

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Monday 18 August 2014

Examination of proposed expenditure for the portfolio area

NATURAL RESOURCES, LANDS AND WATER, WESTERN NSW

The Committee met at 2.00 p.m.

MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. J. Buckingham (Deputy Chair)
The Hon. R. H. Colless
Dr J. Kaye
Mr S. MacDonald

The Hon. Dr P. R. Phelps
The Hon. P. T. Primrose
The Hon. M. Veitch
The Hon. S. J. R. Whan

PRESENT

The Hon. Kevin Humphries, *Minister for Natural Resources, Lands and Water, and Minister for Western New South Wales*

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 the budget estimates 2014-15. I acknowledge the Gadigal people who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation and extend that respect to other Aboriginal people present. I welcome Minister Humphries and accompanying officials to this hearing today. The Committee will examine the proposed expenditure for the portfolio of Natural Resources, Land and Water, and Western NSW.

In accordance with broadcasting guidelines, whilst members of the media may film and record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. I also remind them and witnesses that any discussion that they have outside the hearing will not be covered by parliamentary privilege.

There may be questions that a witness can only answer with more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days of receiving that question on notice. Any messages from advisers or members' staff seated in the public gallery should be delivered through the chamber and support staff or the committee clerks. I remind the Minister that accompanying officers are free to pass notes and refer directly to advisers sitting at the table behind the witnesses. A copy of today's transcript will be available on the committee's website from tomorrow morning. All mobile phones must be switched to silent. Any twittering, tweeting or use of social media within these precincts is strictly banned.

All witnesses from departments, statutory bodies and 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 to your office and members of Parliament.

We will proceed to questioning on Natural Resources, Lands and Water. We will then deal with Western NSW. I declare the proposed expenditure of the portfolio areas of Natural Resources, and Land and Water open for examination.

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

SCOTT HANSEN, Director General, Department of Primary Industries, on former oath,

RENATA BROOKS, Deputy Director General, Department of Primary Industries, Land and Natural Resources

KEVIN YOUNG, Managing Director, Sydney Water, and

KIM WOOD, Managing Director, Hunter Water, sworn and examined:

The Hon. PETER PRIMROSE: Minister, the Baird Government wants to privatise Sydney Water and Hunter Water, does it not?

Mr KEVIN HUMPHRIES: There is no intention to privatise Sydney Water or Hunter Water.

The Hon. PETER PRIMROSE: Will you rule out the Baird Government privatising Sydney Water and Hunter Water?

Mr KEVIN HUMPHRIES: I will refer to my previous answer.

The Hon. PETER PRIMROSE: That is the problem, Minister. We went through this with the sale of the ports and the Hon. Duncan Gay said, "I have no plans to privatise New South Wales ports" and then a couple of months later he announced they were going to privatise the ports.

The Hon. Dr PETER PHELPS: Point of order: This is an opportunity to question the Minister and witnesses about portfolio responsibilities of the department, not to hector the Minister on what may or may not have happened in terms of government policy in the past.

CHAIR: Order! There is no point of order. The Minister is quite capable of handling this sort of pressure.

The Hon. PETER PRIMROSE: When he announced the sale of the ports I actually said to him, "But you said you were not going to do it" and he said, "What I said then was a statement of fact. Thereafter the Government developed a plan." Minister, can I ask you: are you prepared to rule out the sale of Sydney Water and Hunter Water?

Mr KEVIN HUMPHRIES: I can elaborate in a little more detail and a bit of discretion would be helpful. There is no intention by this Government to sell or privatise Sydney Water or Hunter Water. If you look at the last 10 years of Labor's performance when the workforce was virtually cut in half, Labor strong-armed a union official at the 2009 Labor Conference when that official put up a motion not to privatise Sydney Water. That official was strong-armed by a Minister of the Government and colleagues of yours. For us to be lectured by you is hypocrisy of the highest order. I will take the question with the intent with which it was delivered and I repeat: Sydney Water does a fantastic job and Hunter Water as well.

Their reports in the last couple of years in particular have been outstanding. They have worked particularly with the Australian Services Union as far as Sydney Water is concerned to reach a high standard of efficiency. The returns it pays to the Government are very good. There is no intention to privatise Sydney Water. If you look at the last 10 years of work that has been driven by Sydney Water in particular, at least 80 per cent of that work has been outsourced to either third party private companies or subcontractors, so Sydney Water has a good record of performance. It has improved significantly and it is one that we should be proud of as opposed to behind the scenes strong-arming of union officials who wanted to raise the issue—

The Hon. PETER PRIMROSE: Thank you, Minister. Can you just say, "I rule out the privatisation of Sydney Water"?

Mr KEVIN HUMPHRIES: This Government has no intention, as I have said before.

The Hon. PETER PRIMROSE: Just rule it out; just say those words, "I rule it out".

Mr KEVIN HUMPHRIES: Which part of that don't you understand?

The Hon. PETER PRIMROSE: The bit where you refuse to say, "I will rule it out"; say, "I will rule it out" and then we will move on.

Mr KEVIN HUMPHRIES: There is no intention. I am happy to say we will rule it out. There is no intention.

The Hon. PETER PRIMROSE: Are you happy to say that?

Mr KEVIN HUMPHRIES: Yes, and that has been said to the Australian Services Union as well.

The Hon. PETER PRIMROSE: "I rule out the privatisation"?

Mr KEVIN HUMPHRIES: Absolutely. There is no intention by this Government to privatise either entity.

The Hon. PETER PRIMROSE: Will you say, "I will rule it out. I will rule out the privatisation of Sydney Water and Hunter Water."

Mr KEVIN HUMPHRIES: I have given my answer. Move on.

The Hon. PETER PRIMROSE: That is the Duncan Gay factor; we are back to that again. You will not answer that.

The Hon. Dr PETER PHELPS: It is not a criticism in The Nationals.

The Hon. PETER PRIMROSE: Between 1992 and 1995 families in the Blue Mountains received a letter from the former Coalition Minister Robert Webster confirming that as they lived near the Blue Mountains National Park they qualified to receive subsidised septic pump-out until Sydney Water could connect them to the sewerage system as part of the backlog sewerage policy. Those who have purchased affected properties over the ensuing years have also had included as part of their conveyancing documentation a letter from Sydney Water confirming that a subsidy would be in place. Why have you chosen to breach this longstanding commitment, which has left many residents with no affordable and viable options, and threatens the pristine Blue Mountains National Park?

Mr KEVIN HUMPHRIES: That is a better question.

The Hon. PETER PRIMROSE: Thank you, Minister. I hope you can answer this one.

Mr KEVIN HUMPHRIES: Is that a statement or another question?

The Hon. PETER PRIMROSE: It is a hope.

Mr KEVIN HUMPHRIES: You ask me and I would say, yes, I am confident I can answer that question for you.

The Hon. PETER PRIMROSE: One out of two ain't bad.

The Hon. Dr PETER PHELPS: Point of order: Are snide comments by members to be regularly taken to be acceptable before this Committee because if they are I would be very keen to know. I will open up the gun locker if that is the case.

The Hon. MICK VEITCH: You tweet your snide remarks.

The Hon. Dr PETER PHELPS: No tweeting here.

CHAIR: Order! Interjections are disorderly at all times.

Mr KEVIN HUMPHRIES: I am certainly aware of the subsidy and that subsidy has been paid since 1998 to some 70 residents, or 72 customers to be exact as far as I am advised, in the Blue Mountains. That subsidy consists of a \$4,300 subsidy by Sydney Water to those residents. That subsidy is topped up some \$600 by the residents who pump out their septic tanks.

That subsidy was instigated some time ago, as you mentioned. The intention was always to look to connect those residents to mainstream sewerage infrastructure. Indeed, the Government—previous and existing—has spent some \$300 million in the Blue Mountains connecting some 14,000 properties. There has been a good effort over time to support the people of the Blue Mountains in getting access to water and sewerage programs. Two years ago it was made clear to the residents that that subsidy was not going to continue forever. There was a two-year extension. In the meantime, after coming into the portfolio I have been made well aware by the local member there—she has done a good job—that nearly half of those residents have sought to access the mainstream sewerage system.

There are a number of residents, 12 or 13, that are seeking to set up their on-site cisterns, I suspect chemically based, and the remainder of residents are still undecided, some 28 to 30 I am led to believe. What we do—and Sydney Water has a number of schemes—is go back to those residents, I will not say exactly when or where or how, but there are a number of support mechanisms that we can look at to help those people transition onto and into what should be a mainstream sewerage program, if it is appropriate. That is their option: people will have options.

The Hon. PETER PRIMROSE: Minister, your proposal to scrap Sydney Water's usage and efficiency targets is going to make Sydney Water more attractive to potential buyers, will it not?

Mr KEVIN HUMPHRIES: Is that a statement or a question?

The Hon. PETER PRIMROSE: Won't it?

Mr KEVIN HUMPHRIES: Is that a statement or a question?

The Hon. PETER PRIMROSE: It is a question.

Mr KEVIN HUMPHRIES: Sydney Water's efficiency targets are highly important. One thing the Government has done, as you would be aware, is introduce legislation to help drive issues around water consumption to allow other players into the market, particularly those people that are quite innovative and cost effective when it comes to issues around recycling or treating wastewater. Sydney Water has no intention of dropping any issue around water efficiency targets. Again, this is a little bit of scaremongering and I suspect not totally relevant to this afternoon's proceedings

The Hon. PETER PRIMROSE: There is no proposal to scrap usage and efficiency targets?

Mr KEVIN HUMPHRIES: I can say we will increase our usage and efficiency targets: that is largely what we are doing.

The Hon. PETER PRIMROSE: What is the current staffing of Sydney Water, full time equivalents?

Mr KEVIN HUMPHRIES: From memory, I will take a stab, I think it is 2,065.

Mr YOUNG: It is 2,400

Mr KEVIN HUMPHRIES: Sorry, 2,400, half the 5,000.

Mr YOUNG: Yes, that's correct, Minister.

The Hon. PETER PRIMROSE: How many of these staff are employed in maintenance?

Mr KEVIN HUMPHRIES: I will refer that to Mr Young.

Mr YOUNG: I will take that on notice for the exact details of that.

The Hon. PETER PRIMROSE: What is the current staffing of Hunter Water full time equivalent?

Mr WOOD: There are 466 employees.

The Hon. PETER PRIMROSE: How many of those are employed in maintenance?

Mr WOOD: I will need to take that question on notice.

The Hon. PETER PRIMROSE: What Sydney Water assets were sold or leased during 2012-13?

Mr YOUNG: Nothing comes to mind.

Mr KEVIN HUMPHRIES: Nothing that I am aware of.

The Hon. PETER PRIMROSE: While you are about it, what assets are proposed to be sold or leased long term in 2013-14?

Mr KEVIN HUMPHRIES: For Sydney Water?

The Hon. PETER PRIMROSE: Yes. And in relation to Hunter Water the same questions: what Hunter Water assets were sold or leased long-term in 2013-14 and what assets are proposed to be sold or leased long term in 2013-14?

