

PORTFOLIO COMMITTEE NO. 6 – PLANNING AND ENVIRONMENT

Friday, 31 August 2018

Examination of proposed expenditure for the portfolio area

RESOURCES, ENERGY AND UTILITIES, ARTS

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The Committee met at 1.58 p.m.

MEMBERS

The Hon. Paul Green (Chair)
The Hon. Shayne Mallard (Deputy Chair)
Mr Jeremy Buckingham
Mr Justin Field
The Hon. Ben Franklin
The Hon. Taylor Martin
The Hon. Adam Searle
The Hon. Walt Secord
The Hon. Ernest Wong

PRESENT

The Hon. Don Harwin, *Minister for Resources, Minister for Energy and Utilities, Minister for the Arts, and Vice-President of the Executive Council*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

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The CHAIR: Welcome to this public hearing for the inquiry into Budget Estimates 2018-19. I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay my respects to the elders past and present of the Eora nation and extend that respect to other Aboriginals present. I welcome Minister Harwin and accompanying officials to this hearing. The Committee will examine the proposed expenditure for the portfolios of Resources, Energy and Utilities, and the Arts.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take questions on notice and they will have 21 days to provide an answer. Any messages from advisers or members' staff should be delivered through the Committee secretariat. I remind the Minister and the officers accompanying him that they are free to pass notes and refer directly to the advisers seated behind them. A transcript of this hearing will be available on the website tomorrow. To aid the audibility of the hearing I remind Committee members and witnesses to speak into the microphones. Several seats have been reserved near the loudspeakers for persons in the public gallery who may have hearing difficulties. I ask that all mobile phones be switched off or turned to silent.

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 in as you have already taken an oath of office as a member of Parliament. Dr Develin from the Department of Planning and Environment also does not need to be sworn in because she took an affirmation at our hearing earlier today.

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JAMES BENTLEY, Manager Director, Hunter Water Corporation, sworn and examined

DAVID HARRIS, Chief Executive Officer, WaterNSW, sworn and examined

KEVIN YOUNG, Managing Director, Sydney Water Corporation, sworn and examined

LIZ DEVELIN, Acting Secretary, Department of Planning and Environment, on former affirmation

ALEX O'MARA, Deputy Secretary, Arts, Screen and Culture, sworn and examined

KATHERINE HOLE, Acting Deputy Secretary, Energy, Water and Portfolio Strategy, sworn and examined

LEE SHEARER, Deputy Secretary, Resources Regulator, sworn and examined

MICHAEL WRIGHT, Acting Deputy Secretary, Division of Resources and Geoscience, affirmed and examined

The CHAIR: I declare the proposed expenditure for the portfolios of Resources, Energy and Utilities, and the Arts open for examination. As there is no provision for the Minister to make an opening statement, we will begin with questions from the Opposition.

The Hon. ADAM SEARLE: I am happy for Dr Develin to respond to this if you do not know, Minister. What protocols are in place in the agencies in your portfolio of Resources in particular for responding to correspondence from members of Parliament? Are there time frames?

The Hon. DON HARWIN: I am happy to answer that. My preference is that correspondence be answered as quickly as possible, preferably within three weeks, but that is sometimes not observed. There are cases which I think are quite egregious, frankly, in terms of how long it has taken to answer them. I do not know if the secretary would like to answer anything else, but that is the general view I take.

Dr DEVELIN: We have internal key performance indicators that go across the department, not just for the resources part of the department, and we do track the correspondence routinely to see how quickly it is being turned around.

The Hon. ADAM SEARLE: In particular are there any particular protocols about when the Resources Regulator will not respond to correspondence from a member of Parliament?

Dr DEVELIN: To my knowledge they are under the same requirements as all the department to answer correspondence in a timely manner.

The Hon. ADAM SEARLE: Minister, why did the Resources Regulator not respond to my correspondence of 8 June, 19 June and 22 June, and why did you instruct Marcus Ray to tell me I would not be getting a response to at least half the matters raised in my correspondence?

The Hon. DON HARWIN: I wonder if you would be kind enough to just mention what the subject of the correspondence was.

The Hon. ADAM SEARLE: I am happy to provide you, Dr Develin and the Resources Regulator with copies. The correspondence addressed two issues. One was whether the Resources Regulator was investigating allegations of breach of the exploration licence by Ridgeland. I know that the Resources Regulator has produced a report, so the questions I am asking now do not relate to that half of my letter. The other half of the letter went to how the department came to vary the \$5 million obligation on Ridgeland down to \$500,000, who was responsible and how that came about. In particular I asked whether the Resources Regulator had been tasked to look into that. I also asked, if the Resources Regulator was not the appropriate body, which was the appropriate body to investigate this serious matter, this interference with a lawful obligation imposed by law. I also provided some emails from within the department that appeared to show that some parts of the department thought this was inadvertent. I note that former divisional secretary Kylie Hargreaves said that that was not the case in her view.

I then said that subsequent to these communications Ms Hargreaves had left her position with the department in circumstances which have not been publicly explained despite me pursuing it in Parliament, and I asked: "Can you inform me as to what occurred within the department in relation to these matters and why Ms Hargreaves came to depart her employment? I look forward to your early response to each of these matters and I am happy to discuss if that would be useful." I did not get any response.

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The Hon. DON HARWIN: In terms of what I am seeing here in front of me, it was a letter that was sent to the Resources Regulator.

The Hon. ADAM SEARLE: It was sent directly to Ms Lee Shearer.

The Hon. DON HARWIN: And you are suggesting that I instructed someone not to respond?

The Hon. ADAM SEARLE: I will tell you what then happened. On 5 July I spoke with Mr Marcus Ray, who had contacted my office. He said that he had been asked by the Minister to contact me. He did not name you but I made the assumption it was you. He said that the Resources Regulator had finished her investigation into the potential breach of the exploration licence [EL].

The Hon. DON HARWIN: What date was that?

The Hon. ADAM SEARLE: I think it was 5 July. I can provide some documentary evidence of that if you would like.

The Hon. DON HARWIN: Thank you.

The Hon. ADAM SEARLE: Mr Ray said that the Resources Regulator had reported on the breach. I asked whether that report went to the other matters that I had raised in the letter—the purported reducing of the obligations on Ridglands, who was responsible and why Ms Hargreaves had departed her employment. He said that was not covered. I said, "Will the Resource Regulator respond to that part of my letter?" He said, "No." I asked him whether the department or the Minister would respond. He said, "No." I expressed my unhappiness that a member of Parliament was getting literally no response to frankly what I regarded as very serious matters—

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: —and he said I would have to take that up with the Minister, so I am.

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: What happened?

The Hon. DON HARWIN: Mr Searle, I would make this comment to you. I asked you for the date quite deliberately and as a result I am probably going to have to take the question on notice and explain. You said Marcus Ray said "the Minister"—

The Hon. ADAM SEARLE: Yes.

The Hon. DON HARWIN: —and you gave that particular date. In fact, on that date I was on leave and there was an acting Minister.

The Hon. ADAM SEARLE: He had been chasing me for a couple of days.

The Hon. DON HARWIN: I do not have a clear recollection of the events that you are talking about so I think the best thing to do in all the circumstances is to take the question on notice and give you a response. However, I can deal with the aspect of your question that deals with Kylie Hargreaves now, if you would like?

The Hon. ADAM SEARLE: Yes.

The Hon. DON HARWIN: To the extent that I am able to.

The Hon. ADAM SEARLE: That would be good.

The Hon. DON HARWIN: Kylie Hargreaves left her role as Deputy Secretary, Resources and Geoscience, within the Department of Planning and Environment on 8 February 2018. This was not a decision I took; decisions on executive staffing in the Department of Planning and Environment are matters for the Secretary. Personally I would like to respect Ms Hargreaves's privacy regarding her departure from the department so I will not be making any further comment, but if there are any other aspects of her departure that you would like to explore I will ask the Acting Secretary to explain to you, given that it was not a decision taken by me. Would you like to ask further questions?

The Hon. ADAM SEARLE: Yes, I would. Dr Develin, can you explain why Ms Hargreaves resigned her position? Was it to do with the purported reduction in the obligations resting on Ridglands?

Dr DEVELIN: Not to my knowledge, that is not the reason.

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The Hon. ADAM SEARLE: Can you tell us what the reason was?

Dr DEVELIN: I am not going to comment on Ms Hargreaves' departure, apart from saying that it was handled under the Government Sector Employment Act. Section 41 of the Act deals with the conclusion of executive contracts.

The Hon. ADAM SEARLE: Ms Shearer, why did you not respond to my correspondence?

Ms SHEARER: It is my understanding that ministerial—that correspondence from members of Parliament, the policy that I am aware of, and have been for years, should go through ministerial offices to the agencies.

The Hon. ADAM SEARLE: I was under the misapprehension that you were independent. Are you not an independent resources regulator?

Ms SHEARER: I am employed under the Government Sector Employment Act.

The Hon. ADAM SEARLE: I understand that. So you have no level of independence at all in the execution of your duties?

Ms SHEARER: Well, it depends on what you would call "independence". If you are suggesting that I am set-up like a State-owned corporation or the NSW Environment Protection Authority [EPA], no, I am not.

The Hon. ADAM SEARLE: Minister, you have the correspondence.

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: You know the matters I am concerned about, and the emails I have provided indicate when I was asking questions in Parliament about whether Ridglands had complied with its licence. It appears that someone in the department had purported to reduce that obligation from \$5 million to half a million dollars.

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: That appears to have been discovered and rectified. My question to anybody who is here present is: Who was responsible for that purported action?

The Hon. DON HARWIN: Which purported action?

The Hon. ADAM SEARLE: The purported reduction of the obligation on Ridglands from \$5 million down to half a million dollars.

The Hon. DON HARWIN: After consultation with the Secretary, and given that it was a decision of a staff member of the Division of Resources and Geoscience, I am going to ask the Acting Deputy Secretary, Division of Resources and Geoscience, to comment.

