

# **PORTFOLIO COMMITTEE NO. 5 – INDUSTRY AND TRANSPORT**

**Friday 31 August 2018**

**Examination of proposed expenditure for the portfolio areas**

## **PRIMARY INDUSTRIES, REGIONAL WATER, TRADE AND INDUSTRY**

<b>CORRECTED</b>
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**The Committee met at 9:00**

### **MEMBERS**

The Hon. Robert Brown (Chair)

Mr Jeremy Buckingham

The Hon. Rick Colless

The Hon. Wes Fang

Mr Justin Field

Mr Scot MacDonald

The Hon. Daniel Mookhey

The Hon. Mark Pearson

The Hon. Adam Searle

The Hon. Penny Sharpe

The Hon. Mick Veitch

### **PRESENT**

**The Hon. Niall Blair**, *Minister for Primary Industries, Minister for Regional Water, and Minister for Trade and Industry*

CORRECTED

## **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**

CORRECTED

**The CHAIR:** Welcome to the public hearing for the inquiry into Budget Estimates 2018-2019. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of the land, and I pay my respects to the elders past and present of the Eora nation and extend that respect to other Aboriginals present. I welcome Minister Blair and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Primary Industries, Regional Water, Trade and Industry.

Before we commence, I will make some brief comments about the procedures. Today's hearing is open to the public and is being broadcast live. I am sure members of the media understand that while they may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming. 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 might say outside their evidence.

I am sure there will be questions that a witness could answer only if they had more time or certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or the Minister's staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you and the officers accompanying you that you are free to pass notes and to refer directly to your advisers seated at the table behind you. I remind Committee members that all questions will be directed through the Minister.

A transcript of this hearing will be available on the website tomorrow. To aid the audibility of this hearing, I remind both Committee members and witnesses to speak at about 150 millimetres from the microphones. In addition, several seats have been reserved near the loud speakers for persons in the public gallery who have hearing difficulties. Finally, I ask everyone to please turn their mobile phones to silent. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

**SIMON DRAPER**, Secretary, Department of Industry, affirmed and examined

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

**DAVID WITHERDIN**, Chief Executive Officer, Local Land Services, affirmed and examined

**LIZ LIVINGSTONE**, Deputy Secretary, Lands and Water, Department of Industry, sworn and examined

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

**The CHAIR:** I declare the hearing open. Minister, there is no provision for opening statements during budget estimates hearings, so I will now proceed with the first round of questions from the Opposition.

**The Hon. MICK VEITCH:** Welcome, Minister.

**The Hon. NIALL BLAIR:** Thank you.

**The Hon. MICK VEITCH:** An announcement was made about Doppler weather stations as part of the Government's drought strategy. As I have travelled around western New South Wales, there have been conversations about where they will be located and when they will be constructed. Can you advise the Committee?

**The Hon. NIALL BLAIR:** Obviously, the final decision about their location will be made in consultation with the Bureau of Meteorology [BOM]. The New South Wales Government made this decision because of the lack of Doppler weather stations in western New South Wales. It is certainly no secret that we would have preferred that they be funded by the Federal Government, particularly through the BOM. However, as a State we felt the initiative was important, and that is why the Government was able to announce that it would provide that funding. In relation to the exact locations, I am happy to refer the question to Mr Hansen. He might be able to provide an update.

**The Hon. MICK VEITCH:** How much will they cost individually?

**Mr HANSEN:** As the Minister said, we are still in negotiations with the BOM regarding the individual locations across central and western New South Wales. Once we identify their geographical spread and coverage, we need to look at things like the local terrain, elevation and so on. We are planning and budgeting on one construction and operation process every year for the next three years. The budget announcement was \$24.4 million for the construction of the three new Doppler weather stations, and an additional \$800,000 for their operation and maintenance.

**The Hon. MICK VEITCH:** So the \$800,000 is the recurrent cost, the annual ongoing cost?

**Mr HANSEN:** Yes.

**The Hon. MICK VEITCH:** Fiona Simson, the President of the National Farmers' Federation, made some comments this week. I promise I will not steal all of Mr Buckingham's questions. Productivity Commissioner Peter Harris also made some comments about subsidies this week. That begs the question: How is New South Wales ensuring that the transport subsidies being provided for feed and fodder are not artificially inflating markets as stated by Mr Harris?

**The Hon. NIALL BLAIR:** Thank you for the question. There certainly has been plenty of commentary and I have been involved in some of it. The member may have seen another report about drought last night on 7.30. I have firsthand experience having come into this role in 2015 when we were in drought, particularly in north-western New South Wales. As a result of what we were seeing then, the New South Wales Government announced the Farm Innovation Fund. Some farmers tell us that the only reason they have an income at the moment is that they invested in on-farm infrastructure. Some farmers took the opportunity to install, for example, centre pivots, and they have been able to get some sort of winter crop up and out of the ground, or they may have had better on-farm storage of feed for stock going through.

In relation to subsidies—and, I guess, the response from the New South Wales Government—you will note that we have announced a number of different changes to our package here in New South Wales. Each one of those changes has been timely and appropriate for the circumstances at that time. We have seen a real deterioration in the circumstances across New South Wales during winter and we are, in some parts of the State, facing the prospect of no winter crop for the first time in living memory for some farmers. Certainly it is a winter that compares to 1965 in relation to the severity of the drought.

So we obviously need to be flexible enough to make the changes as things have deteriorated, and that is what we have done. In relation to making sure that subsidies are going into the right areas, we have announced the role that Derek Schoen is going to be playing to help us, particularly our economists within the Department of Primary Industries [DPI], to try and identify anything that is not what we would say is normal market fluctuations when we are facing an issue of supply and demand, particularly with regard to feedstock. When I say "feedstock" I mean everything from roughage right through to grain, particularly as they become stressed throughout the winter period. I think it is also fair to say that it is a difficult space because it is a market.

**The Hon. MICK VEITCH:** Yes.

**The Hon. NIALL BLAIR:** We know that there are stocks of grain, cotton seed and feed that are being held onto. In many cases, that might be being held onto by farmers who have planned for this very situation. They may not choose to put that on the open market. In relation to this drought, particularly as it goes on, we are probably seeing a bigger divide in some parts of our farming sector that we may have seen in previous droughts. The Government has really concentrated, since that Farm Innovation Fund program was announced, to work on preparedness and on-farm infrastructure to have the mindset and the planning to be prepared for such droughts. And we are seeing a real difference in those who have engaged with that process and those who have not.