Mr SCOT MacDONALD: Point of order: 2013-14 has finished. How is he looking forward?

CHAIR: The point of order is relevant.

Mr KEVIN HUMPHRIES: I am aware that the head office of Hunter Water has been disposed of for \$25 million approximately. My advice is that the significant proportion of that funding would be going to the Burwood treatment facility, which is long overdue. There is one part of the business—and Mr Wood may want to comment—Hunter Water Australia, which is a consultancy type group and potentially there is some discussion around what we do with the treatment works or desalination project at Kooragang Island.

Mr WOOD: We run a small subsidiary consulting business that does some consulting work internationally in third world countries and provides a wide range of water treatment consulting services in Australia to defence, local government and some of the water sector. It is not a business that is core to our primary task of delivering services in the Lower Hunter. That business was not expected to garner a large price at all but it is a business that will be on the market later this year. We do not have a decision yet one way or the other on the recycled water plant at Kooragang Island, but our view is that it may be better to put the equity tied up in that business back into our core service capital program.

The Hon. PETER PRIMROSE: I ask the same question in relation to 2014-15 of Sydney Water.

Mr YOUNG: The only thing that comes to mind with the Sydney Water assets, as we have done for the last 10 or more years, would be our property portfolio. If there is a piece of property that is surplus to our requirements from an operation or strategic viewpoint it is likely that some of that property would go on the market as it has done in the past.

The Hon. PETER PRIMROSE: Mr Young, Peter Mills was Sydney Water's general manager of human resources from November 2004 until December 2014, is that the case?

Mr YOUNG: I think that is probably right.

The Hon. PETER PRIMROSE: Can you tell me why he left Sydney Water?

Mr YOUNG: It came to a position where Mr Mills resigned from the organisation at that time.

The Hon. PETER PRIMROSE: Had he been placed on special duties and another person placed to act in the general manager's role?

Mr YOUNG: Someone had been placed to act in the general manager's role, but that occurred after he indicated he was resigning and he would stay in the organisation for a certain time period, which I agreed to

The Hon. PETER PRIMROSE: For what period was that person placed in that role?

Mr YOUNG: I will take that on notice, but it would be a number of months. I can give you the exact time.

The Hon. PETER PRIMROSE: Who took the decision to stand Mr Mills down?

Mr YOUNG: Mr Mills was never stood down. Through agreement and discussions he indicated he was resigning from the organisation and he would like that period to be to the end of the year and it was considered if he was going to take that role we should have someone else act in the position.

The Hon. PETER PRIMROSE: Did he continue to receive full payment during that time?

Mr YOUNG: He did receive full payment for the period that he worked for Sydney Water.

The Hon. PETER PRIMROSE: Were there any matters involving Mr Mills that had been referred to the audit and risk committee?

Mr YOUNG: There were some issues that had been referred to the audit and risk committee that were dealt with satisfactorily.

The Hon. PETER PRIMROSE: Are you able to tell us what those are?

Mr YOUNG: I cannot.

The Hon. PETER PRIMROSE: Can you take that on notice? Has Sydney Water undergone organisational restructuring in the last two years?

Mr YOUNG: Yes

The Hon. PETER PRIMROSE: What did these restructures involve?

Mr YOUNG: The first restructure was a change in the executive team that involved a smaller number of executives reporting to me. It was a restructure based on our strategy moving forward. Restructures of the team and organisation are ongoing, as it has been in the past.

The Hon. PETER PRIMROSE: How many maintenance staff have been outsourced to the private sector as part of this restructure?

Mr YOUNG: I will take that on notice but the major outsourcing that occurred some time ago was the outsourcing of our electro-mechanical maintenance. Thiess, as a private sector participant, came in to do that work.

The Hon. PETER PRIMROSE: How many maintenance staff remained with Sydney Water?

Mr YOUNG: Again we have the details of that. The majority of our maintenance staff would be in the civil area and that remains today.

The Hon. PETER PRIMROSE: Can you take that on notice?

Mr YOUNG: Absolutely.

The Hon. PETER PRIMROSE: What briefings or proposals have been put by you to your board to outsource further maintenance to the private sector?

Mr YOUNG: None that I am aware of. In terms of our civil workforce the briefings that have taken place with our board relate to a discussion that we are making great progress with our internal civil workforce and they have achieved great things in the last two years. An agreement with the Australian Services Union and Sydney Water is that our workforce aims to be the lowest cost most productive suppliers in Australia. I believe there was a briefing, as the Minister said, on that fact. We are in alignment on that.

The Hon. PETER PRIMROSE: The Minister has been briefed on these outsourcing proposals?

Mr YOUNG: No, the Minister has been briefed on the great success we have achieved with our internal workforce in hitting the targets.

The Hon. PETER PRIMROSE: What reason have you chosen to not brief the Minister on the outsourcing proposal?

Mr YOUNG: We do not have proposals to move to outsourcing of our civil workforce.

Mr KEVIN HUMPHRIES: Can I comment there. One of the briefs that Sydney Water and Hunter Water have, the same as any water utility, is to provide safe reliable potable water, in this particular case, to constituents. There are four and a half million customers of Sydney Water. If you look at Sydney Water's standards, by world practice it is virtually second to none. The standard of water quality in this catchment is fantastic and one of the things that Sydney Water has been able to achieve, particularly in the last couple of years, which is a concept foreign to some in this room, is to not only achieve better standards but cap and in real terms reduce the price of that water to customers.

Not only are they charged with supplying safe and reliable water consistently from a secure supply, it has to be affordable. One of the things that Sydney Water and Hunter Water have done, more so in recent years, has been to hit those targets. One of the best ways they have done it is to partner with others in the community such as contractors that have areas of expertise. We understand issues around technology have significantly improved, particularly in the last generation, and I have to say these guys have been up to speed on all of the above. Sydney Water workers can be very proud of the enormous productivity gains they have made, and they have been rewarded for that. The fact that these people have been able to get their business up to speed to reflect today's standards is to their great credit.

The Hon. PETER PRIMROSE: I ask the same organisational restructure questions of Hunter Water on notice.

Mr WOOD: I will provide those answers.

The Hon. STEVE WHAN: What are the reasons behind the departure of David Harris, the former Water Commissioner? Was he sacked when you became Minister?

Mr KEVIN HUMPHRIES: I will leave any staffing issues up to the deputy director. One of the reasons for setting up the Office of Water or the portfolio as a standalone entity was to look at water across the State and to have a more integrated approach, whether it be rural water, bulk water or Sydney water. We needed an Office of Water that reflected policy, regulation and planning across the State.

The Hon. STEVE WHAN: The announcement about merging the State Water Corporation and the Sydney Catchment Authority was made before you became the Minister. However, David Harris's departure seemed to coincide with your appointment as Minister. Did you have any involvement in that decision, and, if so, what involvement?

Mr KEVIN HUMPHRIES: Planning policy and regulation must be integrated with the two service delivery models of integration to which you alluded.

The Hon. STEVE WHAN: Are you saying that you had no consultations about or involvement in the departure of David Harris?

Mr KEVIN HUMPHRIES: I refer that to Mr Hansen.

Mr HANSEN: I made that staffing decision as Director General of the Department of Primary Industries. There is no doubt that David Harris has made a tremendous contribution over the past decades to water regulation, policy and planning in this State. After the reshuffle of the portfolios in which the Metropolitan Water Directorate and the Metropolitan Water Plan were reintegrated into the Office of Water there were conversations between me and David about a new approach to the office, and that led to a decision that he would not continue as my deputy director general.

The Hon. STEVE WHAN: Did you disagree with him on approaches?

Mr HANSEN: Different leadership is needed at different stages in a business or an agency's lifecycle. David played an enormous part in getting us across the line with the sustainable basin plan for the Murray-Darling Basin Authority. This next phase for the Office of Water—which will look less at the operational stages and more at policy and planning for both metropolitan and rural areas—will require a different set of skills.

The Hon. STEVE WHAN: Did you have any direction from the Minister on that?

Mr HANSEN: No.

CHAIR: Which government agency now holds the land acquired for the Pilliga dam?

Mr KEVIN HUMPHRIES: Hunter Water. Mr Wood might want to elaborate on what he is doing with that land.

Mr WOOD: We own the land; it is on our balance sheet. We have decided as a business to divest ourselves of the bulk of that land over time. Properties turn over infrequently in the Dungog shire and we are conscious that we overhang the market there and could harm property values. Therefore, we are taking a measured approach. We now have two properties in play and I believe that we are in negotiations with five of the original owners. We will be moving with those properties over the next several months.

CHAIR: Thank you. I will not comment.

Dr JOHN KAYE: Why has it taken so long to get into negotiations with the original owners?

Mr WOOD: The original owners had contractual obligations that we have met. Neither Hunter Water nor the owners have dragged the chain or taken any longer than has been required. We have had some of the other properties on the market for quite some time, but the market is very slow. Rather than conduct a fire sale, we have taken a measured approach. The properties all have a valuation and we are striving to achieve a reasonable price.

Dr JOHN KAYE: When will you have sold all of the properties?

Mr WOOD: It will take us some time to sell using the current strategy or approach of looking for Sydney weekend buyers. It is beautiful country, but the market is slow. We are in negotiations with one or two Sydney agents to consider larger parcels to get a quicker result.

Dr JOHN KAYE: Have you looked at the agricultural value of the land? Have you considered selling it as agricultural land?

Mr WOOD: We are looking at potential agricultural buyers, but it is too early to comment.

Dr JOHN KAYE: I refer to a question asked by the Hon. Peter Primrose about privatisation. Minister, what do you mean by "privatisation"? Exactly what do you not have plans to do?

Mr KEVIN HUMPHRIES: Privatisation involves the Government stepping away from all responsibility for an asset or service.

Dr JOHN KAYE: In that case, your answer to the Hon. Peter Primrose related to the Government no longer having any responsibility for the delivery of water in Sydney, Newcastle and the Hunter.

Mr KEVIN HUMPHRIES: I am not sure how you can draw that conclusion.

Dr JOHN KAYE: You said that privatisation involves the Government stepping away from responsibility. You told the Hon. Peter Primrose the Government has no plans to step away entirely from the delivery of water in Sydney.

Mr KEVIN HUMPHRIES: Let me be clear: There is no intention on the part of this Government to sell Sydney Water or to privatise Sydney Water.

Dr JOHN KAYE: What about leasing it?

Mr KEVIN HUMPHRIES: On our existing business, there is no intention to divest ourselves of any mainstream or core activity. That is not to say that we will not engage in discussions in growth areas or partner up, as we have done recently at Green Square, with a third party to provide services that in most cases do not exist. It will not preclude us from developing relationships with third-party entities. As far as the core business of Sydney Water goes, the Government has no intention of divesting itself of it.

Dr JOHN KAYE: Mr Wood, the water treatment plants in the Hunter recently went on the market. Correct me if I am wrong, but I understand that they have been largely operated by Hunter Water Australia, which is a wholly owned subsidiary of the Hunter Water Corporation—but might not be for much longer. They have now been effectively outsourced; they are all now operated by private enterprise. Is that correct?

