

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Wednesday 2 September 2015

Examination of proposed expenditure for the portfolio areas

INDUSTRY, RESOURCES AND ENERGY

The Committee met at 2.00 p.m.

MEMBERS

The Hon. R. L. Brown (Chair)

Mr J. Buckingham
The Hon. R. H. Colless
The Hon. B. C. Franklin
Dr J. Kaye

Mr S. MacDonald
The Hon. A. Searle
The Hon. M. S. Veitch (Deputy Chair)

PRESENT

The Hon. Anthony Roberts, *Minister for Industry, Resources and Energy*

UNCORRECTED

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2015-16. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of the land. I also pay respect to elders past and present of the Eora nation and extend that respect to other Aboriginal people present here today. I welcome Minister Roberts and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Industry, Resources and Energy.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, 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 remind media representatives that they must take responsibility for what they publish about the Committee's proceedings.

It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at this hearing. I therefore urge witnesses and members to be careful about any comments they make to the media or others after they have completed their evidence here this morning as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Chamber and support staff or the Committee secretariat. Minister, I remind you and the other officers accompanying you that you are free to pass notes and refer directly to your advisers seated behind you. A transcript of this hearing will be available on the website from tomorrow morning.

The use of new media such as Twitter can play a vital role in bringing the Parliament to the people. However, the usual courtesies regarding the conduct of Committee hearings and, in particular, respectful behaviour towards witnesses and other members should apply to the use of electronic devices and of social media by members and others. I therefore ask Committee members and others not to distract other members or witnesses through the use of electronic devices and, in particular, not to divert attention from the member speaking or the witness giving evidence.

All members should use electronic devices unobtrusively. I ask members to consider the need to balance the benefit of their use with any potential negative impact on the proceedings. This is a Committee of the Legislative Council of New South Wales and I expect members and others to treat it as such. I remind members that any comments made on social media are not covered by parliamentary privilege. I also remind members only to disclose information given in the public segment of the public hearing. I remind all to turn off mobile phones for the duration of the hearing. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath of office as a member of Parliament.

SIMON ARTHUR YARWOOD SMITH, Secretary, Department of Industry, and

KYLIE HARGREAVES, Deputy Secretary, Division of Resources and Energy, Department of Industry, affirmed and examined:

CHRISTOPHER JOHN YEATS, Executive Director, Geological Survey of NSW, Division of Resources and Energy, Department of Industry, sworn and examined:

CHAIR: The order of questions this afternoon will be 20 minutes Opposition, 20 minutes crossbench, 20 minutes Opposition, 20 minutes crossbench, 20 minutes Opposition and 20 minutes crossbench. The time taken out for afternoon tea, which will be available to the witnesses as well, will simply be taken off the last session. The Opposition will open the questioning.

The Hon. ADAM SEARLE: On 14 May last year, five days before Metgasco was due to start drilling at the Rosella site, the New South Wales Government suspended its licence, citing a failure to accord with a requirement to undertake genuine and effective community consultation. You described that on either your website or Facebook page, I cannot recall which, as a fundamental condition of its licence. On what basis did you, as Minister, reach the view that this was a fundamental licence condition?

Mr ANTHONY ROBERTS: Thank you for the question. Thank you also for the opportunity to appear before this upper House Committee. I take it very seriously. Before we commence I would respectfully ask that questions come through me. If there is a requirement with respect to operational issues then I will direct those questions to one of the sworn officers with me.

CHAIR: That is fine. Members will take note of that.

Mr ANTHONY ROBERTS: Community consultation and engagement is a key element of the regulatory framework that governs petroleum exploration projects in New South Wales. We take that very seriously and I do not apologise for that. As you mentioned, in April this year Justice Button overturned the decision of the NSW Office of Coal Seam Gas [OCSG] to suspend Metgasco's activity approval for exploration drilling at Bentley on the basis that the company had failed to comply with its community consultation obligations under petroleum exploration licence [PEL] 16.

I make it quite clear that in his decision Justice Button noted the complexity of the case with regards to the specifics of effective community consultation; the legislation was quite grey in a number of areas to which Justice Button referred. That is why we will be bringing new legislation before Parliament this year, which I hope you will support, as we continue to develop through the gas plan good, robust, transparent and open legislation. The New South Wales Government has now reviewed that judgement. It has considered its options and has decided not to appeal the court's decision.

The Hon. ADAM SEARLE: When you described it as "a fundamental condition", was that your common-sense view of it or did you receive advice from your agency?

Mr ANTHONY ROBERTS: Unlike the previous Government, this Government has arms-length procedures. The advice I received from the Office of Coal Seam Gas was that the company had failed to comply with its community consultation obligations under Petroleum Exploration Licence 16.

The Hon. ADAM SEARLE: When you appeared before this estimates committee last year, you said you would not take any questions about the Metgasco matter because it was then before the courts. Ms Rachel Connell, the then Director of the Office of Coal Seam Gas, was in attendance. She was the decision-maker. Is that correct?

Mr ANTHONY ROBERTS: The advice came from the Office of Coal Seam Gas. I will ask Ms Kylie Hargreaves to expand on how that works.

Ms HARGREAVES: On the previous question about what we think are important conditions on title holders, we focus on a range of areas. We expect all title holders to provide a detailed work plan on how they will explore the area effectively and safely. We expect them to provide us with details of their financial and

technical capabilities, and their community consultation plans. In assessing whether they are suitable to hold the title, we also look at their compliance history. For the duration of the title we review their activities regularly to ensure that they are behaving in an appropriate manner. The Government and the community would expect us to have oversight and powers to ensure that title holders act in a responsible manner, if we have concerns about their performance in areas such as community consultation. In answer to the question whether Rachel Connell was Director of the Office of Coal Seam Gas at the time of the decision, yes, she was.

The Hon. ADAM SEARLE: More importantly, she was the decision-maker. It was her name and signature on the suspension, was it not?

Mr SCOT MacDONALD: Point of order: Chair, I did not ask earlier, but are we heading into sub judice here? I believe Metgasco is suing the Government. I did not take a point of order earlier, but I think the questions are starting to stray into the area that could be before the court.

The Hon. ADAM SEARLE: To the point of order: I will not canvass anything that might be in Metgasco's action against the Government, announced yesterday. I am looking at the past. It is a matter of public record that Ms Connell was the decision-maker for the suspension.

Mr ANTHONY ROBERTS: We have a number of officers—

CHAIR: Excuse me, Minister. I will rule on the point of order.

Mr ANTHONY ROBERTS: I am sorry, Chair.

CHAIR: There is no point of order, subject to members making sure that they do not cross over into current issues. Anything historical is fine.

Mr ANTHONY ROBERTS: Thank you, Chair. We have numerous office holders who have the delegated authority to make decisions within the department. I will refer to Ms Hargreaves to confirm the involvement of people from the Office of Coal Seam Gas.

Ms HARGREAVES: The Director at the time was Rachel Connell, and she was the head of the Office of Coal Seam Gas.

The Hon. ADAM SEARLE: Does she retain that position?

Ms HARGREAVES: No. She was successful in being promoted to the Department of Primary Industries.

The Hon. ADAM SEARLE: The Opposition requested that officers in the agency who have responsibility for coal seam gas be brought to the hearing. Apart from the Minister, would that be you, Ms Hargreaves?

Ms HARGREAVES: Yes. As Deputy Secretary for the Resources and Energy Division, I oversee the operations of coal seam gas.

The Hon. ADAM SEARLE: Why is the Director of the Office of Coal Seam Gas not here? Does that position no longer exist?

Ms HARGREAVES: Through you, Chair, many of the functions of the Office of Coal Seam Gas moved to the Environment Protection Authority. The Environment Protection Authority is now the lead regulator in this area.

The Hon. ADAM SEARLE: Has the Environment Protection Authority taken over the role of developing licence conditions or does that rest with your agency?

Ms HARGREAVES: As the Minister indicated, the Environment Protection Authority is the lead authority for all compliance and enforcement activities, for approvals in relation to non-safety issues in coal seam gas. That means that the Resources and Energy Division retains the assessment and approval of title rights. The functions of the Office of Coal Seam Gas have been blended into the structure of the Resources and Energy

Division, which is no longer organised along commodity lines, such as mineral, coal, gas and energy utilities. It is blended so that the division has functional focus, such as operations and programs, geological survey, and compliance and enforcement.

The Hon. ADAM SEARLE: It is a matter of public record, in Justice Button's decision, that Ms Connell was the decision-maker. She made that decision pursuant to a delegation she held from you, Minister. Is that correct?

Mr ANTHONY ROBERTS: That is correct.

The Hon. ADAM SEARLE: She also held a delegation from the Director General of Resources and Energy at the time. Is that correct? Would you tell the Committee what were the terms of that delegation?

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

CHAIR: For the benefit of *Hansard*, I note that the Minister indicated yes to that last question by a nod of the head.

The Hon. ADAM SEARLE: Minister, you said that there was an arms-length decision-making process last year. Do I understand from that that you or your office played no role in the determination made by the Office of Coal Seam Gas that the Metgasco licence should be suspended?

Mr ANTHONY ROBERTS: I will make this very clear: That office operated at arm's length from the department, as it should. Deputy Secretary, would you like to add anything?

Ms HARGREAVES: It is a normal function of the division that, in assessing the suitability and performance of title holders and in the ongoing monitoring of title holders, we review their activities and ensure that they are acting according to the requirements of the act.

The Hon. ADAM SEARLE: Thank you for that. The licence renewal conferred by former Minister Hartcher, which was the approval that was suspended, distinguished between conditions that related to environmental management and those that did not. Is that correct? There were different conditions on the licence holder. Some related to environmental management and some did not.

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

The Hon. ADAM SEARLE: You do not know?

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

The Hon. ADAM SEARLE: Perhaps Ms Hargreaves could enlighten us.

Mr ANTHONY ROBERTS: There may be complex and multiple conditions, so we will take the question on notice.

