilised and to give some direction to the industry about what forward supply there might be.

Mr JUSTIN FIELD: I think they have already made a decision that they are going back in. Mr Hansen, you might be behind the eight ball on this.

Mr HANSEN: But, again, they are going back into 1 per cent¹ of the estate that they have available to harvest. It is not as though what they do in the next couple of weeks will determine the 100-year yield forecast out of the forestry estate in New South Wales.

Mr JUSTIN FIELD: Actually, the scientific evidence suggests that logging burnt forests can set back the recovery of those forests for as much as 100 years. That is according to the recent publication by David Lindenmayer and others. I hope I have that correct but I think that is right.

Mr HANSEN: But at the same time if you have a look—I was recently, as you would have been, in a forest that has recovered. This is more than 12 months on from fire. One of the major impediments for re-entry and being able to meet the IFOA requirements is around ground cover, for example. In the forest I was in just

¹ In [correspondence](#) to the committee, dated 13 April 2021, Mr Scott Hansen, Director General, Department of Primary Industries provided a clarification to his evidence.

CORRECTED

recently, the ground cover is a damn sight better now than what it was before the fires because we had drought impacting on that ground cover.

Mr JUSTIN FIELD: That is not the experience I had two days ago.

Mr HANSEN: Some of those coastal areas will be in different environments, but that is what the coastal IFOA is meant to pick up: the fact that every single site—we talk about site-specific operating conditions being additional to the underlying coastal IFOA.

Mr JUSTIN FIELD: I was just in the ones that are being proposed to go back into. I appreciate that. If it is okay, I might go back to Mr Chaudhary.

Mr HANSEN: One sentence there: Every single site has a site-specific harvesting plan developed for it. There is no blanket.

Mr CHAUDHARY: That is right.

Mr JUSTIN FIELD: I understand that. Mr Chaudhary, a lot of this started in September when the Forestry Corporation and the Department of Regional NSW wrote to the EPA. A section of that letter said:

The force majeure provisions in the wood supply contracts have been enacted across all hardwood coastal supply areas.

This is the next relevant sentence:

However, when Forestry Corporation of NSW is able to operate under and comply with the CIFOA, it is legally obliged to do so in order to meet supply commitments.

What is this legal obligation that you have?

Mr CHAUDHARY: I think that refers to the contractual obligation. When there is an event such as a force majeure, which could be a fire or flood or something along those lines, you declare that and it protects the contract holder from meeting the performance of that contract but does not absolve it. I think that is the difference here. You still have to try to meet the obligations or demonstrate that you are meeting the obligations. There are two things here: the actual contract and the legal framework within which we operate, which is the coastal IFOA as well as the RFA and various legislation. When we are able to comply with the IFOA, we have a legal obligation to carry out that operation.

Mr JUSTIN FIELD: But you yourself have indicated that you cannot comply with the Coastal Integrated Forestry Operations Approvals because you are having to add additional voluntary conditions on how you will go in. Are you not essentially acknowledging that you cannot comply with it?

Mr CHAUDHARY: Not quite, Mr Field. What we are demonstrating there is that we are willing to take additional measures as part of the precautionary principles that are inherent in the ecologically sustainable forest management principles. We can comply with the legislation and the regulation. We are applying additional environmental safeguards for better environmental outcomes. That is in accordance with the precautionary principle.

Mr JUSTIN FIELD: Noting, of course, that the EPA has a different view.

Mr CHAUDHARY: The EPA does have a different view, that is right.

Mr JUSTIN FIELD: The suggestion has been made to me that it is the position of the Forestry Corporation that the force majeure provisions only relate to burnt areas of forest and do not impact on unburnt areas of forest. It is your legal opinion that your obligations to continue to provide timber as part of your wood supply contracts, your commercial obligations, are there because there are areas of forest that were unburnt. Is that the case? Are you making a distinction between burnt and unburnt areas of forest?

Mr CHAUDHARY: In relation to what?

Mr JUSTIN FIELD: Your contractual obligations.

Mr CHAUDHARY: I am not sure if I completely understand your question there, but the force majeure event is normally based on a specific type of event that prevents you from fulfilling your obligation. The bushfire is the event that we are referring to that is preventing us from meeting our obligations.

Mr JUSTIN FIELD: Sure, but you are not making a distinction between burnt and unburnt areas of forest. The suggestion has been made to me that an undertaking was given by Forestry Corporation early on after the fires not to go into unburnt areas of forest, because they were such important areas of refuge for animals that had fled the fires. Did the Forestry Corporation give some sort of undertaking like that?

Mr CHAUDHARY: I am not sure about that, Mr Field. I will have to take that on notice and check that.

CORRECTED

Mr JUSTIN FIELD: Have you obtained legal advice to clarify your contractual obligations with regards to meeting your wood supply agreements?

Mr CHAUDHARY: In meeting our wood supply agreements, we have an in-house legal team that advises us on the fulfilment of our obligations. We declared force majeure immediately after the fires. Like I said, it does not absolve one from trying to fulfil the obligations. It is all part of contract law. There are certain clauses that still require the performer of the contract to meet the obligations or make endeavours to meet the obligations.

Mr JUSTIN FIELD: So internal advice has suggested you have that obligation and that you feel you can meet the CIFOA, so you have to undertake forestry operations as much as you can?

Mr CHAUDHARY: Again, the point I made earlier is that the decision for us to return to or recommence operations in Eden and South Coast is a temporary interim measure until the NRC review is completed. It will not be at anywhere near the levels of our contractual commitment but it is required right now because if we do not do that, then those mills are facing closures. They could be permanent closures and might have a long-term impact.

Mr JUSTIN FIELD: Have you had legal threats from any of your wood supply contract holders?

Mr CHAUDHARY: Have I got legal what, sorry?

Mr JUSTIN FIELD: Have you had legal letters, notices or threats that they will— ?

Mr CHAUDHARY: We have been informed, been in constant discussions with our customers. They are informing us that they are practically out of wood. The mills down there have either no wood at all or insufficient wood to run a milling process. Those jobs are at high risk.

Mr JUSTIN FIELD: I am not questioning the fact that jobs in the industry are at high risk. Significant amounts of money have been put by the Government towards the industry to manage COVID and the bushfires. Sometimes we need to support those industries to manage a period where they cannot operate; we have seen that with COVID. The suggestion I am making is that the fires were so significant that—I think we have acknowledged that—we are conducting a new sustainable yield assessment because of the fires. But if you have to support those businesses without timber in order to preserve the integrity of the forest, that is actually your higher legal obligation because you only get to operate because of the RFAs and your compliance with the RFAs.

Mr CHAUDHARY: The other thing I would say to that, Mr Field, is that we are assessing each of those compartments, each area of the forest that has been burnt and, as you would appreciate, the different levels of severity of fire burns that have gone through the South Coast area. We have scientists and ecologists in our organisation who have been doing this for years. They understand the forest and they are able to identify the suitable measures that we need to put in place to still operate. That is, as I said, on top of the IFOA we are putting these additional safeguards.

Mr JUSTIN FIELD: But again, contrary to the advice of the EPA and their scientists and their view about what conditions would be appropriate. What forest do you expect to go into first and when will you recommence logging on the South Coast?

Mr CHAUDHARY: We are working through that right now. I do not have the compartments at this stage but we expect to have them in the next couple of weeks. We will definitely notify the EPA well ahead of time.

Mr JUSTIN FIELD: "Well ahead of time"? A week? A month?

Mr HANSEN: That is actually a requirement under the CIFOA.

Mr JUSTIN FIELD: We will get to that next time.

Mr CHAUDHARY: It is a requirement under the IFOA.

Mr JUSTIN FIELD: That you have not been complying with, but we will get to that.

Mr HANSEN: Sorry, Chair, with your indulgence, we have actually had the yield assessment independently assessed as well—I have just been informed—by an independent professor from ANU, whose details I am happy to share with you later.

Mr JUSTIN FIELD: Thank you.

The Hon. MICK VEITCH: Mr Barnes, I just want to clarify a bit about the funding or the programs that have come across as part of the creation of the Department of Regional NSW. Does the department have responsibility for the Regional Digital Connectivity program? Did that come with your department?

Mr BARNES: Yes, that is a part of the Snowy Hydro Legacy Fund. That has come across.

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The Hon. MICK VEITCH: So the legacy fund, essentially all of that has come across?

Mr BARNES: In its entirety, yes, which includes special activation precincts, some money set aside for freight and logistics and, as we heard this morning, for water security.

The Hon. MICK VEITCH: With the Regional Digital Connectivity program, what type of infrastructure is it meant to fund? That will do. What type of infrastructure was it meant to fund?

Mr BARNES: I might get Ms Dewar to come back and outline those three component parts, which, as she is making her way to the table, go to more mobile black spots being eradicated, to looking at issues around back all data at the edge and also the Farm Innovation program. Ms Dewar, if you could outline those three that would be great.

Ms DEWAR: Sure, thank you. So there are three elements to the Regional Digital Connectivity fund as funded under the Snowy Hydro Legacy Fund. The first is Gig State. In terms of infrastructure, we are looking at fibre connectivity, data centres and high-speed fixed wireless. The second is mobile coverage. As we outlined this morning, that may be as simple as mobile towers or it may be seeking other technology advice from the market to help cover those areas. The third, as the Secretary just outlined, is our Farms of the Future piece of work, which is looking at on-farm connectivity to boost agribusiness productivity. The exact pieces of infrastructure are still yet to be determined.

The Hon. MICK VEITCH: The budget papers show that it is \$400 million until 2023, so across the forward estimates at the time. Is that correct?

Mr BARNES: Yes.

The Hon. MICK VEITCH: The budget papers in 2019 indicate you could spend \$90 million within the first 12 months of the program. Just how much was spent in the first 12 months?

Ms DEWAR: In the first 12 months of the Regional Digital Connectivity program we had \$3.4 million in 2018-19, \$4.8 million in 2019-20 and to date this year \$2.3 million. In total that is \$10.4 million.

Mr BARNES: We are actively in the market on two of those three at the moment—working its way through the assurance process that we talked about previously. It is fair to say that we are a bit behind where we thought we might be, but these things are taken very seriously. They are working their way through that INSW assurance process. I am sure that none of the money that has been committed will not be expended in the areas that we have identified.

The Hon. MICK VEITCH: Sorry, can I just be clear on the numbers? So it was \$3.4 million, \$4.8 million and then \$2.3 million for the most current financial year?