Mr WOOD: To be clear, our plants have essentially been operated by a third party even though we have wholly owned the subsidiary for more than 10 years.

Dr JOHN KAYE: I said that; Hunter Water Australia was the previous operator.

Mr WOOD: The model is essentially the same, but a different contractor runs the business. Our market testing has demonstrated that there are very efficient arrangements available in the market at the moment. As far as our customers are concerned, it is a very similar arrangement.

Dr JOHN KAYE: I understand that. I think we are talking about 25 plants. Is that correct?

Mr WOOD: Yes.

Dr JOHN KAYE: They are now managed by a non-government entity.

Mr WOOD: Hunter Water Australia may be owned by us but it is a corporation or company.

Dr JOHN KAYE: That does not answer my question. Hunter Water Australia was owned by you and it operated all those plants.

Mr WOOD: Yes.

Dr JOHN KAYE: They have gone to the market and they are now either not owned by Hunter Water Corporation or by the Government.

Mr WOOD: That is correct.

Dr JOHN KAYE: They have been passed to the private sector.

Mr WOOD: That is correct.

Dr JOHN KAYE: What other significant components of Hunter Water are you considering passing to the private sector?

Mr WOOD: The only possibility—and we do not have a board decision on this at this stage; we have not approached the board—is the recycled water plant at Kooragang Island.

Dr JOHN KAYE: That is not yet complete, is it?

Mr WOOD: It is very close to completion. It is going through commissioning tests at the moment.

Dr JOHN KAYE: When do you expect it to be operating?

Mr WOOD: It will be supplying fresh water in the next several months.

Dr JOHN KAYE: When was the electro-mechanical function passed from Sydney Water to a non-State entity?

Mr YOUNG: I think the decision was made in September 2012 with an announcement that we were going to the market. I think Thiess started on 1 July 2013.

Dr JOHN KAYE: What are the anticipated savings?

Mr YOUNG: I can provide that information, but they would be substantial.

Dr JOHN KAYE: What will be the change in terms of the number of person hours per year involved?

Mr YOUNG: I can take on notice the number of person hours involved, but the staffing position previously was that out of the 2,450 there were around 145 staff involved in electrical mechanical maintenance. A number of them would have transitioned to Theiss.

Dr JOHN KAYE: Do you know how many transitioned to Theiss?

Mr YOUNG: I will take that on notice.

Dr JOHN KAYE: When they transitioned did they maintain the same conditions?

Mr YOUNG: They did.

Dr JOHN KAYE: For what period?

Mr YOUNG: To explain, 40 per cent of our electrical mechanical maintenance was already done by the private sector. That was being handled by Transfield.

Dr JOHN KAYE: Was that decision made under the previous Government?

Mr YOUNG: Before my time the decision was made that 40 per cent of electrical mechanical maintenance should go to the private sector. We had that benchmarking in place and then made the decision, when the contract was coming up, to put 100 per cent to the market. There would have been a significant proportion of our existing employees who shifted to Theiss and a significant number of private sector employees already working for Transfield on Sydney Water who transferred to Theiss. Theiss would have gone to the market to make up the balance.

Dr JOHN KAYE: Mr Young, you will get us those figures I am sure. I turn to the desalination plant and, in particular, the turn-on and turn-off thresholds. They are called "pump marks", but that is a confusing expression. These thresholds were formed under the previous Government. I recollect it turns on at 70 per cent and turns off at 80 per cent.

Mr KEVIN HUMPHRIES: Correct.

Dr JOHN KAYE: No, that is not correct; it is the wrong way around. They turn on at 70 per cent and off at 80 per cent.

Mr YOUNG: I think this was also before my time, but it was the Centre for International Economics that did the study. That was part of a previous Metropolitan Water Plan.

Dr JOHN KAYE: Is there anything in your agreement with the owners or operators of the Sydney Desalination Plant that would lock in those numbers?

Mr YOUNG: As part of the agreement there is a commitment to meet the Metropolitan Water Plan, which is based on the 70:80 model.

Dr JOHN KAYE: Is that a static or a dynamic matter—that is to say, if the Metropolitan Water Plan were to change, could you change the pump marks?

Mr YOUNG: That would be a matter for the Government of the time to try to get the best value for the people of New South Wales.

Dr JOHN KAYE: I am not asking that. If they were to change, is there anything in the agreement between Sydney Water Corporation and the owners and/or the operators of the desalination plant that would lock that in?

Mr SCOT MacDONALD: Point of order: Is that matter commercial in confidence?

CHAIR: There is no point of order. It is a matter for the Minister to determine, no-one else.

Dr JOHN KAYE: Minister, would you like to comment?

Mr KEVIN HUMPHRIES: Sydney Water and the desalination plant operate under a licence. We can take on notice some issues you have raised. The Metropolitan Water Plan is the overarching set of principles governing how the valley and the catchment work. If there were a change of configuration, for reasons such as flood mitigation or enhanced storage, could that equation change? It possibly could.

Dr JOHN KAYE: Is there not an absence of flexibility created by the contractual arrangements signed with the owners or operators?

Mr KEVIN HUMPHRIES: No.

Dr JOHN KAYE: So, as Minister, you could ask for a review of the Metropolitan Water Plan and that could recommend changes to the pump marks, and the desalination owners and operators would have to suck it up?

Mr KEVIN HUMPHRIES: I am not sure of the finite details, so I will take that on notice. You asked if there was some flexibility in the licensing agreement and as far as I am advised, yes, there is.

CHAIR: "Suck it up" is an engineering term.

Dr JOHN KAYE: It is to do with induced draught fans. For transparency, I should declare that I have worked as an electromechanical fitter in a sewage treatment system. Minister, would any financial penalty be incurred by the State if the pump marks were to be changed?

Mr KEVIN HUMPHRIES: We would have to renegotiate the agreement. Currently, to have the desal plant doing what it is doing is costing about \$90 million a year for standby.

Dr JOHN KAYE: Let us be clear: "doing what it is doing" is absolutely nothing.

Mr KEVIN HUMPHRIES: Not a lot. To switch it on would cost about another \$50 million. It is a very expensive piece of infrastructure. Is it under consideration? We could talk about that under the Sydney Metropolitan Water Plan. As in all issues relating to the catchment, yes, it is.

Dr JOHN KAYE: Are you saying renewing is currently under consideration?

Mr KEVIN HUMPHRIES: The water plan is being reviewed for all aspects of water management across the catchment. You cannot isolate the desal plant from that.

Dr JOHN KAYE: I turn to wastewater recycling in New South Wales. You would be aware that there are 25 water supply authorities around Australia, with more than 100,000 connections. We have four in New South Wales—Gosford, Wyong, Hunter and Sydney. Minister, are you aware that we are rated twenty-fifth, twenty-first, twentieth and seventeenth respectively on performance, as measured by the National Water

Commission? That is to say, we are in the bottom nine of Australian wastewater recycling. I accept that you might raise Kooragang, which will lift the performance of Hunter Water. By my estimation, that would put our water at mid range but it would move Hunter Water from the worst to mid range, the best in New South Wales. Minister, are you concerned about that and what are you doing about it?

Mr KEVIN HUMPHRIES: I was more concerned that certain parties did not support our water infrastructure competition amendments, which allowed for more entry into the market, particularly for water recycling. I was at Green Square last week, where 50 per cent of the system on Broadway—for some 5,000 residents and about 900 additional student residences—is recycled wastewater. I suspect that entity over time will take wastewater from Sydney Water for recycling. Part of the reason for those amendments was to incentivise, through the reduction of red tape, a large utility like Sydney Water to partner other operators to get into some growth areas at a faster pace. The Government is trying to accelerate wastewater and stormwater recycling. The other big entities we are keen to work with are local councils, given they have a significant responsibility in dealing with stormwater. So recycling is an enormous opportunity.

Dr JOHN KAYE: I made the observation that New South Wales has a poor track record in water recycling, and my interpretation of your answer is that you will wait for the private sector to come in and remove some of the licensing protections on quality and so on.

Mr KEVIN HUMPHRIES: On our front doorstep is one of the largest recycling projects in the Western world. That company is involved with eight other recycling projects around the State.

Dr JOHN KAYE: That was done under the current licensing system. Surely other issues have been factored in and it is not just the licensing system that has held back New South Wales?

Mr KEVIN HUMPHRIES: That licence was introduced in 2006, from memory. If it was working that well, why has it taken so long for some of the projects to get up? Obviously the market has issues, but this Government is very keen to partner third parties—the private sector, communities or local government—to ramp up recycling efforts. At the local government water conference in Port Macquarie I will elaborate more on that.

Dr JOHN KAYE: I look forward to reading your media release on that. Just to go back to my original question, are you concerned about our low rate of recycling?

Mr KEVIN HUMPHRIES: I am keen to do something about and improve our issues around recycling.

Dr JOHN KAYE: The only strategy you have offered to us in order to do that is changes to the Water Industry Competition Act.

Mr KEVIN HUMPHRIES: That is one.

Dr JOHN KAYE: What are the others?

Mr KEVIN HUMPHRIES: If you are looking at the businesses that my colleagues on my left from Hunter Water and Sydney Water are involved in and some of the projects we are looking at from local government, for instance—Orange City is a good example, as the member rightly mentioned—there are incentives out there for groups like local government to get into as well. I think we have sent a clear message to the market that we want to advance that issue and we are going to talk to utilities about it. One of the reasons, if I just broaden the discussion a little bit, for setting up Water NSW and taking a more integrated approach in planning from the Office of Water is to help drive those projects across not just the Sydney catchment but also across the State. One of the reasons I am sure some members here would be aware of is that a lot of the infrastructure tends to be local government based and they do not tend to always work that well together on some of these issues. If we can provide that overarching support, particularly through planning, when it comes to recycling then that is what we are setting up to do.

Dr JOHN KAYE: Mr Wood, I understand—and it is relevant to the Minister's answer to a previous question—that in Catherine Hill Bay there is a private water provider under the Water Industry Competition Act, both a wastewater and drinking water provider. Does your organisation get a chance to see the plans, see the design in any way?

Mr WOOD: We are involved in discussions with three proponents in our geographical area and Catherine Hill Bay is one of those, and we have a high level of visibility of the proposal that the proponent puts forward.

Dr JOHN KAYE: A "high level of visibility" means you have seen the proposal?

Mr WOOD: I will need to take that question on notice, but I am quite certain we would have.

Dr JOHN KAYE: Did you bid for that?

Mr WOOD: No.

Dr JOHN KAYE: Why did Hunter Water not bid for that?

Mr WOOD: We have close to a dozen developments on the fringe of our network and they are a long way from existing infrastructure, and the reason we would not bid is typically there are much, much cheaper ways for customers to get their water and wastewater supply and it is typically on-site package plants as we speak.

Dr JOHN KAYE: You do not feel that Hunter Water Corporation is capable of doing on-site package plants?