I am not being critical of anyone in the farming sector when I talk about this because even some of the best plans that I have seen—I have stood on farms and seen some of the best plans—have also come to an end because of the unusual winter that we have had coming off the back of a dry summer. So I think the role of subsidies has been appropriate for the time. We have been concerned about what may happen to open markets as a result. That is why we have appointed Mr Schoen. I am also on the record as saying that we certainly will not stand by and allow anyone to game the system at the expense of farmers. I did reach out to the ACCC to see if they could assist in playing a role. I was disappointed in their response; there is no doubt about that. That left me, as Minister, with very little option other than to say that if we find evidence we will have to call it out ourselves and, potentially, shame those who are doing the wrong thing.

At the same time, we need to understand that it is a market. There are farmers, particularly because of the price of some commodities at the moment, who—I am going to be blunt—are doing quite well because of those circumstances. That is not their fault. Someone used a good comparison when talking with me the other day in relation to drought: Sometimes we are very happy to capitalise our gains but we want to socialise our losses. I think we are seeing a lot of that at the moment. This is not about picking winners and losers; it is about making sure that we allow our market to operate, but we identify anything that is not normal market activity and be prepared to take action where necessary.

**The Hon. MICK VEITCH:** Minister, the thing about the drought is there are other sectors that have been in touch with my office saying they feel that they have been forgotten and left out. People may be surprised to hear that oyster growers say the drought has an impact on them, and they do not feel as if they are getting any attention at all. It seems to be all land based. The commercial fishers will say the same. It is a broad thing.

**The Hon. NIALL BLAIR:** A dying crop does not make a sound. That is part of the challenge. And this started to hit on the livestock side of things probably sooner than some of the other commodities, but when we hit 100 per cent of the State in drought, every farming business was impacted—horticulturalists, livestock producers, our croppers. One of the reasons we have taken the initiative when it comes to things like Local Land Services [LLS] rates and water charges is to include that for everyone. That is the challenge.

**The Hon. MICK VEITCH:** Yes. I think the important thing here—and what I am hearing—is taxpayers' funds being spent wisely, and that you put in place some scrutiny around that to make sure there is not misuse.

**The Hon. NIALL BLAIR:** There is a process and caps as well. Particularly with subsidies, there is a cap.

**The Hon. MICK VEITCH:** I want to explore that a bit more.

**The Hon. NIALL BLAIR:** Sure.

**The Hon. MICK VEITCH:** Have you ever met with Mr David Trebeck?

**The Hon. NIALL BLAIR:** My diary is published. I have it here if you want me to go through it. Do you have a potential date?

**The Hon. MICK VEITCH:** I have an up-to-date one here. Have you ever met with him, not just as a Minister, but prior to—

**The Hon. NIALL BLAIR:** The name does not immediately ring a bell but if you have a date and I have met with him—I have my diary here, which is publicly available—

**The Hon. MICK VEITCH:** Has the department met with Mr David Trebeck?

**The Hon. NIALL BLAIR:** We could take that on notice. The department is quite big.

**The Hon. MICK VEITCH:** I am happy for you to take that on notice. What about Australia's Oyster Coast [AOC]? Have you ever met with—

**The Hon. NIALL BLAIR:** No.

**The Hon. MICK VEITCH:** Your office?

**The Hon. NIALL BLAIR:** Not that I am aware of. Again, my diary is there. I am happy to check through. I have got the whole thing.

**The Hon. MICK VEITCH:** Has the department?

**The Hon. NIALL BLAIR:** Are you talking about the Department of Primary Industries?

**The Hon. MICK VEITCH:** At this time, the Department of Primary Industries. Thank you for clarifying.

**Mr HANSEN:** I would have to take that on notice.

**The Hon. MICK VEITCH:** The Department of Industry?

**The Hon. NIALL BLAIR:** Again, we can probably take that on notice.

**The Hon. MICK VEITCH:** The oyster growers in New South Wales are pretty unhappy about this \$3.3 million injection of cash. Do you know Mr Trebeck's background?

**The Hon. NIALL BLAIR:** No.

**The Hon. MICK VEITCH:** H.R. Nicholls Society and one of the architects of the waterfront dispute in 1996. Essentially, he is a Liberal Party warrior.

**The Hon. NIALL BLAIR:** That is not my party. It certainly does not ring a bell.

**The Hon. MICK VEITCH:** I know you get along so well with the Liberal Party in New South Wales.

**The Hon. NIALL BLAIR:** It is a coalition that is working very well at the moment, delivering good government to the people of New South Wales.

**The Hon. MICK VEITCH:** I want to explore that a bit more, too. With regard to the \$3.3 million some comments were made in today's paper by Caroline Henry. I have no doubt you would know Ms Henry.

**The Hon. NIALL BLAIR:** Yes.

**The Hon. MICK VEITCH:** She says:

How can the government make informed decisions in an unbiased manner with a company that they actually have part ownership in?

Do you agree with Ms Henry that that makes it very difficult to make decisions about the oyster industry as a whole when you are now a substantial investor in an oyster company?

**The Hon. NIALL BLAIR:** With this decision and this industry we need to separate a couple of things very clearly at the start. Nowhere in any of the articles that I have read or the questions that I have been asked by New South Wales Farmers, is anyone questioning the role that the Department of Primary Industries has played in relation to this investment, particularly because—

**The Hon. MICK VEITCH:** What was that role?

**The Hon. NIALL BLAIR:** —if it was not for the role of DPI we probably would not have the oyster industry that we have at the moment. The level of research and extension work that we have done on the oyster industry as a result of the great work that is done by our DPI team when it comes to aquaculture, has made sure that the industry is in good stead. In relation to investments in primary industries, as Trade Minister I welcome investment. I welcome investment from overseas and from domestic organisations or partners. I am actually pleased that we are starting to see superannuation companies investing in primary industries. That is something

that a lot of people raise with me, particularly because we get a lot of investment from overseas. That is largely because they are defined benefits schemes.

**The Hon. MICK VEITCH:** Is it appropriate for taxpayer funds to be invested—

**The Hon. NIALL BLAIR:** As I said, I will break this up.

**The Hon. MICK VEITCH:** This is a company that lost money for the two previous years.

**The Hon. NIALL BLAIR:** The oyster industry was identified in 2015 as an industry that was worthwhile investing in. I can table the report in relation to that, and Mr Hansen might also provide some detail. The key issue for me, as Minister for Primary Industries, is to make sure that we are supporting our oyster industry.