Ms DEWAR: Let me just run through that again. So \$3.4 million in 2018-19, \$4.8 million in 2019-20 and \$2.3 million to date in 2020-21.

The Hon. MICK VEITCH: So by the end of this financial year presumably that will be more? So the \$90 million, we are not anywhere near that. What you are saying is that there have been some impediments to expending that money?

Ms DEWAR: Yes, as the Secretary just outlined, it has probably taken us a little longer than our initial forward profiling suggested. There is the potential that the \$90 million you talk of also includes the Connecting Country Communities program, but that is not funded under the Snowy Hydro Legacy Fund. But that is a \$50 million allocation.

The Hon. MICK VEITCH: Mr Barnes, is there a risk that we will not spend the \$400 million across the full four years of this program based on where we are at the moment?

Mr BARNES: My understanding is that all of the money will be committed and, as Ms Dewar said, we are actively in the market at the moment. We went and did an early market test and we had strong feedback from the private sector. There is no reason to believe that they will not come up with a solution to what we have taken to the market. We are working very closely with our colleagues in the Department of Customer Service to make sure that we get value for money as we undertake this activity. As you would know, living in regional New South Wales, fast download speeds are critical for business. We were not happy with the download speeds in the points of presence that the current network had.

The first of those things that we are in the market for obviously runs out to the Central West, with a tail going up through to Cobar and through a number of our regional communities. Because we are looking to diversify our regional economies to make sure that they do not end up being single, one-trick ponies as far as relying on just tourism or just agribusiness or just mining. As the Deputy Premier pointed out this morning, we have stepped

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into a space that typically State governments do not step into. I am very confident that every bit of the \$400 million will be expended in this term of government.

The Hon. MICK VEITCH: With regard to the mobile phone black spot, which, as you say, any of us in regional New South Wales from time to time may bemoan the fact that our phone continually drops out—sometimes it is an advantage, depending on the type of phone call you have.

The Hon. SAM FARRAWAY: It depends who is on the other end.

The Hon. MICK VEITCH: Yes, it just depends. I understand that. But is there a mechanism or an instrument that devises the priority for where the mobile phone towers will be going as part of the black spot? The reason I ask is, coming out of the bushfires, for a number of the areas it highlighted quite profoundly where the black spots were in parts of New South Wales. So is there a process or a mechanism where we prioritise where we are going to put this money for mobile phones?

Ms DEWAR: At the moment there are two sources from which we draw mobile phone black spots. One is the Commonwealth Government's mobile phone black spot register and the New South Wales Government also keeps track of mobile phone black spots. What we know is that there is a bit of an anomaly between what carriers say they cover and what people actually experience as they drive from town to town or otherwise. We have a list, and working through that list takes into account a number of criteria, which might include safety if we are looking at freight and transport routes. It might include the economic activity or concentration of economic activity in a particular area. There is a variety of ways we assess that. But as the Secretary outlined, we do that in consultation with not only the Commonwealth but also the NSW Telco Authority.

Mr BARNES: But it is true to say that the Federal Government's black spot program is now at an end. The current model looked at commerciality, which meant that they would co-fund the building of the infrastructure, reliant upon one of the providers having enough throughput to commercially service that infrastructure and provide that full suite of mobile services. Their assessment is that most of what is left is uncommercial. We did not believe that to be the case, so we have stepped in and looked at whether there might be another raft of mobile black spots where we could get, maybe not some of the big providers but some providers who would step in and allow us to roll out some more of that. The other question that you asked I might refer to the commissioner because he also sits on the board of the Telco Authority. You are quite right, the bushfires and that emergency really amplified the areas where we knew we were tested, particularly for emergency communications. I believe that the Government has a process on foot.

The Hon. MICK VEITCH: As long as my colleagues over here do not take a point of order. They have been a bit sensitive this afternoon.

Commissioner FITZSIMMONS: There can be more detailed questions to Minister Dominello and his team. But just leveraging on what has already been said, it is the single biggest spend ever in the history of New South Wales around radio communications infrastructure and telecommunications rolling out around the State. If you tie in the Government's new public safety radio network, which is rolling out, with some of the black spots program, you are talking about well over a billion dollars' worth of infrastructure rolling out around the State. While the commercial viability for connecting with some of the telecommunications carriers to get into these areas where there is not economically viable modelling to do so, the backbone in architecture that is being built across the State, particularly with the public safety network, has the potential to leverage significant shared infrastructure for potential to provide greater capacity for infill and telecommunications footprints to enhance and be grown across the State with a shared investment in infrastructure there or a leveraged investment in infrastructure there—

The Hon. MICK VEITCH: The people where I come from want to know when is this going to happen.

Commissioner FITZSIMMONS: It is rolling out at the moment. There is a record spend occurring. There has been a massive pilot program that was completed up through north-west New South Wales. There has been a significant investment now through the North Coast. There is a lot of work going out around all sorts of other areas of the State. Details will be available through Mr Dominello and the team. I do not have any of those with me. But I think the other thing, Mr Veitch, is going to the point that Gary talked about. We are also working very closely—it came up in the inquiries, this stronger relationship with the Commonwealth, about looking at telecommunications resilience and infrastructure resilience. The growing criticality and dependence on telecommunications in disasters and emergencies is highlighted through the bushfires. We want to be able to get emergency warnings and public information out to communities in harm's way. But we also need communities to be able to operate and function.

If conventional designs are for backup power and redundancy elements because a telephone site averages five calls an hour—in a disaster, that can be 5,000 calls an hour or 50,000 calls an hour. Your mechanics around

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what the battery backup is at five calls an hour is going to be useless if you are running 5,000 or 50,000 calls an hour. The other aspect that was fundamental comes into the power. More often than not, a lot of the telecommunications systems went down in areas not because they failed but because the power supply to the telecommunication sites was also taken out. So there is a lot of work going on into looking at power companies and utilities providers around their network. We are having some challenges with some of the telco carriers, to get data and information on the design and configuration of networks to allow us to understand hubs and key points of vulnerability. There is a lot of work that is tying in strong linkage between Resilience and the Commonwealth, the Telco and the Commonwealth, Telco and Regional NSW. There is genuinely a multifaceted approach occurring across government to deliver the best range of solutions possible.

The Hon. MICK VEITCH: My take from that is we should ask Mr Dominello.

Commissioner FITZSIMMONS: Minister Dominello will have lots of detail and proudly so, I think.

The Hon. MICK VEITCH: Can I ask then with regard to the fibre—I could be wrong here—as I understand it, the New South Wales Government probably has more fibre in the ground across rural New South Wales than NBN. I have some issues with the NBN from different places. I reckon the State Government would probably have more fibre in the ground than NBN. I do not know if that has been assessed. Have we looked at using the State-owned fibre as a part of this digital connectivity?

Ms DEWAR: That is not information I have at the moment. So I will have to come back to you.

Mr BARNES: The State does have, variously through its statutory agencies, a lot of fibre. Some of the utilities companies necessarily have fibre so that they can monitor power usage, outages et cetera. To that end, yes, we have had conversations in the early days with the various energy companies. It is true to say that the network that the Government has absolute control over is not as big as probably some of our bigger providers, private providers. But we have considered that.

The Hon. MICK VEITCH: Mr Barnes, I can rest assured that we are going to spend that \$400 million on connectivity in regional New South Wales.

Mr BARNES: Yes, because if you go to a place like Dubbo—we all enjoy heading out to Dubbo—there are industries like Maverick out there that have sailed under the radar that use animal parts for use in human bodies, valve replacements et cetera—a highly ethical group. They rely on real-time, fast data with no latency. It is industries like that who choose to go to those regional locations that will continue to flourish if we can provide a fast backhaul. All of our backhaul at the moment comes from Sydney. I am not talking about public sector backhaul and data centres. I am talking about for the private sector. If we can get data to the edge with faster backhaul, then we can enable companies to set up anywhere in the bush.

The Hon. MICK VEITCH: I am on the same tack but a bit different. There has been some discussion about a potential cybersecurity breach with New South Wales agencies at some point in time, not as in today but as in—

Mr BARNES: Again that might best be addressed with Minister Dominello when he has his turn.

The Hon. SAM FARRAWAY: Unless you can tie it directly into the department—

The Hon. MICK VEITCH: I am just going to ask the department. In light of that, has the department conducted an audit of its own arrangements to make sure there is not the potential for that type of activity? People who pay line of sight rates want to know that their material, their data is secure.

Mr BARNES: I can assure you that cybersecurity and measures to counter cybersecurity breaches and to protect the information of citizens has been front of mind in every government agency. Of course, there was a publicly reported breach, an incursion into various agencies. That has led to every government agency moving into an even stronger response as far as its data security goes and approaches to cybersecurity. But to talk fully about that, I think Secretary Hogan would be the most appropriate.

The Hon. MICK VEITCH: If there were to be a breach, the process would be that you would report it to Secretary Hogan?

Mr BARNES: Yes, it goes to Emma Hogan as the responsible Secretary and there are mechanisms in place across government, which include contacts with the Federal Government and with our various policing agencies that are well tried and tested to address these things as they arise.

The Hon. MICK VEITCH: And you have tested your own systems, though, to make sure?

Mr BARNES: Regularly.

CORRECTED

The Hon. MICK VEITCH: Everyone is going to roll their eyes, but I am going to talk about weeds. I just want to ask Forestry Corp: One of the things that happens—and Commissioner Fitzsimmons will know this—after a bushfire is that one of the first things that comes back are the blackberries. When we talk about fuel loads, one of the contributors to fuel load is woody weed. So, 14 months post the bushfires, have we ramped up, has Forestry Corp ramped up their weed management program?

Mr CHAUDHARY: That is a very good question, Mr Veitch. You are right, you have to stay on top of it, but it has come back with a vengeance we are finding in various parts of the forest. We have definitely applied focus to it and we have spent about \$2 million in weed control. So we do your herbicides and your spraying and all that. It is mainly seasonal weed spraying programs at the opportune time. That is part of our program and that is what we are focusing on. Hopefully that keeps it bay, but those things are coming back with a vengeance, as I said.

The Hon. MICK VEITCH: Thank you. I might come back to that. Like a blackberry, I'll come back.

Mr JUSTIN FIELD: Mr Chaudhary, if we just go back to where we were last time and the suggestion that you would provide the EPA with advance warning of any of your logging coming in under the announcement last week. Could you just clarify, how much notice will you give them and how will you do it?