Mr WOOD: Hunter Water Corporation is clearly capable and no doubt is interested, but we understand that the private sector has an appetite for these sorts of investments and if it is not a high-growth area for us it might not be done for some time. So to allow blocks to come to market, if people see services it is possibly the sort that the private sector—

Dr JOHN KAYE: But, to be fair to the Rosecorp development at Catherine Hill Bay, it is huge; it is a massive growth area.

Mr WOOD: It is on the fringe of our network at this point, so we are some time away from servicing that.

Dr JOHN KAYE: But we were talking about stand-alone packages, that you could do what the private sector does.

CHAIR: Thank you, Dr Kaye. I will now pass over to the Opposition.

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

Mr KEVIN HUMPHRIES: My view is we just follow the standard rules that have been set out.

The Hon. PETER PRIMROSE: So that is a no?

Mr KEVIN HUMPHRIES: I am just following the current protocols that exist within the ministry, within the Government.

The Hon. PETER PRIMROSE: The Government has undertaken a statewide review of water utility rebates. When do you expect the review to be finalised?

Mr KEVIN HUMPHRIES: I might have to take that on notice.

The Hon. PETER PRIMROSE: If you are going to take that on notice, can you also take on notice: Will the findings be made public? I note that nearly 45,000 properties in the Hunter receive a pensioner concession rebate. What will be the estimated reduction in the rebate for pensioners in the Hunter and, indeed, the rest of New South Wales in 2015-16?

Mr KEVIN HUMPHRIES: I will comment generally on that. Certainly the Government has made a commitment on all fronts, whether they be power pricing or water rebates, to make sure that nobody is disadvantaged in terms of that. The Government has made a position in lieu of some redirection of funding by the Federal Government so that there will be rebates continued, certainly by Sydney Water and Hunter Water on that front.

The Hon. PETER PRIMROSE: Yes, I noticed that for 2014-15, but my question relates to 2015-16. I look at the forward estimates from the Office of Finance and Services relating to Hunter Water Corporation pensioner rebates and also for Sydney Water Corporation, and note that there are a whole lot of dashes in the forward estimates for those. Again, I would be grateful if you could take on notice what you propose will happen to those rebates in 2015-16.

Mr KEVIN HUMPHRIES: Sure, thank you.

The Hon. STEVE WHAN: In a recent letter to the *Land* the Deputy Premier—talking about the native vegetation law—has said, "the Minister for Natural Resources, Kevin Humphries, is looking closely at a private member's bill currently in the Legislative Council to see if it can act as a potential circuit-breaker to some of the bureaucratic hurdles". That bill is, presumably, the Shooters and Fishers bill on native vegetation. What are you doing in looking closely at that bill and is that an indication that the Government will be supporting that bill?

Mr KEVIN HUMPHRIES: The Government does not have a position on the bill at the minute, but, as most members would know, I have been involved with previous governments also on this issue, on how to resolve some of the issues for primary producers in particular that cannot be subject to not just the existing Native Vegetation Act but how that intertwines with the Threatened Species Conservation Act, the National Parks Act and a couple of others, and federally as well.

The Deputy Premier's statement was a follow-up to two things: One is the whole biodiversity review that we are undertaking being led by the Minister for the Environment looking at how we can incorporate not just a focus on environmental outcomes for some of this legislation but looking at the social and economic underpinning also of some of the decision-making that is driven out of the legislation. That piece of work is continuing. Whilst it is a bigger piece of work and it is linked to, potentially, the Biodiversity Offsets Fund, which, for the first time, would probably put the environment on an economic footing finally in lieu of purchasing or maintaining stewardship payments for offsets—

The Hon. STEVE WHAN: In lieu of or as stewardship?

Mr KEVIN HUMPHRIES: As an option, giving people options. But the bill that is before the upper House certainly has merit. It highlights the issue that people like me and a number of others have wished for for some time, and that is that the Native Vegetation Act cannot just be seen in terms of conservation outcomes; there need to be social and economic underpinnings in there. So we certainly support that aspect of the bill.

The Hon. STEVE WHAN: When the Deputy Premier says in the meantime another important development, but you are looking closely at the private member's bill, what does that mean in relation to that particular bill?

Mr KEVIN HUMPHRIES: The bill generally, in principle, people like me are supportive of it. Again, the Government does not have a final position on it. It has some unintended consequences that could potentially disadvantage landholders. The maintain and improve principle within native vegetation is inextricably linked to the Threatened Species Conservation Act. There are bio certification issues there; there is a bridge crossed between the two pieces of legislation. If you were to support the bill as it currently stands without consolidating the bio certification, technically you could leave landholders to the whims of the Threatened Species Conservation Act, and whilst you have the maintain and improve component in the Native Vegetation Act, for one thing it gives you coverage as a landholder to say only a government entity can act in a compliance mode there. If that was not there anybody could take action.

The Hon. STEVE WHAN: Does that imply, though, that you are looking at amending this bill or that you are looking at developing your own completely different bill?

Mr KEVIN HUMPHRIES: I do not want to foreshadow what the Cabinet is going to say, but it is no secret that we are looking at all aspects of the bill and not in isolation, as you would with any bill.

The Hon. STEVE WHAN: Would you say that after 3½ years in government essentially the only thing that landholders have seen on native vegetation is the self-assessment codes? What is your opinion of the draft self-assessment codes that were issued?

Mr KEVIN HUMPHRIES: The self-assessment codes have been a good start for landholders, depending on what activity they want to undertake. It has been a significant improvement. Some people would have had a property vegetation plan in, more so around minor works or issues dealing with invasive native scrub or clearing of regrowth. My advice is probably 70 per cent of those PVPs would have been satisfied. The codes do not address two issues that obviously we still want to raise, and they relate to broad-scale land clearing and change of land use. Where farmers are wanting more flexibility in converting grasslands to farming country, there is more work to do.

The Hon. STEVE WHAN: I turn now to the Needles Gap dam proposal. What work has your department done on the feasibility of the Needles Gap dam economically? What assessments have you done about the impact that that might have on fixed water charges for users on that system?

Mr KEVIN HUMPHRIES: The Needles Gap, or potentially Cranky Rock, proposal grew out of Central Tablelands Water obviously raising issues about water security in the Central West a couple of years ago. Centroc also had a position. A number of options were considered, whether it was Lake Rowlands, Coombing Park enhancement, which is happening, or the Orange pipeline. Some of those issues have been canvassed for well over 100 years. Central Tablelands Water was heading towards the fact that some of those projects would not necessarily give the return that was expected, let alone increase water security. So Roads went back to looking at a dam on the Belubula River.

The announcement of the \$1 million that has been made to date will give us, by the end of this year, a potential preferred site. If there is to be a dam on the Belubula, whether it is Needles Gap, some initial scoping work will be done on the suitability of that site from a hydrology and construction point. It will also have done a basic desktop on demand, given that any dams that are built have to be paid for by users. If that stacks up and it is deemed appropriate, a decision will be made at the end of the year to progress to the next stage of scoping into more feasibility.

The Hon. STEVE WHAN: At the end of this year?

Mr KEVIN HUMPHRIES: When I was up there recently I gave a commitment to the landholders. This issue has been on the table for some time. They were keen to address the preliminary findings sooner rather than later, so rather than wait until the middle of next year a commitment has been made that we will have a position by the end of this year.

The Hon. STEVE WHAN: But there is no guarantee—no certainty—of this dam proceeding.

Mr KEVIN HUMPHRIES: There is a strong desire for the dam to proceed if there are benefits for the community and for the region.

The Hon. STEVE WHAN: Have there been any preliminary estimates of what it will do to fixed water charges on the system?

Mr KEVIN HUMPHRIES: No, there has been no costing done in any detail on that at this stage.

The Hon. STEVE WHAN: Would you acknowledge that fixed water charges on that system are quite high?

Mr KEVIN HUMPHRIES: I would acknowledge that fixed water charges on some of our systems, not just the Lachlan catchment, are too high. And there is no intention to increase them either.

The Hon. STEVE WHAN: Did we get that on record?

Mr KEVIN HUMPHRIES: Put it on there. Our aim is to make it more affordable.

The Hon. STEVE WHAN: Including with the new dam?

Mr KEVIN HUMPHRIES: That would only be if there was a demand and people were prepared to pay for it. We will let the market choose; we will not make that decision on behalf of other users.

The Hon. MICK VEITCH: Mr Paterson, on 8 November 2013 the then lands Minister, the Hon. Andrew Stoner, sent a letter with regard to the Crown Lands Amendment (Multiple Land Use) Bill 2013. Were any departmental staff utilised in the construction of that letter?

Mr PATERSON: I will take that on notice.

The Hon. MICK VEITCH: Can you also take on notice whether any departmental resources were used in the construction of that letter?

Mr PATERSON: I am happy to take it on notice.

The Hon. MICK VEITCH: In relation to the proposed Crown lands legislation, I presume a white paper has gone out. Is there any intention for that legislation to come before Parliament before the end of this session?

Mr KEVIN HUMPHRIES: It would be highly unlikely, given the white paper and given the extent of the discussion. I would be reasonably confident in saying that there may be another iteration of that review, given the comment.

The Hon. MICK VEITCH: In terms of the nature of the comments, as you would be aware, a number of stakeholders have flagged with me as the shadow Minister their concerns about a lot of the stuff contained in the white paper and hence whether they will get another look at the actual legislation before it is tabled. That is why I am asking.

Mr KEVIN HUMPHRIES: No, there is no intention; not this year.

The Hon. MICK VEITCH: To be clear, there will be another white paper or will a draft bill go out?

Mr KEVIN HUMPHRIES: There will not be a draft bill but there will need to be a focused response from certain sectors of the community that have a significant stakeholding in Crown land. We have received 650 submissions. Ms Brooks might want to comment on this. The report is due to me in September. I do not want to pre-empt that but obviously we have had advice to say that there has been a lot of interest in it. A lot of that interest is genuine in the sense that we might have to go back to some of those sectors for more consultation.

Ms BROOKS: I do not think I can add much, other than to say that there certainly have been many issues raised. The issue of how Crown land is used is of interest to many, many people, and it will be important to have further targeted consultation around the issues raised. The exact form of that has not been resolved.

The Hon. MICK VEITCH: When will the strategic plan for coastal and inland water holiday parks be completed?

Mr KEVIN HUMPHRIES: That is a good question.

Ms BROOKS: Are you talking about the State parks?

The Hon. MICK VEITCH: Yes.

Ms BROOKS: I have to take that on notice in terms of the exact timing.

The Hon. MICK VEITCH: Who is preparing the plan?

Ms BROOKS: I imagine—but I will need to confirm this—that it is being prepared by the Crown Holiday Parks Trust or someone on behalf of the Crown Holiday Parks Trust, which is now responsible for managing those areas.

The Hon. MICK VEITCH: As a matter of interest, are members of that trust paid? Are they remunerated as directors?

Ms BROOKS: I might have to take that question on notice.

The Hon. MICK VEITCH: How often do they meet? You might want to take that on notice.