**The Hon. MICK VEITCH:** As a whole?

**The Hon. NIALL BLAIR:** Absolutely, as a whole. We have done that with our research—

**The Hon. MICK VEITCH:** Not picking winners and losers?

**The Hon. NIALL BLAIR:** —and we do that with our spat programs.

**The Hon. MICK VEITCH:** Not picking winners and losers as a whole?

**The Hon. NIALL BLAIR:** Hang on, I am getting there. I think I am getting to where you want me to go.

**The Hon. MICK VEITCH:** We will see.

**The Hon. NIALL BLAIR:** Okay, if I do not get there, I am sure you will try again.

**The Hon. MICK VEITCH:** You bet.

**The Hon. NIALL BLAIR:** The fact is the support role that we play through DPI with the oyster industry—the role that we are playing in addressing water quality right up and down the New South Wales coastline and through our estuaries, even through our Marine Estate Management Authority [MEMA] initiatives to try to tackle pollution and water quality issues—are things that are going to benefit the oyster industry. In relation to that investment, that investment was done and the decision was made by Jobs for NSW, which is not my agency. That investment was done through its appropriate probity scheme, and it also was a commercial investment with some sensitivities around it.

**The Hon. MICK VEITCH:** When were you advised of the investment?

**The Hon. NIALL BLAIR:** Shortly before the announcement was made I was told that it was coming, I think. Mr Hansen can provide some information around when DPI knew.

**The Hon. MICK VEITCH:** In relation to the transparency of the process, what is the Cabinet process around these funds? The way it reads is that the Deputy Premier, pretty much, is playing Monopoly with taxpayer funds. There must be a Cabinet process that ticks off on this sort of investment.

**The Hon. NIALL BLAIR:** Jobs for NSW is the authority that makes these investments, and it goes through its processes, but it is not part of my ministerial responsibility. I am sure—

**The Hon. MICK VEITCH:** Is the Deputy Premier playing Monopoly with taxpayer funds?

**The Hon. NIALL BLAIR:** I am sure you are able to ask the appropriate Minister and those who support the Minister through his agency questions in relation to how those investments occur. What I, as Minister for Primary Industries, need to ensure is that we continue to provide adequate support for the oyster industry and agriculture as a whole.

**The Hon. MICK VEITCH:** Do you think \$3.3 million is an appropriate spend on one oyster company, instead of the whole industry getting \$3.3 million? That company ran deficits for the last two years, by the way.

**Mr SCOT MacDONALD:** Point of order: The Minister has been asked the question three times, I think—

**The Hon. MICK VEITCH:** I can ask a question as many times as I want.

**Mr SCOT MacDONALD:** —on behalf of the Deputy Premier. I am looking for clarification around that.



**The Hon. MICK VEITCH:** He does not need interference.

**The CHAIR:** Order! What is your point of order?

**Mr SCOT MacDONALD:** The member is asking the Minister to answer a question on behalf of the Deputy Premier.

**The CHAIR:** I uphold the point of order. I remind witnesses and Committee members that Committee members are entitled to ask a question as many times as they like, until another member takes a point of order and I deem that the questioning is harassment. We are not questioning junior bureaucrats; we are questioning a Minister of the Crown, so I ask the Hon. Mick Veitch to get to the point.

**The Hon. NIALL BLAIR:** In relation to investment, as I said, I welcome anyone wanting to invest in primary industries. I think there are ways that can be done, particularly in the primary industry sector and particularly in regional New South Wales, that are sensitive. This is potentially more about the way that the investment occurred in relation to the announcement and the relationship with the rest of the sector—

**The Hon. MICK VEITCH:** It could have been done better, could it not, Minister?

**The Hon. NIALL BLAIR:** —rather than the decision itself. I will let Jobs for NSW speak for the decision itself, because it has its own probity issues. I will ask Mr Hansen to provide some context in a moment—

**The Hon. MICK VEITCH:** Before you do—

**The Hon. NIALL BLAIR:** —but in relation to any investment in primary industries, it does not matter if it is from an overseas firm or a private corporate or an equity fund—

**The Hon. MICK VEITCH:** It is State Government.

**The Hon. NIALL BLAIR:** Obviously, but when you're going into a regional community and you're going into particular sectors, there are sensitivities.

**The Hon. MICK VEITCH:** Are oyster growers getting in touch with your office to complain about this, Minister?

**The Hon. NIALL BLAIR:** You know that the issue has been raised because you were at the NSW Farmers' conference when it was asked of me from the floor. You know; we all know.

**The Hon. MICK VEITCH:** Yes, I was sitting there and watching.

**The Hon. DANIEL MOOKHEY:** Minister, was any other oyster farmer—

**The Hon. NIALL BLAIR:** Hang on a second, can I just—

**The CHAIR:** Order!

**The Hon. NIALL BLAIR:** Chair, I can only answer one question at a time.

**The CHAIR:** Mr Mookhey, if you want to follow the line of questioning, please check with the member asking the question. Mr Veitch, are you happy for Mr Mookhey to continue?

**The Hon. MICK VEITCH:** Yes.

**The Hon. DANIEL MOOKHEY:** Minister, did any other oyster farm that had been losing money for the two previous years have the opportunity to apply for an equity investment from the New South Wales Government to the tune of \$3.3 million in an open and transparent manner?

**The Hon. NIALL BLAIR:** You will have to refer that question to Jobs for NSW, which is not my agency. It conducted that program, and as far as I am aware it was not an open tender process. I am being pretty full and frank with my answers; I am getting straight to the point. I would appreciate the opportunity to at least finish my sentences. I am not trying to drag out the Committee's time, but I would ask that I at least be shown the courtesy to complete my sentences when I am being directly relevant to the question asked by the member.

**The CHAIR:** Minister, you are able to answer a question in any form that you would like, similar to the operation of the House. Please proceed to answer questions, and I ask members to allow the Minister to finalise answers to questions.

**The Hon. NIALL BLAIR:** I will ask Mr Hansen to provide information around the role that DPI has played and the broader context across the oyster industry.

**The Hon. MICK VEITCH:** We are not happy.

**Mr HANSEN:** We got asked for advice by Jobs for NSW about the oyster industry in general in New South Wales. That advice pointed to what we see consistently as a bright future for the oyster industry. It is one of our most valuable fisheries in New South Wales, and we are also the largest producer of edible oysters in the country. It has had growth in both production and value in the last four years. We provided that feedback about the general status. As many of you know, our involvement with the oyster industry goes all the way from improving the genetics of the spat so there is improved disease resistance and improved productivity through to our shellfish committee, who work on the food safety aspects. We have a deep relationship with the oyster industry up and down the coastline. In fact, one of the recent government announcements around the Marine Estate Management Strategy is a significant investment in water quality up and down the coastline, which is one of the biggest contributors to the success or otherwise of an oyster business and the oyster industry.

**The Hon. MARK PEARSON:** Is it true that the New South Wales Government coordinated the review of the standards and guidelines for poultry, in particular in relation to egg-layers?