Mr WRIGHT: In terms of that decision may I say that as Acting Deputy Secretary I was not part of the division at the time that action occurred. I suppose my preference is not to name the particular individual officer today. I can certainly provide information to you about that officer out of session, if that is okay?

The Hon. ADAM SEARLE: Sure.

Mr WRIGHT: My understanding is that that officer may have inadvertently given Ridglands the impression that they could reduce the payment into the community benefit fund. That was not his intention. His intention was to modify Ridglands' work program, which is the program work it does to explore under licence.

The Hon. ADAM SEARLE: Surely any interactions with Ridglands would have been in writing, so how did this misapprehension occur? While you are at it, was there a proper investigation conducted into this matter, which is one of the matters I raised in my letter?

Mr WRIGHT: We have certainly looked into the matter internally. Can I say that looking back at what happened historically in the division at that point in time, I think it is fair to say that oversight of the conditions associated with that particular exploration licence were not adequate. Since that time we have taken steps to improve our monitoring of conditions on both exploration licences and mining leases. We have put in place a conditions tracking system for our licences and leases, which for the first time digitises what were previously portable document format [PDF] licences and leases. We in the process of putting in place a condition tracking system, which will automatically alert us to potential breaches of conditions for handover to the regulator.

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I suppose the other thing I want to say is that over the past three months we have substantially upped the resourcing in the Division of Resources and Geoscience to more effectively deal with mining and exploration applications and additional executive resources—we have gone from a single executive director, sorry, director to an executive director and three directors plus additional sub-executive full-time [FTE] as well. So a combination of additional staff, more senior staff, new systems and looking forward we would hope that what I would describe as an oversight previously, that sort of oversight is much less likely to happen in the future.

The Hon. DON HARWIN: Suffice it to say I was not happy when this all emerged—

The Hon. ADAM SEARLE: I can understand that.

The Hon. DON HARWIN: —and I directed that actions be taken to rectify the situation. There was an additional step that was not mentioned by the Acting Deputy Secretary, which was that we overhauled the delegations for those sorts of decisions as well.

The Hon. ADAM SEARLE: It has been described as inadvertent or an oversight, but in her email of 4 August 2017 your predecessor, Ms Kylie Hargreaves, did not accept that explanation, did not think that it was actually an oversight.

Mr WRIGHT: I do not really know Kylie Hargreaves so I am not going to try to interpret what she may have thought at the time.

The Hon. ADAM SEARLE: Minister, let's cut to the chase. I have raised some very serious matters with what I thought was the relevant body. Months later all I have got is a phone call from an acting departmental head who said the Minister has said to contact me. The contact was very unsatisfactory—I am actually surprised Mr Ray is not here this afternoon, given that he was at the estimates hearing this morning. Can you explain to me: If it was not you, are you saying that it is Minister Roberts who gave the direction?

The Hon. DON HARWIN: That is why earlier, Mr Searle, I said that I would take that aspect of your question on notice. I might be wrong, but I do not recall having a discussion with Marcus Ray about it.

The Hon. ADAM SEARLE: I am just trying to get to the bottom of what happened here.

The Hon. DON HARWIN: I entirely understand why you are doing this. I was not happy about what happened. I was not happy about what the Deputy Secretary has said was an inadvertent error in relation to that community benefit fund. As he said to you earlier, there have been a number of administrative changes that have been made and, as I said, there has been an overhaul of the level of delegation in terms of how decisions are made as well.

The Hon. ADAM SEARLE: As I said, someone in the chain of emails said it was inadvertent. This was said to be because the department, your agency, was unaware of the condition that it itself had imposed on Ridgeland. How that works I would like somebody to explain? Again, Kylie Hargreaves in her email did not accept what is frankly an unbelievable explanation that this was an oversight. So months later I have got not even an acknowledgement of my letter and I am asking someone in this room to come clean with what looks to me like a serious cover-up of maladministration. Can I put it any more clearly to you, Minister?

The Hon. DON HARWIN: I understand what you are saying. You have raised issues to do with the monitoring of conditions and obviously that is a crucial part of this whole equation and was an unsatisfactory aspect. So I will ask the Acting Deputy Secretary to talk about the changes in terms of the monitoring of conditions, as you have raised.

The Hon. ADAM SEARLE: In so doing is anyone in this room this afternoon going to give me anything like a reasonable explanation of the matters I have raised in my letter of 8 June, or are you just going to keep the cover-up going?

The Hon. DON HARWIN: We are not covering anything up.

The Hon. ADAM SEARLE: Can you explain why, months later, your administration is in such a shocking state that you cannot answer a letter by even giving an acknowledgement? Is that the state of the competence of your administration? If it is not a cover-up are you just not up to your job?

The Hon. DON HARWIN: I have been outlining, as has the Acting Deputy Secretary, some of the changes that have been made. I made it quite clear that I was not happy with what has happened. I do not recall having seen this letter before, I do not recall having had the conversation with Marcus Ray that you have referred

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to and I have offered to take that question on notice. But I will invite the Acting Deputy Secretary to speak about the issue of the monitoring of conditions.

Mr WRIGHT: I suppose just reiterating what I said earlier, we have got something like 1,000 mining licences and exploration licences across the State with something like 50,000 conditions attached to those various authorisations. As you can probably understand, it is quite a significant task in monitoring that set of conditions.

The Hon. ADAM SEARLE: Just let me interrupt. Can I just rephrase the question? I am not trying to be impolite, but, Minister, you know I raised all of these issues and my party raised all of these issues in Parliament with you on successive days.

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: So you and your agency were on notice that this was a matter of interest.

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: I have written three times to what I thought was the relevant person in your agency. I do not want to hear about what you have done to improve it, I want to know how it came about that none of you can answer my question even today.

The Hon. DON HARWIN: What I will undertake to do is not just to respond on notice but to reply to your letters within seven days. That is all I can do.

The Hon. ADAM SEARLE: Thank you. A question to the Resource Regulator, if she is able to answer these questions: Over the last two estimates, last year and the year before, I asked about the investigation into whether Wollongong Coal was fit and proper to maintain a mining licence in New South Wales. Where is that up to and what conclusions have you reached, if any?

Ms SHEARER: The investigation is ongoing and the reason for that, if you just bear with me for a moment, is the investigations around the fit and proper person emanate, in the main, out of some corruption issues for Jindal in India—Naveen Jindal. There have been further allegations of corruption put and those proceedings are still on foot. Until those proceedings come to an end, unfortunately our fit and proper investigation will remain part of it and cannot come to a close. But I can assure you that we are monitoring those proceedings very closely. I think it was you who raised with me about Delta.

The Hon. ADAM SEARLE: Delta SPD, yes, and also KEPCO. We can come to KEPCO as well if you have got time.

Ms SHEARER: I am still on Wollongong Coal. I undertook to look at a report that you sent to me and it was all about the administration issues around Delta.

The Hon. ADAM SEARLE: The maladministration.

Ms SHEARER: I can update you and tell you that the administrator's reasons for the company's failure were a number. One of them has been noted as unfavourable mining services conducted between SPD Services and Wollongong Coal, resulting in an unfavourable contract resulting in greater losses that Delta could not sustain. A condition of the Wongawilli mine on commencing operations, which had poor infrastructure and equipment, resulted in SPD not being able to meet their production targets. There was a major breakdown in main north to conveyor drive, halting production.

The Hon. ADAM SEARLE: Just pausing there; these are all in the document I sent you. So I have read it and I know what happened. What flows from all of that?

Ms SHEARER: I think, from memory, you put to me that the reason why Delta failed was that Wollongong Coal had not been paying.

The Hon. ADAM SEARLE: And that was certainly one of the reasons outlined in that report.

Ms SHEARER: Absolutely it was one of the reasons.

The Hon. ADAM SEARLE: The major reason.

Ms SHEARER: But the record, I think, should—and I am not trying to be obnoxious here—reflect the reasons that the administrator has put on the record about the reasons why Delta failed. I am not sure that everyone would have seen your letter.

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The Hon. ADAM SEARLE: Just to wrap that matter up, I have also got further emails showing that I followed up on the original email to the Resource Regulator of 8 June. Is there any dispute that I wrote these letters? You can have these copies anyway just to put it beyond any doubt.

Mr JEREMY BUCKINGHAM: Minister, have you spoken to the new Federal energy Minister Angus Taylor since he took on his new role?

The Hon. DON HARWIN: I have been in contact with him by text message.

Mr JEREMY BUCKINGHAM: You have had a text exchange?

The Hon. DON HARWIN: Yes.

Mr JEREMY BUCKINGHAM: But other than that, just an emoji or two or—

The Hon. DON HARWIN: No. It was a message of congratulations from me to him and a very courteous response.

Mr JEREMY BUCKINGHAM: And that is it?

The Hon. DON HARWIN: Yes.

Mr JEREMY BUCKINGHAM: So you do not know what is happening with energy policy in this country at the moment?

The Hon. DON HARWIN: My office took a message from him this morning—

Mr JEREMY BUCKINGHAM: And you have had no guidance from him in that regard?

The Hon. DON HARWIN: My office took a message from him this morning seeking to make an appointment to come to see me when he is next in Sydney, I think. It is a matter of when our two diaries coincide; I am travelling a bit in regional New South Wales next week.

Mr JEREMY BUCKINGHAM: So sometime in the future?

The Hon. DON HARWIN: It will probably be sometime in the next fortnight I would think.

Mr JEREMY BUCKINGHAM: You do not think it is more urgent than that? You do not think you should get on the phone and find out what sort of direction the new energy Minister is going to take, considering you have basically outsourced energy policy to the Federal Government for the past two years, especially the last year, relying heavily on your rhetoric and your policy positions on the national energy guarantee [NEG]. Do you not think it is more urgent than just we might have a meeting in the next couple of weeks? Will it be before the next Council of Australian Government [COAG] meeting of energy Ministers?