Ms BROOKS: Yes, I will.

The Hon. MICK VEITCH: While taking questions on notice, what funds are currently available in the Public Reserves Management Fund [PRMF]?

Ms BROOKS: I will have to take on notice exactly the quantum that is available in the fund. I do not have those details with me.

Mr KEVIN HUMPHRIES: I can probably elaborate on that, given that we have just dispersed \$5.5 million. There will be another round announced shortly in relation to PRMF funding. That will be significantly more than that.

The Hon. MICK VEITCH: Why did your Government scrap the draft blueprint for the Port Macquarie waterfront?

Mr KEVIN HUMPHRIES: We have not scrapped any blueprint regarding the Port Macquarie waterfront. What we have done in Port Macquarie was open up for a final consultation with the community and input, which is not finished—it is not far off; it should be later this month—to ensure that the community has the opportunity to put any concerns, final input or suggestions. So Lands has led that final consultation out of the Taree office. There is no scrapping of any plans, but I can say that that planning process has gone on for years and it needs to draw to a conclusion. The community is anxious to see that happen.

The Hon. MICK VEITCH: What is the cost of developing that plan to date?

Mr KEVIN HUMPHRIES: The foreshore plan—the draft plan of management?

The Hon. MICK VEITCH: Yes.

Mr KEVIN HUMPHRIES: I will have to take that on notice.

The Hon. MICK VEITCH: What is the status of the legal action regarding Tallis Reserve?

Ms BROOKS: My understanding is that that is still active and matters are being adjourned until September, I think.

The Hon. MICK VEITCH: Can you provide advice as to the total cost of legal fees to date to the Government for that particular action?

Ms BROOKS: I am not able to provide that today but I can take it on notice.

The Hon. MICK VEITCH: Which legal firm or firms is the Government using to do the work?

Ms BROOKS: I will have to take that on notice as well.

The Hon. MICK VEITCH: What is the status of the King Edward headland reserve action?

Ms BROOKS: I will have to take that on notice as well.

The Hon. MICK VEITCH: I have a similar series of questions: What is the cost to date? Which firm or firms is the Government using to do the work?

Ms BROOKS: We can take those questions on notice.

The Hon. MICK VEITCH: Is the Minister aware of an issue in relation to the Adelong Creek woody debris clean-up? In particular, who owns the land between what is known as the C J Dean depot workshop and Bleak Street? Council is of the view that it is Crown land.

Ms BROOKS: I am certainly not aware of that issue.

Mr KEVIN HUMPHRIES: Have you any more detail?

The Hon. MICK VEITCH: The woody debris piles up on a bend in Adelong Creek during a flooding event, which holds the water back which then overflows the woody debris and hence it has cost the Government quite a lot of money in replacing the swimming pool and a bridge. The residents of Adelong want it cleaned up again before the next flooding event.

The Hon. RICK COLLESS: Is that today?

The Hon. MICK VEITCH: It may well be today.

Mr KEVIN HUMPHRIES: Was that the swimming pool that was replaced under disaster funding?

The Hon. MICK VEITCH: It is.

Mr KEVIN HUMPHRIES: The only one in Australia.

The Hon. MICK VEITCH: The only betterment funding in Australia.

Mr KEVIN HUMPHRIES: It is actually iconic.

The Hon. MICK VEITCH: Thank you very much; I did put in a lot of effort.

Mr KEVIN HUMPHRIES: Well done. I can get you some more information on it.

The Hon. MICK VEITCH: The issue is: Who owns the land between the C J Dean depot workshop and Bleak Street, Adelong? Mr Paterson, how many employees this year have been subject to external investigations within the portfolio areas of this Minister?

Mr PATERSON: I will take it on notice. Can you clarify what you mean by "external"?

The Hon. MICK VEITCH: The same as last year's question around external investigation companies being used for, I guess, employees who are suspected of having breached the public service code.

Ms BROOKS: Within the Minister's areas of responsibility?

The Hon. MICK VEITCH: Yes. Also, what external companies are being used to conduct those investigations?

Ms BROOKS: Yes.

The Hon. STEVE WHAN: Minister, two budgets ago funding for the Murray-Darling Basin Authority [MDBA] from New South Wales was cut by 70 per cent. In this last budget some of that funding has been reinstated. I understand the Minister is conducting a review of funding going from New South Wales to the Murray-Darling Basin Authority. Why has it taken so long after cutting funding for the State Government to only now review the impact of that?

Mr KEVIN HUMPHRIES: You have to step back a bit. The review that was to be instigated was by the Murray-Darling Basin Authority to look at the efficiency of its service delivery and also its corporate service plan. The Murray-Darling draft corporate service plan has only just been completed and some of the work that the MDBA was supposed to have undertaken previously was not done. There was concern from New South Wales, and I have to say from other States, that that work had not been done as well, and it was very difficult to identify exactly what New South Wales was paying for. New South Wales rightly said to the authority, "We suggest that you need to get your house in order, particularly administratively. You need to get your corporate

service delivery plan up. We will not be contributing any more funding until we have all signed off on that plan."

So not so much the work that New South Wales was supposed to have done has been done; we have not had the work in front of us to review. That position will be, hopefully, rectified by the end of this year and all parties are working towards that outcome. It does not mean that New South Wales, and largely Victoria, have not been involved with the joint program works on the Murray and the Murrumbidgee that has still continued. But certainly New South Wales wanted to ensure that the authority was sharpening its pencil and that we know exactly what we are committing ourselves to and what we are paying for. Some of the rules within the MDBA are passed through pricing and in the end largely those costings were being passed on to the irrigators. They need to know exactly what they are paying for as well.

Mr JEREMY BUCKINGHAM: Minister, on 1 April 2014 who said, "No does mean no. Landholders do have the right to refuse access to any extractive industry and this rule will be upheld."?

Mr KEVIN HUMPHRIES: No, tell me.

Mr JEREMY BUCKINGHAM: Tell you?

Mr KEVIN HUMPHRIES: Yes.

Mr JEREMY BUCKINGHAM: Who said it?

Mr KEVIN HUMPHRIES: Yes, I am not sure.

Mr JEREMY BUCKINGHAM: It was you, Minister. Was it an April fool's joke?

CHAIR: Say, "Yes, Minister"

Mr JEREMY BUCKINGHAM: Does the rule that any landholder has the right to refuse access to any extractive industry apply to Craig Shaw at Bylong or anyone on the Liverpool Plains who is opposed to coal and gas development?

Mr KEVIN HUMPHRIES: I cannot comment on the two you have just mentioned but I am not aware of anybody that currently has either an access agreement that did not commit to it or said that they did not want to enter into an access agreement that has been forced into one.

Mr JEREMY BUCKINGHAM: You said that they had the right to refuse to access.

Mr KEVIN HUMPHRIES: Anyone can say no.

Mr JEREMY BUCKINGHAM: Anyone can say no.

Mr KEVIN HUMPHRIES: Absolutely.

Mr JEREMY BUCKINGHAM: To a mining company accessing their land.

Mr KEVIN HUMPHRIES: Anyone can say no. Anyone can say hello too.

Mr JEREMY BUCKINGHAM: In October last year the Deputy Premier signed a lease over Crown land in Tweed Heads. The land was created for public recreation south of the Gold Coast airport. The lease was signed with the Gold Coast Airport Pty Ltd for the purposes of works associated with runway extension. Does this Government support the extension of the Gold Coast runway on to the Crown land that was leased to Gold Coast Airport for 90 years?

Mr KEVIN HUMPHRIES: I am not aware of the specific details.

Ms BROOKS: I do not think I could comment on the specifics either except to say that in my recollection I am certainly aware that there was a lease. There is often space required well beyond the extension

of runways so there is no space for planes to take off as opposed to actually having runways constructed on them. I am just speculating that that might be the situation there but I do not have those details in front of me.

Mr JEREMY BUCKINGHAM: Will you take that question on notice?

Ms BROOKS: Yes.

Mr JEREMY BUCKINGHAM: Was there any community consultation undertaken by the department before this lease was signed?

Ms BROOKS: I think we would need to take that on notice. There are a very large number of leases signed every year and I do not have at my fingertips details on the conversation focus on all of them.

Mr JEREMY BUCKINGHAM: Will you also take on notice: Is this lease consistent with the plan of management for that Crown land?

Ms BROOKS: Yes, we can take that on notice.

Mr JEREMY BUCKINGHAM: Minister, I refer to your advice as part of the Aquifer Interference Policy on the Caroon Coal Project when you wrote in a letter that there is not sufficient information to allow for a proper assessment of the impact of the proposal on water resources. Minister, are you satisfied with the Aquifer Interference Policy when that is the complete extent of its application for this project?

Mr KEVIN HUMPHRIES: I will stand by the letter that was submitted. I would be a bit careful to make any further comment given the involvement of the Ministry in a statutory process. That letter was self-evident. If there is anything there that you are not quite sure about, I am more than happy to take it on notice.

Mr JEREMY BUCKINGHAM: That is not true. Of the dozens or scores of projects listed the Needles Gap Dam does not rate a mention in that or the Central Tablelands Business Plan. Where did the idea for the Needles Gap Dam come from? Was it on the back of a beer coaster given to you from John Cobb?

Mr KEVIN HUMPHRIES: I hope it was not a used beer coaster.

Mr JEREMY BUCKINGHAM: Probably well used. In all seriousness, where did the idea come from if it was not identified in the Central Tablelands Business Plan or the Centroc water study?

Mr KEVIN HUMPHRIES: I am happy for Water to talk about it, but my understanding was this proposal had been on the books for quite some time, the same as a number of dams around Western New South Wales. There are a large number of dams and storages we are talking about to the Federal Government, as we speak. This is not new. It had been raised certainly informally with me by members of Centroc, of which some are members of Central Tablelands Water, and indeed many members of the community in and around where you live but was it some fanciful decision at the time? No, it was not. It is a real go at looking at more improved water storage for regional New South Wales. I suspect you should be pretty happy about the fact that it is in your area. Whether or not it gets up remains to be seen.

Mr JEREMY BUCKINGHAM: How many other large storages are on the upper reaches of the Belubula River?

Mr KEVIN HUMPHRIES: You should know that. One.

Mr JEREMY BUCKINGHAM: But do you know as Minister for Water?

Mr KEVIN HUMPHRIES: Yes, Carcoar.

Mr JEREMY BUCKINGHAM: Are there any others?

Mr KEVIN HUMPHRIES: Not that I am aware of.

Mr JEREMY BUCKINGHAM: There is Lake Rowlands and there is also Cadia's massive dam as well, so there are three others.

Mr KEVIN HUMPHRIES: I will just table this in response to your previous question. A subsequent study by Central Tablelands Water in 2013 concluded the construction of a larger dam on the Belubula would be a better option when compared to enlargement of Lake Rowlands. This study concluded that the proposed Needles Creek Dam site provides a better location for constructing a dam for the expenditure involved. That was following a central New South Wales or Centroc study in 2009 that identified a range of potential measures, including the need to increase dam storage capacity for urban water security. The study recommended an increase of 22 gigalitres at Lake Rowlands, a dam operated by Central Tablelands Water. The dam is on a tributary of the Belubula as we know. Central Tablelands Water took that work and obviously wanted to pursue another direction. If the member wants any further information we can take that on notice.