**The Hon. NIALL BLAIR:** The New South Wales Government was tasked on behalf of the Council of Australian Governments [COAG] process of the States to play a key role in the drafting and collation. I will ask Mr Hansen to provide the actual details of the role that we played and also how that came to fruition.

**Mr HANSEN:** It is the Animal Welfare Task Group, which is a subgroup of all the State and Territory governments and their representatives, that has oversight of the drafting and the development of the standards and guidelines. For each of the standards and guidelines that gets developed, one of the member States takes on the role of helping to be the lead contact between the management contractor—who in this case is Animal Health Australia—and the group of States and Territories. For standards and guidelines for poultry, that was a task for the New South Wales Government.

**The Hon. MARK PEARSON:** The code states that when it is reviewed it will "take account of advances in the understanding of animal physiology and behaviour and in regard to the expectations of industry and the general community". Considering there has been an enormous amount of research into the welfare of the hens, particularly in cages, including the work of Dr Greg Parkinson of the Victorian Bureau of Animal Welfare, who found that 55 per cent of hens that had been in battery cages for egg-laying production had actual fractures or broken bones at the point of slaughter as a direct consequence of being housed in battery cage, how is it possible for the New South Wales Government, having been charged with overseeing this review, to allow the recommendation of the continued use and not phasing out of battery cages, if the science is so strong that the welfare of the animals is in serious jeopardy when they are in cages?

**The Hon. NIALL BLAIR:** You have to remember—and I will ask Mr Hansen to answer this question in a moment—that there are a number of processes that are being undertaken. First is the gathering for the drafting of the standards, and that is something that we played a key role in. Then each State needs to perform its own review as to what its recommendation would be going forward to the COAG process to decide collectively about a view on the role of cages in a production, for example. That is a process that we have been consulting on ourselves. We have appointed a former chief veterinary officer of DPI to run a number of consultation meetings and workshops for us to gather not just the technical information but also the view of industry and animal welfare groups.

**The Hon. MARK PEARSON:** What about scientists? We can have an industry view and animal welfare groups can have a view, but at the end of the day, with the complexity of this issue, the science is what we rely on to convince us one way or another. If the science is so strong, how could we possibly not recommend that these cages be phased out?

**The Hon. NIALL BLAIR:** One thing you will note and have heard me say plenty of times is that we need to consider more than just science; we need to consider a range of other things when we make decisions. As well as the potential impacts on the industry, we also need to consider the role that eggs play in everyday households as a cheap form of safe protein. We want to make sure that any decision that is made gets the balance right between the economic impacts and the contribution the industry would have to the sector and the communities that house that sector. Obviously, with the animal welfare issues—and you will note that in some of our discussions this is the one thing we can agree upon—there does need to be some change; we just need to work out where that change occurs and the path to follow to do that.

**The Hon. MARK PEARSON:** I take the point that the Government has to take into account industry concerns, but it certainly would be a concern that based on the science a farmer who put a hen in a battery cage might be charged with cruelty for putting the animal in a situation where it has a 55 per cent chance of getting

fractured or broken bones because of the housing in that situation. Those farmers could possibly be facing some serious consequences.

**The Hon. NIALL BLAIR:** Yes, but if we make all rules based on a probability, chance or percentage then we would not do anything.

**The Hon. MARK PEARSON:** But 55 per cent is a pretty high probability.

**The Hon. NIALL BLAIR:** You are not saying that 55 per cent of animals are getting those issues, are you? Mr Hansen can provide some further information.

**Mr HANSEN:** I have a couple of points on the question that you asked. First, with the draft discussion paper that went out, whilst we acted as the coordinator between the contract manager and the Animal Welfare Task Group, the final report was not a DPI or New South Wales Government position; it was actually what all States and jurisdictions agreed to put out to the public for consultation. As you know, the report contained a wide range of options, all the way from status quo to the phase-out of cages. All of that has been out for public consultation. The drafting committee and that group of all the States and Territories, including Victoria and the scientists down there in the area of animal welfare around poultry, had the opportunity and contributed to the drafting of the paper and the discussion points that were out there. The feedback from that consultation is currently being considered and reviewed by the Animal Welfare Task Group to provide advice back up to the meeting of Ministers.

**The Hon. MARK PEARSON:** How can we have trust in the input of the New South Wales Government or Department of Primary Industries when the RSPCA Australia found from documents obtained under the freedom of information legislation that there was evidence of collusion between primary industries interests and the NSW Department of Primary Industries, which coordinated the review?

**Mr SCOT MacDONALD:** Point of order: He is asking for an opinion about values and trust from a public servant. I ask that he directs that question to the Minister.

**The Hon. DANIEL MOOKHEY:** It was straight to the Minister.

**The CHAIR:** I will speak to the point of order. Yes, a question like that needs to be put to the Minister. Please understand that a Minister cannot reply to a hypothetical or place an opinion. Ask the Minister.

**The Hon. NIALL BLAIR:** Thank you, Chair. Those issues and the media report that we saw on that are something that we are more than happy to provide a response to. Mr Hansen, as Director General, can provide some information on that.

**Mr HANSEN:** I think you would have seen immediately after those reports our response back out into the media, which highlighted the inaccuracies about the potential or alleged collusion and secret meetings. The meetings between industry stakeholders and animal welfare groups were all coordinated by Animal Health Australia as the contract manager. A number of the meeting dates that were said to be "secret meetings" actually had animal welfare organisations invited and in attendance. Animal Health Australia has been able to demonstrate that the balance of their meetings between industry and animal welfare representatives has continued throughout this whole consultation process. We provided a lot of that factual information to the ABC before it ran those stories; unfortunately, it decided not to include it in the storyline so we had to respond post that story.

**The CHAIR:** Thank you, Mr Hansen. I will move to Mr Jeremy Buckingham.

**Mr JEREMY BUCKINGHAM:** Thank you. Minister, what impact is global warming having on agricultural productivity in New South Wales?

**The Hon. NIALL BLAIR:** Hopefully it is minimal because we are in the top 1 per cent of agricultural research organisations in the world and key parts of our research—whether it is coming up with new varieties of crops to grow; investment in infrastructure to try to do more with less, particularly when it comes to things like water usage; or making sure that we set up the sector to be able to withstand a whole range of risks, including climate change—mean that we are managing all of those risks. I do not have a figure that I can give you in relation to impacts. My answer is that hopefully it is minimal because we are prepared, we are organised and we are a world leader in relation to the research and development and the way that we do business and, more importantly, the way that we do business in conjunction with the sector to be able to provide it with the necessary tools, information and analysis to address things like climate change.