Mr CHAUDHARY: As you know, the coastal IFOA has the timings on the notice on when we provide the harvest plans. The EPA does not actually approve the plans because it is part of the IFOA. So it is not like we are requesting approval at this stage. The IFOA, I believe, has a two-day notice before the plans are put onto our plan portal—sorry, before the harvesting commences. I am not sure exactly what time it would be, Mr Field, but we will try to surpass that notice period as soon as the information comes on hand and we are able to share that with the EPA.

Mr JUSTIN FIELD: Out of the koala call-for-papers documents that got released last year, there was a briefing here by the New South Wales EPA about ongoing non-compliance by Forestry Corporation with Protocol 1: Registers of the Coastal Integrated Forestry Operations Approval, arguing that they do not meet the requirements imposed by the CIFOA, specifically that the plan portal is not up to date. I think they described it as near impossible to get true and correct information about Forestry Corporation's operations.

Mr CHAUDHARY: We have regular senior officers group meetings with the EPA and they have raised some feedback about our plan portal that we have taken on board, and we have made some improvements to that.

Mr JUSTIN FIELD: What notification will the neighbours down at South Brooman have. They got a letter in September warning that you could start within weeks and your intention was to close the road down there that is access for a lot of businesses in recreation areas. They had just that notice that it would happen at sometime soon and they did not hear from you again. So what notice will you give them if you intend to go back into the south perimeter or Shallow Crossing.

Mr CHAUDHARY: We consult with our neighbours. So neighbours that are neighbouring the compartment, we consult with them before we commence harvesting. We do that everywhere, regardless. I am not sure exactly what the time frames are, how soon we do that, but it is part of our process. We will definitely be consulting with the neighbours.

Mr JUSTIN FIELD: What about all the other businesses that utilise that main road that goes through those forest areas, and there is only one main road.

Mr CHAUDHARY: Again, it is just part of our usual harvesting process. If there are roads that are going to be affected as a result of the harvesting operation, then we will take precautions. Either we close the roads or we put signage up. It just depends on the operation itself.

Mr JUSTIN FIELD: Sure, but will you write to the affected businesses and neighbours well in advance of starting it? You have people trying to run businesses, agricultural enterprises and tourism businesses on that road. The threat last time was that the road could be closed or disrupted for about a year. So what notice will you provide and how will you give it?

Mr CHAUDHARY: I will have to take that on notice to see what the specifics are, Mr Field.

Mr JUSTIN FIELD: I notice that the EPA, just in the last few minutes, has put on their website that Forestry Corporation has today been fined for breaches, not of site-specific operating conditions, but of coastal integrated forestry approvals up on the mid-North Coast in the Bellangry State Forest. It is a \$30,000 fine for two breaches up there. What confidence can the community right across New South Wales have if you cannot even comply with the CIFOA, why would you be suggesting here today that you comply with these optional new conditions that you are going to add to that?

CORRECTED

Mr CHAUDHARY: That is a good question. We have, as I said earlier, hundreds of operations across the State forests, and the IFOA has a rigorous and robust set of rules. We by and large fully comply with the IFOA in many of our operations. That is not to say we will not have issues and, when we do, as I said earlier, it is very disappointing. I can tell you that, since I have been acting in the position, we have changed our focus on compliance, we have elevated it and made some changes, particularly putting more people on the ground, so we have hired additional resources and we are doing additional pre-harvest checks and bolstered our planning team. From that perspective we have also appointed additional auditors who are auditing the operations before we go in there, the harvest plans, as well as afterwards. We have made some changes at the senior management level to elevate the focus on compliance, so I am confident—

Mr JUSTIN FIELD: Is that your appointment, Mr Chaudhary?

Mr CHAUDHARY: No.

Mr JUSTIN FIELD: The exit of the previous CEO, did that help?

Mr CHAUDHARY: No, I can explain that.

Mr JUSTIN FIELD: It's alright.

Mr CHAUDHARY: We have actually put together a compliance unit at the senior management level that has visibility. The compliance has always been there in the organisation but we felt after the fires we needed additional folks on that, Mr Field.

Mr JUSTIN FIELD: I just want to go back to the letter from September last year by you and the department Secretary to the EPA. It specifically related to the southern and Eden forestry areas. In that letter it says that it is expected that 155 direct jobs are at risk of being lost over the next few months in the South Coast and Eden region. You have not logged any timber down there since then. How many of those jobs have been lost?

Mr BARNES: I might respond to that because we anticipated that you might ask this question.

Mr JUSTIN FIELD: I've seen no end of logging trucks travelling north through my town in Milton so, yes, I would like to understand.

Mr BARNES: If you talk to the people who haul and log, specifically amplified for those who are not the contractors of Forestry Corporation, the impact has been estimated at an 85 per cent hit to the revenue directly impacting 80 jobs and more broadly affecting today 224 jobs in the supply chain. If you have a look at—

Mr JUSTIN FIELD: So what analysis is that from?

Mr BARNES: I have had my analysts looking at the impact in the South Coast, at jobs data and at resilience, DiTA data in relation to small business sentiment down there. There is a 61 per cent impact year on year in that particular area.

Mr JUSTIN FIELD: Are you able to provide on notice that analysis?

Mr BARNES: I am happy to provide you some facts and figures. In fact, the document that I talked to you about this morning in relation to the urgency to get forestry up and running is a public document and online, so I will give you the—

Mr JUSTIN FIELD: I do not think anyone is questioning the impact. I am just trying to—a lot of figures get thrown around about jobs in the forestry sector. What are the 155 you are referring to?

Mr BARNES: Currently in Eden, in terms of people who are on JobSeeker, there is around about 14 per cent of the working population down there on JobSeeker, which is double the statewide average. So there is a whole host of—

Mr JUSTIN FIELD: That is quite a different figure and consideration than the 155 jobs in your letter.

Mr BARNES: I have just told you that we anticipate that there has been a direct impact of 80 jobs down there, plus—and that is direct jobs, and more broadly affecting 224 jobs. If you look at those small communities, they are one-trick ponies. They have a small amount of tourism but you have not been able to get across the border from Victoria.

Mr JUSTIN FIELD: Which community down there do you think is a one-trick pony?

The Hon. SAM FARRAWAY: Point order—

Mr JUSTIN FIELD: There's lots of suggestions here but there is no evidence before this Committee. Which community?

CORRECTED

The Hon. SAM FARRAWAY: Point of order—

The CHAIR: Mr Field, I will hear the point of order.

The Hon. SAM FARRAWAY: Mr Field has asked serious questions. The secretary is giving serious answers. Why don't we let him finish? Why don't we let him finish before you interrupt?

Mr JUSTIN FIELD: You can't just throw numbers up in the air.

The Hon. SAM FARRAWAY: No, he is referring—

Mr JUSTIN FIELD: He is talking about how many are on JobKeeper and what percentage.

The Hon. SAM FARRAWAY: He is putting on the record—

Mr JUSTIN FIELD: That has got nothing to do with my question.

The Hon. SAM FARRAWAY: Point of order: This is ridiculous.

The CHAIR: Mr Field, if you want to challenge the point of order, then you say, "To the point of order."

The Hon. SAM FARRAWAY: You have asked a serious question. The secretary is giving a serious answer and putting serious data on the record to your question. Why don't you take a moment and actually listen, Justin? Just listen.

Mr JUSTIN FIELD: I have very limited time and we are just getting general numbers—

The Hon. SAM FARRAWAY: Just listen.

Mr JUSTIN FIELD: —that are not related to the question.

The CHAIR: Considering the limited amount—

Mr JUSTIN FIELD: To the point of order: I do not think there is a point of order. The witness is providing numbers that are not related to my question. I am trying to bring him back to the question.

The Hon. SAM FARRAWAY: He's putting on the record new data and new evidence.

The CHAIR: You have only about 15 seconds, anyway.

Mr JUSTIN FIELD: That's the point, right? That's the point. Exactly.

The CHAIR: If the witness is not providing the figures that you are after, I would suggest that you politely redirect him without necessarily yelling over the top of him.

Mr JUSTIN FIELD: My question was, what do the 155 jobs refer to—in the letter?

Mr BARNES: At September, when that letter was drafted, we anticipated that that would be the impact in terms of jobs that would be impacted in the South Coast and Eden areas. In that intervening period, when there has not been any logging occurring, we know that the impact has been greater than that which was outlined in the letter.

Mr JUSTIN FIELD: Right. I will put some questions on notice about it.

The CHAIR: Mr Shoebridge?

Mr DAVID SHOEBRIDGE: I am not sure that answered the question. I was going to ask about the earnings for the hardwood division of Forestry Corporation. Financial year 2020 reported \$121 million in revenue. Is that right, Mr Chaudhary?

Mr CHAUDHARY: Yes, that is right.

Mr DAVID SHOEBRIDGE: How much of that revenue was made up from sale of forestry products? How much was made up of grants under community service obligations, and how much came from other sources?

Mr CHAUDHARY: The grants from community service obligations would be approximately \$11 million to \$12 million of that figure, and the majority of the remaining balance would be from the sale of timber revenue.

Mr DAVID SHOEBRIDGE: Can you give me a breakdown of that on notice?

Mr CHAUDHARY: Absolutely.

CORRECTED

Mr DAVID SHOEBRIDGE: And the \$11 million to \$12 million for community service obligations, what was that spent on?

Mr CHAUDHARY: Again, I am happy to give you the breakdown on notice, but let me explain it this way. The community service obligation is a fee-for-service income that we get paid for by the State to look after the land management obligations. We are a land manager for the Crown, and we have two million hectares of land to manage under State Forests. As I was explaining earlier, of the two million, we operate in only one million hectares. The other million is set aside for environmental values. Of the million hectares we operate in, we harvest anywhere around 1 per cent to 1.5 per cent in any given year. So there is a lot of land management activities such as weed control, animal control, recreation and tourism, hunting, beekeeping, grazing and fire management, of course, which is key. They would be the key expenditure items, but I am happy to give you the details—

Mr DAVID SHOEBRIDGE: A breakdown on what the \$11 million to 12 million was spent on last year.

Mr CHAUDHARY: Yes, absolutely.

Mr HANSEN: I could give you that breakdown now.

Mr DAVID SHOEBRIDGE: If it is not going to take an hour and a half, Mr Hansen. Is it short?