CHAIR: Point of clarification: Minister, did you say you wish to table a document?

Mr KEVIN HUMPHRIES: No.

CHAIR: You were just reading from it.

Mr KEVIN HUMPHRIES: I was reading from some advice but I am happy to provide the member with more information.

Mr JEREMY BUCKINGHAM: If you table that I would appreciate it. The Federal Government has recently ceased funding the Great Artesian Basin Sustainability Initiative [GABSI] cap and pipe scheme, in my opinion a very good scheme. Given that the New South Wales Office of Water cap and pipe—the bores—program 1999 to 2013 suggests that approximately 240 artesian bores remain flowing unchecked, approximately 1,150 kilometres of bore drains remain and there is the potential for 26,000 megalitres in further water savings through cap and pipe schemes, is there any budget allocated to the continuation of the New South Wales portion of the Great Artesian Basin Sustainability Initiative in the event that the Federal Government cannot commit any money?

Mr KEVIN HUMPHRIES: I am glad you understand the program. The moneys that are currently in GABSI 3 are approximately \$7.5 million. A large proportion of that will be carried forward to complete four schemes in the 2014-15 year. Those four schemes are west of Moree between Moree and Collarenebri. It will take until the end of 2015 to complete those four schemes. That will give us roughly 80 per cent of the GABSI capped and piped—some 380 bores. There is about 20 per cent to go—220 free-flowing bores, as far as I know. Most of those are around Coonamble and east of Bourke.

The difference between the existing and remaining 20 per cent is that the remaining 20 per cent tend to be stand-alone bores so the contribution of 40:40 per cent by State and Federal and 20 per cent by the landholder needs to be reconfigured because the last 20 per cent of bores to be capped are going to be quite expensive and if you guys are serious about aquifer interference, at least half of those bores—most of them down a kilometre, one thousand metres—are either leaking profusely or have collapsed. It is quite a significant issue for people like me because it sits under my electorate. The GABSI program in the last 15 years has been outstanding. We know the recharge rates are improving in those areas that have been capped and piped. It is going to be quite an expensive exercise to undertake the last 220 but that is something I am talking to the Commonwealth about at length. Certainly it is a project for the future that really does need to be a priority.

Mr JEREMY BUCKINGHAM: Recently you would have received an Ombudsman's report into a complaint about the New South Wales Office of Water that was lodged by the Calga-Peats Ridge Community Group. Will you table the final investigation report made by the NSW Ombudsman into various aspects of how the New South Wales Office of Water carried out its functions in this regard?

Mr KEVIN HUMPHRIES: I will take advice on that.

Mr HANSEN: We will take that question on notice.

Mr JEREMY BUCKINGHAM: Will you also take on notice what recommendations the Ombudsman made that you are prepared to make public and have you conducted a review into the policies relating to the alleged breaches? I would appreciate it if you could take those questions on notice also.

Mr KEVIN HUMPHRIES: Yes.

Mr JEREMY BUCKINGHAM: Minister, do you believe in anthropocentric climate change, that is, man-made climate change?

The Hon. Dr PETER PHELPS: It is anthropogenic.

Mr KEVIN HUMPHRIES: I think that is above my pay grade, Mr Chair.

Mr JEREMY BUCKINGHAM: Do you believe in climate change, Minister?

Mr KEVIN HUMPHRIES: Is this part of the ministry, Mr Chair?

CHAIR: I am waiting for a point of order.

The Hon. RICK COLLESS: Point of order—

Mr KEVIN HUMPHRIES: What I believe is irrelevant.

Mr JEREMY BUCKINGHAM: If you think it is irrelevant, as I thought you would—

CHAIR: It is not up to the Minister as to whether he thinks it is irrelevant. It is whether I rule on the point of order that way. Would you like to comment on the point of order?

Mr JEREMY BUCKINGHAM: No.

CHAIR: A point of order has been taken. The question asks the Minister for two things: an opinion and probably an opinion on something that is not quite his core portfolio so I uphold the point of order. Ask the question in a different fashion.

Mr JEREMY BUCKINGHAM: Is there a scientific consensus that droughts are expected to be more frequent and intensive in New South Wales into the future because of climate change?

Mr KEVIN HUMPHRIES: I think what you are seeing in the country, certainly out our way, is more intensification of weather patterns. If you want to describe that as climate change, feel free to do so, but are things more intense in evolving weather patterns? That has always been the case. If you look at weather patterns over a long time—and we have records in this country going back only about 150 years—even that would reflect cycles when patterns do become more intense. Is that happening at the moment? It probably is.

Mr JEREMY BUCKINGHAM: They are becoming more intense?

The Hon. Dr PETER PHELPS: Like your questions, Jeremy.

Mr JEREMY BUCKINGHAM: It is the vibe. Minister, why have you introduced legislation that ignores the millennium drought and climate change by basing high-security decisions on pre-2004 data?

Mr KEVIN HUMPHRIES: What you do not want to do when your communities are relying on water storage and releases is have data that is not current, relevant or updated. Part of the decision around updating that data was that at times in some of our storages, if you used the previous data, we would not have made releases from those storages. That is not appropriate. We should be using current and up-to-date data and that was one of the reasons why that adjustment was made.

Mr JEREMY BUCKINGHAM: You are saying the data for the last 10 years is not current and up to date; the most recent data is not current and up to date?

Mr KEVIN HUMPHRIES: I am saying that you do not want to lock yourself in to one set of data.

Mr JEREMY BUCKINGHAM: Which set of data do you use? Why was 2004 picked as the point at which you stopped accepting the data?

Mr KEVIN HUMPHRIES: It is like water sharing plans, we have been in those planning arrangements for 10 years, and we are in a period of review. If we can find ways of managing our water assets better, if we can deliver more efficiencies, if we can satisfy more outcomes, whether they be environmental, social or economic, we should be doing it. One of the reasons for freeing up the management of our water, particularly in storage, is to satisfy those three areas. We want more flexibility and our communities want more flexibility when it comes to water delivery.

Mr JEREMY BUCKINGHAM: Minister, do you think by initiating that regime it will be more likely that high security licence holders will not have the water that they need? Have you done any economic modelling on the regime you intend to bring in?

Mr KEVIN HUMPHRIES: At the Office of Water we have had discussions but we do not want water being stranded in dams when it could be used to supply town water, or meet a stock or domestic requirement or a critical water delivery outcome, which could be for permanent planning. All that amendment does is give the Government more flexibility in delivering water that potentially could be stranded in a dam if it was left to run too low.

Mr JEREMY BUCKINGHAM: Minister, does the Government expect any applications for compensation from high security licence holders based on this change and who will be liable for compensation if the change to the legislation results in a loss of water to high security licence holders?

Mr KEVIN HUMPHRIES: No-one has raised that with us.

Mr JEREMY BUCKINGHAM: The New South Wales irrigators have not raised that with you?

Mr KEVIN HUMPHRIES: Not formally, no. They were happy with the amendments.

Mr JEREMY BUCKINGHAM: Informally?

Mr KEVIN HUMPHRIES: That was the discussion: they were very supportive of all of the amendments we made. If there is anything specific you are concerned about I can take it on notice.

Mr JEREMY BUCKINGHAM: They did not make a written submission?

Mr KEVIN HUMPHRIES: There would have been a written submission but I did not read it all. I will take it on notice. In the discussions I had with New South Wales irrigators—and I meet most of them on a regular basis—it did not seem to be a problem for them.

Mr JEREMY BUCKINGHAM: Can you confirm that new floodplain harvesting licences will not be granted to people who have illegally built flood works after the 1994 cap on new works?

Mr KEVIN HUMPHRIES: What do you mean by illegal works?

The Hon. STEVE WHAN: Levees.

Mr JEREMY BUCKINGHAM: Levees.

Dr JOHN KAYE: Unauthorised works.

Mr JEREMY BUCKINGHAM: Unauthorised works.

Mr KEVIN HUMPHRIES: You need to be careful when you refer to "illegal" works. There is a difference between unauthorised works and illegal works, particularly when it comes to storage. Floodplain harvesting is parallel to floodplain management works that are being done; that was a negotiated agreement by the previous Government, which we were happy to continue with the Federal Government. The floodplain licensing is designed purely to reflect current practice by existing irrigators, it is not designed to expand take nor is it designed to cut back on what people have been historically undertaking. Most people in the irrigation industry would know there has been a longstanding moratorium on new works for storage in particular. It is not about expanding the industry, it is about quantifying and licencing so we can regulate what is taken.

Mr JEREMY BUCKINGHAM: I understand that. If, when you are doing that quantification, you establish that people have put in unauthorised or illegal works, will they be ruled out from having a new floodplain harvesting licence?

Mr KEVIN HUMPHRIES: It would be difficult to factor in. In the methodology that is being compiled—it is still being worked on—it would be very difficult, nigh on impossible, to factor in unauthorised works.

Mr JEREMY BUCKINGHAM: How so?

Mr KEVIN HUMPHRIES: That is not what it is about. Your work is authorised or not.

Mr JEREMY BUCKINGHAM: If someone has unauthorised work and is going to capture water, will those people be given a floodplain harvesting licence?

Mr KEVIN HUMPHRIES: I would suspect not; that is not the intention of it.

CHAIR: We have finished examination of the Natural Resources Land and Water portfolios. We will proceed to the Western New South Wales portfolio.

(Short adjournment)

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

STEPHEN BRADY, Deputy Secretary, Department of Premier and Cabinet, sworn and examined:

CHAIR: We will now proceed to examination of the Western New South Wales portfolio. We will have about eight minutes each in tranches of two. The Opposition will begin.

The Hon. MICK VEITCH: Minister, on Wednesday 23 July the Hon. Rick Colless, Scot McDonald and I were in Moree, in your home town, with a regional aviation inquiry. At that inquiry the Hon. Catherine Cusack said, "I have received a lot of representations from Holly Hughes, who I acknowledge is here today. She also made representations to the Minister and her office. I concur with the description of the response as 'abysmal'." Do you agree with the Hon. Catherine Cusack that the Moree air situation is "abysmal"?

Mr KEVIN HUMPHRIES: I am not sure what you mean by "abysmal" or the response that was given. All I can say is that we have a daily service, twice a day now, and we have increased from a 34-seater to a 50-seater aeroplane.

The Hon. Dr PETER PHELPS: What an excellent member.

The Hon. MICK VEITCH: The Hon. Catherine Cusack states that she feels New South Wales owes the people of Moree an apology. Do you think the Government owes Moree an apology?

Mr KEVIN HUMPHRIES: Certain people are entitled to their opinions. That is all I would say on that.

The Hon. MICK VEITCH: Minister, how many items have you referred to the Cross-Border Commissioner in the last few months?

Mr KEVIN HUMPHRIES: In writing or discussions?