The Hon. ADAM SEARLE: Failure to meet the community consultation condition, as is common knowledge, was the basis of the suspension. That community consultation condition was not listed as an environmental management condition of the title, was it?

Mr ANTHONY ROBERTS: I have been advised that we are dangerously close to discussing legal issues that would be explored in any potential court case.

The Hon. ADAM SEARLE: With respect, Minister, I am not talking about any future court case. I am talking about a court case that was in the past, and one the Government decided not to appeal. I am talking about the steps taken and the basis upon which your agency made the decision to suspend the licence. Every matter I am asking about is in the published decision of Justice Button of the Supreme Court, so it is all on public record.

CHAIR: Some at this table are in fact lawyers. Minister, if you have doubts about possible legal matters, I suggest that you take the question on notice and refer to your legal team before providing an answer.

Mr ANTHONY ROBERTS: That would be helpful. Thank you.

The Hon. ADAM SEARLE: The Petroleum (Onshore) Act makes it clear that the power to suspend a licence is activated only if there is a failure to pay a royalty or if there is a breach of a condition related to environmental management. There is no grey area. There is no ambiguity. There is no mystery about it. Section 22 (3A) (b) is clear. An environmental condition is identified in the title that has been conferred. That is the case, is it not, Minister?

Mr ANTHONY ROBERTS: These are questions that are directly related to proceedings that will be before the courts.

The Hon. ADAM SEARLE: Mr Chair, with respect, I am talking about the decisions that led to the decision to suspend the Metgasco licence. That court case finished at the end of April. This Government decided not to appeal that decision—to abide by it. Whatever actions may be in the future, and although Metgasco has announced its intention to sue the Government, no initiating process has yet been filed, there is no issue of sub judice, and these are matters that on the public record. The Minister should answer the question.

CHAIR: I take it that you are taking a point of order?

The Hon. ADAM SEARLE: The Minister is foreshadowing an unwillingness to answer the question and I ask that he be asked to answer it.

CHAIR: If it is a point of order I rule there is no point of order. Minister, you should attempt to answer the question as best you can, but if you have any doubts or any worries about the question of sub judice—as I say, we have one very experienced legal professional at this table, but you may not feel comfortable with taking that advice—

The Hon. ADAM SEARLE: I have the public interest at heart, Minister.

CHAIR: We understand that. Minister, you can answer the question or you can take the question on notice or you can indicate to the Committee that you feel that you cannot answer the question.

Mr ANTHONY ROBERTS: I will do to the best of my endeavours to answer every question today, but there are some issues that may require us to take on notice and get further legal advice. Can I ask my Secretary, Mr Smith, to add to that?

Mr SMITH: I just wanted to try to be helpful by explaining that yes the company has not commenced any proceedings against us but they told us that they are going to.

The Hon. ADAM SEARLE: They told the *Sydney Morning Herald* too; it is no mystery.

Mr SMITH: What they have indicated is that they believe that it is matters that related directly to the decision that was overturned by the court, which would be the substance on which they would base a claim against the Government. So the reason I expect the Minister does not want to go into those details is that we know those details are going to be the very things that are challenged and I want to help protect the State's interests to make sure that we do not do anything that will prejudice the manner in which our defence can be conducted.

The Hon. ADAM SEARLE: Sure. I make it clear, Mr Smith, that I am trying to understand your agency's decision-making processes that led us here.

Mr ANTHONY ROBERTS: I fully understand that and I appreciate that and that is why, after seeking legal clarification, we will respond on notice. We will take that on notice.

The Hon. ADAM SEARLE: It is very clear, as far as I can see, in the legislation that it says you cannot suspend unless there is a breach of an environmental management condition. It is pretty open and shut. I am not an expert on petroleum on-shore legislation but it seems pretty clear to me, that that condition, if it is an environmental management condition, has to be in the title. The community consultation requirement, which

I think was condition 8 in this particular title, was not listed as an environmental management matter in the title. That is correct, is it not? You would have to accept that.

Mr ANTHONY ROBERTS: Whilst I understand you are obviously an eminent legal practitioner of the State of New South Wales, I probably would draw your attention to Justice Button's decision where he confirmed that the case before him was quite complex and he certainly made it quite clear that there was a large amount of greyness in this area and it was very complex. I have to say, with all due respect—I am not a lawyer—that I will go with Justice Button on this one.

The Hon. ADAM SEARLE: So will I. The fact is the complexity related to the nature of the consultation, that part of the challenge, but in his judgement it was absolutely crystal clear, open and shut, that to suspend a licence you can only do that if there was a breach of an environmental management condition as listed in the title and the Office of Coal Seam Gas purported to suspend the licence on the basis that there was not such a condition. That is correct, is it not? It is in the judgement; it is a matter of public record. You have not appealed it. You would have to accept it, Minister.

Mr ANTHONY ROBERTS: I think what we are in strong agreement on is the necessity to overhaul the Act; I do not think anyone disagrees on that, which goes back to the original point that the Act has not served us well and needs to be sorted out once and for all to remove the complexity for both title holders and communities. I make it quite clear again: I make no apologies for supporting and driving greater community consultation. Communities have to be taken with us in these issues.

The Hon. ADAM SEARLE: With respect, Minister, that is not the issue. The issue is: How on earth did your Office of Coal Seam Gas think it had the power to suspend the licence when it is quite clear that there is no legal power to do so?

Mr SCOT MacDONALD: Point of order: I raise the issue of sub judice. I understand that an action may not have been filed but I think the intention is very clear. I think the sub judice convention applies and the intention is very clear in the paper that there will be action. So I think, Mr Searle, you are at risk of imperilling the work of a future court.

The Hon. ADAM SEARLE: To the point of order: The sub judice rule is only engaged once a legal process is actually on foot and it only does so in certain circumstances. We are well short of that. Even if that were strictly legally correct, that would not prevent a Committee of the Parliament from asking questions should it choose to, but we are a long way from that.

CHAIR: I do not uphold the point of order but I will, once again, put on the record that the Minister may answer the question in any manner that he so wishes. If you wish to take any of this on notice, Minister, because you are unsure, that is perfectly acceptable.

Mr ANTHONY ROBERTS: I reaffirm my position that we will take those questions on notice.

The Hon. ADAM SEARLE: The legislation is also incredibly prescriptive and clear that before you use the suspension power you must provide to the affected party written notice of the cancellation or suspension and the grounds on which it is based; you then must give a reasonable opportunity for that party to make representations and then you have to take those representations into account before you make a decision—22 (6) (a). There is no mystery about it, there is no uncertainty about it, there is nothing grey about it. The Office of Coal Seam Gas took none of those steps before its first suspension on 14 May. So I ask you to tell us why that was the case.

Mr ANTHONY ROBERTS: I refer to my previous answer. We will take that on notice after seeking legal advice.

The Hon. ADAM SEARLE: Perhaps you can tell us how it came to pass that such a significant decision was taken by a government agency without the required legal steps being followed?

Mr ANTHONY ROBERTS: I reject the premise, but I am quite happy to take the question on notice.

The Hon. ADAM SEARLE: You cannot reject the premise; it is in the judgement of the Supreme Court that you have accepted.

CHAIR: Order! I will now move to crossbench members for questions.

Mr JEREMY BUCKINGHAM: Minister, according to the Australian Bureau of Statistics [ABS] there have been significant job losses in the coal sector in the financial year 2014-15. How many jobs have been lost from coal in New South Wales in the financial year 2014-15?

Mr ANTHONY ROBERTS: I am just seeking further clarification on the exact number.

Mr JEREMY BUCKINGHAM: You can take it on notice if you like.

Mr ANTHONY ROBERTS: Approximately 1,700 jobs were reported to have been lost in the New South Wales mining sector in the last financial year and it is estimated that a further 4,100 to 6,800 indirect jobs were also lost during the same period.

Mr JEREMY BUCKINGHAM: The ABS figures say it is more like 10,000 lost from the coalmining sector. How would you explain that discrepancy between your figures and the ABS figures?

Mr ANTHONY ROBERTS: There are numerous ways to calculate job figures, but certainly the advice I can give you today is the advice that I have just received and passed across.

Mr JEREMY BUCKINGHAM: Does that concern you and what are the factors you think underpin that significant decline even in your figures or the ABS figures? What are the factors that underpin that massive, as I would describe it, decline in employment in the coal sector?

Mr ANTHONY ROBERTS: It would be a downturn in the commodities market.

Mr JEREMY BUCKINGHAM: What is the Government's strategy to deal with mining-related communities that are suffering thousands, if not tens of thousands, of job losses? Does the Government have a stand-alone strategy to deal with the decline of employment in the coal sector?

Mr ANTHONY ROBERTS: With respect, if you are talking about the Central Coast, Central West, Far West, the Hunter or the Illawarra, I can run through these and give you some certainty and clarification as to what we are doing with respect to job creation, if that assists.

Mr JEREMY BUCKINGHAM: In the coal sector generally? I am talking about in total. Does the Government have a strategy to deal with coalmining communities that are suffering significant job losses?

Mr SCOT MacDONALD: Good to see you are concerned, Jeremy.

Mr JEREMY BUCKINGHAM: I am; it is interesting.

Mr ANTHONY ROBERTS: It is about having a good environment for investment and jobs creation across New South Wales and we have a very good story to tell there. For example, in the Illawarra alone there has been some, I understand, 18,000 new jobs, net jobs, created over the past year. Again, we have seen transitions from within industries where in the Illawarra the biggest employer now is the University of Wollongong. Let me make it quite clear that this Government is committed to ensuring the prosperity of the State and jobs for the people in this State, their families and their communities.

Mr JEREMY BUCKINGHAM: How many coalminers from the Illawarra are now working at the University of Wollongong?

Mr SCOT MacDONALD: Point of order: I did not intervene when we had the romp before but the thrust of this is about expenditure from the Consolidated Fund and other matters covered by the budget papers. Can you tell me how the transition he is talking about has anything to do with the State budget?