The Hon. DON HARWIN: Have you finished?

Mr JEREMY BUCKINGHAM: Now I have, yes. Have you started?

The Hon. DON HARWIN: I did not want to interrupt you.

The Hon. BEN FRANKLIN: Point of order: I understand the member's passion and I have some sympathy for some of his views—

The CHAIR: The Minister or the member?

The Hon. BEN FRANKLIN: The member. But I ask that you direct that the Minister be treated with appropriate courtesy and respect. A couple of the comments that he has just made were over the line.

The CHAIR: I just remind the member—he gets excitable about energy, which is fantastic—to be mindful that he is presenting to a Minister and to be mindful of the respect that is due to the office and accordingly ask his questions.

The Hon. DON HARWIN: Technically also, Mr Chair, the standing orders of the House apply to questions that are asked here and I think there was a fair bit of argument in that question. But I would be very happy to answer it. The new Federal Minister has had three days since he was sworn in. No doubt he has got through briefings, no doubt many briefings; no doubt he has got lots of meetings with officials. I am not at all concerned that he has not had the time to come to see me yet and no doubt we will be catching up very soon. As to some of your assertions that we have outsourced energy policy, nothing could be further from the truth.

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Mr JEREMY BUCKINGHAM: Has the NEG been a disaster for energy policy in Australia?

The Hon. DON HARWIN: Not at all.

Mr JEREMY BUCKINGHAM: You think it has been a success and, if so, how so?

The Hon. DON HARWIN: I think—as does the New South Wales Government—that the national energy guarantee in its conception was a good approach to the integration of climate and energy policy. I think I have said that on several occasions in the House and in other fora, so it is no particular surprise. The national energy guarantee was in, effectively, two parts: First, a part that needed to be adopted by the COAG Energy Council and enacted by the South Australian State Parliament as the lead Parliament in relation to the reliability and the emissions mechanisms. The second part was the emissions reduction target, which was a matter for the Federal Parliament.

In terms of the national energy law [NEL] rules and changes, that is subject to consultation at the moment. That is due to run for several more weeks. Then there is a Council of the Australian Governments [COAG] in September which will consider the outcome of the consultation process.

Mr JEREMY BUCKINGHAM: That is on the NEL, but they will not be considering the NEG anymore?

The Hon. DON HARWIN: You possibly misunderstood one aspect of my answer, which is that that NEG reliability mechanism and emissions reduction mechanism are implemented by changes to the NEL and the national energy rules. That is where the NEL comes in.

Mr JEREMY BUCKINGHAM: Minister, a subject you may be interested in and may be an expert on is moral vanity. Angus Taylor has said that the Australian Capital Territory's [ACT] emission reduction scheme and target of 100 per cent renewable energy is moral vanity. Do you agree with him?

The Hon. DON HARWIN: I will let the personal reflection you made on me go through to the keeper. You are asking me for an opinion which is an opinion about someone else's opinion. Frankly, that is contrary to the standing orders and I am not going to answer that.

Mr JEREMY BUCKINGHAM: You are not concerned, though, that we now have a Federal Energy Minister who has a decades' long record of being incredibly antagonistic to renewable energy, renewable energy targets and any sort of emissions reduction scheme, be it the Carbon Pollution Reduction Scheme, Emission Trading Scheme, Environmental Impact Statement, Clean Energy Target, and NEG or a carbon tax?

The Hon. DON HARWIN: I do not think that stands up to scrutiny and, if you think that is so, I would be happy to look at any documents that you suggest demonstrate that and respond to them, but otherwise I simply reject them.

Mr JEREMY BUCKINGHAM: Angus Taylor wrote an opinion piece in the *Australian Financial Review* saying the ACT's renewable energy target was moral vanity.

The Hon. DON HARWIN: That question has already been asked and I have responded to it.

Mr JEREMY BUCKINGHAM: You have, and I am putting another proposition to you. He has a long record of writing opinion pieces and fronting community groups such as Stop These Things, that are particularly anti-windfarm. He has a history of getting it wrong when it comes to economic predictions on wholesale electricity prices and wholesale gas prices. Does it concern you that this man is now in charge of energy policy and that, up to this point, your Government has been taking the lead from the Federal Government?

The Hon. DON HARWIN: That is your opinion and I am not going to give you my opinion on your opinion.

Mr JEREMY BUCKINGHAM: My question is: Does it concern you that that is the view of our new Energy Minister?

The Hon. DON HARWIN: I am not accepting that that is his view.

Mr JEREMY BUCKINGHAM: The Australian Energy Market Operator [AEMO] has said in its integrated system plan that States with legislated renewable energy targets are now attracting the vast majority of renewable energy projects. Between now and 2035 Victoria are going to get 38 per cent of the announced renewable energy projects. Queensland is getting 33 per cent—and I acknowledge it does not have a legislated

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renewable energy target. New South Wales is to get only 14 per cent. Why is it that Australia's biggest State is only getting a fraction of renewable energy investment in Australia, and should we have a State-based renewable energy target now that the NEG is dead?

The Hon. DON HARWIN: I encourage you to read the whole Integrated System Plan, then one of the impediments to the take-up of renewables would become quite clear to you. It is very well to have a target on renewables, but if you do not have the transmission system to support them, you will not be able to connect them to the grid. As I have said to the House on at least one previous occasion, one of the problems that we have in New South Wales is for every 15 proponents, there is only the capacity in our transmission system to connect one. What I think the New South Wales Government can best do, and what it is doing, is to focus on transmission to assist the transition to a cleaner energy generation model. The Government is preparing a transmission strategy right now. The findings of that and the practical implications from that will be announced later in the year.

Mr JEREMY BUCKINGHAM: You are saying we are not attracting that amount of investment because we do not have a capacity in terms of transmission, not because we do not have a legislated State-based renewable energy target?

The Hon. DON HARWIN: No. My point is that even if we did have a State-based renewable target, if we did not have the transmission capacity to join up new renewable proponents, those proposals would fail. There have been instances in the past, particularly, as I am advised by the department, with windfarms in the New England, where there has been more than one proponent who wanted to connect and they have been denied that simply because there was not the transmission capacity to do it.

Mr JEREMY BUCKINGHAM: That is one example. How many more are there?

The Hon. DON HARWIN: There are more.

Mr JEREMY BUCKINGHAM: How many? [*Time expired.*]

The CHAIR: In terms of the intention of the NEG aims to combine the goals of reliable electricity and lower carbon emissions in the single policy, Minister, is there anything you want to add about New South Wales' position on the NEG?

The Hon. DON HARWIN: The New South Wales Government still believes that the NEG proposal that has been put in place is one that is worth considering. We will be engaging in the consultation process in good faith and will be in discussions right up to the next meeting of COAG Energy Council about it with our colleagues in other States and with the Federal Government.

The CHAIR: The Christian Democratic Party wants to ensure that electricity remains affordable and reliable for all residents of New South Wales. Minister, has the New South Wales Government raised concerns or received any advice at the COAG level from the Energy Security Board to ensure that the NEG will not entrench the electricity contracts market and ingrain the market dominance of big power companies such as EnergyAustralia, Origin or AGL Energy?

The Hon. DON HARWIN: This was an issue that was raised extensively in the consultation period that preceded the preparation of the final draft of what the NEG would look like. There were concerns that were being expressed about whether the NEG would suppress competition. Some changes were made in the design and we were satisfied. The Acting Deputy Secretary, Ms Hole, might like to say something about that.

Ms HOLE: Competition has been a priority all the way through the design of the NEG, and the Energy Security Board has acknowledged its importance in the final high level design that was agreed by COAG. There were a number of mechanisms put in place to ensure that smaller retailers would continue to be supported from a competitive basis. These include mechanisms around thresholds at which they would start to participate that favoured smaller retailers; obligations on larger retailers, should the trigger be set, to offer contracts to smaller retailers; the development of a voluntary pool for contracting to be run by AEMO. Some of those issues are going through further discussions now. The Energy Security Board has released a separate consultation paper to drive those matters even further forward.

The CHAIR: Minister, can New South Wales residents truly have confidence that the Federal Government can do anything to put screws on big energy companies when they cannot even control petrol prices?

The Hon. DON HARWIN: The Australian Competition and Consumer Commission [ACCC] has given a series of advices to the Federal Government that the Federal Government is looking at. They were tabled at the

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Council of Australian Governments Energy Council. There are all sorts of suggestions that I know the Federal Government is looking at. As I have said in the House frequently before, the main reason for the rising prices is the fact that demand is constant but supply is falling and the classic interplay of the laws of supply and demand dictate that in those circumstances prices rise. It is the rises in wholesale prices that is the big problem we have had over the past 12 months, but fortunately since 1 July it has stabilised. The best way forward in dealing with rises in wholesale prices is simply to make sure that business has certainty about the rules of the game so that it has the confidence to invest. That is the most important thing that we can do.

The CHAIR: Do you have the statistics relating to how many businesses and households have been disconnected from electricity in the past financial year in New South Wales?

The Hon. DON HARWIN: I will invite the Acting Deputy Secretary to respond.

Ms HOLE: The disconnection numbers for the past financial year are still being sorted through by the Australian Energy Regulator.

The CHAIR: Is it 10,000, 20,000, 100,000, 200,000 or a million? That is just residential. I would like the business numbers. We know that businesses are struggling immensely with the increased power bills and I thought that would be at the forefront of people's minds.

Ms HOLE: Absolutely. Pleasingly, until 2016-17 disconnection numbers have been going down. Unfortunately, there have been data reporting issues for 2017-18 and we are waiting for the final numbers to come through.

The CHAIR: What issues have popped up suddenly?

Ms HOLE: Just the number of the retailers reporting through.

The CHAIR: It is probably because they have not got enough electricity.

The Hon. WALT SECORD: Let her take it on notice.

The CHAIR: I still want the results, obviously.

Ms HOLE: I understand.

The Hon. DON HARWIN: We are happy to take that on notice and hopefully within the period we have to respond we will have those figures and be able to get them to you.