Mr HANSEN: There is 2.5 million for road construction and maintenance; 6.7 for firefighting and prevention for community purposes and unproductive forest areas; 2.9 for recreation and tourism activities; 1.5 for community engagement, education, interaction with councils and government departments; 0.8 for research and development; 2 million for non-commercial forestry management; 1.5 million for the maintenance of Edrom and Imlay roads. Which actually last year, so the 2019-20 is 17.9 million.

Mr DAVID SHOEBRIDGE: So it went from 17.9 down to 11 or 12?

Mr CHAUDHARY: Sorry, if I can just clarify. That list that Mr Hansen has read out is for Forestry Corporation. You asked for just hardwood division.

Mr DAVID SHOEBRIDGE: I see. All right.

Mr HANSEN: I just told you what the community service obligation is and the breakdown for the community service obligation, and that is obviously split between plantations as well as hardwood.

Mr DAVID SHOEBRIDGE: If you take that payment from Treasury into the hardwood division, last year the hardwood division would have gone backwards by about \$11.5 million—in the red?

Mr CHAUDHARY: That is not quite a correct interpretation of the financials because, as I was explaining earlier, the income is a fee-for-service income, so it pays for expenditure. So if you look at our accounting records you will find that the income we earn from CSO, there is matching expenditure of the same amount to it. So there is no profit or surplus, if you like, that flows to the bottom line.

Mr DAVID SHOEBRIDGE: But the normalised earnings reported in your hardwood division was \$400,000 last financial year?

Mr CHAUDHARY: That is correct.

Mr DAVID SHOEBRIDGE: And that was excluding the costs that you have from revaluations, from impairments on superannuation funds and before tax. Is that right?

Mr CHAUDHARY: That is correct.

Mr DAVID SHOEBRIDGE: What was the result after those costs?

Mr CHAUDHARY: We actually do not record defined benefits and impairment down to the divisional level because they are managed at the corporation level.

Mr DAVID SHOEBRIDGE: What was the cost of those across the corporation?

Mr CHAUDHARY: The major item was the impairment. We had a write-down in the asset value of the softwood biological asset due to the fire. As I explained earlier, we lost 25 per cent of the softwood estate. That was about \$346 million. It is an accounting adjustment, it is not a cash adjustment. I just want to make that clear.

Mr DAVID SHOEBRIDGE: I understand. But you have not got the figure for the hardwood impairment?

Mr CHAUDHARY: There is no impairment for hardwood.

CORRECTED

Mr DAVID SHOEBRIDGE: So the whole effort of destroying forests, logging forests, the environmental damage caused by that—the net return that the taxpayers of New South Wales got from the hardwood division was \$400,000, like the cost of a modest unit in Western Sydney? That was the net result of the hardwood—

Mr CHAUDHARY: It is a cost-neutral division and has been in that cost-neutral position since the last five to seven years.

Mr DAVID SHOEBRIDGE: Do you ever do an analysis of the environmental damage as against the return? Does Forestry Corporation ever look at the environmental damage caused by your operations and compare it to a \$400,000 return? Do you ever do that kind of analysis?

Mr CHAUDHARY: I am not sure what you mean by "environmental damage".

Mr DAVID SHOEBRIDGE: Chopping down a whole lot of forests.

Mr CHAUDHARY: State forests have been set aside to produce environmentally sustainable timber. It is not purely for the purposes of conservation.

Mr DAVID SHOEBRIDGE: So you do not do an analysis. You do not compare the \$400,000 so-called profit that is made against the environmental damage—you never do that.

Mr CHAUDHARY: No. I am not sure how you would.

Mr DAVID SHOEBRIDGE: Forestry Corporation contracts out all of its planting operations, is that right, in the softwood division and the hardwood division?

Mr CHAUDHARY: No, that is not true.

Mr DAVID SHOEBRIDGE: Your annual report suggests that it does.

Mr CHAUDHARY: Sorry, in which part of the business?

Mr DAVID SHOEBRIDGE: Why don't we go to the hardwood division first? Who does the planting in the hardwood division?

Mr CHAUDHARY: Look, we do use contractors. I cannot be sure if it is 100 per cent or not but I can check that for you.

Mr DAVID SHOEBRIDGE: Can you give me the breakdown, on notice, in the two divisions?

Mr CHAUDHARY: I can get you that information, yes.

Mr DAVID SHOEBRIDGE: How many people actually work directly for Forestry Corporation as employees?

Mr CHAUDHARY: That would be approximately 550, but the information is in our annual report.

Mr DAVID SHOEBRIDGE: Can you give the geographic location of those, on notice?

Mr CHAUDHARY: Sure.

Mr DAVID SHOEBRIDGE: And can you give it for the last two years as well, so we can track the changes?

Mr CHAUDHARY: Absolutely.

Mr DAVID SHOEBRIDGE: What volume of wood from New South Wales public native forest goes to biomass facilities each year?

Mr CHAUDHARY: Again, that information is in our—

Mr DAVID SHOEBRIDGE: It is actually not.

Mr CHAUDHARY: It is on our website; it is not in the annual report. I can take it on notice, but it will be very small and it will be only from the plantations estate, not from native forest.

Mr DAVID SHOEBRIDGE: Is there any intention or is there any planning to provide biomass from the native forests?

Mr CHAUDHARY: No.

CORRECTED

Mr DAVID SHOEBRIDGE: What is the return that Forestry Corporation gets for the biomass from softwood?

Mr CHAUDHARY: From softwood?

Mr DAVID SHOEBRIDGE: Yes. Is there a rate that you get per kilo, per tonne—

Mr CHAUDHARY: There would be, but I do not have that information.

Mr DAVID SHOEBRIDGE: Can you provide that on notice?

Mr CHAUDHARY: Yes.

Mr DAVID SHOEBRIDGE: Regarding the proposed Redbank energy park in Singleton in the Hunter Valley, which is proposed to burn one million tonnes of native hardwood annually, do I understand that there is no current contract and no intention to have any of that come from public native forests?

Mr CHAUDHARY: Yes. It will not be from public native forest.

Mr DAVID SHOEBRIDGE: And you have not had any discussions between Forestry Corporation and the proponents for the Redbank energy park.

Mr CHAUDHARY: I am not sure, Mr Shoebridge. I can check that for you.

Mr DAVID SHOEBRIDGE: Alright. Before the South Brooman logging went on, citizen scientists went in and identified 100 hollow-bearing trees that had been felled in South Brooman. How did your analysis of the forest miss it before the logging happened?

Mr CHAUDHARY: Look, the forest is quite a complex area, as I am sure you appreciate, Mr Shoebridge. No disrespect to citizen scientists going through and looking for those—we have experts in the field that go through the forests, as well.

Mr DAVID SHOEBRIDGE: Well, the EPA is now prosecuting you for chopping them down, so the citizen scientists were right. Your analysis was wrong. Do not denigrate the citizen scientists.

Mr CHAUDHARY: I am not denigrating them. If I am, I apologise for that. What I am trying to say, though, is that we have experts who do this for a living and before any harvesting takes place, they undertake surveys and they undertake searches—

Mr DAVID SHOEBRIDGE: Mr Chaudhary, I know the process. I am not asking you about the process.

Mr CHAUDHARY: —which include, if I can just finish—

Mr DAVID SHOEBRIDGE: I am asking you how you missed 100 hollow-bearing trees.

Mr CHAUDHARY: I was getting there. So, we undertake the surveys and the searches to identify the hollow-bearing trees and they are retained. In the example with South Brooman that we have got, that was under the site-specific conditions, which required 100 per cent of all hollow-bearing trees to be retained. The IFOA requirement is a certain number per hectare, but the point is that they are sometimes very difficult to identify when the trees are standing and not felled. Despite that, the point is that, as I was explaining earlier, compliance is very important for us. Mr Shoebridge, if we find that we are in breach of that, we take that very seriously. We slowed down our operations immediately after we had that stop work order in other parts of the South Coast forests and we have retrained and re-inducted our staff and contractor workforce in that space.

Mr DAVID SHOEBRIDGE: You say compliance is important to you—

The Hon. SAM FARRAWAY: Time.

Mr DAVID SHOEBRIDGE: —but from the Minister's answers earlier today—

The CHAIR: Time, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: —it was pretty clear that you are just going to go and log and wait for the EPA to prosecute you.

The CHAIR: Order! Mr Shoebridge, I know you are excited. Your time has actually elapsed, so you will have to double back at the next round.

Mr DAVID SHOEBRIDGE: In your hands, Mr Chair.

The CHAIR: Thank you. Mr Primrose?

CORRECTED

The Hon. PETER PRIMROSE: A question briefly to Mr Barnes, before we return to witty weeds: I was wondering whether you had any success in obtaining the workforce regionalisation policy document that we discussed previously?

Mr BARNES: Yes, it is here.

The Hon. PETER PRIMROSE: Thank you. I was wondering if you could possibly table it?

Mr BARNES: It is not printed out yet. We have had it emailed through.

The Hon. PETER PRIMROSE: That is fine. Thank you.

Mr BARNES: But we will get it to you at the end of the session.

The Hon. PETER PRIMROSE: That is fine. Thank you.

The Hon. MICK VEITCH: Thank you. As my colleague indicated, I would like to go back to witty weeds. It is actually a very important issue in regional New South Wales. Back to Forestry Corporation, you said about \$2 million, as I recall, would be spent this year on—

Mr CHAUDHARY: On weed control.

The Hon. MICK VEITCH: —weed control. Is that an increase on the previous year's budget allocation?

Mr CHAUDHARY: I will have to check that, Mr Veitch.

The Hon. MICK VEITCH: Can you check that?

Mr CHAUDHARY: Yes.

The Hon. MICK VEITCH: Have we increased the activity towards weed management? I would prefer weed eradication rather than weed control. Anyway, have we increased that activity in the areas that were burnt?

Mr CHAUDHARY: Look, my understanding is that the silvicultural operations are absolutely taking that into account. The discussions I have been having with the organisation is that—they understand there is an opportunity to get on top of the weed right after the fires. They are focusing on that, but I do not have the exact numbers of how many dollars or effort we are spending against last year—or the trend. But I can get that information.

The Hon. MICK VEITCH: To be fair, the window closes pretty quickly on your capacity to get in—

Mr CHAUDHARY: Noted.