CHAIR: Order! There is no point of order. The Minister is quite capable of answering these questions. He should be allowed to answer the questions or he can ask that they be taken on notice.

Mr JEREMY BUCKINGHAM: Minister, if coalminer Peabody Energy is bankrupted, is the New South Wales Government confident that it currently holds enough security deposits, bonds or bank guarantees to cover the rehabilitation cost estimates for all their existing coalmines in New South Wales? Also, are there any circumstances in which security deposits, bonds or bank guarantees held as security by the New South Wales Government would not be made available, upon request, to cover Peabody's outstanding rehabilitation liabilities?

Mr ANTHONY ROBERTS: Thank you, they are both very good questions. In answer to the first question, whilst Peabody Energy does not directly operate mines in New South Wales, it holds three mines operated by subsidiary Australian companies. These are Metropolitan Coal Pty Limited, Wambo Coal Pty Limited and Wilpinjong Coal Pty Limited. I can inform the Committee that the total rehabilitation security guarantee held by the Government for these mines is to the order of some \$158,675,800.

Mr JEREMY BUCKINGHAM: That is for the three mines?

Mr ANTHONY ROBERTS: That is for the three mines.

Mr JEREMY BUCKINGHAM: Do you think that is adequate?

Mr ANTHONY ROBERTS: The total amount of security held to cover the rehabilitation liability is estimated separately by each mine and the estimates are reviewed and checked by inspectors of my department. The security estimate tool uses a tool developed by the Division of Resources and Energy [DRE] and this often includes a site inspection. In answer to the second question, which was—

Mr JEREMY BUCKINGHAM: Are there any circumstances in which security deposit bonds or bank guarantees held as security by the New South Wales Government would not be made available? Are you concerned that there may be an instance where that could occur?

Mr ANTHONY ROBERTS: No, not at all. The retention of financial security by the New South Wales Government is irrevocable and is required to be established with an approved financial institution.

Mr JEREMY BUCKINGHAM: In terms of your previous answer, you said that the adequacy of that rehabilitation is reviewed by inspectors. How often is that reviewed?

Mr ANTHONY ROBERTS: I will ask the Deputy Secretary to answer that question.

Ms HARGREAVES: The effective rehabilitation is obviously a key objective for the department and to make sure that we can have a safe and sustainable mirror on petroleum resources development in New South Wales. Mining companies are obliged to rehabilitate land to a condition that is capable of sustaining the intended land use, as set out by the Department of Planning and Environment during the planning approval process. Where the primary regulator is tasked with ensuring that the mines are rehabilitated to an agreed and self-sustaining final land use, processes, standards and extensive controls are in place to ensure that companies will meet these obligations.

Companies, for example, must submit and comply with an approved Mining Operations Plan, which is, in fact, our primary document for recording the rehabilitation methodology and monitoring the progress of companies against the rehabilitation plans. They are also required to submit an annual Environmental Management Report. They must regularly report to us. They must also lodge a rehabilitation security bond with the division to cover rehabilitation liabilities incurred when undertaking exploration mining and the security bond is required to cover the full cost of rehabilitation.

Mr JEREMY BUCKINGHAM: Thank you, Ms Hargreaves, I appreciate that. In that regard, is it the department's and Government's position that the \$158 million held as security is enough to rehabilitate those three mines?

Ms HARGREAVES: Again, in terms of explaining the process, obviously we reconsider and revisit those bonds on a regular basis, based on the actual life cycle of the mine. Mines go from everything from exploration, production, closure and rehabilitation. As a result of those mining operation plans and the annual reports that they have to give back to us, as well as our compliance enforcement and monitoring processes, we

have to reassess those security bonds on a regular basis to make sure that, based on the work that has either been done or is planned, we believe that there is enough security to cover the surface disturbance—

Mr JEREMY BUCKINGHAM: And in terms of those three mines, you are satisfied that the \$158 million today is enough to rehabilitate those three mines?

The Hon. RICK COLLESS: She is trying to answer your question. Give her a chance.

Mr JEREMY BUCKINGHAM: I am asking a specific question about three specific mines, not a general overview.

Ms HARGREAVES: In answering the question, and again trying to be as helpful as I can in answering it, there is a methodology to calculate what the security bond should be based on the activities, the work plans and the work that is already completed. I have to have confidence in the methodology. I have to have confidence that we are looking at it closely, that we are monitoring it and that we are requiring companies to be transparent and accountable to us. At this stage we are advised that that is the security bond that is required to meet those rehabilitation obligations, as I have just described them, and therefore that amount should be sufficient.

Mr JEREMY BUCKINGHAM: For Peabody?

Ms HARGREAVES: For those three, yes.

CHAIR: As a point of clarification, through you Minister, is that amount fixed so that it does vary dependent upon your assessment?

Ms HARGREAVES: Yes.

Mr JEREMY BUCKINGHAM: Are final voids acceptable, in terms of rehabilitation? Minister, do you accept that a mine that comes to the end of its life can and/or should leave a final void as part of its remediation and rehabilitation program?

Mr ANTHONY ROBERTS: Mining companies are obliged to rehabilitate land to a condition that is capable of sustaining the intended land use that is set by the Department of Planning and Environment during the planning approval process.

Mr JEREMY BUCKINGHAM: What is the intended land use of a final void?

Mr ANTHONY ROBERTS: That would be a question, through you Mr Chair, best directed to that respective department.

Mr JEREMY BUCKINGHAM: You do not know what we will do, ultimately, with this big hole in the ground?

Mr ANTHONY ROBERTS: Again, that lies with the Department of Planning and Environment, but I am led to believe that there have been examples.

Mr JEREMY BUCKINGHAM: Can you give one?

Mr ANTHONY ROBERTS: I am happy to take those on notice, where those voids have been used for community purpose.

Mr JEREMY BUCKINGHAM: Can you give an example of one?

The Hon. BEN FRANKLIN: Point of order: The Minister has already indicated that he will take the specifics of that question on notice.

CHAIR: Order! I uphold the point of order.

Mr JEREMY BUCKINGHAM: If Shenhua applies for a mining licence, my understanding is that it is your role, or your department's role, to determine whether or not they are a fit and proper person to hold the mining licence and to conduct the mining operations. Minister, are you satisfied that Shenhua is a fit and proper person at this stage? What process will you go through to determine that? Would you commit to investigating and assessing Shenhua's practice of coalmining in China as part of that process?

Mr ANTHONY ROBERTS: It is a hypothetical question because there is not a mining lease application before me, but I am trying to assist the Committee. A mining lease has not been lodged as yet over the area but when it is I can say it will be rigorously assessed by the Division of Resources and Energy, in line with current policies, guidelines and procedures. For example, proof of extinguishment of native title will need to be provided.

If there are areas where extinguishment cannot be proven then the company will be required to go through the native title right-to-negotiate process. In assessing this application the division considers whether the applicant has a current development consent, its compliance record is satisfactory, it has the finances and technical capacity to carry out the proposed works, its reporting needs to be up to date, sufficient security for site rehabilitation is held and, of course, whether the company fulfils the criteria for a fit and proper person.

Mr JEREMY BUCKINGHAM: As part of that is its record in China assessed? Is its record in another jurisdiction assessed?

Mr ANTHONY ROBERTS: I am a trying to assist because, again, I do not have anything before me. There is no application before me.

Mr JEREMY BUCKINGHAM: As part of the process that is in place is a proponent's record outside New South Wales assessed?

Mr ANTHONY ROBERTS: Fit and proper person tests are undertaken for applicants where a compliance risk or concern has been either identified or alleged. Matters to be considered within a fit and proper test are identified in section 380A of the Mining Act 1992. If you are not aware, section 380A—the fit and proper person consideration—is taken into account when making certain decisions about mining rights. The Act is quite detailed, for example, in the case of a body corporate—whether a director of the body corporate, which I think is coming to your position, or of a related body corporate is or has been a director of another body corporate that has compliance or criminal conduct issues as identified within the section of the Act, but only if the person was a director of that other body corporate at the time of the conduct that resulted in the compliance or criminal conduct issues.

Mr JEREMY BUCKINGHAM: Is that only within New South Wales or on your reading does it apply to conduct and compliance outside New South Wales?

Mr HOFFMAN: No, it is not limited to New South Wales.

Mr ANTHONY ROBERTS: Just on that, I do not have a mining lease application before me so, again, we are dealing with hypotheticals—

Mr JEREMY BUCKINGHAM: I know it is hypothetical, but it is hypothetical that you might be in court in a week in relation to Metgasco and you are prepared to—

The Hon. BEN FRANKLIN: Point of order: The Minister was literally in the middle of sentence and I ask that the Minister be allowed to finish his answer.

CHAIR: I remind all members that witnesses are here to try to provide as much information as they can in the time provided so it behoves all members to allow the witnesses to answer the question to the best of their ability without interruption.

Mr ANTHONY ROBERTS: Our Government introduced this because of issues that came before this Government and me, and I will leave it at that for the time being. There is a wide range of internal, open source and, where permissible, third party data that is analysed for this test in order to effectively assess the applicant and its related persons, including ultimate holding companies, wholly owned subsidiaries, controlling shareholders and/or directors. The information collection framework is very much defined by Cabinet policy

and departmental obligations under the Privacy and Personal Information Protection Act 1988 as well. Does that assist?

Mr JEREMY BUCKINGHAM: It does assist.

Mr ANTHONY ROBERTS: I am always happy to assist.

Mr JEREMY BUCKINGHAM: Have you been assisting Shenhua? How many times have you met with Shenhua, its representatives or lobbyists in your time as Minister? When was your most recent meeting?

Mr ANTHONY ROBERTS: The disclosures will be within my ministerial diaries but I am quite happy to take on notice that question if that saves you going through my ministerial diaries.

Mr JEREMY BUCKINGHAM: They are not published for another three months. Can you recall when you last met with them?

Mr ANTHONY ROBERTS: No, not here.

Mr JEREMY BUCKINGHAM: Have you met with them?