The CHAIR: We can always get you back to clarify. Minister, I refer to that part of the bill that requires people to contribute to the Climate Change Fund. Can you tell us how much the Climate Change Fund has collected in the past financial year? For clarification, it is part of everyone's power bill; is that correct?

The Hon. DON HARWIN: I have responsibility for some of the actions under the Climate Change Fund, but I should let you know that the Minister who has responsibility for the Climate Change Fund is the Minister for the Environment and it is more appropriate that you ask her.

The CHAIR: I understand; I have a question for her as well. The part of it that falls in your portfolio is the cost.

The Hon. DON HARWIN: Actually, no. I can let you know that the Office of Environment and Heritage estimates that the average household contributes around \$23 per year to the Climate Change Fund.

The CHAIR: That is average. I guess for me that \$23, on a pensioner household, with the high cost of living, could be back in their pockets if they were exempt on the basis of hardship.

The Hon. DON HARWIN: I understand your perspective. A number of people have that perspective and it has been the subject of public comment today, not in regard to the Climate Change Fund but in regard to other funds imposed by Federal statute. The Climate Change Fund is imposed by State legislation. It was imposed by the Labor Government and we have kept collecting. We have no plans to discontinue it.

The CHAIR: Not even under hardship circumstances?

The Hon. DON HARWIN: The point you should also be aware of relating to the Climate Change Fund is that it is supporting a number of programs and projects that are helping to bring prices down. It is not just an impost on people's bills.

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The CHAIR: I appreciate that.

The Hon. DON HARWIN: The Office of Environment and Heritage estimates that programs and projects from the Climate Change Fund saved households an average of \$61 on their bill during the past financial year.

The CHAIR: That is fantastic. For those that have cost of living expenses and who cannot spare the \$23, I do not think they are worried about the \$61. That is my point.

The Hon. DON HARWIN: I am not sure about the mathematics.

The CHAIR: My point is that money in the pocket is more important than the multiplier effect.

The Hon. DON HARWIN: The point that I made is that the bill is \$61 lower on average in the first place as a result of it.

The CHAIR: Not on every bill.

The Hon. ADAM SEARLE: To draw a line under my previous line of questioning to the Resources Regulator, on receipt of my correspondence you fed it back into the departmental correspondence system. Is that what you are saying?

Ms SHEARER: Yes.

The Hon. ADAM SEARLE: Dr Develin, is it your evidence that you have no idea what happened to my correspondence at that point?

Dr DEVELIN: I have not seen that correspondence before today.

The Hon. DON HARWIN: We have undertaken to give you a response within seven days.

The Hon. WALT SECORD: Were you wearing dual hats as the Minister for the Arts representing the Australian Museum and Minister representing Sydney Water? Are you familiar with the citizen science programs offered at the Australian Museum?

The Hon. DON HARWIN: I have some familiarity with them, yes; they are very successful.

The Hon. WALT SECORD: Are you familiar with one of their most popular ones?

The Hon. DON HARWIN: The frog ID one? That is very popular.

The Hon. WALT SECORD: The Streamwatch program, which was established almost 30 years ago. In 1990 it was set up under Sydney Water and in 2012 it was transferred by the previous Minister, the Hon. Greg Pearce, when he was financial services Minister and he transferred it to the Australian Museum. It has been in existence for almost 30 years. Are you aware that it is slated for abolition?

The Hon. DON HARWIN: I invite Mr Young, the CEO of Sydney Water—

The Hon. WALT SECORD: It is not his portfolio; it is the Australian Museum.

The Hon. DON HARWIN: Maybe we will start with Mr Young and see where it goes.

The Hon. WALT SECORD: Can I be the judge because you are directing the question to the wrong portfolio?

The Hon. SHAYNE MALLARD: Point of order: The Minister is entitled to answer the question as he sees fit.

The CHAIR: The Minister will choose who is the appropriate person. The member has the right to conclude his questions.

Mr YOUNG: Sydney Water has been a strong supporter of Streamwatch, as has been noted, for a long time. It is true that we went into partnership with the Australian Museum and we have been strong sponsors of that program during that time. I am aware that in the past 12 months the Australian Museum came to us and said it was not looking to continue with Streamwatch. I said we could extend it for another 12 months and look at options in the future for the program. That seemed to me to be a reasonable approach, given the longevity of the program and the support it has received.

The Hon. WALT SECORD: When did this conversation occur about extending it?

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Mr YOUNG: I have not got the details in front of me, but I am aware of this from about four or five months ago. It came forward as a discussion.

The Hon. WALT SECORD: A bit has happened since then. On 9 August the manager of Digital Collections and Citizen Science, Mr Flemons, wrote to all 50 groups and about 200 volunteers across the State to tell them that it will be axed next year and that the reason it has been axed is—let me quote it directly—"... because of significant improvement in waterway health over the past three decades." It has been scrapped because the Sydney water is so clean, according to him. Minister, do you support that statement that the program is no longer needed because Sydney water is so clean?

The Hon. DON HARWIN: It is a matter of record that a lot of our streams are getting cleaner, Mr Secord, but I would like to take the question on notice since there are no Australian Museum staff here for me to respond to you directly.

The Hon. WALT SECORD: What do you say to Wendy Oaks, who has been a long-term volunteer with Streamwatch, who said on 9 August that it was "galling" to see the Australian Museum given \$50 million to host the Tutankhamun exhibition at the Australian Museum but it could not find \$100,000 to continue the 28-year Streamwatch program?

The Hon. DON HARWIN: In relation to Streamwatch, as I said, I will take that question on notice. In respect of the funding that has been given for the Australian Museum for the major upgrade of the temporary exhibition spaces, it is an excellent project which is going to enhance the museum. You might be interested to know that the benefit-cost ratio of the project is at 1.55 and will allow significant value for New South Wales in both the short term and the long term. The uplift to the New South Wales economy to host the Tutankhamun exhibition is estimated at \$100 million and more than 43,000 overnight visitors are expected to travel to Sydney to see the exhibition.

The Hon. WALT SECORD: I want to take you to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry set up in December 2017. There was evidence that came out involving disgraced AMP boss Catherine Brenner. This occurred around late April. Your office confirmed that she would be resigning from the board of the Art Gallery of New South Wales after the evidence came to light, and on the afternoon of 30 April your office confirmed that she had resigned. Is that the case?

The Hon. DON HARWIN: No, it is not the case, and it never was the case, and I never said that she was resigning.

The Hon. WALT SECORD: What do you say then?

The Hon. DON HARWIN: Ms Brenner informed me in April 2018 of her decision to stand aside as a trustee of the Art Gallery of New South Wales until the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry delivers its interim report later in 2018. Since Ms Brenner stood down as a trustee in April 2018, she has not had any role in the governance of the art gallery and this arrangement will continue until the interim findings of the royal commission are delivered.

The Hon. WALT SECORD: So she did not resign as the media were told; she stood aside?

The Hon. DON HARWIN: I do not believe the media were told that. I have always been quite clear that she stood aside for the period until the interim report was released, and her appointment as a trustee of the art gallery can be considered once those findings are handed down.

The Hon. WALT SECORD: As of 2.30 she still appears on the official website of the Art Gallery of New South Wales as an active member of the board.

The Hon. DON HARWIN: No, she appears as a trustee, which she still is, but she has stood aside and is not discharging any responsibilities as a trustee.

The Hon. WALT SECORD: I would like to take you to another example, the departure of the director of the Powerhouse Museum, Dolla Merrillees, and the cocaine-fuelled night at the Powerhouse Museum.

The Hon. BEN FRANKLIN: Point of order—

The Hon. WALT SECORD: It has been referred to in *Hansard* many times as "cocaine-fuelled".

The Hon. DON HARWIN: By you.

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The Hon. SHAYNE MALLARD: By you, that is right.

The Hon. ADAM SEARLE: It is an accurate description.

The Hon. WALT SECORD: That is an accurate description.

The CHAIR: Order!

The Hon. BEN FRANKLIN: I ask that the Hon. Walt Secord withdraw that term because it is clearly an inappropriate term.

The CHAIR: Ask the question again.

The Hon. WALT SECORD: I would like to take you to the departure of Dolla Merrillees and the events surrounding the alleged cocaine-fuelled night. What is her current status with the Powerhouse Museum at this moment?

The Hon. DON HARWIN: In respect of those allegations, as you know, the advice I have received from museum staff has always been that there was no illegal activity at the post-event function. I have received specific advice from the director that the allegation that you made is incorrect. In regard to the Museum of Applied Arts and Sciences [MAS] director, I will give you a bit of background. Ms Dolla Merrillees commenced employment as the director and chief executive at senior executive band 2 at the Museum of Applied Arts and Sciences on 11 April 2016.

The role of the director and chief executive of MAS was reviewed and reclassified at a higher level, senior executive band 3, in line with equivalent roles in the other cultural institutions that are undertaking major capital works after approval was given to proceed with the new museum at Parramatta, because the role obviously had significantly more responsibilities. At that point, Ms Merrillees advised the Department of Planning and Environment in writing that she did not intend to apply for the position at the high level. As a result, her contract of employment came to an end and Ms Merrillees left the department on 3 July 2018. The department has commenced a recruitment process for a new chief executive for the Museum of Applied Arts and Sciences Trust. Ms Merrillees obviously made a significant contribution during her time as director and I wish her well for the future.

The Hon. WALT SECORD: Did she receive a severance package on 23 July 2018?

The Hon. DON HARWIN: I will let the Acting Secretary deal with that.

Dr DEVELIN: The conclusion of executive contracts is dealt with under the Government Services Employment Act. I think section 42 deals with compensation and she was paid under that arrangement.

The Hon. WALT SECORD: The answer is yes. What was the size of the severance package that Ms Merrillees received?

Dr DEVELIN: I refer you to the Government Services Employment Act, which refers to the amount of weeks that are paid to senior executives under section 42 of the Act.