The Hon. MICK VEITCH: —and work on the regrowth. It is pretty aggressive in some of the parts I have seen. In fact, it has come back stronger than it was prior to the fires. I would suggest the fuel loads are going to be into the next summer, because it has been such a brilliant season, to date—summer, this time. I would be a bit worried about the fuel loads for next summer. I think you will find the weeds will be a contributing factor to that. If you could take those on notice and get back to me.

Mr CHAUDHARY: Sure.

The Hon. MICK VEITCH: I do tend to ask weeds questions at every estimates, if I can. Just a heads up, Mr Hansen, for next week. Thank you.

Mr HANSEN: We love the promotion.

The Hon. MICK VEITCH: One more question for Forestry Corporation.

Mr CHAUDHARY: Sure.

The Hon. MICK VEITCH: This is a very local one. After the Dunns Road fire, the western foreshore of Blowering Dam has been closed—and rightly so. There were safety issues. The locals are now wondering just when that foreshore is going to reopen. They have got an eye on the Easter weekend. Is there any chance at all that parts of that foreshore will be open for the Easter weekend?

Mr CHAUDHARY: Mr Veitch, we are actually working towards that Easter weekend. The only thing is that the storm event we had over the last couple of weeks really put us back. We had repaired some roads and they have been washed away. As you know, we have done a lot of work in that space. Over the last year we have done aerial seeding to get some ground stability. We have actually fixed about 950 kilometres of road in that region—not in Blowering per se but in that whole region. We understand that there is a community that wants to get back into the foreshore. It is really the public safety that is of paramount importance to us. We have got

CORRECTED

engineers involved and soil experts and what have you, but it will take some time. The team is working as fast as they can towards Easter.

The Hon. MICK VEITCH: Okay, thank you. The local tourist operators would be pretty keen.

Mr CHAUDHARY: Yes. And, Mr Veitch, I think you previously asked me about how much we have achieved in road repair work. I have just got that information. We have achieved 47 crossings. We have repaired 18 bridges and 1,500 kilometres of roads. I think I misrepresented that previously. Regarding the hunting maps, I am getting notification that we are definitely going to double-check that.

The Hon. MICK VEITCH: Thank you very much. Mr Barnes, I have got some questions now in the trade space. I am not sure who—

Mr BARNES: Yes. We will bring Ms Bell up.

Commissioner FITZSIMMONS: While you are bringing someone up, Mr Chair, I was asked earlier if I could table a copy of the memorandum of understanding for the shared services. I have been able to get a few copies in the intervening period.

The CHAIR: Thank you.

The Hon. MICK VEITCH: Thank you. I might actually look at the special envoys before I go on to the trade officers. In the morning session, there were six—

Ms BELL: There were actually five and they were appointed in 2016-17 by the previous Government—obviously, still a Liberal government. In 2019 four of them resigned, including people like Barry O'Farrell, for example. We still have one active China envoy, who stood aside six months ago, but the relationship with China is complex and we have not made a public determination.

The Hon. MICK VEITCH: Okay. So there were five. You did take on notice—I am not sure if you have had a chance to get it. Are they paid positions?

Ms BELL: No, they are honorary positions. They are unpaid.

The Hon. MICK VEITCH: Okay, thank you. And is there a view, at some stage—I understand COVID, but is there a view of maybe going back into the special envoy arrangement?

Ms BELL: The model? At the moment our thinking is that as we expand our international network the need for the envoys is probably much less. We are building our international network, and the agent-general, for example, is currently being recruited. The envoys were originally, I guess, set up to travel with Ministers and give them expert advice on a particular country. As we appoint senior people offshore, that need will not exist.

The Hon. MICK VEITCH: In the budget I think it was announced that there was \$273 million to establish New South Wales as Australia's trading hub. I believe the Government is going to spend \$112 million to double—actually the statement in the media says "nearly double"—the number of trade offices from 11 to 21 in cities including London, Seoul, San Francisco, Frankfurt, Santiago and Paris. I understand the difficulties that COVID would place on this, but can you update the Committee as to how many have been—

Ms BELL: Where we have started? Yes, so the budget was confirmed in November. Since then we have moved into Singapore and Vietnam. We are currently recruiting in Jakarta. A recruitment for the agent-general in London and the senior trade commissioner in Japan is underway. The budget is actually over a four-year period, not just this financial year. For example, in the United States we are taking things a little slowly there because of COVID, but as markets open up where we know it is safe for us to put more people in, we are doing so.

The Hon. MICK VEITCH: How do those trade offices interact with the Going Global Program?

Ms BELL: They deliver it for us. At the moment we have 150 businesses on that program, working across nine markets. They are currently delivering that program where we have an in-country representative. As we get more people offshore—for example, as we open in Jakarta—we will be able to take cohorts of business there. It is a program where we take 15 companies at a time from a particular industry, and we work with them intensively over six months to help them succeed in that particular market. We have 14 cohorts active right now. For example, in Vietnam it is food and bev, and agri. We have the same happening in Japan and Korea, where we work with those 15 businesses, and our team offshore interacts with customers for them to help them secure export sales.

The Hon. MICK VEITCH: Okay. Do the 15 companies you take make their own contributions to this as well?

CORRECTED

Ms BELL: No. We secured funding last year through the ERC process to support these businesses after COVID, drought and bushfire. At the moment it is not involving travel, of course, and so the costs are really around our time and effort in working with them to succeed. There is no cost involved. They are investing their time. Every week they allocate time and resources to partnering with us, but they do not need to make a financial contribution until the time that they might have to visit the market when borders open, and at that point they will pay for their travel and so on.

The Hon. MICK VEITCH: What is the selection process to become one of the 15?

Ms BELL: Of the 150. Because of our capacity at the moment, we can probably only really work to 150 at a time. As we grow and expand, we will be able to build that out. The selection process was we ran an EOI process online. For each of the cohorts of businesses we selected we put together an external panel to review the companies. The panel consisted of us in NSW Treasury and Trade. It was someone from an industry body. For example, the fintech companies, we worked with Stone & Chalk as an industry expert to select the businesses as well. The third person on the panel was an international expert, either someone from Austrade or someone from a business chamber in Vietnam so that we had a view of did they have the right product or service to succeed from our end and did they have sufficient demand from the country for them to succeed? We received something like 270 applications. Some of those were from, for example, Victorian companies, so they were eliminated. Good for them to have a go. Then we settled down on 150 businesses through that evaluation process.

The Hon. MICK VEITCH: The rollout of the number of trade offices, you are not going to do them all at once—

Ms BELL: No.

The Hon. MICK VEITCH: So there is a program. What are the logistics around establishing what the trade office in Singapore or—

Ms BELL: At the moment we have a two-pronged approach. We have what we call our hub offices. We will have six of those. They will be independent New South Wales offices where we take out a lease, we recruit staff, we establish a business entity, and it is a standalone, one-stop New South Wales Government shop in that country.

The Hon. MICK VEITCH: Sorry to interrupt. They are not co-located with Austrade or—

Ms BELL: Wherever we can, we are trying to be in the same building, but they will be an independent entity. In the case of London, for example, we are currently recruiting, as I mentioned, for the agent-general. We have just secured a lease in Australia House, so we are part of brand Australia and we have access to the ambassador and the full support of the Commonwealth, but we are independent. We will have our own floor; we will have our own front shop. Those hub offices are going to be in London, Tokyo, New York, Singapore, Shanghai and Mumbai to take into account, I guess, where we see the major global trading centres are based.

In addition to those six hubs, we are going to work with Austrade to embed our people in its office in a sort of lower-cost, higher-reach model where we have one or two people with them. They carry the New South Wales brand, but we can move them around quite flexibly therefore, depending on where the opportunity is. Things like COVID, for example, have meant that in some markets we are perhaps more constrained than we were 12 months ago. It means, for example, in Vietnam we have been able to jump in very quickly, without having to set up bricks and mortar, so that we can support businesses where the demand emerges. The balance of our international offices will be using that model. When we say we will be in Korea or Vietnam, we are currently based in Austrade with the New South Wales banner.

The Hon. MICK VEITCH: The recruitment at those sites—you are going to utilise locals in those offices?

Ms BELL: Yes, that is correct. In those offices we will be local, and actually we partner with Austrade in their recruitment. For our independent offices, we are working with a global recruitment firm called NGS. They are working with us on recruiting, for example, the unique agent-general role and the other five remaining senior trade and investment commissioners. Our goal is to have all of those hub offices and commissioners in place by the end of the year.

The Hon. MICK VEITCH: Obviously, COVID has impacted upon the rollout.

Ms BELL: Yes.

The Hon. MICK VEITCH: As you said, the money was across the forward estimates. It was not just for one year.

CORRECTED

Ms BELL: Yes.

The Hon. MICK VEITCH: Do we have some sort of process to make sure we hold the funds for these? It is going to be pretty critical.

Ms BELL: Yes, it is a four-year—that media release is actually over the four-year period. It is not in year one. So the 112 that they spoke of is in the next four-year budget cycle, so it is already allocated on an annual basis with a quite structured budget around what we can get done this year. The bulk of it, actually, will come into next financial year and then ongoing operation throughout to the end of the four-year cycle.

The Hon. MICK VEITCH: Does Study NSW fit with—

Ms BELL: That is me too.

The Hon. MICK VEITCH: It is with you as well?

Ms BELL: Yes.

The Hon. MICK VEITCH: Okay, I am still trying to get my head around just what sits with the new department and what does not.

Ms BELL: Yes, it is okay.

The Hon. MICK VEITCH: International students and international education, a pretty big contributor to the State economy, has taken a fair whack as a result of COVID.

Ms BELL: It has, indeed.

The Hon. MICK VEITCH: I would suggest that the reputation of our education providers has probably taken a bit of a hit as well in some jurisdictions.

Ms BELL: That is correct.

The Hon. MICK VEITCH: What are we doing to attract international students? I mean, the higher education sector across New South Wales has an interest in this. A lot of local jobs are supported by international education.

Ms BELL: Sure. Some 95,000 jobs are attached to the sector. As you would have seen from the media release, we have actually really stepped up the Study NSW budget as well over the next four years. It has gone from—I will have to give you the firm figures, but they are probably in the press release that you are referencing. We have a three-pronged strategy that we are working to at the moment. The first is to get students back. It is really hard for us to push studying in New South Wales if we are not certain when borders will open and when we can see their return, and so we are working very closely with the Commonwealth, and certainly across government here with organisations like NSW Health and police, to make sure that we can quarantine them effectively if they do come back.