Mr ANTHONY ROBERTS: I will have to take that on notice. I do not want to mislead the Committee. I meet with large numbers of stakeholders.

Mr JEREMY BUCKINGHAM: As part of implementing the recommendations of the Chief Scientist in her review of coal seam gas, amongst other things, she recommended a complete overhaul of the mining and petroleum Acts and that a new Act would best serve the people of New South Wales in the mining and petroleum space. When does the Government plan to bring a bill before the Parliament introduce a new Act? Has the Government been consulting in relation with community and industry stakeholders in relation to that legislation?

Mr ANTHONY ROBERTS: I have a very good record on full, frank and open consultation with any type of legislation. Any legislation that I have had anything to do with has always had its foundation and basis on extensive consultation and input. Like all members, you would understand that consultation is important should you want those pieces of legislation to go through the Parliament.

The Hon. MICK VEITCH: Particularly the upper House.

Mr ANTHONY ROBERTS: Particularly the upper House. For me, it will be critical. We are talking about broad consensus and we will be bringing that simple resources Act to the Parliament following consultation. I can assure you that we will certainly be consulting on that.

The Hon. ADAM SEARLE: Returning to the Metgasco matter, how did the Office of Coal Seam Gas reach its ultimate decision, as expressed in the suspension notice of 14 May 2014 issued by Ms Connell, and the purported confirmation that followed, given the very glaring open-and-shut legal errors? Will you lead us through the decision-making process of the Office of Coal Seam Gas at each stage? Which level in the organisation? Where was the quality control? Was legal advice sought and provided? I want to try to understand what happened.

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

The Hon. ADAM SEARLE: You are not happy to tell the Committee?

Mr ANTHONY ROBERTS: I have to say that there are some other issues at play. But I am quite happy to take that question on notice. It is a rather lengthy and complex question. I am more than happy to take that on notice and provide the appropriate response.

The Hon. ADAM SEARLE: I have read in the papers that Metgasco may well be seeking compensation from the New South Wales Government, and a figure of \$80 million has been bandied around. Is that the figure that has been flagged with you or your agency in discussions with Metgasco? What is the potential disclosure arising from the botched suspension of the Office of Coal Seam Gas?

Mr ANTHONY ROBERTS: By way of context, as those members who have known me for many years, before I inherited this portfolio I was blonde without a grey hair. Now I am losing hair; I am going grey.

The Hon. ADAM SEARLE: You are talking to the wrong person here. There is nothing wrong with grey, Minister.

Mr ANTHONY ROBERTS: No, it is distinguished. I like to look to the future.

The Hon. ADAM SEARLE: I can understand in this case why you would. What happened?

Mr ANTHONY ROBERTS: I will tell you what happened. We had the Labor Party in office for 16 years.

The Hon. ADAM SEARLE: Minister, this happened on 14 May 2014. It was a decision by your director of the Office of Coal Seam Gas. Please just tell us what happened.

The Hon. BEN FRANKLIN: Point of order: The Minister was being relevant in that he was discussing the context under which the decision was being made. If he feels the need to provide some historical context that surely is appropriate.

The Hon. ADAM SEARLE: To the point of order: We are discussing events that happened nearly four years after the Government took office. None of these issues arises from anything that happened prior to that. This was a decision made entirely by the Office of Coal Seam Gas and its director. That comes from Justice Button's decision.

CHAIR: Order! It is the convention in both Houses that ministers are allowed a fair bit of latitude when answering questions. The Minister had only begun answering the question. It was perhaps heading towards irrelevance but the Minister had not demonstrated any lack of relevance. I rule against the point of order and ask the Minister to be as succinct as he can in answering the questions.

Mr ANTHONY ROBERTS: Seventy-five per cent of petroleum exploration licences [PELs] in New South Wales were issued by Minister Obeid and Minister Macdonald. That included a licence that covered all of the Sydney CBD. They were issued for \$1,000 a pop for a million hectares—

The Hon. ADAM SEARLE: But we are talking about the renewal by Chris Hartcher in the particular case we are dealing with here. Minister Hartcher reviewed this licence and your Office of Coal Seam Gas purported to suspend it. Tell us why?

The Hon. BEN FRANKLIN: Point of order: Mr Chair, you have repeatedly asked that the Minister be allowed to answer questions without interruption.

The Hon. ADAM SEARLE: To the point of order: If only the Minister would answer the question.

The Hon. BEN FRANKLIN: To the point of order: If he got out more than three words perhaps we would find out if he was being relevant to the question.

CHAIR: Order! I have heard enough on the point of order. We are wasting time. The Minister is free to answer the question in any fashion he deems appropriate. I know that may not be in the interests of the questioner; however, the Minister should try to be as relevant to the question as he can be. Minister, you do not need to filibuster and you do not need to be interrupted. Please proceed uninterrupted.

Mr ANTHONY ROBERTS: I intend being very brief on this issue, but it is important to look at the context in which this State found itself. We had proponents allowed to draw their own lines on maps anywhere in the State. There were no aquifer interference policies, there was no integrity code around wells and there was no ban on BTEX, no critical industry clusters and no exclusions zones to two kilometres. There was nothing. That is why I feel a sense of frustration having inherited a piece of legislation that was not, quite frankly, fit for purpose and that did not give Ministers as it turns out now certain powers that they should have. Again, that came from a time where you did not have a Minister who would dare suspend or cancel licences. You were handing them out at a million miles an hour for \$1,000 a pop. That is the issue here. You never had this

problem; you did not care what communities thought. You just put these applications and licences anywhere in New South Wales.

The Hon. ADAM SEARLE: My question was how could it be that the Director of the Office of Coal Seam Gas could possibly have made this decision when the legislation quite clearly sets out the procedure to be followed, which it was not, and provides a very clear limitation on the suspension power, which was completely ignored by the office? I would like you to tell this Committee and the community how it came to be that that decision was reached on that basis. Please come clean and tell us.

Mr ANTHONY ROBERTS: This is the frustrating part about dealing with a Labor Party that continues to try to rewrite history. It came to be because you had no controls and you had clunky legislation that was not fit for purpose. That is what the issue really comes down to. But again with respect to decisions made by the Office of Coal Seam Gas at that time, I am happy to take them on notice and come back to you.

The Hon. ADAM SEARLE: You would agree that public servants have to follow the law as it is, yes?

Mr ANTHONY ROBERTS: We are blessed in New South Wales with incredible professionals in this area and public servants who without fear or favour in this Government give their Ministers advice. We take that advice from our public servants.

The Hon. ADAM SEARLE: Are you saying that the Director of the Office of Coal Seam Gas gave you advice that her purported suspension was okay? Is that what you are now telling us?

Mr ANTHONY ROBERTS: She made the decision.

The Hon. ADAM SEARLE: But did she tell you beforehand that she was going to do it and on what basis?

Mr ANTHONY ROBERTS: This is exactly what is going to be in the court case, Mr Chair. I am happy to take the questions on notice.

The Hon. ADAM SEARLE: I will be very clear: Your agency purported to exercise the legal powers given by Parliament to you. It did so in a way that was shown to be completely invalid. There are going to be consequences. The public of this State deserves to know how and why that decision was made. Will you tell us?

Mr ANTHONY ROBERTS: I am happy to take these questions on notice and have them checked by the Crown Solicitor's Office, and report back to the Committee. Do I just get the feeling that you are saying that on advice given that a company was in breach of its conditions I should have overturned that advice? It might have happened in the previous Government, but certainly not under me.

The Hon. ADAM SEARLE: No, I asked you very clearly whether the Director of the Office of Coal Seam Gas advised you ahead of her suspension on 14 May that she was going to make that decision and on what basis she was going to make it—that is, did she outline to you the basis for her decision, including the legal basis, and include advice that gave you comfort that it was a legally sound step to take?

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

The Hon. ADAM SEARLE: Given that Metgasco has flagged its intention to take legal action, are you able to tell us not the nitty-gritty, but what the key stumbling block issues were? Was it about the quantum of money it was seeking or other conditions?

Mr ANTHONY ROBERTS: We are undertaking negotiations in good faith with Metgasco. Those negotiations are commercial in confidence and I do not plan on commenting any further on that matter with respect to those negotiations.

The Hon. ADAM SEARLE: The New South Wales Government is the sort of monopoly supplier of the licence. There is no competition in the licence that is at issue here, so where is the commercial in confidence? Where does that arise from? There might be embarrassment on one or both sides of this dispute, but that is not the same as it being commercially in confidence.

Mr SMITH: We have entered a confidentiality agreement with the company.

The Hon. ADAM SEARLE: That is a different matter.

Mr SMITH: And the company has provided us with information about its business, which is a commercial secret of the company and it does not wish to have that information revealed.

The Hon. ADAM SEARLE: With respect, that was not my question. My question was: What were the key stumbling block issues in reaching a settlement?

Mr SMITH: The company also does not want a running commentary on how the negotiations are being conducted because that information is market sensitive. That is why the company, having reached a certain point in the negotiations and deciding to take a pause from discussions, put out its notification to the Australian Stock Exchange. It has been very clear with us that it does not want running commentary, et cetera, about its affairs.

The Hon. ADAM SEARLE: Who has been conducting the negotiations with Metgasco; is it you and your office, Mr Smith and his agency, or somebody else?

Mr ANTHONY ROBERTS: I am happy to have Mr Smith answer that. I am pleased to say we probably have two of the best negotiators in the New South Wales Government on this, one of whom is here today, Mr Smith. I did not say that just because he is here. It is just a fact.

The Hon. ADAM SEARLE: It is just a happy circumstance.

Mr ANTHONY ROBERTS: Yes.

Mr SMITH: I have been asked to lead the negotiations and the other lead is a Deputy Secretary from Treasury.

The Hon. ADAM SEARLE: Have you been conducting the negotiations for some time?

Mr SMITH: About six weeks.