**Mr JEREMY BUCKINGHAM:** So you hope the impacts are minimal—

**The Hon. NIALL BLAIR:** It would be foolish for me to hope that they are not. It is my job to advocate on behalf of the sector. You would not want a Minister hoping that the impacts were going to be large. My job is to be optimistic about—

**Mr JEREMY BUCKINGHAM:** But you do not know if they are large and you do not know if they are minimal; you hope that they are minimal. Do you think we should be relying on hope when you consider—

**The Hon. NIALL BLAIR:** No, we rely upon—

**Mr JEREMY BUCKINGHAM:** No, excuse me, I will ask the question. This week the President of the National Farmers' Federation said, "We have to respond to climate change and the fact that it could make these events [droughts] more severe and more regular" and a former NFF President, Brent Finlay, said, "The climate is changing; you can see it in the eyes of farmers who dismissed it as rubbish eight years ago. By recognising climate change, it is empowering resources to support agriculture." Your Farm Innovation Fund, which you talk about through the RAA, does not mention climate change as a key risk. Are you responding in an appropriate way to what the NFF recognises as a massive risk to agriculture and agricultural productivity?

**The Hon. NIALL BLAIR:** Absolutely, and that is the key reason why we have programs like the Farm Innovation Fund. To give you—

**Mr JEREMY BUCKINGHAM:** But it does not mention climate change.

**The Hon. NIALL BLAIR:** What are you looking for? Do you want me to put you out of your misery and say that, yes, we are planning for climate change in New South Wales? In our plant production research portfolio we have 158 projects worth a total of \$163 million, which is made up with a contribution of \$68 million from us, \$81 million from partners and an additional \$14 million from in-kind contributions. In livestock productivity research, there are 75 projects worth a total of \$21 million. In relation to fisheries research, there are 88 projects worth a total of \$39 million. In forestry research, there are 15 projects worth a total of \$6 million. In relation to natural resource productivity research, there are 44 projects worth a total of \$167 million.

We do not need to grandstand about climate change because we are doing it and we are getting on with it. We are doing it with everything that we do. We do not need to wave a flag out there and say, "Guess what? We are here to bang on and beat the drum about climate change." We get on and put the money into it. That is the difference between how you operate and how I operate. It is part of everything that we do; it is not all that we do. That is the difference that we have got and the investment in a number of agencies under our portfolio is out there making a difference to those that are going to be affected by all risks, including climate change. We do not talk about it; we do it. We do it with our numbers, we do it with our actions, we do it with our research. I am happy to continue to provide more information in these areas if you want.

**Mr JEREMY BUCKINGHAM:** I would like to note that a couple of years ago at this inquiry you would not even mention the words "climate change". I recognise that change in your rhetoric.

**The Hon. NIALL BLAIR:** A couple of years ago I did not have a beard, but things are different.

**Mr JEREMY BUCKINGHAM:** In your area of trade, what risk is continuing to mine and export millions of tonnes of coal from New South Wales to climate change and agricultural productivity in New South Wales? Is it a risk?

**The Hon. NIALL BLAIR:** Again, you would have to provide some more specifics to your question.

**Mr JEREMY BUCKINGHAM:** Is exporting hundreds of millions of tonnes of coal from New South Wales to be burnt in power stations around the world a risk regarding climate change and agricultural productivity in New South Wales?

**The Hon. NIALL BLAIR:** As I said, it does not matter where the risks come from, we are going to continue to get on and do what we do on the primary industries side. If you want to talk about resources, ask the Minister for Resources.

**Mr JEREMY BUCKINGHAM:** In terms of the Trade and Industry portfolio—

**The Hon. NIALL BLAIR:** It is an important part of New South Wales—

**Mr JEREMY BUCKINGHAM:** Is it a risk to industries such as the agriculture sector?

**The Hon. NIALL BLAIR:** We can walk and chew gum at the same time. Trade is an important part of this State's economy. That includes a number of different commodities. It includes our soft commodities in primary industries, it includes our resources.

**Mr JEREMY BUCKINGHAM:** That is correct. We know what trade is.

**The Hon. NIALL BLAIR:** We can manage those risks that are presented.

**Mr JEREMY BUCKINGHAM:** So it is a risk?

**The Hon. NIALL BLAIR:** If you are saying it is a risk, then I am going to say we are managing all risks.

**Mr JEREMY BUCKINGHAM:** Is exporting coal one of those risks to agricultural productivity?

**The Hon. NIALL BLAIR:** It does not matter if it is or is not. We are managing all risks in the agriculture space as adequately as possible through our research and our investment.

**Mr JEREMY BUCKINGHAM:** That was not a very good answer.

**The Hon. NIALL BLAIR:** It was not a very good question.

**Mr JEREMY BUCKINGHAM:** Federal Minister for Agriculture and Water Resources David Littleproud and Labor shadow Minister Tony Burke announced a key commitment for Commonwealth support for cultural gathering and low-impact water recreation. This included money for options for refurbishing the Wilcannia weir—you might remember that one—and the Cunnamulla weir, apparently. While the Commonwealth is providing Basin Plan reform funding, the New South Wales Government is apparently responsible for implementation. Will the New South Wales Government use the pool of Commonwealth funding to finally build a new downstream weir in Wilcannia?

**The Hon. NIALL BLAIR:** Yes, we are working through how we can get that project to where it needs to be. I have answered this question in relation to Wilcannia weir on many occasions with you.

**Mr JEREMY BUCKINGHAM:** Sorry, Minister. Was that a "yes" at the beginning?

**The Hon. NIALL BLAIR:** Yes, we are working on how we can deliver the Wilcannia weir as a key project, just like there are many other key projects across the State.

**Mr JEREMY BUCKINGHAM:** What is the time line for that? The people of Wilcannia have had this commitment for generations.

**The Hon. NIALL BLAIR:** Yes, there has been a lot of work done on water security for that region. We have been working with the council. The latest information: The Department of Industry – Water received a feasibility investigation report including a scoping study and business case for the Wilcannia weir. We have engaged further consultants to complete feasibility investigations. In completing the study we need to understand that there are a number of considerations. The independent report found that, although the project did not meet the minimum benefit-cost ratio [BCR] numbers for Restart NSW funding, we are continuing to have discussions about options for the weir, including alternate funding sources such as agreements to ensure that the Murray-Darling Basin Plan and the Commonwealth Government—

**Mr JEREMY BUCKINGHAM:** Does that mean it is not funded or it is funded?

**The Hon. NIALL BLAIR:** No, no. Would you like me to speak slower?

**Mr JEREMY BUCKINGHAM:** Just clearly, coherently will do.

**The Hon. NIALL BLAIR:** I am happy to speak slower so you can understand when I said we are looking at all of the options for funding for the weir at the moment. We are talking to the Federal Government—

**Mr JEREMY BUCKINGHAM:** You are looking at the money?

**The Hon. NIALL BLAIR:** I have to break it down.

**Mr JEREMY BUCKINGHAM:** Yes, do that. Break it down, slower.

**The Hon. NIALL BLAIR:** For a number of our projects in New South Wales to be able to trigger some of the funding through the Restart program there needs to be a BCR applied to it and there is a process to go through.