The Hon. WALT SECORD: Have you had experience in the departure of executives before?

Dr DEVELIN: Yes.

The Hon. WALT SECORD: So you would be able to calculate right now, after the Minister has outlined how long she has been in employment, what would be the size of her severance package. Is that correct?

Dr DEVELIN: If you refer to the Act, under section 42 of the Act—

The Hon. WALT SECORD: I do not have the Act and you are the senior bureaucrat.

Dr DEVELIN: —it refers to 38 weeks compensation payment for the conclusion of an executive contract.

The Hon. WALT SECORD: So 38 weeks pay?

Dr DEVELIN: Yes, is what is under the Act.

The Hon. WALT SECORD: That would be the minimum she would have received, 38 weeks pay?

Dr DEVELIN: The Act refers to 38 weeks for the severance of employment contracts of executives.

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The Hon. WALT SECORD: Thank you very much, that was very helpful. When will the new director be appointed?

The Hon. DON HARWIN: The Acting Secretary is happy to outline where the recruitment process is up to.

The Hon. WALT SECORD: But I want to get back to the 38 weeks, Minister. Do you think that Dolla Merrillees deserves 38 weeks pay as she is going out the door?

The Hon. DON HARWIN: You just asked me a question about my opinion. I indicated in my earlier answer that I had a high opinion of the work that Dolla undertook. Frankly, what her severance pay is under section 42 of the Act is a matter that Parliament has decided.

The Hon. WALT SECORD: So you can blunder the Powerhouse Museum move, blunder the mood and get 38 weeks pay from the taxpayers? That is a down payment on a house.

The Hon. DON HARWIN: I completely reject your characterisation of Ms Merrillees' performance. I think it is very unfair to Dolla.

The Hon. WALT SECORD: Dr Develin, you are going to outline the recruitment of the new director?

Dr DEVELIN: The role has been advertised through the usual processes. A panel has been convened and we hope to interview by the end of September.

The Hon. WALT SECORD: Minister, are we still on track for the Powerhouse Museum?

The Hon. DON HARWIN: Yes.

The Hon. WALT SECORD: When will construction begin on the Powerhouse Museum?

The Hon. DON HARWIN: Let me go through all three aspects.

The Hon. WALT SECORD: My pen is poised.

The Hon. DON HARWIN: The key dates are as follows. Master planning and the market sounding process for Ultimo has been underway and will occur throughout the rest of 2018. Architectural consultants have been appointed for the museums and discovery centre, I am advised, this month. The acquisition of the Riverbank site will be completed later in the year. The design competition for the new museum in Parramatta commences later in 2018. The completion of the Ultimo final business case is later in 2019. Early works will be commencing on the Riverbank site in all probability in 2019. Exactly which month is not yet clear and will depend upon planning processes.

The Hon. WALT SECORD: Will contracts and construction occur before the March 2019 election?

The Hon. DON HARWIN: It depends on the design competition process. It is not certain yet.

The Hon. WALT SECORD: It depends on the design competition process.

The Hon. DON HARWIN: Yes.

The Hon. ERNEST WONG: Minister, earlier you said to the Parliament:

The existing dams are 94 per cent full. The drought figure for operating the plant is the point at which total dam storage levels fall to 60 per cent. It is unlikely that trigger will be reached within the next five years.

Considering that we may hit the 60 per cent trigger for the desalination plant in the next 60 days, and certainly by Christmas, is this not evidence that you have been woefully unprepared for this drought and have utterly underestimated its impact?

The Hon. DON HARWIN: I do not accept that at all. There is no doubt that the drought is more severe, and the depletion rates higher, than any drought we have ever had. That is a relevant observation to make. But are we prepared? Yes. We have a metropolitan water plan which has clear trigger points at which various actions are taken. We are working to that action plan. We are keeping under review and analysing all the relevant climatic conditions. If there needs to be any adjustment to any matter we will make those adjustments. But let us be clear: Sydney has the water that it needs for its residents and for commercial and industrial customers. There is no need to be alarmist or panic.

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The Hon. ERNEST WONG: Minister, are you still confident that the 60 per cent point is not going to be triggered? Where do you get the evidence from? Is it from Sydney Water? Where do you get that evidence or figures?

The Hon. DON HARWIN: Yes, I take advice from my department. Within the Energy and Utilities branch, there is a metropolitan water section, which gives me advice. I also take advice from Mr Young from Sydney Water and Mr Harris from Water NSW. They have said to me that the chances of the catchment falling below 60 per cent are still relatively low, but rest assured that I keep that under constant analysis. I ask for regular reports. Therefore, we are on top of the situation.

The Hon. ERNEST WONG: Can you put that question to Mr Young regarding that evidence? Are you 100 per cent sure—or at least 99 per cent sure—that this 60 per cent trigger is not going to be reached?

The Hon. DON HARWIN: Not going to be reached by when, Mr Wong?

The Hon. ADAM SEARLE: By Christmas.

The Hon. DON HARWIN: That is a very open-ended question. Is it not going to be reached ever or not going to be—

The Hon. ERNEST WONG: No, it is not. Just like Mr Searle said, by Christmas.

The Hon. DON HARWIN: As a result of a little prompting we now have a time frame. The advice I have received from my department and from the two water agencies is that the chances are still relatively low that it will be reached this year.

The Hon. ADAM SEARLE: When will it be reached?

The Hon. ERNEST WONG: Do you have any evidence or predictions when it is going to be?

The Hon. ADAM SEARLE: We will come back to that.

Mr JUSTIN FIELD: I will follow up on that. To be clear, in budget estimates last year you said it is unlikely that the trigger of 60 per cent will be reached within the next five years. You continued:

The speed at which the desalination plant is being repaired reflects that situation with the amount of water in our dams at the moment.

How did you get it so wrong only 12 months ago? How can we have any confidence in your suggestion today that it is still unlikely that the dams will fall below 60 per cent?

The Hon. DON HARWIN: I have already answered that question, which essentially is the same question that the Hon. Ernest Wong asked me earlier. To assist matters, so that your time and the time of the Committee is not wasted, I will invite the chief executive officer of Water NSW, who has responsibility for catchments, to comment.

Mr JUSTIN FIELD: Can I ask another question that he might like to address?

The Hon. DON HARWIN: Yes, certainly.

Mr JUSTIN FIELD: Why was the trigger point for switching on the desalination plant changed from 70 per cent to 60 per cent dam levels in the 2017 Water Plan?

The Hon. DON HARWIN: We will deal with that question in a minute. We will have Mr Harris deal with the other question, which is a different question.

Mr HARRIS: Thanks, Minister. The inflows into the system over the past 15 months have been worse than the lowest on record. Let me give you some figures to illustrate what that means. The previous lowest annual inflows were in 1944 and they were 136 gegalitres. The second lowest inflows were in 2004 during the Millennium Drought at 234 gegalitres. So 136 gegalitres was the worst and 234 gegalitres was the second worst. By the way, it is a big gap which shows that it is a long tail. If the inflows continue along the path they have been going in the past few months, this year's inflows in total will be 83 gegalitres. So 99 per cent lowest was 136 gegalitres; this year's will be 83.

That is the simple reason that the timing of the 60 per cent notification trigger to desalinate has been coming forward. Where that trigger ends up and its timing is dependent upon inflows, rather than rainfall, during the next couple of months. In that regard I note only yesterday the Bureau of Meteorology came out and very

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helpfully said that there was equal chance of inflows being above or below average over spring, so that gives us more confirmation that in fact the low inflow trend is going to continue over the next couple of months

Mr JUSTIN FIELD: It is flip a coin stuff though really, is it not?

Mr HARRIS: When the trigger occurs, there are only two variables that go into that. One is inflows which push that trigger out and the other is demand. They are the only two things that influence when that trigger is going to occur.

Mr JUSTIN FIELD: Minister, if you could follow up on that answer, although it might have been slightly addressed there, why was the trigger point for switching on the desalination plant changed from 70 per cent to 60 per cent in the 2017 Metropolitan Water Plan?

The Hon. DON HARWIN: The Metropolitan Water Plan was prepared by the Department of Industry under my predecessor the Hon. Niall Blair. I am advised that fairly complex modelling was done. The impact on prices to Sydney Water customers was taken into consideration and that was why the figure of 60 per cent was reached.

Mr JUSTIN FIELD: It was cheaper for the customers?

The Hon. DON HARWIN: I think it is the case that by adopting the triggers we did the projections of water use and the possible impact on bills as it was assessed was such that it was felt that a 60 per cent trigger could be sustained.

Mr JEREMY BUCKINGHAM: How does coalmining in the special catchment areas that are critical to Sydney's drinking water supply have a neutral or beneficial impact on the catchment's water quality and quantity?

The Hon. DON HARWIN: The Government is absolutely committed to protecting our precious drinking water supplies. That is why in early 2018 we established a new Independent Expert Panel on Mining in Sydney's Drinking Water Catchment. The panel is comprised of world-leading experts in mining and water. It provides advice to the New South Wales Government on mining operations in the special areas of the catchment, which refers to the protected areas around Sydney's major water storages such as the Avon, Cordeaux, Cataract and Woronora dams. Establishment of the panel is an important initiative to ensure that we have the best advice to make the most informed decisions on mining in the catchment. In this capacity WaterNSW is able to put forward submissions to the independent panel on mining in the catchments.

In the case of the Dendrobium modification project WaterNSW submitted its concerns about the project's proximity to catchments and stored water used to supply Sydney's drinking water. That submission called for improved monitoring of long-term groundwater impacts and more comprehensive reporting. I am advised that the panel considered WaterNSW's submission and put forward a number of recommendations to the Department of Planning and Environment for its consideration in assessing the project modification. I am informed that the Department of Planning and Environment adopted all the recommendations of the panel in its conditions of approval for the Dendrobium subsidence management plan. I would like to emphasise that mining has occurred in the catchment for more than 160 years without any major impacts on water supply.