The Hon. ADAM SEARLE: The company claims that the New South Wales Government has agreed to provide police protection to allow it to resume drilling. It has said this was an assurance given as part of the negotiations. That is something it has chosen to reveal. Is it true that you have given that assurance?

Mr ANTHONY ROBERTS: Let me make it very clear that this Government believes that the law should be upheld for both owners of property and companies as well as to protect, in some case, protesters. Where the police are required they be deployed, again, that is an issue for our very professional New South Wales Police Force.

The Hon. ADAM SEARLE: My actual question though is that the company has gone out into the public domain and said that, as part of these supposedly confidential negotiations that you are so coy about telling us anything of, you have agreed to essentially provide some kind of special police protection for them to undertake their operations. Now that is either true or untrue. Can you tell us what the state is?

Mr ANTHONY ROBERTS: Yes, there is nothing special about that; it is just them undertaking their normal duties, that is, to protect in any case where there could be issues life and property.

The Hon. ADAM SEARLE: You have not given them an assurance that there will be anything out of the ordinary in relation to their drilling operations? There will be no particular special police attention?

Mr SMITH: No, there have been no special offers made of any form whatsoever.

The Hon. ADAM SEARLE: Or sought?

Mr SMITH: No, they just want to have normal protection under the law.

The Hon. ADAM SEARLE: Unless I am mistaken, I am not aware of other circumstances where the agency of the NSW Police Force is used to assist a private company engaging in commercial activities. I am happy to be set right on that. That is what they said you gave them assurances of. Is what they have said in the public domain today untrue?

Mr ANTHONY ROBERTS: Let me make it quite clear that any deployment of police anywhere in New South Wales is an issue for the Commissioner of Police and the Minister for Justice and Police.

The Hon. ADAM SEARLE: Who will be paying for the police if you send them out there?

Mr SCOT MacDONALD: Point of order: We are asking questions of the wrong Minister here. This belongs to the Police portfolio.

The Hon. ADAM SEARLE: To the point of order: This Minister and his agency are engaged in direct negotiations with the company. I am seeking to explore what has passed between them in connection with police protection.

CHAIR: Order! I will rule on the point of order. There is no point of order. The Minister will try to answer the question to the best of his ability, please.

Mr ANTHONY ROBERTS: On the question of who should pay for this, it is probably the people who are responsible for this. On the question of who should pay for the petroleum exploration licence [PEL] buy-backs, it is probably the people who are responsible for those, that is, the Australian Labor Party. I would be quite happy to send to their headquarters at Sussex Street a bill.

The Hon. ADAM SEARLE: Who should pay for the police time?

Mr ANTHONY ROBERTS: I have to say that we have ended up in this mess in the northern rivers because of the New South Wales Labor Party and its inaction, and sometimes its actions. If I had my way, I would have a bill sent to Sussex Street for full cost recovery for all the pain and hurt that Labor has put this great State through.

The Hon. ADAM SEARLE: Minister, this is getting a bit tired. The Coalition Government has been in office for more than four years now. You are running out of time for blaming the previous Government.

Mr ANTHONY ROBERTS: I have not run out of time on that. I will keep saying it because it is the truth. I will keep saying it while it remains the truth that Labor left this State in such a poor condition—

The Hon. ADAM SEARLE: Minister, none of this goes to the point of the Metgasco suspension and the fallout.

Mr ANTHONY ROBERTS: The point is: Who should pay for the police?

The Hon. ADAM SEARLE: No, if you are going to send the New South Wales police to run interference for a private company so they can undertake commercial operations then the question is: Who should pay for that? That is not a decision of the previous Government, if it happens. Are you able to rule out providing any special police attention to Metgasco in connection with them resuming drilling?

Mr ANTHONY ROBERTS: I think we already have.

The Hon. ADAM SEARLE: In these negotiations, if you are able to tell us, has Metgasco flagged the possibility of selling back its licences to the State Government?

Mr SCOT MacDONALD: Point of order: We are clearly in commercial in confidence here.

CHAIR: Order! There is no point of order. It is up to the Minister to declare commercial in confidence if he so wishes. No-one else could have that knowledge.

Mr ANTHONY ROBERTS: With respect to the questions from the Hon. Adam Searle, I have just been handed further information that may be of assistance and which I am happy to table. People here would not

be aware that earlier today the Government was successful in buying back PEL 457 on the northern rivers under our buy-back scheme. This PEL was issued by the former Labor Government for an application fee of \$1,000. I will table a map.

Document tabled.

As I understand it, this PEL, along with all the other PELs issued by the former Labor Government, was issued with no community consultation. I am pleased to say that the well that was drilled has been rehabilitated. We currently hold a \$99,000 bond against the pilot project, which will now be returned to the titleholder should an assessment demonstrate they have no outstanding liabilities. This is the sixteenth title that has been successfully bought back across the State and the third in the northern rivers area, with PEL 478 and PEL 479 having been bought back in March. Again, this is ongoing proof of the success of our NSW Gas Plan and our steady professional approach to this issue, which is paying dividends here. You will see a map covering 75,000 hectares in the document I have just tabled. We have just received this.

The Hon. BEN FRANKLIN: It is of great assistance, Minister, thank you.

The Hon. ADAM SEARLE: What resources have been applied to the PEL buy-back scheme since its inception? How much have you spent on buying back those licences?

Mr ANTHONY ROBERTS: The New South Wales Government through its NSW Gas Plan has set out a clear approach to delivering a gas industry for New South Wales that represents world's best practice. The Gas Plan defines a process to pause, reset and recommence. Reducing the land area covered by titles and applications forms part of that process. The first voluntary PEL buy-back scheme saw 12 PELs purchased at a cost of \$212,500 per PEL for a total of \$2.55 million. The first voluntary buy-back reduced the extent of land covered by PELs in New South Wales from 60 per cent to 11 per cent. As part of our 2015 election commitment the New South Wales Government agreed to an extension of the PEL buy-back scheme. That extended buy-back offer was on the same terms and legal framework as round one, including the offer price of \$212,500 per title.

The extension offer opened on 12 May this year and will close on 30 September. During this period the Government continues to provide advice to the affected companies on the reforms to operational activities, policy framework, and proposed legislative and Government reforms. On 6 July this year the cancellation of PELs 247 and 267 occurred following buy-backs from AGL. The total cost was \$637,500. Those PELs covered some 1½ million hectares of land across the greater Western Sydney and Hunter regions. The footprint of coal seam gas PELs has now reduced from around 60 per cent of New South Wales to, after this most recent buy-back, less than 9 per cent. PELs have now been removed from approximately 4.4 million hectares of land. This Government remains committed to a sustainable gas industry for New South Wales that benefits communities and businesses by driving down the cost of energy, increasing employment opportunities and providing for regional growth through diversified economies.

CHAIR: Thank you, Minister. I will now suspend proceedings for 10 minutes to allow a short afternoon tea break.

(Short adjournment)

CHAIR: I reconvene the public hearing. We will now proceed with 20 minutes of crossbench questions.

Dr JOHN KAYE: Minister, you will be aware that a couple of days ago the Independent Pricing and Regulatory Tribunal [IPART] released its draft benchmark prices for solar feed-in tariffs in 2015-16, which it cut quite dramatically—namely, 4.4¢ to 5.8¢ per kilowatt hour. Are you concerned that that cut will have an impact on the already low uptake of solar rooftop panels in New South Wales?

Mr ANTHONY ROBERTS: Each year the New South Wales Government asks the Independent Pricing and Regulatory Tribunal to establish a fair price for household solar photovoltaic [PV] generation feeds into the electricity network. This benchmark ranges the recommended payout of payment for all small-scale solar generation outside the now closed solar bonus scheme. The range helps customers to compare and negotiate energy deals with their retailer. As you stated, IPART announced the benchmark range for 2015-16 with the value of electricity generated by household PV valued between 4.4¢ and 5.8¢ per kilowatt hour.

IPART's benchmark range represents the value for electricity generation only. It reflects the forecasted wholesale value of electricity in the national electricity market at the actual times when solar will generate. The upper end of the range, 5.8¢ per kilowatt hour, reflects the forecasted wholesale cost of electricity at peak times of the day—the afternoon—when demand for electricity is at its greatest and the wholesale price is higher. The lower end, 4.4¢ per kilowatt hour, reflects other times of the day when the wholesale price drops in line with lower demand.

The reason IPART's range is lower than the amount charged for electricity by retailers is because it excludes—and this is important—the significant distribution costs of delivering electricity via the network poles and wires, as well as retail services such as account administration, metering and billing. It also excludes the cost of various government green schemes such as the Climate Change Fund and the energy efficiency scheme. All these services together make up the retail price of electricity charged to customers to roughly around 25.9¢ and which are not provided by the owners of a solar generator. So with that in mind it is not appropriate that those people receive any payment for them especially as these payments would have to be paid by other electricity customers.

Dr JOHN KAYE: Minister, you could probably understand that a rooftop solar owner would be quite shocked to find that they were paying 23¢ per kilowatt hour for an Origin standard tariff in Sydney but only getting 4.5¢ per kilowatt hour for their solar energy. Can you give, in two sentences or less, an explanation as to why the distribution costs, the retailing costs and the green scheme costs are not part of the benchmark solar tariff?

Mr ANTHONY ROBERTS: I understand that you have solar?

Dr JOHN KAYE: I make no comment.

Mr ANTHONY ROBERTS: If you did, with respect to the value of your electricity, you do not actually in any way provide the poles and wires, additional green schemes and various other things that make up the real cost of electricity. So what they are effectively being paid is the actual value.

Dr JOHN KAYE: The offset energy cost. Let us suppose I have a solar panel. I am not home during the day. The energy from my solar panel goes out my front door into the wires; if my next door neighbours are home it will go into their house. There is no use of anything other than a little bit of Ausgrid's wires and no use of TransGrid's wires at all. I am effectively being penalised for infrastructure that I am not using. You would appreciate that many people would find it a fairly major rip-off that my retailer gets the energy—in some cases for nothing and in other cases for 4¢ or 5¢ per kilowatt hour—and then sells it with hardly any infrastructure being involved at all for 23¢ to 28¢ per kilowatt hour.