**Mr JEREMY BUCKINGHAM:** This is not Restart funding, is it?

**The Hon. NIALL BLAIR:** No, it did not meet that requirement for Restart funding.

**Mr JEREMY BUCKINGHAM:** That is right. So it is Commonwealth funding.

**The Hon. NIALL BLAIR:** We are working with agencies such as the Commonwealth to see how we can adequately fund this project.

**Mr JEREMY BUCKINGHAM:** Why are you talking about Restart?

**The Hon. NIALL BLAIR:** In an earlier question you asked about this being an ongoing matter and I was clearly identifying that the normal way of funding many of these projects throughout the State has been looking at things such as Restart funding. We had a look and did the feasibility study on this and it was clear that that project would not meet the requirements to trigger the Restart funding. There is a bit of background and context for you.

**Mr JEREMY BUCKINGHAM:** Thank you.

**The Hon. NIALL BLAIR:** That means we then have to look at some other funding sources. Opportunities have arisen out of the negotiations with Canberra—particularly, as you said in the context of your question, between the Federal Minister and the Federal Opposition—to unlock some funding for projects that are more than just about meeting a BCR or an economic driver. The issue with Wilcannia weir is that it is more than just a weir for the pool of water for the community and the economic benefits that come with that. There are many cultural and social benefits that come from that. I think it is quite clear that a number of us, even within government, sometimes get frustrated that those social dividends and even those cultural dividends are not factored into the unlocking of some of this funding.

When you are dealing with the billions of dollars that we have been able to put into infrastructure projects in this State, there needs to be adequate processes to ensure that the spending of taxpayers' money is done in a prudent way. They are the rules that are set around that Restart funding. This did not meet that BCR funding bucket. We are continuing to do further water studies with the council, more than just Wilcannia, but at the same time doing everything we can to try to get a project such as Wilcannia weir funded. That includes working with the Commonwealth to be able to try to unlock funding. Again, we have to go through adequate processes to do that. If you are asking me would I like to fund Wilcannia weir, that is something we are absolutely working towards and hopeful of getting an adequate resolution for the funding in the near future.

**The Hon. DANIEL MOOKHEY:** Minister, on 17 January 2018 WaterNSW received two applications from a company by the name of Bengorang Limited for the retrospective approval of existing works made under the provisions of the Barwon-Darling Water Sharing plan. That is correct, is it not?

**The Hon. NIALL BLAIR:** I do not know. I do not receive applications.

**The Hon. DANIEL MOOKHEY:** Is Mr Harris able to tell us?

**The Hon. NIALL BLAIR:** Can I just make—

**The Hon. DANIEL MOOKHEY:** You answered the question; you said you do not know.

**The Hon. NIALL BLAIR:** Can I make it very clear that, as Minister, I do not receive applications for programs?

**The Hon. DANIEL MOOKHEY:** Indeed, I accept that.

**The Hon. NIALL BLAIR:** And it would be inappropriate for me to know who is making applications for programs.

**The Hon. DANIEL MOOKHEY:** Indeed, and I thank you for your disclaimer. Bengorang Limited is a wholly owned subsidiary of Webster Ltd. That is correct, is it not?

**The Hon. NIALL BLAIR:** I do not know the corporate structure of private companies

**The Hon. DANIEL MOOKHEY:** The application that Bengorang submitted was for two properties, one titled Carbuu at Burke and the other titled Darling Farms. That is correct?

**The Hon. NIALL BLAIR:** I do not know. I do not know the applications; the applications do not come to me. It would be inappropriate for a Minister to understand or know about applications that are coming forward for such programs.

**The Hon. DANIEL MOOKHEY:** Can I table these documents and provide them to the witnesses?

**The CHAIR:** Yes.

**Documents tabled.**

**The Hon. DANIEL MOOKHEY:** Darling Farms and Carbuu Limited were at the epicentre of the water theft scandal last year, that is correct?

**The Hon. NIALL BLAIR:** Again, I do not know. I have already answered that I do not know the structural break-up and who owns what property. Again, I will not be providing running commentary on individual cases that may be investigated in relation to water compliance as well. These matters have been the subject of many different inquiries—

**The Hon. DANIEL MOOKHEY:** Thank you, Minister. You have said you do not know the answer. I will move on.

**The Hon. NIALL BLAIR:** —and reports—

**The Hon. DANIEL MOOKHEY:** Thank you, Minister. You said you do not know the answer. I am just going to move on.

**The Hon. NIALL BLAIR:** —and we can spend many, many minutes going through this if you like.

**The CHAIR:** Order! Do not harass the witnesses. Have you finished now, Minister?

**The Hon. NIALL BLAIR:** Yes.

**The Hon. DANIEL MOOKHEY:** Minister, last year all of Australia got to see footage of the two maps that I just tabled for you. They are provided for everybody.

**The Hon. NIALL BLAIR:** Will I hand these out?

**The Hon. DANIEL MOOKHEY:** Please, to whoever you feel should see them.

**The Hon. NIALL BLAIR:** Can you give us a second while we hand them out?

**The Hon. DANIEL MOOKHEY:** I am happy to do that, Minister. There are more copies for the Committee members. All of Australia got to see the footage of these illegally constructed channels—two of them, for the two properties that are owned by Webster Limited, an Australian Securities Exchange listed company chaired by Chris Corrigan. The first channel on Darling Farms is five kilometres long and goes to the Darling River.

**Mr SCOT MacDONALD:** Point of order: I understand those allegations are contested and they are going through court. Is it appropriate that we have questions based on matters going through court that are contested?

**The Hon. DANIEL MOOKHEY:** They are not in court.

**Mr JEREMY BUCKINGHAM:** They are not in court.

**The Hon. DANIEL MOOKHEY:** I am not asking about the prosecutions.

**The CHAIR:** If the question does appear to be traversing any matters that are sub judice, I will so rule. I am not aware that that is the case, so I will allow the question to continue. Minister, before you answer the question, I will make a determination as to whether I think it is sub judice.

**The Hon. DANIEL MOOKHEY:** This is the five-kilometre channel that Bengering Limited, owned by Webster, applied to have retrospectively approved under the provisions of the flood management plan. Is that correct?

**The Hon. NIALL BLAIR:** I am not familiar with the case. I am taking your word for it in the build-up to your crescendo.