The Hon. MICK VEITCH: Both.

Mr KEVIN HUMPHRIES: I would have to take the question referring to writing on notice. I have had a number of discussions with the previous Cross-Border Commissioner, but I have not met the present Cross-Border Commissioner.

The Hon. MICK VEITCH: It is a bit soon.

Mr KEVIN HUMPHRIES: Part of my discourse with Mr Brady was we had a pretty handy cross-border meeting in Mungindi, with both sides of the State, earlier in the year. We have both informal and formal contact but certainly my office and his office in Armidale regularly correspond.

The Hon. MICK VEITCH: With regard to your portfolio of Western New South Wales, how many staff within your office are allocated to that responsibility?

Mr KEVIN HUMPHRIES: Within the ministerial office?

The Hon. MICK VEITCH: Both: Your office but also within the department. First, within your office.

Mr KEVIN HUMPHRIES: Within my office there is one person.

The Hon. MICK VEITCH: Within the department?

Mr KEVIN HUMPHRIES: I will pass that on. As you know the regional ministries do not necessarily have entitlement straight back into a department. It is designed to cross all areas. The DPC cut back through them. We have on-the-ground representatives in Western New South Wales as well.

The Hon. MICK VEITCH: How many?

Mr KEVIN HUMPHRIES: In Bourke, one; in Tamworth, three; in Dubbo, at least three as far as I know; and Wagga Wagga—I am not sure how many we have in Wagga Wagga.

Mr BRADY: We can confirm that for you.

The Hon. MICK VEITCH: And the locations?

Mr BRADY: Will do. We will confirm the numbers.

The Hon. MICK VEITCH: Minister, last year or the year before we raised the issue about Central Darling Shire Council and you had some pretty firm views about Central Darling Shire Council. With the current status of Central Darling Shire Council have you made representations to the Minister for Local Government about the situation?

Mr KEVIN HUMPHRIES: I spoke to the previous Minister for Local Government with regard to two things: the independent panel's inquiry into local government but also a specific piece of work that was requested on our far west local councils. We have had numerous discussions about local government and government services in general in the far west.

The Hon. MICK VEITCH: Have you made any written representations to the Minister for Local Government about Central Darling Shire Council in your capacity as Minister for Western New South Wales?

Mr KEVIN HUMPHRIES: I have only had discussions. I cannot recall any letter specifically but have we had specific discussions. Yes, we have.

The Hon. STEVE WHAN: Minister, as you would be aware, many farmers in the region of north-western New South Wales have been in drought for a considerable length of time. For many farmers, particularly in the far west, mulga is an important source of fodder in a drought period. Can you confirm whether or not the issue relating to pushing mulga and the declaration of drought was resolved? Were you aware of that issue? And what did you do to resolve it?

Mr KEVIN HUMPHRIES: I am aware of that issue. Under the previous drought declarations it triggered the ability for landholders to push mulga and, on the inside country, a couple of other species as well that were used as fodder for stock. When the new position on drought was taken, as a result of the Productivity Commission, the Federal arrangement and drought declaration effectively ceased to exist. That put that declaration or that trigger into limbo. Representations were made to me by people such as the Mayor of Bourke, Andrew Lewis, and one or two other people, about that issue as well. As far as I know, it has been raised in a couple of quarters and it has been rectified.

The Hon. STEVE WHAN: Has it been rectified, and, if so, how?

Mr KEVIN HUMPHRIES: If it has not been rectified, it is certainly in train, and that was the intention.

The Hon. STEVE WHAN: Can you tell us whether or not you believe that people who have been pushing up mulga in the current drought have been doing so legally?

Mr KEVIN HUMPHRIES: It would be sitting in limbo whether it was legal or illegal. Have people been pushing up mulga? Yes, they have. Has anyone been prosecuted? No.

The Hon. STEVE WHAN: Do you think it is something that should have been fixed a lot sooner?

Mr KEVIN HUMPHRIES: It is one of the unintended outcomes. It seemed a good idea at the time. It was one of those decisions made by the previous Government that had unintended consequences.

The Hon. STEVE WHAN: It was your Government's decision to stop drought declarations. Do you think that is a consequence that should have been anticipated?

Mr KEVIN HUMPHRIES: Possibly it should have been. However, again, it was raised during the drought by a number of people. As far as I know, the issue has been dealt with and no-one has been disadvantaged.

The Hon. STEVE WHAN: Can you provide an answer about how it has been dealt with?

Mr KEVIN HUMPHRIES: Yes, I can go through the process.

The Hon. STEVE WHAN: Can you also reassure us that it has been dealt with appropriately?

Mr KEVIN HUMPHRIES: Yes.

The Hon. STEVE WHAN: You would be aware that a number of landholders in the north west of New South Wales expended significant amounts of money on water-saving infrastructure prior to the announcement of the date from which they would be able to claim a rebate. I am aware of one farmer who spent \$200,000 and another who spent \$70,000 to improve water-use efficiency, including installing piping and so on. Have you made representations to the Minister to ensure that those people can access the rebates that were made available after they spent that money?

Mr KEVIN HUMPHRIES: Several Ministers had discussions during the drought on a number of issues. I understand that anyone who can provide invoices up to 30 June will have them honoured.

The Hon. STEVE WHAN: Even if they spent the money before the announcement of the date of the commencement of the scheme?

Mr KEVIN HUMPHRIES: Before the announcement of the date?

The Hon. STEVE WHAN: A number of people in the area that you represent who had been in drought for a considerable period had already spent money on things that would have been eligible had they spent it later and let their stock die. Have none of them raised that with you?

Mr KEVIN HUMPHRIES: I am happy to pursue that issue, but why would they spend money under a program that has not been announced?

The Hon. STEVE WHAN: They were spending money to improve their properties.

Mr JEREMY BUCKINGHAM: Has the subject of the expansion of the Gold Coast Airport been considered at your meetings with the Cross-border Commissioner?

Mr KEVIN HUMPHRIES: No.

Mr JEREMY BUCKINGHAM: Do you think it should be?

Mr KEVIN HUMPHRIES: It is not in my area, but I am happy to refer it to those responsible for the North Coast. I would not mind an extension of the runway to my area.

The Hon. Dr PETER PHELPS: Ask about Narromine Airport.

Mr KEVIN HUMPHRIES: A former State Minister was going extend the Parramatta ferry to Narromine and we thought that was a great idea.

CHAIR: That would have been good.

Mr KEVIN HUMPHRIES: Yes, it was going to be a beauty.

Mr JEREMY BUCKINGHAM: Do you support the retention of the Western Lands Commissioner and the provision of resources that will ensure effective oversight of leases covering the western half of our State?

Mr KEVIN HUMPHRIES: That is the current position. However, as most people know, a number of entities in the Western Division—some 44 per cent of the State—want that part of the State to be designated freehold. The white paper canvasses that desire. It is not the only thing that the Western Lands Commissioner overlooks. However, any such conversion will take a considerable amount of time. It has certainly been raised in the paper and we will work our way through it.

Mr JEREMY BUCKINGHAM: Minister, do you support AGL's Nyngan solar plant development and the solar industry?

Mr KEVIN HUMPHRIES: I was a person who advocated for the project. Initially the project was to go to Moree and it was not an AGL project. It was a consortium between BP Solar, Fotowatio Renewable Ventures [FRV] and Pacific Hydro. That fell over and we needed to make sure that the ARENA funding was not lost from western New South Wales. Ten years ago I was involved in a study, with the University of New South Wales, on what is called the "solar triangle"—an area between Moree, Dubbo and Broken Hill. This area is ideal for solar development largely because of its daylight hours as much as sunlight. This Government maintained its commitment to that 150-megawatt project. I have been there and to the Broken Hill site, where construction has started. If everything goes well by the end of next year AGL will have 150 megawatts of power. The project at Moree is a live project. This means my part of the world will have more solar power than just about anywhere else in the Southern Hemisphere. Do I support it? Absolutely.

The Hon. Dr PETER PHELPS: Good to see The Greens supporting AGL.

Mr JEREMY BUCKINGHAM: I support AGL, but not in all its endeavours. What resources have been allocated to implementing the recommendations of the Wilcox report in relation to serious concerns about opal mining on farmland in the Lightning Ridge district?

Mr KEVIN HUMPHRIES: That legislation has gone through.

The Hon. STEVE WHAN: It has not gone through; it is in the Parliament.

Mr KEVIN HUMPHRIES: It is in the Parliament. The main difficulty between landholders and the opal mining industry was that collection and disbursement of compensation by the department was not happening. The Wilcox report alluded to that. The Government's position found, through community consultation, that a desire to have the department reinstate collection and disbursement of compensation at a fair and equitable rate was probably 80 per cent of the issue, if not more. The report raised a whole lot of other issues, from dogs on claims to sunset clauses. These other issues will be dealt with, but the main issue was compensation. The next tranche of work is to look at the opal mining reserve. The opal mining reserve was declared many years ago. It is 30 years old, if not more. It is about 100 kilometres long and 30 kilometres wide. Both opal miners and landholders want a more structured plan on releases in the opal mining area. Given that most of the landholders are involved in some form of opal mining, it is in everyone's interest that we get the planning process right.

Mr JEREMY BUCKINGHAM: The Government has announced its intention to sell the poles and wires. Does the Government plan to sell the Crown land easements along with the poles and wires, or just lease them?

Mr KEVIN HUMPHRIES: It is a 49 per cent long-term lease of the metropolitan assets, the poles and wires. It is not a sale as such and that needs to be clear. As far as Crown land easements are involved, I will take that on notice. A piece of research work on Crown land access is being done, but I have not seen an update on that. It is due by the end of the year.

Mr JEREMY BUCKINGHAM: When and how does the Government intend to assess the public benefit of the Crown land estate?

Mr KEVIN HUMPHRIES: There are a couple of pieces of research work on that. One issue we want to test is local decision-making and making sure local communities have more say in how their public space is used or not used. Part of the piece of work to be announced shortly is a pilot between four local government areas, from remote to more densely populated areas, looking at a process of identifying what is significant land—in other words, what should be retained by the State, what should be retained in public ownership at the local level, what category of land could be dispersed to community-based groups and the like.

Mr JEREMY BUCKINGHAM: I was unaware of that pilot. Where is it occurring?

Mr KEVIN HUMPHRIES: That has not been announced.

Mr JEREMY BUCKINGHAM: I think it just has.

Mr KEVIN HUMPHRIES: The announcement is imminent. People in local government know it is happening and some of them put up their hands to be part of it. There needs to be a defined template and methodology. Working out what is a community benefit will be in all tranches of the process.

The Hon. MICK VEITCH: Minister, you are Minister for Western New South Wales. What are the boundaries of Western New South Wales?

Mr KEVIN HUMPHRIES: As you know we have a number of regional Ministers. The area we defined as Western New South Wales is bordered by the Murray in the south, through to the Riverina area—largely The Rock—through Central, Orana, New England and North West. It is pretty much the South West Slopes and to the west.