Mr ANTHONY ROBERTS: For the past six years, under Labor's solar bonus scheme the heavy subsidisation was passed directly to electricity customers in the form of high bills.

Dr JOHN KAYE: You have misunderstood my question. I am not talking about the solar bonus scheme; I am talking about the fairness of such low solar prices.

Mr ANTHONY ROBERTS: Customers who have installed solar photovoltaic system since the closure of the solar bonus scheme in 2011 have been on a net metered system. Those customers consume within their own homes any energy their system produces throughout the day. That lowers their energy bills dramatically. They sell any excess to the grid at the market value set by the Independent Pricing and Regulatory Tribunal. Those customers therefore use solar photovoltaic systems to reduce their energy bills rather than make a profit.

Dr JOHN KAYE: The system only reduces their energy bills if they are home during the day. The current arrangement discriminates against working women. Households where a family member is home during the day receive the benefit of solar panels. Households where no-one is home receive no benefit at all.

Mr ANTHONY ROBERTS: You might be surprised to learn that we are in excited agreement on the rollout of smart meters and battery storage. That will dramatically change how and when we use energy and how we interact with the grid. As the commercial rollout of battery storage begins, possibly within the next 12 months, people with solar systems will take advantage of that to store energy during the day and use it at night or, through the use of smart meters, potentially sell it back to the grid at peak prices.

Dr JOHN KAYE: Will you protect those customers from being penalised by retailers?

Mr ANTHONY ROBERTS: There is extensive consumer protection in place. That is critical.

Dr JOHN KAYE: Will there be any move to impose additional penalties on people who install batteries?

Mr ANTHONY ROBERTS: Battery storage has the potential to sort out many of the grid's issues, such as spikes and peaks, which will result in lower power prices. We talk about transition. The use of smart meters and battery storage has the potential to transform the energy market well beyond the average person's expectations. That is the cause of my excitement about battery storage. The increased efficiencies in solar photovoltaic systems will be incredible. People will change the solar photovoltaic systems they have now for systems with double or greater efficiency. The Government will not make smart meters mandatory. The take-up of technology and innovation will mean that the marketplace will drive demand.

Dr JOHN KAYE: Your colleagues in Western Australia and your opposite number in Queensland attempted to impose fees on rooftop solar panels, supposedly for using the poles and wires system as backup. Would you countenance anything like that in New South Wales?

Mr ANTHONY ROBERTS: Why would we?

Dr JOHN KAYE: The question is: would you or would you not?

Mr ANTHONY ROBERTS: Through you, Chair, the question is: Why would we do that?

Dr JOHN KAYE: No. I am asking you the question. Would you countenance such a move?

Mr ANTHONY ROBERTS: It would be against what this Government is striving for and what I personally believe in and am pushing for—that is, we need greater take-up of renewable energy.

Dr JOHN KAYE: Let us go to an analogous problem. Since the deregulation of retail prices in June 2014, we have seen a trend in pricing for consumers. Fixed costs have gone up dramatically. The unavoidable costs—the so-called connection costs—are going up substantially. That works against renewable energy. It also works strongly against energy efficiency. It takes away the capacity of consumers to reduce their energy bill by reducing the amount of energy they use. Are you aware of that trend? What are you going to do about it?

Mr ANTHONY ROBERTS: I am glad you raised deregulation and competition in the marketplace. We are seeing a reduction in electricity prices for the first time in more than a decade. The move by the Government to deregulate retail electricity prices on 1 July, which was opposed by some members here—

Dr JOHN KAYE: Minister, did you hear my question? I was not talking about prices. I was talking about fixed charges.

The Hon. BEN FRANKLIN: Point of order—

Dr JOHN KAYE: I was checking whether the Minister had heard my question.

The Hon. BEN FRANKLIN: To the point of order: The Minister is a highly intelligent man. I suspect that he heard the question. He was answering the question.

Dr JOHN KAYE: To the point of order: It might have been my poor articulation, rather than his lack of comprehension. I am making sure that he heard my question.

The Hon. BEN FRANKLIN: Further to the point of order: The Minister is entitled to answer the question in any way he sees fit. I believe he was doing just that.

Mr JEREMY BUCKINGHAM: To the point of order: I do not think it is entirely clear.

The Hon. BEN FRANKLIN: We will agree to disagree on that.

CHAIR: Order! I uphold the point of order. Minister, the question was direct and clear. You have the right to answer the question in any way you wish. Please proceed with alacrity.

Mr ANTHONY ROBERTS: Fixed charges are a small component of the bill. With respect to the deregulation of the retail electricity market, IPART recently released its first draft report in its new role as market monitor. It reviewed the performance and competitiveness of the New South Wales retail electricity market. It found that competition was effective. It also noted that retailers have reported that one of the major reasons for entering the New South Wales retail market now is that deregulation is here now. There are now 20 different electricity retail brands across the State. IPART has also found that retail electricity prices fell for most small customers over the year to March 2015 and, indeed with respect to greater electricity bills, a recent report published by St Vincent de Paul has also found that there are real savings out there for customers who are active in the market and compare deals.

It found that the average electricity standing offer or default offer is now typically \$190 to \$400 less per annum and average electricity market offers have decreased by between \$220 and \$380 per annum. But also, most importantly, what St Vincent de Paul found was that the price difference between the worst and best electricity market offer is now between \$590 and \$1,060, depending on the customer's network area. So this is very important with respect to deregulation. It is important that people engage actively within the marketplace. Over 400,000 customers, or 36 per cent of total customers, who were on the transitional tariff, who were formerly the regulated customers, have now moved on to another electricity offer, which is tremendous.

Dr JOHN KAYE: My question was specifically in respect of fixed charges in bills. You might not have information about this. Do you want to take that on notice? It was not about the total bill; it was about the shift from variable prices. You have answered a question that I did not ask you, which is fine, and I hope you enjoyed doing that. But my question was specifically about the shift from variable pricing to fixed pricing. If you do not have material there could you take that on notice?

Mr ANTHONY ROBERTS: I am quite happy to take it on notice but I want this Committee to be aware that it is a small part of the bill compared with the rest of the bill.

Dr JOHN KAYE: What percentage for the average consumer are the fixed costs?

Mr ANTHONY ROBERTS: I will get the exact percentage for you.

Dr JOHN KAYE: You are saying it is a small part.

Mr ANTHONY ROBERTS: I will get the exact percentage for you. The key parts of electricity bills are generation, which we have been able to, again, through the retailer and through competition, get savings to households of up to \$1,090 a year through deregulation and, of course, the \$5.8 million that we have been able to find through savings in networks delivering better services.

Dr JOHN KAYE: My question on notice to you is: Could you please get back to us with your understanding of the shift from variable prices to fixed prices in electricity bills—which you have not addressed at all?

Mr ANTHONY ROBERTS: Absolutely, and I will come back in huge detail.

Dr JOHN KAYE: I am looking forward to that enormously. You might also respond to the challenge that poses both for energy efficiency and also for renewable energy, which neatly takes me to the issue of the NSW 2021 plan to make New South Wales number one. That has a number of energy-related targets in it. Are you on track to meet all those targets?

Mr ANTHONY ROBERTS: I am pleased to say that the 2021 plan was to make New South Wales number one by 2021 and I think we have already reached number one across—

Dr JOHN KAYE: No, the energy targets.

Mr ANTHONY ROBERTS: I am coming to it.

Dr JOHN KAYE: My question is quite focused on energy targets.

Mr ANTHONY ROBERTS: We have a really good and strong story to tell about renewable energy projects in New South Wales; it is something that I am passionate about and this Government is passionate about.

Dr JOHN KAYE: Minister, if you do not mind me interrupting just for a second, could we hold that for a minute? Can we talk about your energy savings target of 16,000 gigawatt hours a year from "business as usual" by 2021? How are you doing on that?

Mr ANTHONY ROBERTS: Do you want me to deal with that first? Then can I deal with some good news?

Dr JOHN KAYE: Yes, let us do that first.

Mr ANTHONY ROBERTS: That is good news as well.

Dr JOHN KAYE: Is it really? Let us see.

Mr ANTHONY ROBERTS: Absolutely.

Dr JOHN KAYE: We might disagree on what good news means.

Mr ANTHONY ROBERTS: The Energy Savings Scheme [ESS]—

Dr JOHN KAYE: No, the energy savings target not the scheme. The scheme is a different thing; the scheme is part of the target. In your NSW 2021 plan—which you said we had a lot of good news about—is there not a 16,000 gigawatt hours reduction or energy savings target from "business as usual" by 2021?

Mr ANTHONY ROBERTS: Can I clarify that? We will have to look at the proportion that we are delivering through the Energy Savings Scheme because the other proportion comes through the Department of Environment and Heritage.

Dr JOHN KAYE: That is strange; I thought this was a whole-of-government thing. It is an energy savings scheme, an energy savings target. Do you have a sense of whether you are going to meet that energy savings target?

Mr ANTHONY ROBERTS: Absolutely.

Dr JOHN KAYE: So you say you will meet the energy savings target?

Mr ANTHONY ROBERTS: What I am saying is that—

The Hon. BEN FRANKLIN: Point of order: The Minister is trying to answer the question but the member keeps interrupting him after he has only got three or four words out. I am very interested in what the Minister has to say.

CHAIR: Order! I uphold the point of order. The Minister should be allowed to answer the question. Please, Minister, try to ensure that you answer the question that is asked.

Mr ANTHONY ROBERTS: I can only answer with respect to my portfolio. We have the Energy Savings Scheme, which has supported projects that will deliver around 12,000 gigawatt hours electricity savings equivalent to around \$1.7 billion in bill savings for New South Wales households and businesses over the lifecycle of the energy efficiency measures.

Dr JOHN KAYE: That is at a 5 per cent obligation or a 6.5 per cent obligation?