Mr JEREMY BUCKINGHAM: You are saying that for 160 years there have been no major impacts on water supply from coalmining in the special catchment areas. Is that really your evidence?

The Hon. DON HARWIN: I think the strict complementary standards and strong oversight of mining in the catchment means that there is no major impact on water supply from mining underneath the catchment.

Mr JEREMY BUCKINGHAM: What about water quality?

The Hon. DON HARWIN: My advice is that there is no major impact on water quality from mining in the catchment.

Mr JEREMY BUCKINGHAM: Newcrest owns the Cadia goldmine near Blayney and Orange. That region in the immediate vicinity of the mine has been subjected to 75 seismic events since 1992. Sixty-three of those have occurred since 2013. In April 2017 there was a seismic event that registered 4.3 on the Richter scale and earlier this year there was another one. The mine announced that there was a limited breakthrough—which sounds good but is not really—of the northern tailings dam that sits above the Lachlan River. I asked you a question about this in the House. You said that you would come back to us with more information but you have not. Minister, are the miners in Cadia goldmine safe and are the tailings dams safe?

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The Hon. DON HARWIN: I will invite the Resources Regulator to respond.

Ms SHEARER: First, the tailings dam is being monitored 24 hours a day and has been since that breach of the wall of the tailings dam earlier this year. NSW Dams Safety is the lead agency because it is a prescribed dam. It is my understanding that there has been no movement since that breach of the wall occurred earlier this year. We did have a number of notices on Cadia in respect to information coming back to us and it still comes back to us on a monthly basis. That is in respect to the tailings dam. The seismic activity is extensively monitored. It is true, there has been a number of what would be described as mining-induced seismic events out at Cadia.

Mr JEREMY BUCKINGHAM: You say they are mining induced?

Ms SHEARER: Mining induced. One occurred a number of months ago, last year in fact, and the mine was closed for about—

Mr JEREMY BUCKINGHAM: Are you aware that the mine says they are not mining induced?

Ms SHEARER: No, I am not aware of that.

The CHAIR: I want to come back to the previous answer you gave me about the \$61 or \$63 savings on everyone's bills.

The Hon. DON HARWIN: My advice from the department is that it is \$61.

The CHAIR: In what way did you ascertain that it is a \$61 saving? How did the department arrive at that figure?

The Hon. DON HARWIN: I will invite the secretary to respond.

Dr DEVELIN: Under the Climate Change Fund program there are strict business case requirements for all the programs. Whether they are addressing climate mitigation measures or energy efficiency or are other energy programs, all of those programs undergo a rigorous cost-benefit analysis that is submitted to Treasury for approval. Each year the Office of Environment and Heritage and through the Minister for the Environment is also required to table an evaluation of the Climate Change Fund programs. Through that strict evaluation program and the cost-benefit analyses they are able to add up the various programs and look at their impact on people's bills through energy efficiency programs or others.

The CHAIR: Have you ascertained what the Paris Agreement means for New South Wales energy management and our current and future needs?

The Hon. DON HARWIN: The position of the State Government is very clear: International agreements are for the Federal Government to make and we are not going to buy into whether or not a particular international agreement should have been made or not made. The fact is it was made and there are obligations that flow from that. We will leave that matter to the Federal Parliament and the Federal Government to sort out. To the extent that there are implications for us, obviously we will respect them.

The CHAIR: In 2018 a report of the Clean Energy Council of Australia stated that approximately 700 megawatts of renewable projects were completed that began generation in 2017; total installed large-scale solar capacity reached about 450 megawatts at the end of 2017; and wind and hydro generation contributed almost an identical amount of electricity—approximately 5.7 per cent each—to total national electricity generation during that year. While prices are expected to rise in 2017-18, the Australian Energy Market Commission predicts residential electricity prices will fall by 6.2 per cent on average over the following two years as more wind and solar generation comes online. Minister, given the indication that the Federal Government is looking to build new coal-fired power stations, what is the New South Wales Government doing to utilise cost-saving renewable energy? Given the recent uproar, can you clarify what subsidies are given to the different energy resources to encourage investment in the New South Wales energy market?

The Hon. DON HARWIN: Let us just deal with one of the aspects of your question first. You made a comment about the Federal Government having said that it is going to build coal-fired power stations; it has not done that. What it has said is that it is going to look very closely at recommendation 4 of the Australian Competition and Consumer Commission retail pricing inquiry final report. Let me read that recommendation to you so that we can all understand what recommendation 4 is all about, rather than some of the colour and the movement that we are seeing in media reports. Recommendation 4 says that the Commonwealth "... enter into a low fixed-price ... energy offtake agreements for the later years (say 6-15) of appropriate new generation projects ..." subject to projects meeting selection criteria. That is very different to what you said. That is what is under

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consideration as I am advised. That was certainly what was being considered by the previous energy Minister. We talked about conversations earlier—

Mr JEREMY BUCKINGHAM: Tweets.

The Hon. DON HARWIN: No, it was not a tweet actually. But in terms of the Minister's speech yesterday, it is quite clear that is what is still under consideration—recommendation 4 of the ACCC report.

The CHAIR: I will come back to the second part of that question shortly. Does that include the option of nuclear energy as a reliable, affordable and low-emissions energy future—

The Hon. DON HARWIN: I do not believe the Federal Government is looking at nuclear energy. It is not permitted under Commonwealth legislation and, as you know, it is not permitted under State legislation here in New South Wales either.

The CHAIR: Would the New South Wales Government entertain the repeal of Australia's 20-year legislative ban on nuclear power generation—

The Hon. DON HARWIN: No, we will not be—

The CHAIR: —to enable small modular reactors?

The Hon. DON HARWIN: You have raised small modular and it is interesting that you do, because obviously nuclear energy technology is changing a great deal.

The CHAIR: That is right, immensely.

The Hon. ADAM SEARLE: It is getting more expensive.

The Hon. DON HARWIN: In particular, people like Bill Gates are putting a lot of money into research into nuclear technology. But still, there is no intention for New South Wales to change current prohibitions.

The CHAIR: I was asking you earlier whether you can clarify what subsidies the Government gives to different energy resources to encourage investment in New South Wales energy.

The Hon. DON HARWIN: We do not give subsidies.

The CHAIR: The ACCC has called for the Federal Small-scale Renewable Energy Scheme, which provides an upfront rebate, to be wound down and abolished by 2021. Families that have taken up the scheme have benefited with reduced power bills. Minister, what is your position on this issue? What other initiatives is the New South Wales Government going to offer families in place of this scheme?

The Hon. DON HARWIN: It is not a State program. It is a matter for the Federal Government; it is a decision for them. We do not have a view.

The CHAIR: So you will not be offsetting that scheme if the Federal Government does not pick up any other opportunity to help families—

The Hon. DON HARWIN: If you are suggesting will we be introducing that sort of subsidy ourselves, the answer is no.

The CHAIR: Australia is about to become home to the first housing development outside Europe to be built sharing solar power between all homes on a single estate. Of course the estate at Kurnell, which will be completed by mid-September, will be connected via home power storage batteries. Each unit will have nothing to pay for electricity and will pay a \$30-a-month management fee for the system. Low-income earners who rent would benefit enormously from such a system, with their electricity bills being zero. Minister, would you support incentives to implement such energy-saving technology in existing houses and units throughout New South Wales? What protections will the Government introduce to ensure that renters are not eventually price-gouged by landlords and developers with such systems?

The Hon. DON HARWIN: I will ask the Acting Deputy Secretary to talk about two areas to assist you—some of the regulatory burdens that we are looking at and also some of the knowledge-sharing initiatives that we are funding. Basically we are very keen to look at doing things differently. In particular we have already announced our support—and my recollection is that I have mentioned it in the House—for a very interesting trial in making it easier for tenanted properties to take up solar. A particular interest of mine is also what we can do in

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strata buildings, and there are other trials that we will be supporting as well. I will invite the Acting Deputy Secretary to go through some of those in more detail for you.

Ms HOLE: As the Minister has mentioned, we have got a number of programs particularly focused on rental properties. There is one looking at trials at the moment to assist rental households benefit from those initiatives. That will also be part of our knowledge-sharing initiative so that people can take the learnings away from that program. The Minister has recently announced a community fund, which will look at innovative projects to support local community groups develop those sorts of technologies.

The Hon. ADAM SEARLE: Minister, in relation to the person in your department responsible for the Ridgeland incident—the reduction in the obligation—are you aware of whether that person has any close personal relationship to any present or former worker for Ridgeland or to Ridgeland itself? If you are not, and if no-one in the room is, can you address that?

The Hon. DON HARWIN: I am certainly not aware of it myself.

The Hon. ADAM SEARLE: Can I ask that you to address that in the letter?

The Hon. DON HARWIN: I am sorry?

The Hon. ADAM SEARLE: Can I ask that you address that in the letter that you are going to send me in seven days, or can you address it now?

The Hon. DON HARWIN: I will just see if the Acting Deputy Secretary for Resources and Geosciences wants to deal with it, otherwise I will naturally deal with it in the correspondence.

Mr WRIGHT: My information is that that particular officer has no connection in any way, shape or form with Ridgeland.

The Hon. ADAM SEARLE: Minister, you and your Government were an early supporter of the national energy guarantee. This is not a trick question: Today, as you sit here, are you aware of the status of that policy or of what elements remain or do not remain in it?

The Hon. DON HARWIN: The status of it is that the Council of Australian Governments Energy Council has approved it to go to consultation and that a report is to come back to the COAG Energy Council in September. No change to that has been made by COAG Energy Council.

The Hon. ADAM SEARLE: I understand that. Are you aware of whether the Federal Government remains committed to that policy?

The Hon. DON HARWIN: The previous Minister made a number of announcements in relation to the ACCC report, I think the outgoing Prime Minister made some comments about the emissions reduction target, but, apart from that, there have been no announcements in relation to the consultation process that the COAG Energy Council is undertaking.