The second piece of work that we are working on is how we leverage our international network to run campaigns, particularly in markets that we know we have strong demand. Of those 55 positions in 21 offices, a number of them are going to be allocated as education specialists. That is across South-East Asia, India and South America, which is the reason why we opening in Santiago—because of the strong student population in South America. And then the third piece of work that we are looking to do is domestically around how we can support through more digital education a more hybrid model. But we have, I guess—the first priority is getting them back.

The Hon. MICK VEITCH: Yes.

Ms BELL: I do not want to run very expensive campaigns offshore if we are not 100 per cent confident that—so the prep work is done, but I guess what needs to be done now is getting them back in and that is a Commonwealth decision.

The Hon. MICK VEITCH: The vice chancellors were talking about or calling for some sort of secure corridor, I think they were calling it, to assist in returning some of the international students to Australia. Has there been much work done around that?

Ms BELL: All I can say is a lot of work has been done and a lot of people are losing a lot of sleep over it. But at the moment it is a Commonwealth decision for us to be able to return them. We are exploring different ways we might be able to pilot, but whatever we do before borders open has to comply with our quarantine requirements for returning citizens. At the moment the Commonwealth position is that returning Australians still remain their top priority.

CORRECTED

Mr BARNES: I think it is fair to say that Australia's handling of the response to COVID has led to an enhanced marketability of our country and New South Wales as a destination for discretionary spend, including in the student market.

The Hon. MICK VEITCH: Yes. A number of the international students, of course, were here and could not get home. There has been a number of media stories around the dire straits that some of these poor individuals have found themselves in. What work has been done with the universities in particular, but also the private—

Ms BELL: Last year we, again through the COVID emergency funding, were able to secure \$21 million to support the welfare of international students who were here. As you would imagine, many of them were working in sectors like hospitality or casual jobs that disappeared as COVID hit. Many of them are, as you mentioned, young and vulnerable. We were able to secure \$21 million for what we called emergency relief accommodation for those who could no longer afford their rent, but were not able to apply for programs as non-citizens. We had—and I can probably give you the figures—at the moment we have spent, I think, \$18 million of that \$20 million, and we fully expect that that will be expended in the next month or two. Something like 5,500 students have been able to avail themselves of that assistance. The program was 12 weeks emergency accommodation with the possibility to extend up to 20 weeks so that we made sure that these kids were not made homeless. That was completed. We also provided things like free food hampers to not just hundreds but thousands of students. We provided free legal services. We put on legal advisors that could help them work through and navigate any issues they were having, as well as a series of apps and digital assistants that they could have over this period. As a parent—

The Hon. MICK VEITCH: There were horrific stories of these poor individuals who were stuck last year.

Ms BELL: Other countries and other families from around the world have entrusted us with their children and so we did step up to make sure that we secured as much funding as possible.

The Hon. MICK VEITCH: I just want to clarify, of the \$20 million—

Ms BELL: It was \$21 million.

The Hon. MICK VEITCH: —\$18 million has been fully expended?

Ms BELL: Yes, \$18 million has been fully expended.

The Hon. MICK VEITCH: And you expect by the end of this financial year the full \$20 million.

Ms BELL: Yes, contracts have been entered into, but the way it works is that the contract is entered into and the money gets paid at the back end. So we have fully utilised—and literally it closed on 12 February and that is because now business has returned and the kids can now go back to their part-time jobs and a number of students have, of course, returned home. But right to the last minute we were receiving a trickle of applications and the money—we actually got the budgeting pretty spot on.

Mr JUSTIN FIELD: Mr Fitzsimmons, if I could ask you a question about your role as the Commissioner for Resilience NSW. I want to go back to this letter and something that was raised by Mr Mookhey earlier today. There was a point in it that raised a question with me. I think he quoted from the line in one of those letters that said, "Transport for NSW has developed a three-point plan that is consistent with the approach established by Resilience NSW". I understand it was not a letter from you or to you, but what would they have been referring to in terms of the approach established by Resilience NSW? Have you issued any guidance to departments, have you put together some—

Commissioner FITZSIMMONS: No. There were some discussions between officers at officer level. Our approach was a risk-based approach to roadside vegetation management, as would be expected. But it was not about the flat out 40 metres, as was being prosecuted in that comment. As a matter of fact, more broadly for roadside vegetation management for fire management purposes, they would be getting more advice from organisations like the RFS. Our advice was a risk-based approach—clear, safe corridors, but that does not automatically mean a prescribed single linear distance in every location.

Mr JUSTIN FIELD: I mean, it is pretty explicit, though, "consistent with the approach established by Resilience—"

Commissioner FITZSIMMONS: I do not know what they are referring to there.

Mr JUSTIN FIELD: Okay. Have you provided any guidance on how a risk-based approach would be applied?

CORRECTED

Commissioner FITZSIMMONS: Not that I am aware of. Transport already has responsibility for road-corridor/transport-corridor management. My understanding from the discussions at officer level was whether we had a position on a 40-metre space along all corridors. Our position was more around risk-based appropriate to the geography, topography and vegetation type of the corridor area.

Mr JUSTIN FIELD: I raise this because it has been a big issue on the South Coast around how Endeavour Energy is treating clearing on the powerline easements as well. Have there been similar conversations between your organisation and the transmission groups?

Commissioner FITZSIMMONS: No. The transmission authorities work to a code and that would be a question better directed to the Minister for Police and Emergency Services and the Rural Fire Service. But I can tell you from my background that energy companies work closely with the Rural Fire Service and that broad vegetation clearing and management guideline that is attached to transmission corridors.

Mr JUSTIN FIELD: So Resilience NSW has not engaged with the transmission companies around management of those lines?

Commissioner FITZSIMMONS: Not that I am aware of.

Mr JUSTIN FIELD: Again, this sort of links into the debate we had last year about boundary clearing on rural land. Does Resilience NSW provide any advice to the RFS or to the relevant Minister in regard to boundary clearing?

Commissioner FITZSIMMONS: Flip it around: The RFS was the lead authority for providing the advice on boundary clearing; Resilience NSW, as the agency that coordinates emergency management policy across the emergency services agencies, had a role in providing and furnishing the advice of the RFS through as part of the broader submission to the Minister and Cabinet.

Mr JUSTIN FIELD: I do not quite understand that. I have interrogated this issue to some degree and what we found out was that the 25 metres was based on an existing fire trail policy that actually did not directly correlate with the fire trail policy. But that was a position put by the—

Commissioner FITZSIMMONS: Sorry, I do not understand where you are going. I cannot be any clearer: The RFS was the authoritative advice on the boundary clearing—

Mr JUSTIN FIELD: The 25 metre proposal?

Commissioner FITZSIMMONS: They provided advice but, ultimately, it was a determination by Cabinet.

Mr JUSTIN FIELD: Sure. But you said that you provided, that you put together the submission—

Commissioner FITZSIMMONS: Correct. The way the ministerial process works, as we talked about earlier this morning, Resilience NSW reports to the Premier, reports to the Deputy Premier for recovery matters and we report to the emergency services Minister for emergency management policy coordination matters. The boundary clearing matter came up in response to the inquiries. There was a suite of packages that was announced, you might recall—

Mr JUSTIN FIELD: I do recall.

Commissioner FITZSIMMONS: It is \$192 million worth of initial responses to the 76 recommendations in the inquiry.

Mr JUSTIN FIELD: Some of the recommendations.

Commissioner FITZSIMMONS: That is right, only some of the recommendations; there is still more work to do and, as part of that process, Resilience NSW has the role in coordinating that sort of advice up through the Minister into Cabinet, likewise the advice coming up through on boundary clearing was the case—if that makes sense, sorry.

Mr JUSTIN FIELD: Sure. I appreciate that. Mr Chaudhary, we might go back to you. I just wanted to pick up where it was left off by the previous question around the South Brooman forest. I appreciate that you have not got a specific list of compartments that you are after, but certainly the letters that were sent to the community around South Brooman in September last year indicated that compartments 52, 53 and 54 were going to be a target of Forestry Corporation. Can you confirm that they are on the list to go into between now and the NRC report being completed?

Mr CHAUDHARY: I am not aware of those specific compartments but I can take it on notice and check it.

CORRECTED

Mr JUSTIN FIELD: That would be great if you could. Also, the case put before about the identification of hollow-bearing trees—I was out in the forest where some of those community members were identifying, sort of through citizen science, hollow-bearing trees that had come down. It was pretty easy to see both in the trees and on the ground that that had happened from an untrained eye as well. I guess the fact that you were breached continually for that resulted in the stop work order. I want to get a sense of whether any of the voluntary conditions that you are going to impose on yourself to manage what you have identified is an ongoing risk here will include limits on the removal of hollow-bearing trees.

Mr CHAUDHARY: Yes, as I understand, it certainly will. It will include the retention of trees, it will include additional surveys that we need to undertake, it will include additional land area that we need to exclude. So it is drawn from the site-specific operating conditions and it will contain those.

Mr JUSTIN FIELD: And will these be by compartment by compartment?

Mr CHAUDHARY: The measures are the measures, but when you apply them to the compartments then obviously the harvest plans will contain the details of what it actually means on the ground.

Mr JUSTIN FIELD: So you will have a range of general measures, which will then be complied to each compartment. That might be additional exclusion from creek lines or an additional number of hollow-bearing trees that are retained. Have you got any idea what these look like yet?

Mr CHAUDHARY: If you are asking on a site-by-site basis, that is what we are working through at this stage. What we have defined is at the landscape level what those measures look like.

Mr JUSTIN FIELD: Are you able to put on notice what those landscape measures look like?

Mr CHAUDHARY: Yes. It is almost there and we have also shared a draft of that with the EPA, but, as I said, we are working through it and as soon as we get that finalised I can take that on notice and share that with you as well.

Mr JUSTIN FIELD: So you have shared a draft with the EPA but the EPA have been quite clear publicly that they have no statutory ability to enforce those conditions. Are you seeking advice from the EPA or is this just a for-information situation?

Mr CHAUDHARY: No. I understand the concern around enforceability and I have explained earlier that it still leads to a better environmental outcome. If we are focused on environmental outcome, those measures will take that into account.

Mr JUSTIN FIELD: Well, we will see about that. Can you inform the Committee how much logging has occurred since the fires in koala habitat across New South Wales?