Mr ANTHONY ROBERTS: That is correct.

Dr JOHN KAYE: Which one—the 5 per cent or the 6.5 per cent?

Mr ANTHONY ROBERTS: The 5 per cent.

Dr JOHN KAYE: You are aware that your department commissioned an options paper published this year on the ESS and that that identified a shortfall of 3,400 gigawatt hours in reaching the overall target for the State. You would also be aware, I think, that they proposed that that 5 per cent target be increased to 6.5 per cent, which would still leave a gap of 3,000 on that 16,000 gigawatt hour target.

Mr ANTHONY ROBERTS: Yes, I am aware. We are working on policies to meet that. We have the Renewable Energy Action Plan [REAP] and ESS. Can I make a very clear point here with respect to renewable energy projects? It is important that I have the opportunity to get this out. Quite often people say there is lots of money in renewable projects but very few jobs. We have got—

Dr JOHN KAYE: Sorry, Minister, do you mean renewable or energy savings projects?

Mr ANTHONY ROBERTS: Renewable, which will save energy in the long run.

Dr JOHN KAYE: You are not talking specifically about ESS—you have moved from the ESS to something else now?

Mr ANTHONY ROBERTS: I am trying to assist. With \$900 million of renewable projects now under construction, that brings 300 direct jobs and 7,000 indirect jobs. We have got \$5.3 billion proposed for renewable energy projects that are bringing 13,000 direct jobs and 30,000 indirect jobs. We have got proposals seeking approval—some \$7 billion—that will bring 24,000 direct jobs and 57,000 indirect jobs. Again, the direct jobs in operation, we are looking at under construction 200 direct jobs in the long term and 340 indirect jobs; in proposals that have already been approved, 900 direct jobs and 1,500 indirect jobs; in proposals seeking approval, 1,700 direct jobs and 2,800 indirect jobs.

The Hon. RICK COLLESS: It is great news.

Mr ANTHONY ROBERTS: It is great news but it is critical that we make it clear that renewable energy brings jobs with it; it does not take jobs. I thought I would add that and, of course, with renewables down the track.

Dr JOHN KAYE: Which, of course, I agree with the Minister.

CHAIR: We will now move to the Opposition for ten minutes.

The Hon. MICK VEITCH: Minister, with regard to the relocation of the Country Embassy—a story that has broken in recent days—would you confirm that there needs to be much greater consultation with stakeholders around the relocation, what it will look like and what their needs will be in wherever the new place will be?

Mr ANTHONY ROBERTS: I thank the Hon. Mick Veitch for that question. It is critical. We are here to serve all of New South Wales and the Country Embassy has played an important role—probably a role that could have been better handled and managed but it is something that we are committed to continue to operate. Probably the best person to speak to regarding this, who has the greatest amount of control over it, is my Secretary of the department.

Mr SMITH: By background, the Country Embassy is a brand but the facility is a floor in the MLC building which is used for a wide range of purposes. It costs us over a million dollars a year to maintain that floor and about 80 per cent of all the meetings that are held on that floor are regular departmental meetings with people we do business with or who seek our advice, et cetera. In fact, its use as a Country Embassy is very limited indeed. The information we have is that there have been only 14 meetings held in the last year that involved mayors, councils or regional development authorities meeting with stakeholders.

What we do for those organisations is we allow them to use the meeting room and they are welcome to use it without charge. We waive our normal charge, which would have added up to \$8,400 for that small number of meetings. We are not walking away from those meetings, those things will continue. It is just that we are reorganising our real estate to have more of our workers in Western Sydney or in the regions and reducing the amount of expensive rental to be paid in order to be in the CBD.

The Hon. MICK VEITCH: My question was around consultation with stakeholders, wherever they are relocated to and what they require in the new facility or new floor, wherever it is going to be. All it needs is a guarantee that you are going to provide greater consultation with the stakeholders around what they actually need in the new place.

Mr SMITH: Yes, in fact, that is part of our plan. Nothing has happened yet but it was always intended that we would consult with the people who are using the rooms because the people who use the rooms are not only the country mayors, they are also other government departments. We are pleased to host stakeholder events that promote jobs creation and industry development. We will talk with all those people before we make changes.

The Hon. ADAM SEARLE: Is Mr Bryan Doyle, the former member for Campbelltown, now an employee in the Department of Industry?

Mr ANTHONY ROBERTS: That is an operational issue. Did you say Industry or DRE?

The Hon. ADAM SEARLE: Industry.

Mr SMITH: I would have to take that question on notice.

The Hon. ADAM SEARLE: Mr Doyle has put on his LinkedIn that he is the Manager of Performance Reporting in the NSW Department of Industry, I believe. Are you aware, Mr Smith, that Mr Doyle, the former member for Campbell, is an employee of your agency?

Mr SMITH: No, I am not aware of that because it is not my role to appoint every person in the department.

Mr ANTHONY ROBERTS: But thanks for the heads up.

The Hon. ADAM SEARLE: So you are not aware of him being appointed to a position in your agency at all?

Mr ANTHONY ROBERTS: I am certainly aware that he may be appointed to a role in government.

The Hon. ADAM SEARLE: In one of your agencies?

Mr ANTHONY ROBERTS: Again, it is an operational issue.

The Hon. ADAM SEARLE: You are here, Minister, answering for expenditure.

Mr ANTHONY ROBERTS: Well I know he is not in the Department of Industry but I will pass it to the Deputy Secretary.

Ms HARGREAVES: I will have to take it on notice.

The Hon. ADAM SEARLE: Do you know where he is employed then?

The Hon. BEN FRANKLIN: Point of order: The Secretary has already said—

CHAIR: Order! There is no point of order. The Minister will answer questions if he is asked them.

Mr ANTHONY ROBERTS: In answer to the question, I ask the Deputy Secretary to outline the employment processes.

The Hon. ADAM SEARLE: No, Minister, my question was about Mr Doyle. I do not want you to chew up my time with some general discussion. Are you aware of Mr Doyle being employed in any part of your portfolio?

Mr ANTHONY ROBERTS: Yes, I am.

The Hon. ADAM SEARLE: Whereabouts?

Mr ANTHONY ROBERTS: I cannot tell you exactly, but I played no role in that appointment and I would not. All I can say is that Mr Doyle is a police officer of long standing and of very good repute who would be an asset to any organisation.

The Hon. ADAM SEARLE: What role is he in?

Mr ANTHONY ROBERTS: I cannot tell you that, I do not know.

The Hon. ADAM SEARLE: Can anybody at the table with you answer that question?

Mr ANTHONY ROBERTS: I am unaware. I hope the next question is why the Hon. Carl Scully has just been appointed to head up, I think, Coal Services?

CHAIR: Order! We will leave the questions to the Committee, Minister.

The Hon. ADAM SEARLE: Minister, could I ask you a question about the recent workers compensation changes. One of those changes was to increase the death benefit to \$750,000 and the funeral benefit to \$15,000. But coalminers, or those working within the coal industry, were specifically excluded from those increased benefits. Can you explain why and how that came to be and will you commit to remedying that?

Mr ANTHONY ROBERTS: A separate specialised workers compensation scheme is maintained by Coal Mines Insurance for coalmine workers in New South Wales under the Coal Industry Act.

The Hon. ADAM SEARLE: It is a self-insurer; it is not a separate scheme, Minister. It has got a self-insurance licence. It is not a separate scheme.

Mr ANTHONY ROBERTS: Changing or increasing benefits to coalmine workers can be addressed under this specialised scheme. Coalmine workers are not covered under the general Workers Compensation Scheme which is maintained by WorkCover. Questions, of course, about including coalmine workers, accessing benefits or linking them to changes in the general Workers Compensation Scheme should be directed to the Minister for Finance and Services. But I am quite happy to take up this discussion with Minister Perrottet. I am someone who is a major supporter of our coal industry and our coalminers. I do not want to see that industry shut down. It is going through enough trouble at the moment because of commodity prices. Of course, safety is a critical issue and protecting workers is critical. That is something that I am committed to personally and so is this Government.

The Hon. ADAM SEARLE: You will be aware that any benefit increases that have been made generally for workers compensation in this State have generally flowed through to coalminers as well. It has not

on this occasion. It was raised in the parliamentary debate but was not acted on. Will you give a commitment to ensuring that one way or another those increased death and funeral benefits will flow through to those working in the coalmining industry?

Mr ANTHONY ROBERTS: I am quite happy to take it up with the relevant Minister.

The Hon. ADAM SEARLE: Can you tell us how much has been spent in total on the State-owned energy companies' challenge to the Australian Energy Regulator's [AER] ruling on electricity network charges, including legal, consultancy and all other costs?

Mr ANTHONY ROBERTS: That is a very good question. That is a question best directed to Networks NSW. I am happy to take it on notice and provide an answer to this Committee.

The Hon. ADAM SEARLE: On how many occasions in the last financial year have electricity distribution companies deliberately cut off electricity to premises that are registered as using life-support equipment, in breach of the rules?

Mr ANTHONY ROBERTS: I am glad you raised the question. There are two parts to the answer. One is, one of the major reasons networks are appealing the AER decision is because, as you quite rightly said, there are some 30,000 people for whom a power outage does not mean that they do not get toast for breakfast, it means that they could die. Having a safe and secure energy supply is critical and that is why we have to be cognisant in this debate, with all the yelling and screaming, that we do not put those people at risk.

The Hon. ADAM SEARLE: Minister, they are meant to get four days notice of cutting off power. At least six times in the last financial year they did not and at least three times in the previous financial year they did not. The companies have been fined \$180,000. What will you be doing to make sure that these sorts of transgressions will not continue to occur?

Mr ANTHONY ROBERTS: We certainly have some significant fines. We have spoken to networks and retailers and they are cognisant of the fact that this is very critical, very important. To have any disconnection, for any reason, is a significant issue but more so for those who are on life support. I have made it pretty clear myself that any disconnection, accidental or not, is just not acceptable.