The Hon. ADAM SEARLE: So you are not aware of the current attitude?

The Hon. DON HARWIN: No.

The Hon. ADAM SEARLE: In relation to the ACCC report, you would understand that your Government, the Government that you serve in, deregulated the retail electricity market here in New South Wales in 2014 and within months the big energy companies whacked their bills up.

The Hon. DON HARWIN: Sorry, your voiced dropped for a minute. Would you mind just starting again?

The Hon. ADAM SEARLE: Your Government deregulated the retail electricity market here in New South Wales in 2014. Do you remember that?

The Hon. DON HARWIN: Yes.

The Hon. ADAM SEARLE: And you are also aware that reports from Bruce Mountain and from the Grattan Institute have drawn the conclusion that that step has led to significant increases in the prices paid by energy consumers in New South Wales. You are aware of those reports? It was the Grattan Institute report on price shock.

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The Hon. DON HARWIN: The most important aspect of what we put in place after the decision was taken to deregulate was that we gave the Independent Pricing and Regulatory Tribunal [IPART] a particular role in terms of monitoring competition. IPART's annual competition reviews ensure that customers keep seeing the benefits of a competitive market. As part of the 2018 review I requested that IPART review price movements in July 2018 and advise on whether any price changes reflect efficient costs in a competitive market. IPART's annual advice on competition is the key to ensuring that customers continue to have confidence in the market.

I have also asked IPART to review retailers' practices in relation to digital meters. Digital meters can bring significant benefits to customers by helping them to control their energy use. Currently, changes to national rules are progressing to ensure that retail offers are easier to understand. I might also say that since 2014, when New South Wales deregulated retail electricity prices, the number of retail brands in New South Wales has increased from 13 to 28 and the market share of the big three retailers—AGL, Origin and Energy Australia—has decreased from 89 per cent last year to 85 per cent.

The Hon. ADAM SEARLE: The ACCC has said that New South Wales has very high retail margins. Associate Professor Bruce Mountain has put them at 15 per cent to 20 per cent of the average household bill representing the profit alone of the big retail energy companies. Observer after observer has concluded that the deregulation of the retail market here is not serving consumers well. The Labor Opposition is committed to re-regulation of the market, the ACCC in its recent report—you would be familiar with that—has recommended a number of the measures we have advocated for, and on Monday of this week the farmers, the canegrowers, welfare groups and other end consumer groups have called on State and Federal governments to implement the ACCC report and to re-regulate the retail energy market. Will you join with the Labor Party and commit to that course of action?

The Hon. DON HARWIN: My response is as follows: First, IPART is undertaking a review of energy market competition in New South Wales right now. We will look very carefully at what they have to say, with a draft due to me fairly soon and the final report later in the year to consider any opportunities that they identify for improving market competition. Certainly the ACCC has made recommendation 30, which you would be aware of. The standing offer and standard retail contract should be abolished, they say, and replaced with a default market offer at or below the price set by the Australian Energy Regulator [AER]. I am sure it will not have escaped your attention, just like it has not escaped mine, that the Federal Government has said publicly that they want to discuss that recommendation with the States, and they have also even foreshadowed that if the States are not prepared to accept that that they will consider legislating under the corporations power. So I suspect this is going to be a conversation that is very much at the forefront over the next couple of weeks.

The Hon. ADAM SEARLE: Sure, but let us not fence around this. We came out last year and said this is one of the things that should be done. The ACCC has backed it in, the Victorian Government has—

The Hon. DON HARWIN: With respect, I do not believe that they have advocated re-regulation.

The Hon. ADAM SEARLE: Setting a default offer with a regulated price is re-regulation, is it not?

The Hon. DON HARWIN: If Mr Sims were sitting here he would specifically refute your suggestion that recommendation 30 amounts to re-regulation, and it is not the position of the New South Wales Government to support re-regulation.

The Hon. ADAM SEARLE: Minister, are you seriously inviting us to think that the AER setting a regulated default price for consumers is not a form of regulating the market? Is that your serious evidence to this Committee?

The Hon. DON HARWIN: My evidence is that that is not a re-regulation of the market because what quite clearly the ACCC is suggesting is not that there would not be competitive offers; they are still leaving a role for other—

The Hon. ADAM SEARLE: Re-regulation can involve competition too, Minister; it does not have to mean no competition.

The Hon. DON HARWIN: I think now we are just having a semantics debate.

The Hon. ADAM SEARLE: Let us cut to the chase again. Will you adopt this recommendation?

The Hon. DON HARWIN: I have made our position absolutely clear.

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The Hon. ADAM SEARLE: No, you have not. Will you adopt this recommendation and implement it, whatever the attitude of the Federal Government?

The Hon. DON HARWIN: The New South Wales Government will enter into discussions with the Federal Government on recommendation 30 in good faith.

The Hon. ADAM SEARLE: So you are not going to establish that.

The Hon. DON HARWIN: That is not what I said.

The Hon. ADAM SEARLE: Can you just be clear about what you are going to do?

The Hon. DON HARWIN: I have made it quite clear that we are going to enter into discussions and see what the Commonwealth says and we will have that discussion with an open mind.

The Hon. ADAM SEARLE: The problems are very apparent to consumers, to households and small businesses across New South Wales, indeed across the nation. This proposal is very clear in its scope. What is so difficult and so hard that you cannot as a government here say whether or not you are going to embrace it?

The Hon. SHAYNE MALLARD: Point of order: The Minister has answered the question a number of times.

The Hon. DON HARWIN: I have, but I would add something because there was a slight variation to the question. The honourable member has asked what is not clear. It is only an assertion, but earlier in the week I met with the Chief Executive Officer of Energy Australia and she put to me in a meeting that if the default market offer was put in place, as suggested by the ACCC, 70 per cent of Energy Australia's customers would be worse off. That is her assertion.

The Hon. ADAM SEARLE: It depends on what level the price is set at, surely.

The Hon. DON HARWIN: I do not know whether it is right or whether it is wrong. My point simply is it is not straightforward like you are trying to suggest.

The Hon. ADAM SEARLE: The ACCC has done their own modelling and they have said their assessment is that their suite of recommendations would reduce average household energy bills by about 24 per cent and similar savings would be made for small to medium enterprises. Will you not embrace that approach at least as a concept?

The Hon. DON HARWIN: We will look at what they have suggested very closely. We have a 70- to 80-page report making suggestions on energy job into our department on a very regular basis. They make all sorts of claims about possible savings or other matters based on modelling. You have to interrogate them all very carefully before you reach a conclusion. The ACCC's report is being looked at very closely by the Department of Planning and Environment. The work that IPART does will also be taken into consideration and that will factor into the response we make.

The Hon. ADAM SEARLE: Minister, are you aware that the Australia Institute, in its recent report last year on electricity costs and privatisation, has estimated that the costs for customers associated with privatisation has added \$400 to \$500 per year to the average household electricity bill. Will you now accept that privatisation has only added to costs?

The Hon. DON HARWIN: Like a lot of what comes from the Australia Institute, no, I will not accept it.

The Hon. ADAM SEARLE: Are you looking into that?

The Hon. DON HARWIN: I specifically discount it. I make the point that our network reform proposal and the electricity market transactions have resulted in substantially falling network costs.

The Hon. ADAM SEARLE: And yet prices continue to skyrocket out of control.

The Hon. DON HARWIN: Rising prices have nothing to do with the electricity market—

The Hon. ADAM SEARLE: What about selling the generators? Has that brought prices down?

The Hon. DON HARWIN: Which your party started when you were in government.

The Hon. ADAM SEARLE: We did not sell the generators.

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The Hon. DON HARWIN: Yes, you did. The gentailer contracts was one of the last things that was done by the Labor Government.

The Hon. ADAM SEARLE: The generators remained owned by the Government at the time. Minister, Mr Buckingham asked you questions about the integrated service plan.

The Hon. DON HARWIN: System plan.

The Hon. ADAM SEARLE: It identifies increased market concentration in the national electricity market [NEM] as an event that affected bidding behaviour of generators.

The Hon. DON HARWIN: Could you say that again, I missed it.

The Hon. ADAM SEARLE: It said that market concentration in the NEM had significantly affected bidding behaviour of generators dramatically, leading to prices above efficient levels, that is, higher prices. This concentration was added to in New South Wales when the Government, of which you are now a member, sold, against the advice of the Australian Competition and Consumer Commission Macquarie Generation to AGL Energy.

The Hon. DON HARWIN: All of those remarks that you are now making are not in the integrated system plan report; they are now your assertions.

The Hon. ADAM SEARLE: The market concentration is a problem they have identified and you have contributed to that.

The Hon. DON HARWIN: The worst problem without a doubt is the Queensland Government's owned corporations, that have been gouging the people of Queensland in order to deal with its profligate fiscal policies and its very high budget deficit.

The Hon. ADAM SEARLE: I am asking about the actions of your government increasing market concentration tiers. Partly as a result of what your government did with that privatisation, the big three have close to 90 per cent of the retail market and nearly 70 per cent of the generation market of this State. That is just extraordinary and you have contributed to that problem. Do you at least accept that?

The Hon. DON HARWIN: No. We have had this discussion many times in the House before. I do not accept that; nor did the Australian Competition Tribunal. It rejected what the ACCC said as well, in permitting the transactions to go forward.

The Hon. ADAM SEARLE: Returning to the integrated system plan, based on a projected cost, the Australian Energy Market Operator modelling shows:

Retiring coal plants can be most economically replaced with a portfolio of utility-scale renewable generation, storage, distributed energy resources, flexible thermal capacity, and transmission.

Do you agree with the AEMO analysis on that point? In short, new coal-fired power is more expensive for consumers than large-scale renewables supported by firming technologies.

The Hon. DON HARWIN: All the advice I have received is that new coal is more expensive than either new solar or new wind. As to whether it is cheaper than firmed new solar and firmed new wind, that is sometimes contested.