Mr CHAUDHARY: I do not have the figures to hand but I can take that away and tell you. But I can say generally that koala habitat is not specific to any particular area and koala habitat is not specific to a particular land tenure either. Koala habitat varies from low, moderate, high, depending on which part of the forest they are in. Again I point to the comment that I made earlier that our planning processes take that into account when we conduct our surveys and searches before we undertake the harvesting operation. So we then identify those koala habitats and provide adequate protection to those.

Mr JUSTIN FIELD: If you could come back with how many compartments and how many hectares of high and very high koala habitat have been logged by Forestry Corporation since the fires, that will be good, but I specifically want to now look at the Lower Bucca State Forest, which has a high proportion of high-value koala habitat. I have here a briefing from the EPA to their Minister about engagement between Forestry Corporation and the EPA over logging in the Lower Bucca State Forest. This was an unburnt State forest but not too far from a burnt area. The suggestion in this briefing note is that the EPA asked Forestry Corporation to voluntarily not log in the unburnt forest and to replant operations in burnt sites—I am quoting from it here now—where additional controls can be placed on the operations to manage the environmental risk. Forestry Corporation originally agreed with this approach, leading to a process that has been underway, but since rejected the EPA's request, saying you needed the unburnt forest to deliver on wood supply agreements. Did you agree not to log the Lower Bucca State Forest and then go back on it?

Mr CHAUDHARY: I do not think we did agree not to log, but before we commenced our harvesting operations, we have undertaken the necessary planning process and that would have advised whether we would be harvesting in that particular forest or not.

Mr JUSTIN FIELD: Okay. We might come back to this next round.

CORRECTED

Mr DAVID SHOEBRIDGE: Mr Chaudhary, could you provide the number of hectares of forest that was logged by the hardwood division in each of the last three financial years? It used to be information that was provided in the annual report but is no longer provided for some reason.

Mr CHAUDHARY: I think it is probably on our sustainability report. We provide a lot of information on—

Mr DAVID SHOEBRIDGE: It is not there either.

Mr CHAUDHARY: I can take that on notice.

Mr DAVID SHOEBRIDGE: But you definitely have that data.

Mr CHAUDHARY: Yes, definitely.

Mr DAVID SHOEBRIDGE: If you could provide that for the last three years, that would be very helpful.

Mr CHAUDHARY: Yes.

Mr DAVID SHOEBRIDGE: Could I ask you about the proposed logging and the operations in Newry State Forest, which is up around Bellingen? Forestry Corporation promised the Bellingen community they would not use chemical aerial sprays in their public consultation in 2015, but they have now gone back on that promise. Why have you gone back on the promise and why are you undertaking chemical aerial sprays in Newry State Forest?

Mr CHAUDHARY: I am not sure of the nature of the promise, but Newry State Forest—we manage plantations to produce renewable timber in perpetuity and each time a plantation is harvested we replant it, and there is also the necessary spraying after the harvesting takes place to control the weed and we use the herbicides.

Mr DAVID SHOEBRIDGE: So you log it and then you do aerial spraying of herbicides, I understand that.

Mr CHAUDHARY: It depends on whether it is aerial spraying or not. It depends on forest by forest.

Mr DAVID SHOEBRIDGE: What herbicides have Forestry Corporation used in the Newry State Forest? First of all, what have been aerial sprayed and if there is not aerial spray what has been used for ground spraying?

Mr CHAUDHARY: I understand that the herbicide that we use needs to be registered with the Australian Pesticides and Veterinary Medicines Authority [APVMA]. Certainly the herbicide we used was registered with the APVMA. Before we would carry out any of those operations we would ensure that adequate signage and communication was conducted to make sure that there were not any herbicides that were sprayed anywhere else.

Mr DAVID SHOEBRIDGE: Will you provide the Committee on notice the details of what chemicals actually were used in the aerial spraying?

Mr CHAUDHARY: Yes, we can do that.

Mr DAVID SHOEBRIDGE: And, if you can, when that spraying was done.

Mr CHAUDHARY: Sure.

Mr DAVID SHOEBRIDGE: Sticking to Newry State Forest, what, if any, consultation was undertaken with the Gumbaynggirr people, the local First Nations traditional owners, about their sacred sites before the roads were put through the forest by Forestry Corporation—I think they commenced creating new roads in 2017? Was there any consultation with the traditional owners?

Mr CHAUDHARY: Specific to that forest I will have to take that away, but we do consult with the local Aboriginal land council in all our operations; it is part of our general planning process and I would assume we would have done the same, but I can take that on notice.

Mr DAVID SHOEBRIDGE: You know that there were three serious breaches that were identified through the creation of those roads in 2017. What, if any, fines or penalties has Forestry Corporation paid?

Mr CHAUDHARY: I am not sure about that. I can again check that for you.

Mr DAVID SHOEBRIDGE: My final two questions are again on Newry State Forest. Regarding the scheduled logging—well, it is hard to get a schedule—but the proposed logging for Newry State Forest, when

CORRECTED

will Forestry Corporation actually release the ecological studies, the soil reports and the logging commencement dates so the local community can understand what your plans are?

Mr CHAUDHARY: At this stage I believe we are in our preliminary planning stage, so it will be some time in the future. Again, I can take that away on notice and firm up a date.

Mr DAVID SHOEBRIDGE: Will you sit down and communicate with the Gumbaynggirr people and speak to them about their concerns about their sacred sites that are the subject of these proposed logging operations in Newry State Forest? That is separate to Land Council. I am asking about traditional owners.

Mr CHAUDHARY: Okay. I can check that for you—what the process is.

Mr DAVID SHOEBRIDGE: Do you think it should be part of your basic operations to talk with First Nations owners?

Mr CHAUDHARY: We consult with the Aboriginal community on a whole variety of things, whether it is cultural burns, whether it is harvesting—it is part of what we do. With the specific one on Newry State Forest I would have to check into that, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: That is not what the Gumbaynggirr people have been telling me. They have been telling me that they have been desperately keen to be heard and there is no consultation process in place. But if you can provide any details that suggest otherwise on notice, please do, Mr Chaudhary.

Mr CHAUDHARY: Sure.

The Hon. MICK VEITCH: This question is probably for Industry and Trade. Anyway, Mr Barnes, you should be able to go with these ones. There is a worldwide shortage of semiconductors. What impact is that having on industry in New South Wales and has that been raised anywhere with you?

Mr BARNES: Sorry, a worldwide shortage of?

The Hon. MICK VEITCH: A worldwide shortage of semiconductors.

Mr DAVID SHOEBRIDGE: Very short people who run concerts.

The Hon. MICK VEITCH: Yes. You can tell it is Friday afternoon.

Ms BELL: I missed the first half, so I do not know what is going on.

Mr BARNES: Semiconductors?

Ms BELL: You will have to repeat the question.

The Hon. MICK VEITCH: There is a worldwide shortage of semiconductors.

Ms BELL: Yes.

The Hon. MICK VEITCH: Has that been raised with the department and, if so, what is happening?

Mr BARNES: I will take that. COVID has provided challenges for a whole range of industry sectors that have relied on easy and quick overseas supply chains for a whole range of things. Whether you were in the mining sector, whether you are in the advanced manufacturing sector—which is not huge—whether you are in the agribusiness sector, you know, people ran out of parts. The pivot that we started to see experienced, where companies that were in the manufacturing sector started to retool so that they could produce things locally—all manner of things from toothbrush packaging and parts; dental products; parts for some of our big, heavy equipment; and brushes and washers that are used in mining. You know, it really has provided both threat and opportunity. Specifically within the industry component of Treasury, there was a task force set up to look at these opportunities from a regional perspective. We threw people in out of Mr Hanger's team and their immediate focus was on working alongside of Health and Police to see if we could manufacture more of the PPE gear here in this State.

I am pleased to say that our local manufacturing sector did move quickly. I think all manner of companies that were producing gin ended up pivoting and turning their mind to things that we needed. I cannot answer you specifically, Mr Veitch, around whether we have done well in the semiconductor space, but I can tell you that the manufacturing sector is alive with possibilities and the interesting thing, as I have travelled the State, is that companies that were always looking at pinching the last penny in terms of squeezing things out of their cost pricing are now prepared to pay more for Australian-made product that they can get their hands on in an ongoing sort of way. I do not know whether you want to add to that, commissioner.

CORRECTED

Commissioner FITZSIMMONS: No, I would agree with you, 100 per cent. It was not just PPE and sanitiser, but there were some really good turnarounds in relation to things like ventilators that we had to—you know, the State did quadrupling of ventilator capability at the early onset of COVID and local—

The Hon. MICK VEITCH: This is all very good, but I asked about semiconductors.

Commissioner FITZSIMMONS: But conductors—I had not heard about semiconductors. Is it the raw material or is it the end product?

The Hon. MICK VEITCH: If I may—my colleagues know that I am well read. But *The New York Times* has actually reported that one of the main issues confronting President Biden in his first month is the worldwide global chip shortage, which is impacting motor vehicles and consumer electronics. It is actually a question in the American supply chain, which is where Mr Barnes was going. In light of that, issues like this will arise no doubt. But what work have we done about our own supply chain?

Mr BARNES: The biggest opportunity that New South Wales has in this space is as the mining sector pivots towards critical minerals. We have some of the best deposits of vanadium, titanium, rare-earth lithium, cobalt and all of those things are going to be the critical minerals that power renewable energy sources and the battery sources that will obviously work alongside of renewable energy sources. At the moment we have a very limited number of those mines that are commercialised but a big opportunity again in the Central West with at least two mine almost there. We will not go into which ones they are, but as soon as they get to their final additional capital, I think Australia can solve your problem.

The Hon. MICK VEITCH: Good. I would hope so. Can I move onto something else? A number of years ago—as MPs we get invited to a whole range of wonderful things in this building during sitting weeks and one of those was that Minister Blair at the time invited me to the launch of the New South Wales Government Defence and Industry Strategy. Does everyone remember this? 2017?

Mr JUSTIN FIELD: The defence strategy. Yes, I do remember this. That was a cracker.

The Hon. SAM FARRAWAY: It was before my time.

The Hon. MICK VEITCH: What is the status of the requirements of this document now? Who is responsible? Does it sit with—

Mr BARNES: Minister Ayres is the Minister responsible for defence industries and, look, I like that document. I was working in the Department of Industry at the time and had a bit to play in that. The defence industry has played such an important role in underpinning our regional economies in New South Wales.