**The Hon. DANIEL MOOKHEY:** The application, in addition to the retrospective approval of that five-kilometre long channel, was also for, in the first property, Carbuu: a channel five metres deep, more than 885 centimetres wide, with a capacity of 4,000 megalitres; another channel for 1,000 millimetres; a dam; and two 660-millilitre centrifugal pumps. That was for Carbuu, which is shown on this page, just so you can follow along. The application for Darling Farms included five storage dams, the first with a 4,800-megalitre capacity, the second with a 16,000-megalitre capacity, the third with a 14,000-megalitre capacity, the fourth with a 6,000-megalitre capacity, and the fifth with a 4,500-megalitre capacity. It also included a five-kilometre channel—illegally constructed—four 610-millimetre axial flow pumps, and seven 660-millimetre axial flow pumps. That was the subject of the application by Bengering Limited, was it not? That is what it applied to have retrospectively approved under the provisions of the fair floodplains management Act that you passed. Is that correct?

**The Hon. NIALL BLAIR:** I do not know; I do not handle applications.

**The CHAIR:** Now I have heard the question. The question bears no relevance to any matter under investigation. The Minister has answered that he does not have knowledge of the detail of that. Mr Mookhey, you may continue to ask your question.

**The Hon. DANIEL MOOKHEY:** Minister, were you ever advised that this application was lodged?

**The Hon. NIALL BLAIR:** As I said, I do not handle applications. I am happy to ask Mr Harris to provide you some context with why we have this process to be able to go through in relation to infrastructural works on farms under the floodplains. Mr Harris might have some information on that.

**The Hon. DANIEL MOOKHEY:** Before you do that, Minister, if you are going to pass to Mr Harris, I may as well ask the next question because I am sure Mr Harris will be able to tell us this. The application from Webster, which was lodged to WaterNSW to have every single one of their properties subject to water theft allegations retrospectively approved, was approved by WaterNSW secretly on 26 April 2018. Why?

**The Hon. NIALL BLAIR:** As I said, I do not handle the applications. I am more than happy to—

**The Hon. DANIEL MOOKHEY:** Maybe Mr Harris can explain to us why WaterNSW secretly approved the illegal constructions on the properties that were subject to the major water theft allegations last year? We would love to hear Mr Harris' explanation.

**The Hon. NIALL BLAIR:** As I said, I am more than happy for Mr Harris to provide you with the reasoning why we have such applications and the processes that they go through.

**The Hon. DANIEL MOOKHEY:** No, I am not asking about that. I am not interested in the processes. We held many debates in Parliament about the processes. I am asking you specifically why WaterNSW secretly approved every one of the illegally constructed works by Webster Limited on 26 April this year?

**The Hon. NIALL BLAIR:** As I said, I do not handle the applications. It would be inappropriate for the Minister to handle the applications. I am happy for Mr Harris, if he has any information on that, to provide it.

**Mr HARRIS:** The important thing about this is that previously and, under the Water Act, some structures were not required to have an approval. That situation changed under the Water Management Act and, as you know, there is provision for works owners or holders to seek approval of those works, but of course those works have to meet the requirements of the current water sharing plan. That provision broadly exists across all water sharing plans. The information that you have just read out in terms of the number or the applications that WaterNSW and all of the department have granted is not consistent with the information I have here. I am happy to take that on notice.

**The Hon. DANIEL MOOKHEY:** Mr Harris, I did not read any specific information about the numbers. I read out specifically this application.

**Mr HARRIS:** You quoted some dates. Certainly nothing that we do in this place is a secret.

**The Hon. DANIEL MOOKHEY:** So you are saying that Webster Limited did not lodge an application at 16 January this year? Sorry, I will give you the exact date. It was lodged on 17 January 2018, and you logged it in your system on 22 January 2018 and approved it on 16 April 2018. Which of those dates is wrong?

**Mr HARRIS:** We have two applications from Bengering Limited that were created in our system on 22 January 2018.

**The Hon. DANIEL MOOKHEY:** Yes, and you approved them on 16 April.

**Mr HARRIS:** I can confirm that both of those have been granted, as you know.

**Mr JEREMY BUCKINGHAM:** Oh, no.

**The Hon. DANIEL MOOKHEY:** Wonderful. You have now said that, effectively, Webster had their illegally constructed works granted because the works met the requirements of the flood management plans. In the course of determining whether or not they did that, did you find out when exactly these illegal channels and illegal dams were built?

**Mr HARRIS:** I am not prepared to concede on the information in front of me now that they were illegal.

**The Hon. DANIEL MOOKHEY:** Okay.



**The Hon. NIALL BLAIR:** They may not have needed approval.

**Mr HARRIS:** They may not have needed approval.

**The Hon. DANIEL MOOKHEY:** They applied for approval, so—

**Mr HARRIS:** Hold on. They have applied for approval under the current water sharing plan. Sitting here now, what I can say to you about those approvals and the others that we have granted of which you are aware, because we replied to your Government Information (Public Access) Act request, is that those works met the requirements as assessed by WaterNSW and in some cases by the department. They met the requirements of the water sharing plan.

**The Hon. DANIEL MOOKHEY:** If they have met the requirements as assessed by WaterNSW, did you ascertain precisely when they were constructed?

**Mr HARRIS:** Mr Mookhey, I do not have that detail. I am happy to take that question on notice.

**The Hon. DANIEL MOOKHEY:** Did you ascertain precisely how much water has passed through them?

**Mr HARRIS:** Again, I am happy to take that question on notice in terms of the work that was done by our officers in assessing those works under the provisions of the Barwon-Darling water sharing plan, which is what those works must meet to get the grant of approval that they have received.

**The Hon. DANIEL MOOKHEY:** Did you ascertain precisely, in addition to how much water has passed through them, whether that water was legally able to be extracted under licences?

**Mr HARRIS:** That is not a relevant consideration to the approval of a works because, as you are aware, licence holders are able to attach their extraction or their access licence to one or more works. That is not a relevant consideration for those works.

**The Hon. DANIEL MOOKHEY:** Did you ascertain why it is that this was not a part of Webster's original applications or original licences, and why it is they were required to have the structures recognised under the provisions that you just referred to under the flood management plan?

**Mr HARRIS:** Because, as I said before, under the Water Management Act—the Water Management Act 2000 and the water sharing plans that have been made under the Act impose different requirements from what was required under the Water Act. There is a provision that exists, to my knowledge, in most if not all water sharing plans, for works approval holders who, legally, had previously constructed works to have those works approved under the provisions of the now current water sharing plan. That is exactly what all of these applicants have done.

**The Hon. DANIEL MOOKHEY:** Minister, what is the status of any action that the new regulator or the old regulator was taking against Webster? What is the status of the investigations?