The Hon. ADAM SEARLE: New South Wales has in planning about 14,000 megawatts of mainly renewable energy proposals. How much of the 14,000 megawatts has received planning approval as opposed to just being somewhere in the system?

The Hon. DON HARWIN: Could you repeat that?

The Hon. ADAM SEARLE: I am told by your department that there is about 14,000 megawatts of mainly renewable energy proposals in planning. That term "in planning" seems to include that which is somewhere in the system, as well as that which has been approved. How much of the 14,000 megawatts has received planning approval? How much is in the pipeline of approvals? Given that only 1,222 megawatts are apparently currently under construction—

The Hon. DON HARWIN: How many?

The Hon. ADAM SEARLE: Given that only 1,222 megawatts are currently under construction in New South Wales, how do you plan to bring that gap in the investment taking place into reality?

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The Hon. DON HARWIN: The 80 projects totalling over 14,000 megawatts in the planning system worth around \$18 billion includes—you have used that actual figure, the number I have here, whether or not it is rounded—

The Hon. ADAM SEARLE: I am not going to quibble about that.

The Hon. DON HARWIN: We will not quibble about 26 megawatts. Over 1,250 megawatts worth around \$2.4 billion of renewable energy projects are under construction, as you say. There are an additional 5,700 megawatts worth \$7.5 billion with development approval and almost 8,400 megawatts worth \$10.4 billion seeking approval in the planning system. As I mentioned earlier, the most important thing I can do to bring those online is to ensure that we have the transmission capacity to link them to the grid.

Mr JEREMY BUCKINGHAM: Minister, why does the Government consider the Liverpool Plains an appropriate location for coal exploration and mining?

The Hon. DON HARWIN: It is clear: We do not consider the black soil plains of the Liverpool Plains to be appropriate and that is why we bought back half the licence for the Shenhua Watermark proposal.

Mr JEREMY BUCKINGHAM: You are saying there is no coalmining happening on the Liverpool Plains?

The Hon. DON HARWIN: That is what I said.

Mr JEREMY BUCKINGHAM: You said the black soil, but I am saying the broader region, the Liverpool Plains region.

The Hon. DON HARWIN: My apologies; I did jump to a conclusion and assume you were asking me about Shenhua Watermark. Is there something else you are seeking to clarify?

Mr JEREMY BUCKINGHAM: The question is why does the Government consider the Liverpool Plains region an appropriate location for coal exploration and mining?

The Hon. DON HARWIN: Exploration or mining?

Mr JEREMY BUCKINGHAM: Exploration or mining.

The Hon. DON HARWIN: My advice from the Acting Deputy Secretary is that other than the proposal for Shenhua at Watermark, there is no mining of coal on the black soil plains of the Liverpool Plains.

Mr JEREMY BUCKINGHAM: That was not the question though. Effectively, why is Shenhua appropriate on the Liverpool Plains?

The Hon. DON HARWIN: You are missing the point—it is not. It is on ridge lands; it is not on the black soil plains.

Mr JEREMY BUCKINGHAM: It is not on the Liverpool Plains?

The Hon. DON HARWIN: It is not on the black soil plains; it is on the ridge land.

Mr JEREMY BUCKINGHAM: Therefore, it is appropriate?

The Hon. DON HARWIN: That is what the Planning and Assessment Commission [PAC] found.

Mr JEREMY BUCKINGHAM: Minister, recently South Korean Government owned mining company Korean Resources Corporation [KORES] submitted under the Wallarah 2 coal project, a new application to mine more coal beneath the Wyong catchment valleys affecting the Dooralong and Yarralong valleys. These valleys are the major drinking water resource for more than 350,000 people. The New South Wales PAC has approved Wallarah 2 Coal Mine despite conceding the risks of serious and irreversible damage to the Central Coast water supply. Why has this been allowed to happen?

The Hon. DON HARWIN: The Wallarah 2 coal project is for a new underground coalmine on the Central Coast of New South Wales. It has received development consent from the Independent Planning Commission and is awaiting Commonwealth approval. Over its 28-year life span the project proposal includes over \$800 million in capital investment creating more than 1,700 direct and indirect jobs. It will deliver approximately \$830 million in royalties. Six mining lease applications have been lodged for the project of which three are for the extraction of coal and three are for ancillary mining activities. These applications are under consideration by the Department of Planning and Environment in accordance with the Mining Act 1992.

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There are four current exploration licences related to the project which are held by Kores Australia Pty Limited, one of the joint venture partners. The project requires approval under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999. This application is under consideration by the Federal Minister for the Environment, who has extended the time in which a decision will be made to 7 December 2018. This is to allow further consideration of the project's impacts on matters of national environmental significance. I am advised that an appeal in the Land and Environment Court has been lodged by the Environmental Defenders Office New South Wales on behalf of the Australian Coal Alliance in relation to aspects of the assessment and determination processes under the Environmental Planning and Assessment Act.

Mr JUSTIN FIELD: Minister, since the Coalition Government came to office in 2011 water consumption in Sydney has increased from 290 litres per day per person to 307 litres per day per person. Has your Government failed when it comes to water efficiency and left Sydney potentially exposed to significant supply shortages?

The Hon. DON HARWIN: Through a range of water conservation efficiency and recycling programs we have been able to keep household demand for drinking water at 2003 levels despite a 25 per cent increase in population. I am happy to take you through some of the actions.

Mr JUSTIN FIELD: With respect, Minister, I am talking about the per person per day levels. I know it is not a significant increase but at a time when most of the world is implementing water efficiency and we have improvements in the appliances in the household, how is it we have seen an increase in per person, not total, water use?

The Hon. DON HARWIN: I will invite the CEO of Sydney Water to comment.

Mr YOUNG: I reinforce what the Minister said. Since 2003 we use less water today as a city compared to 2003 and we have a million more people. What has happened in this city with water conservation, the work that has been done is we have transformed the city.

Mr JUSTIN FIELD: You take the high point, I am talking about from the time this Government came to office, which was an absolute low point. We have seen an increase. Your own figures from the Water Conservation Report and attitude to the Government right there, we can see an increase.

The Hon. DON HARWIN: I beg your pardon? I was coughing and I spilt some water.

Mr JUSTIN FIELD: Apologies, Minister. I am talking about the per person increase, which is obvious from your own report. It seems Water Wise Rules are not really working. It raises the question, why would we not see level one restrictions enforcing those rules in place now?

The Hon. DON HARWIN: They are just simply not necessary right now and that is why we do not have level one restrictions in place. There is no reason why people cannot follow the Water Wise Rules right now. People embrace the Water Wise Rules, as they did in the millennium drought, and managed to carry us through for many years with people kicking in. People in Sydney are very civic minded.

Mr JUSTIN FIELD: Correct me if I am wrong, there were water restrictions in place then, it was not the Water Wise Rules, that came in later. When the restrictions were there people were doing the right thing, and I am sure many do now.

The Hon. DON HARWIN: The category one water restrictions effectively reflect the Water Wise Rules, let us be clear about that.

Mr JUSTIN FIELD: They enforce them, correct?

The Hon. DON HARWIN: That is correct. When category one restrictions are in place effectively the Water Wise Rules are compulsory.

Mr JUSTIN FIELD: In 2016-17 there was 114 megalitres per day leaking out of the Sydney Water system. Do you have a figure for 2017-18.

The Hon. DON HARWIN: Could you repeat the question?

Mr JUSTIN FIELD: In 2016-17, according to the Water Conservation Report, 114 megalitres was being lost in leakage from the system. Do you have an updated figure for 2017-18, the most recent annual figure?

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The CHAIR: I note the time is up and I have been generous with my time but after the Minister answers I will put a couple of quick questions on notice.

The Hon. DON HARWIN: I think in all the circumstances, given the time has expired, the best thing is for us is to take that on notice.

The CHAIR: Minister, can you take on notice: President of the Power House Museum board of trustees Professor Barney Glover said he believed the museum's collection could be spread across both sites, that is Parramatta and Ultimo. Professor Glover stated, "More than 90 per cent of the exhibits are not on display at the moment, we want to see more of that on display." I believe that this would provide an incredible opportunity for Sydney and Western Sydney based residents. Minister, will the Government consider utilising both sites for the museum?

The Hon. DON HARWIN: I will respond to that because 98½ per cent of the Museum of Applied Arts and Sciences collection is in storage. The MAAS already has three sites where you can see the collection: The Sydney Observatory, currently at Ultimo and as part of the Government's announced plans there will be a museum of design and fashion remaining at Ultimo where you will be able to see the collection, plus the new museum at Parramatta where you will also be able to see the collection and, finally, an expanded museum discovery centre at Castle Hill where you can currently see the collection in a different format as essentially a storage facility. What he is suggesting is exactly what we will be doing. Much more of the collection will be seen at four different sites.

The CHAIR: What percentage? Professor Glover is asking for 90 per cent. Take that on notice.

The Hon. DON HARWIN: Yes.

The CHAIR: I ask you take these questions on notice: Small businesses are still laying off workers because of electricity costs. Over the last 12 months what has the New South Wales Government done to reduce electricity costs for small businesses? How are you making energy affordable for small businesses? In the last 12 months what support has the New South Wales Government offered to small business to ensure costs do not continue to cripple resulting in laying off workers?

The Hon. DON HARWIN: Do you have other questions?

The CHAIR: I do. I have a stack but we are out of time. I will place them on notice.

The Hon. DON HARWIN: We will respond to those questions on notice.

The CHAIR: I do have to be in the Shoalhaven for business awards later this evening.

The Hon. DON HARWIN: Thank goodness you have a Coalition Government that has made the journey that much quicker.

The CHAIR: It is a great highway. That is the conclusion of questions for the portfolio of Resources, Energy and Utilities, Arts. You have 21 days to answer questions on notice. In light of your evidence there may be further questions put on notice and the secretariat will assist you with that. The Committee thanks you for your time.

(The witnesses withdrew)

The Committee proceeded to deliberate.