The Hon. MICK VEITCH: Hence I am asking about the document. I would hate to see it gather dust.

Mr BARNES: We are working very actively to make sure with the defence sector—it does not matter whether it is Thales out at Lithgow, whether it is BAE at Williamstown or the folk down at Nowra that support the helicopters down there, it really is a wonderful opportunity. I take my hat off to the Department of Education and to local governments that have provided a skills, if you like, pathway for young kids at school who start learning about this stuff at the end of primary school and end up with jobs in these industry sectors. Because they are sustainable jobs. They are jobs that offer a full suite of capabilities, including very high-tech opportunities. I would encourage you to ask Secretary Pratt and Minister Ayres about that document.

The Hon. MICK VEITCH: Yes I have got—Commissioner Fitzsimons—I am going to go to Minister Dominello's hearing. I will be busy. I will. I just want to make sure though a number of years after the launch that there is activity.

Ms BELL: I think you will find it is being refreshed.

The Hon. MICK VEITCH: I am heartened to hear that something is happening. I will ask more about that.

Mr BARNES: I have been meeting very regularly with Greg Moriarty, who is the Secretary responsible for defence federally, so that we do not miss opportunities to continue to grow the sector in New South Wales.

The Hon. MICK VEITCH: A bit earlier on, Mr Barnes, you were talking about gin. I have received correspondence from the Australian Beverages Council and they are pretty pleased to have been selected by the Federal Government as one of the six national manufacturing priorities. What work is the State Government doing with the beverage industry? There is a very vibrant artisan distiller and craft brewer industry in New South Wales and I would like to know what we are doing in that sector.

CORRECTED

Mr BARNES: The Deputy Premier with his Industry hat on has responsibility for that sector and there is active engagement. I was lucky enough the other day to be in one of Mr Hansen's research facilities at Tamworth where we are working with the sector to extend the variety and life of craft beer, which has become a very strong market player. We can give you a briefing offline about that if you like.

The Hon. MICK VEITCH: I reckon that would be really good. Artisan distillers and craft brewers have a role in regional economies and they are actually diversifying what are economies that are pretty mono.

Mr BARNES: Everywhere you go at the moment they are springing up in our regional settings making their own gin. Some of them are laying down their own whiskey.

The Hon. MICK VEITCH: How about I get in touch and we have a conversation about this?

Mr BARNES: Yes, that would be good.

The Hon. MICK VEITCH: Thank you.

The CHAIR: That might be an event worth hosting at Parliament. Mr Field.

Mr JUSTIN FIELD: Could I just go back to where we were before, Mr Chaudhary?

Mr CHAUDHARY: Sure.

Mr JUSTIN FIELD: I had asked a question about an EPA briefing note where the suggestion was that in the Lower Bucca State Forest, a high-value koala habitat, the suggestion is that Forestry Corporation had offered to voluntarily not log in unburnt forests. The indication here is that was subsequently rejected or you went back against it. It says in this briefing note that the rationale is because unburnt forests are needed to deliver on wood supply agreements. I just want to confirm that your understanding or your suggestion was that you had not given an undertaking to stay away from unburnt forests. Is that right?

Mr CHAUDHARY: I will have to go and check exactly what we did there, Mr Field. I would be misleading the Committee if I were to speculate on that.

Mr JUSTIN FIELD: Understandable. Then I might just get you to clarify a couple of other elements in here. It goes on to say that Forestry Corporation has voluntarily decided not to intensively log those forests and will apply selective harvesting requirements to them but that Forestry Corporation declined the EPA's request for additional site-specific conditions to be applied to bolster koala protections in those forests. If you could confirm that you then declined the EPA request for site-specific conditions, I would appreciate that.

Mr CHAUDHARY: Sure.

Mr JUSTIN FIELD: There is also a comment in here that Forestry Corporation had triggered the force majeure clauses in the wood supply contracts but that you were of the opinion that the contracts still needed to be met. We have addressed that today.

Mr CHAUDHARY: Yes.

Mr JUSTIN FIELD: It goes on to say:

This is because they—

Forestry Corporation—

consider that the force majeure may not apply to unburnt areas and being told not to log unburnt forests could be taken as a Government direction to make the State liable for compensation.

It says that DPI has been asked to clarify this legal interpretation. Firstly, Mr Hansen, was DPI asked to clarify that legal interpretation? Has legal advice been sought to that effect?

Mr HANSEN: Not that I am aware of.

Mr JUSTIN FIELD: Okay, thank you. Could you confirm whether or not you think the statement is accurate that Forestry Corporation considered at the time—and this was the middle of last year, not long after the fires finished—that the force majeure may not apply to unburnt areas because if you were directed not to log those then that could be taken as a government direction that made the State liable for compensation? I am happy to provide this briefing to you.

Mr CHAUDHARY: I will check. That would be useful, thank you.

Mr JUSTIN FIELD: The suggestion went on that Forestry Corporation is seeking clarity or direction from the Government on the legal interpretation of the compensation clauses. I asked you previously about any

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legal advice that was sought and I think you indicated that you got internal legal advice. Could you just clarify what legal advice was sought to answer that question from within Forestry Corporation?

Mr CHAUDHARY: Yes.

Mr JUSTIN FIELD: I should have asked the Minister this morning because the suggestion here is that the Minister asked them to deliver on the contractual obligations. I might take that up with him in a different forum. Thank you for that.

Mr CHAUDHARY: Sure.

Mr JUSTIN FIELD: I think this is to you, Mr Hansen, although I will understand if Mr Barnes wants to take it. North Coast non-Boral wood supply agreements fall due in 2023 as I understand it, which is about 30 per cent of North Coast timber supply. Have renegotiations commenced on those wood supply agreements?

Mr HANSEN: Actually, that is one for Forestry Corporation.

Mr JUSTIN FIELD: Okay.

Mr HANSEN: But just for your information, the Lower Bucca is actually part of the koala experiments that we are conducting under the guidance of NRC. We will be able to do pre- and post-surveillance, population and density work. We will keep you updated on that.

Mr JUSTIN FIELD: But it has already been logged, Mr Hansen.

Mr HANSEN: Sustainably.

Mr JUSTIN FIELD: That clearly was not the EPA's interpretation, but that has been sort of par for the course today. Mr Chaudhary?

Mr CHAUDHARY: Sorry, the question was on the contracts?

Mr JUSTIN FIELD: I think the non-Boral North Coast wood supply agreements fall due in 2023. Have you commenced renegotiations with those contract holders?

Mr CHAUDHARY: Not at this stage. We are again waiting for the sustainable yield review. When we understand what that looks like for the future then we will be having those discussions with the customers.

Mr JUSTIN FIELD: Okay. I understand that the South Coast wood supply agreements fell due some time ago but have just been carried on. Is that the case?

Mr CHAUDHARY: One of the contracts did expire at the end of last year and we have another agreement in place at the moment.

Mr JUSTIN FIELD: You do not need to name the customer, but can you give me an indication whether that was that in the southern forests? Was it a hardwood contract?

Mr CHAUDHARY: This was a hardwood contract, yes.

Mr JUSTIN FIELD: What portion of the South Coast forests did that contract cover?

Mr CHAUDHARY: I cannot tell you exactly what portion, but it was South Coast.

Mr JUSTIN FIELD: On what basis have you renegotiated volumes, given that we do not have sustainable yield assessment yet?

Mr CHAUDHARY: On a very discretionary basis. It is very difficult to commit to volume at this stage.

Mr JUSTIN FIELD: Okay. Are they getting any timber at all? Obviously you have not been logging down there for the past five months.

Mr CHAUDHARY: At the moment we have not supplied anything under that agreement.

Mr JUSTIN FIELD: Mr Hansen, earlier today I think you indicated that some of the local mills—and I am particularly focused on the South Coast here—had been getting quite a lot of supply from private native forestry. I will take up some more questions next week during the agriculture Minister's hearings, but do you have any sense of how much of the gap between Forestry Corporation's wood supply agreements and demand from the mills has been filled by private native forestry? I am seeing a lot of trucks.

Mr HANSEN: That is an interesting question. I am not sure that we do and I am not sure that we have a way of capturing that at the moment. Let me have a look. We know the volumes that go through Forestry Corporation. What we do not have the equivalent of is what the mills are actually running through.

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Mr JUSTIN FIELD: Given that the sustainable yield assessment is supposed to take into account all forestry resources and not just Forestry Corporation's areas of responsibility, as you point out, how do you acquit those two things if you do not have a good handle on the volumes coming out of PNF?

Mr HANSEN: We will have a handle on volumes that are coming out of PNF. What we will not know is necessarily where they are going to, south or north. We will also not have a picture of what is coming across the border from Victoria, for example, for the South Coast spots.

Mr JUSTIN FIELD: But that picture of how much is coming out is broad and general over a long period of time. You do not know that a certain volume is being cut this month in a particular region, do you?

Mr HANSEN: No. We have a picture of what the planned extraction might be, but you are right that we do not know what the mills might be putting through over that period of time.

Mr JUSTIN FIELD: Sure, but a lot of those plans would have been signed a long time ago and some of them have just been activated because of the shortfall in Forestry Corporation. Do you get notified once a plan is actually activated and logging commences?

Mr HANSEN: No.

Mr JUSTIN FIELD: No, and neither do neighbours, by the way. There is a bit of grief happening down the South Coast at the moment with timber trucks just turning up on small dirt roads without any notification at all. But we might come back to that around the code discussion next week.

Mr HANSEN: Yes.

The CHAIR: He has one minute on his time.

Mr JUSTIN FIELD: I am happy to give everyone an early mark, Chair.

Mr CHAUDHARY: Mr Chair, if it is okay, can I just correct a comment that I made earlier regarding biomass? This is just a clarification. The definition of biomass can include firewood and other products that are used for energy production. My comments may not have been fully accurate, so I am happy to provide a breakdown of what biomass has been used for and take that away on notice. Small-scale sales of residue from timber harvesting operations and plantations have been made into biomass plants for electricity production, but no sales have been made out of native forest. I just wanted to clarify that.

Mr JUSTIN FIELD: I think that was one of the other questions, not from me, but thank you.

Mr CHAUDHARY: Yes, thank you.

The CHAIR: Thank you, one and all. That concludes today's session. You have taken several questions on notice so the committee secretariat will be in touch as to your time frame for answering those. That concludes the hearing. Thank you very much for your time.

(The witnesses withdrew.)

The Committee proceeded to deliberate.