The Hon. MICK VEITCH: Minister, you would be aware that the Government has placed an order for 65 new intercity trains. Have you made any representations about replacing the iconic XPT trains?

Mr KEVIN HUMPHRIES: No.

The Hon. MICK VEITCH: Do you think they need replacing?

Mr KEVIN HUMPHRIES: Potentially they could, but the service we have at the moment is pretty good. If you have any suggestions, I am more than happy to take them on board.

The Hon. MICK VEITCH: I am concerned you are going to franchise the service. Do you have a view on that?

Mr KEVIN HUMPHRIES: As you know, some services have been outsourced, but those are more bus services than train services. The rail service is pretty heavily subsidised. I am not sure it would be attractive to privatise it.

The Hon. MICK VEITCH: So you will not franchise it?

Mr KEVIN HUMPHRIES: There is no intention to do so, as far as I know.

The Hon. MICK VEITCH: I turn to the payroll tax rebate scheme, which is targeting about 9,300 workers. Have you made representations to the responsible Minister about progressing that bill?

Mr KEVIN HUMPHRIES: It is an issue we have discussed at length as part of a regional development support package.

The Hon. MICK VEITCH: The bill has been adjourned in the upper House for more than three months. I thought it was an important bill that we all agree on, so it should have progressed simply. I am surprised it is still on the *Notice Paper*.

Mr KEVIN HUMPHRIES: I will take that on notice.

The Hon. MICK VEITCH: Have you received any representations on levee banks for flood mitigation and proposals to enhance existing levee banks in Western New South Wales?

Mr KEVIN HUMPHRIES: Absolutely. Works have been announced in the last 12 months in places like Coonamble, which has received quite significant funding. The levee protection, or flood protection, in Walgett has been upgraded. A number of smaller communities have been beneficiaries of levee upgrades. That work is ongoing and will continue.

The Hon. MICK VEITCH: Is that work funded by the State? Do local governments make a contribution?

Mr KEVIN HUMPHRIES: Depending on the affordability, in some cases it is heavily subsidised. There is an affordability factor. The more remote communities have had a far higher level of subsidy.

The Hon. MICK VEITCH: Has the issue at Hay been resolved?

Mr KEVIN HUMPHRIES: I know Hay has an issue, but I am not sure whether it has been resolved. I will take that on notice. I will be there in two weeks.

The Hon. STEVE WHAN: Have you or have any of your officers been contacted by landholders in north-western New South Wales expressing concern about the Government's decision to cease providing fodder and stock transport subsidies as at 30 June?

Mr KEVIN HUMPHRIES: I have had numerous discussions about the whole issue of stock and fodder transport and subsidies probably for the last year and a half.

The Hon. STEVE WHAN: Have you particularly had concerns expressed to you since the Minister announced that they would cease on 30 June?

Mr KEVIN HUMPHRIES: There are some people who felt that at the start of the drought they were very, very helpful. Some people certainly benefited during the drought and, as you know, how long is a piece of string for a drought? People needed to make ongoing decisions. There was some degree of concern by some landholders who had either made decisions to destock that missed out on subsidies and there were some people in other parts of my area who have not experienced drought wondering why certain people get subsidies. Have I had a mixture of discussions on all those issues? Yes I have.

The Hon. STEVE WHAN: Do you think that a farmer or a family who were receiving subsidies up to 30 June had any less need a month later in most of north-western New South Wales?

Mr KEVIN HUMPHRIES: I think the drought has been going on for some time, as you would know, and in some cases has been going for two years. There are a number of support packages across drought, not just at the State level but obviously at the Federal level as well, and at some point people need to be able to make their own decisions. Did people know that that subsidy had a finite life, given the amount of money that had been announced twice, I think? They knew that was coming to an end. Some of our transport operators had a few concerns about it as well because some of these things that go on for too long tend to have a negative outcome—they tend to drive up the cost of transport. Indeed, we are starting to see again the cost of fodder—

The Hon. STEVE WHAN: When you were in opposition and Labor was providing constituents in your area with fodder and stock transport subsidies without capping the amounts per year, did you go out and argue they should not be getting them? Did you argue they were inefficient or they were pushing the price up?

Mr KEVIN HUMPHRIES: I do not remember making any argument either way. When you were in government the drought was on and that was pretty much a statewide drought. The drought that we are currently experiencing is very sharp and deep in a particular part of the State.

The Hon. STEVE WHAN: It does not make it any less difficult for those who had only a couple of good years in between, does it?

Mr KEVIN HUMPHRIES: No, but I can tell you there were a lot more agistment options this time around in other parts of the State.

The Hon. STEVE WHAN: Have you had people contact you about difficulties in accessing farm family support?

Mr KEVIN HUMPHRIES: I had a meeting with Bree Burke in Walgett last week and I think something like 16 people or 17 families had access; not a lot, largely because of the asset base.

CHAIR: We will move on to Mr Buckingham.

Mr JEREMY BUCKINGHAM: Is coal seam gas safe?

Mr KEVIN HUMPHRIES: Safe from whom? Safe from what?

Mr JEREMY BUCKINGHAM: Is it safe? The Hon. Anthony Roberts last week in the *Narrabri Courier* described coal seam gas as safe. Do you agree with his comment that coal seam gas is safe?

The Hon. Dr PETER PHELPS: In what context? That is a silly question.

Mr KEVIN HUMPHRIES: I am happy to answer using a couple of examples. You have had coal seam gas supply in 5 per cent of the State, in south-west Sydney, for how long—a decade, a bit longer? Is that safe? What is going on in the Pilliga, which is in my backyard, and I joined the Minister when he was there—

Mr JEREMY BUCKINGHAM: Did you drink the water? Did you drink the produced water as well on that tour?

Mr KEVIN HUMPHRIES: Why would you drink produced water?

Mr JEREMY BUCKINGHAM: The Minister was reported as drinking the produced water. The Minister did not drink the produced water on that tour? The Minister described the water as tasting like Bondi surf. Did you drink any of the produced water?

Mr KEVIN HUMPHRIES: No.

Mr JEREMY BUCKINGHAM: Did you witness the Minister?

Mr SCOT MacDONALD: Point of order: Is this budget estimates or is this a flight of fancy from the member?

CHAIR: Order! I take it that your point of order is: Is the question in line with the Minister's portfolio relating to Western New South Wales? The first question asked was clearly out of order. I will uphold the point of order.

Mr JEREMY BUCKINGHAM: As you would be aware, Santos is proposing quite a large coal seam gas development in Western New South Wales. Have you ever received declarable political donations or gifts from Santos?

Mr KEVIN HUMPHRIES: No.

Mr JEREMY BUCKINGHAM: Will any new legislation in the area of Crown lands reduce the opportunity for Aboriginal land councils to make claims under the Aboriginal Land Rights Act?

Mr KEVIN HUMPHRIES: Say that again?

Mr JEREMY BUCKINGHAM: Will any new legislation reduce the opportunities for Aboriginal land councils to make claims under the Aboriginal Land Rights Act?

Mr KEVIN HUMPHRIES: There has been no drafting of any legislation in regards to that issue.

Mr JEREMY BUCKINGHAM: You can say no?

Mr KEVIN HUMPHRIES: Not at this stage, no.

Mr JEREMY BUCKINGHAM: Will the move to market rents, being the default for Crown lands leaseholders, force organisations that provide important cultural or ecological services to close as they may be unable to compete on a purely economic basis with other enterprises?

CHAIR: You mean like rifle ranges?

Mr JEREMY BUCKINGHAM: Potentially.

Mr KEVIN HUMPHRIES: Not that I am aware of. That also includes telecommunication towers.

Mr JEREMY BUCKINGHAM: In terms of your response to the Wilcox report, will mandatory public liability be part of the response, mandatory occupational health and safety induction and also biosecurity requirements? Will they form part of the Government's response?

Mr KEVIN HUMPHRIES: To what?

Mr JEREMY BUCKINGHAM: To the Wilcox inquiry.

Mr KEVIN HUMPHRIES: On the first section, as far as I know—I can stand corrected—any person who enters or participates in mining activity on a rural landholding is covered by insurance, as far as I am aware.

Mr JEREMY BUCKINGHAM: They are or they should be?

Mr KEVIN HUMPHRIES: They are, as far as I am advised, but I will take it on notice. That outcome had been communicated, as far as I am aware, to NSW Farmers as well some time ago.

Mr JEREMY BUCKINGHAM: What about mandatory occupational health and safety induction and compliance in terms of biosecurity issues?

Mr KEVIN HUMPHRIES: In terms of occupational health and safety, everybody has to have a mining management plan. They need to undertake an induction and there are people on site to continue that work—they are employed by the department. As far as biosecurity, I am not really sure what your reference is there.

Mr JEREMY BUCKINGHAM: The Colong Foundation for Wilderness was recently charged \$456 to undertake a charity walk on the Six Foot Track between Katoomba and Jenolan Caves. Why does Crown Lands charge a minimum of \$456 for a charity walk in the public interest on the Six Foot Track and is the Government planning to impose a similar charge on charity walks in other national parks?

Mr KEVIN HUMPHRIES: No idea. I will take it on notice.

CHAIR: Order! Blue Mountains is not Western New South Wales.

Mr JEREMY BUCKINGHAM: Yes, it is. Could you take that on notice, Minister?

Mr KEVIN HUMPHRIES: We will find something out for you.

The Hon. STEVE WHAN: You heard a question earlier about the committee on regional aviation. We heard public evidence from a number of people about a project to attempt to restore air services to Bourke and Walgett. Could you tell us what your understanding is of the progress of the Government's work on that and when we might hear an outcome?

Mr KEVIN HUMPHRIES: That is a piece of work that has been ongoing for some time, but I would hope that the Government would be in a position to go to an expression of interest on that by the end of the year. Most of the scoping work has been done, but certainly it would involve government services that traditionally have gone out there on a regular basis, particularly around the areas of health, law and order, and corrective services for which the Government takes a bit of a lead in helping to support that service.

The Hon. STEVE WHAN: Are you able to outline what the model you are looking at would be and whether that would be something that will be available to look at?

Mr KEVIN HUMPHRIES: There are two issues. If you look at the Australian Remote Isolation index, Bourke is the only community in New South Wales that fits that. So there is an argument that we need to do something a little different for remote communities. The Flying Doctor does a pretty good job. The issue for smaller communities and rural communities—it goes back to what the Hon. Dr Peter Phelps alluded to—is

much more a Federal issue. How do you look at blending charter, for instance, with an RPT service that meets a CASA set of criteria that is not so onerous that it will rule out a lot of people? Some people would call it the New Zealand model or what is used in New Guinea. I am not sure I would advocate for that but certainly the New Zealanders seem to be able to do it. It is largely a Federal issue. Are we agitating for it? Yes, we are.

CHAIR: Time for the examination of these two portfolios has concluded. I thank the Minister and his officials at the table for their cooperation. I remind the Minister that we would like answers to questions on notice within 21 days of you receiving them.

(The witnesses withdrew)

The Committee proceeded to deliberate.