The Hon. ADAM SEARLE: It is pretty simple. They are meant to give four days notice. Are the fines adequate or should they be increased—because the fining does not seem to be working? As you say, it is not a simple question of not being able to cook toast or having to take a cold shower.

Mr ANTHONY ROBERTS: No, of course, but it is critical. I will give an example to bring it into context of Endeavour Energy that was fined \$20,000 by the AR board. What occurred was that Endeavour Energy advised that the situation, which was the disconnection, arose because the customer was not identified on the Endeavour Energy network map showing properties affected by the interruption at the time written notifications were provided to other affected customers. That was because the customer registered as a life-support customer on the same day those written notifications for the planned interruption were finalised by Endeavour Energy staff undertaking the work.

Could they have done better? Should there be systems in place? Absolutely, but there are occasions when, if you register as a life-support customer on the same day as letters go out to say that there will be a disruption, these things may occur. But I make it quite clear that our energy workers, particularly during the last storm, flood and bushfire events are quite incredible in the work do in responding to incidents involving, for example, people on life-support—getting generators there, transporting them to places where they are able to receive power. I place on the record, as I am praising these great workers, quite often as you would be aware in the Blue Mountains there is a bushfire—

The Hon. ADAM SEARLE: I am aware of that.

Mr ANTHONY ROBERTS: Very aware, and quite often it is the energy workers who at the front of the front line ensuring that power is disconnected to areas to enable the RFS, the Fire Brigade and the SES to deploy safely.

CHAIR: The Opposition's time has now concluded. We have another 10 minutes for crossbench members, and I will ask a question. You would be well aware that I have made representations to your office over a period of time now from fossickers in New South Wales who are concerned with their interaction with the mining licence system. Are you able to give the Committee any indication of whether those problems have been solved and, if so, what will now occur?

Mr ANTHONY ROBERTS: I thank you for the question and certainly the representations you have made personally and also the Shooters and Fishers Party on behalf of your members. We make it quite clear that this Government is encouraging geotourism across New South Wales, including by seeking expressions of interest from local councils in extending fossicking districts and, of course, through our most recent announcement of a State fossil emblem, which is yet to be named. For the purpose of the record, fossicking is the small-scale search for and collection of minerals, gemstones or minerals bearing material from the surface. It is a very proud tradition that offers fossickers the opportunity to discover, of course, the beauty and diversity of the State's mineral wealth.

Across New South Wales there are more than 50 fossicking districts, which facilitate easier access to fossicking sites. Established under sections 12 and 369 of the Mining Act, fossicking districts provide easier access to land by fossickers by removing the need to seek permission from mineral and petroleum exploration licence holders. However—and this is the issue that we had—fossickers must always obtain permission from landowners or managers to fossick and are obliged to comply with the New South Wales Government's fossicking guidelines. Of course, they have to obtain permission from assessment lease, mining lease, mineral claim or opal prospecting licence holders.

We are committed as a Government, as are the Shooters and Fishers Party and you, to developing a world-class regional tourism industry New South Wales. As part of that we are investigating opportunities to make regional New South Wales more attractive as a destination for fossickers. Given changes in local government area boundaries, current fossicking districts are very much out of date—some go back a very long way. We are starting a process now to update these fossicking districts, and encourage local councils to understand where councils may have an interest in establishing new fossicking districts.

It is not just about the gold; there is a whole heap of other minerals, gems and semiprecious stones that are of interest to fossickers. The successful expansion of these fossicking districts will require consultation with, and again the support from, local councils as well as a range of other landholders. We will be looking at landholder interest and sensitivity towards permitting access, existing exploration licence holders' interests, known occurrences of minerals that they be fossicked in the area to provide greater clarity—there are some great maps out there and some great books on this—and ensuring that councils have information needed to support fossickers to fossick lawfully.

We also need to ensure fossickers are aware of other legislative requirements. Declaring more areas as fossicking districts has the potential to unlock new opportunities for regional tourism by making it easier for fossickers to access land. I give this Government's commitment to work closely with fossickers, with members of the upper House, the lower House, local councils and members of the community to ensure, together with owners of various titles, to ensure that we open up more and more of New South Wales to what is a fantastic pastime and hobby.

CHAIR: Thank you for putting that on the record.

Mr JEREMY BUCKINGHAM: Minister, Santos' PEL 452 expired in 2013 and covers an area of some of the most productive agricultural land on earth. Will you cancel that PEL? All right, sorry, a pregnant pause.

Mr ANTHONY ROBERTS: No, there is nothing wrong.

The Hon. BEN FRANKLIN: He is getting the information for you. Being helpful. The Government is here to help.

Mr ANTHONY ROBERTS: We are always here to help. Santos is conducting gas exploration and assessment activities in the Narrabri region under PEL 238, petroleum assessment lease 2, and petroleum production lease 3. The Narrabri gas project has the potential to supply approximately 50 per cent of the State's natural gas needs, should it be allowed to go ahead. Why would I cancel it and under what conditions?

Mr JEREMY BUCKINGHAM: I did not ask you about PEL 238, I asked about PEL 452, which is the area in the southern Liverpool Plains, which has been expired since 2013. I did not say anything about PEL 2; I asked about the area that covers the Shenhua and Karuna coalmining leases. You can take it on notice, if you do not know where the PE is. I have lots of questions.

Mr ANTHONY ROBERTS: Do you want the details of the PEL? I am happy to take it on notice.

Mr JEREMY BUCKINGHAM: I said would you consider cancelling that PEL? The PEL expired in December 2013?

Mr ANTHONY ROBERTS: I am with you now.

Mr JEREMY BUCKINGHAM: It has only taken two minutes.

Mr ANTHONY ROBERTS: That sort of commentary, really. I treat this Committee with the most seriously.

CHAIR: Order! Minister, please proceed. We are running out of time. The member realises he probably misspoke. Will you answer the question?

Mr ANTHONY ROBERTS: I will ask Deputy Secretary Hargreaves to answer.

Ms HARGREAVES: What may not be particularly clear is that a title right does not actually expire. We actually have to make a determination about a title right. So as long as they have submitted a legally acceptable application for a renewal, the rights of that title and the obligations on the titleholder continue—

Mr JEREMY BUCKINGHAM: Have they—

Mr ANTHONY ROBERTS: Please, Chair can you direct—

Mr JEREMY BUCKINGHAM: This is about getting some information.

The Hon. BEN FRANKLIN: Point of order: The Minister asked at the beginning of this hearing that questions to officials be directed through him, something to which you agreed, Mr Chair, and asked all members to observe. The member was asking his question directly to Ms Hargreaves. I ask that you to enforce the original ruling.

Mr JEREMY BUCKINGHAM: To the point of order: Before the point of order was taken, I had not finished the question.

CHAIR: No, with all due respect, I do not need any more points of order. In fact, Mr Jeremy Buckingham redirected the question to the Minister, not to the official, but in doing so he overspoke the answer the official was giving. I ask members not to interrupt an answer in the middle of the answer and to wait to re-ask a question of the Minister. Minister, would you like to direct your staff to continue with the answer to the question?

Mr ANTHONY ROBERTS: Yes. Deputy Secretary Hargreaves?

Ms HARGREAVES: As I was saying, as long as we have a legally adequate application for renewal the rights and the obligations of the title holder continue until such a time as the Government makes a determination as to whether or not to renew that title.

Mr JEREMY BUCKINGHAM: Has the Government had an application for renewal of PEL 452?

Mr ANTHONY ROBERTS: Through you, Mr Chair, if you could direct it to me, please.

Mr JEREMY BUCKINGHAM: That was directed to you.

Mr ANTHONY ROBERTS: Was it? You can start with "Minister".

CHAIR: Order! Let us not play games here.

Mr JEREMY BUCKINGHAM: If you think it is a matter of levity—

CHAIR: Order! Mr Buckingham will come to order. Minister, you have been asked a question by Mr Buckingham. I apologise on behalf of the Committee if the correct term was not used. Would you answer the question, please?

Mr ANTHONY ROBERTS: Certainly. Deputy Secretary Hargreaves?

Ms HARGREAVES: I would need to take it on notice to be able to confirm whether or not we have had an application on that. However, to try to be helpful to the Committee, I can explain the process for assessing those applications. I understand you asked a question about why we would not just cancel the title. Obviously, what we would do in a renewal application process is look at the company's ability to meet the minimum standards, in particular the minimum standards that we have recently introduced that raise the bar on what we expect companies to be able to do in order to engage in activities in this State. If they meet those hurdles there would be no reason not to grant them the renewal. If they fail to meet those hurdles the Government would have the ability to make a determination not to grant that renewal.

Mr JEREMY BUCKINGHAM: Minister, when you were on your knees begging the Shooters and Fishers Party not to support my coal seam gas prohibition bill, what did you promise them?

Mr SCOT MacDONALD: Point of order: That question is out of order.

Mr ANTHONY ROBERTS: Seriously, Mr Chairman, there is one thing we started and the wheel has turned. I started off addressing a question to this Committee about consultation, respect and taking people with you. That is what I and this Government always tries to do. Mr Buckingham, there were no deals done. We have a gas plan. You have some glib statements; we have a plan that is working. Why would people not support a gas plan that is working, continues to work and will continue to work and deliver for the people of New South Wales? It is not my problem if what I understand from having read *Hansard* is correct that you arrogantly refused to consult with other crossbenchers. That is not my problem. That is your problem that you have to address.

CHAIR: Thank you, Minister and staff. Before you leave the table could you confirm whether you are happy to have the tabled document made public?

Mr ANTHONY ROBERTS: With absolute pleasure.

CHAIR: Thank you very much. I will call the session to a close. Minister, we would appreciate replies to any questions on notice within 21 days. Thank you to you and your staff.

Mr ANTHONY ROBERTS: Mr Chairman, I thank the Committee, Hansard, the Committee staff and you for the opportunity to appear before you today.

(The witnesses withdrew)

The Committee proceeded to deliberate.