**The Hon. NIALL BLAIR:** I will not provide a running commentary on individual cases. I need to be clear: The provision to be able to approve these works is agreed to by all stakeholders, including environmental groups, because a lot of these works occurred before there was even the requirement for an application. That does not make them all illegal.

**The Hon. DANIEL MOOKHEY:** Thank you, Minister, but you are now answering a question I have not asked you.

**The Hon. NIALL BLAIR:** No, in relation—

**The Hon. DANIEL MOOKHEY:** Why was this not—

**The Hon. WES FANG:** Point of order: The Minister is trying to answer the question.

**The Hon. DANIEL MOOKHEY:** I did not ask a question.

**The Hon. WES FANG:** The Minister is trying to give an answer to a question. He should be allowed to continue and complete his answer before another question is fired off over the top of him.

**Mr JEREMY BUCKINGHAM:** To the point of order: The Minister was not answering a question; he was making a statement. He was not responding to a direct question from the member.

**The CHAIR:** There is no point of order. The Minister was elucidating but not necessarily answering a question. So perhaps we go back, Mr Mookhey, if you have another question, or Ms Sharpe may have a question.

**The Hon. DANIEL MOOKHEY:** Why has WaterNSW not published the fact that you have given this approval? Why was this kept secret? If it was the case, in your view, that there was absolutely nothing wrong with approving Webster Limited's works, why was it not published?

**The Hon. NIALL BLAIR:** I am more than happy to ask Mr Harris to provide the normal procedures that occur in relation to these applications. Again, I do not handle the applications.

**The Hon. DANIEL MOOKHEY:** Please, tell us why was WaterNSW not—

**Mr HARRIS:** Mr Mookhey, there is nothing secretive about this. We do not publish individual works approvals transactions on our website for anything, let alone for these. You have obtained this information, as any other person can do, under the Government Information (Public Access) [GIPA] Act processes. There is nothing secret about that.

**The Hon. DANIEL MOOKHEY:** To the best of your knowledge, has anyone in relation to these works been subject to any form of investigation by any agency? I am not asking you to comment on the investigations; I am asking you to confirm what steps were taken to ensure that this was indeed compliant with the law.

**The Hon. NIALL BLAIR:** Again, I do not handle either the applications or investigations. The fact that Mr Harris has clearly identified and outlined the processes that need to be adhered to to process one of these applications would show that WaterNSW has carried out their works in relation to that. In relation to any investigations, NRAR—the newly established independent compliance authority here in New South Wales—has a number of investigations and a number of cases open. I am not going to provide any running commentary on individual cases. I can probably ask Ms Livingstone if she would like to provide some context.

**The Hon. DANIEL MOOKHEY:** No, I think you have answered the question.

**The CHAIR:** Minister, would you please explain the term "NRAR" for Hansard?

**The Hon. NIALL BLAIR:** The Natural Resources Access Regulator.

**The Hon. DANIEL MOOKHEY:** In summary, you are not capable of telling us whether a single prosecution of Webster Limited has taken place in the year since these water theft allegations rocked the country. But we now learn that it has secretly had its works approved. Why should the public have confidence in any aspect of your water management when you are conducting yourself in such a way that lacks transparency?

**The Hon. NIALL BLAIR:** Because of the investigation conducted by Ken Matthews into those allegations that were made in the water space; because of the Government's prompt and full response; because of the two tranches of legislation that we put through the Parliament in relation to water; the fact that we have not only been open and transparent about those changes but that we have taken those changes to all of the other States and the Murray-Darling Basin Authority; the fact that the Ombudsman, the Productivity Commission and the Murray-Darling Basin Authority have all looked at these issues and welcomed the changes in New South Wales—changes to set up an independent regulator that you voted against—

**The Hon. DANIEL MOOKHEY:** So, Minister, your view is you have complete confidence in how WaterNSW has conducted itself in relation to the retrospective approval—

**The Hon. NIALL BLAIR:** You have asked two questions.

**The Hon. DANIEL MOOKHEY:** I have. You have complete confidence in how WaterNSW has conducted itself with the retrospective approval of Webster Limited's constructions?

**The Hon. NIALL BLAIR:** I have confidence that WaterNSW is processing applications as required under the parameters and working within the boundaries of those applications under the Water Sharing plans. I have equal confidence that the independent water regulator now set up in New South Wales, NRAR, is conducting the investigations, the proactive education and the relevant prosecutions that it sees fit as an independent regulator.

**The Hon. DANIEL MOOKHEY:** How many prosecutions did it lodge in the past year?

**The Hon. NIALL BLAIR:** I have confidence in water management in New South Wales—

**The Hon. DANIEL MOOKHEY:** How many prosecutions have commenced in the past year?

**The Hon. NIALL BLAIR:** We have some information that Ms Livingstone can provide you on behalf of NRAR.

**Ms LIVINGSTONE:** For context, NRAR commenced operations from 30 April 2018, so the details I provide about prosecutions are from that date.

**The Hon. DANIEL MOOKHEY:** Yes. How many?

**Ms LIVINGSTONE:** We have two prosecutions in the Land and Environment Court and two Local Court cases in Albury Local Court and Walgett Court.

**The Hon. DANIEL MOOKHEY:** So four have been commenced since—

**Ms LIVINGSTONE:** Since 30 April 2018.

**The Hon. DANIEL MOOKHEY:** Combined with the one that was listed last year when you answered the same question on notice, are we to infer that the sum total of prosecutions for water theft that have taken place while you have been Minister is five?

**Ms LIVINGSTONE:** Could I interject? Mr Harris may have additional information on prosecutions commenced prior to 30 April.

**Mr HARRIS:** To add to that, WaterNSW had the bulk of the water compliance responsibility up until 30 April 2018, when it was transferred to NRAR.

**The Hon. DANIEL MOOKHEY:** Can you use the microphone, Mr Harris?

**Mr HARRIS:** WaterNSW had the bulk of the water management compliance function relevantly from 1 July 2017 until that function was transferred to NRAR. Ms Livingstone has just given you the prosecution statistics from that date. In that last year, as you may know, WaterNSW commenced prosecution proceedings against several individuals, and those totalled six offences.

**The Hon. DANIEL MOOKHEY:** What is the status of Bidvalt Pty Ltd's application for the retrospective approval of waterworks? This is a company owned by Mr Peter Harris. What is the status of its application lodged in 2015?

**Mr HARRIS:** I would have to take that on notice. I do not have that information in front of me.

**The CHAIR:** You have nine seconds left.

**The Hon. DANIEL MOOKHEY:** We will sacrifice that nine seconds.

**The Hon. NIALL BLAIR:** Make sure it comes off the end.

**The CHAIR:** Mr Buckingham, you have 20 minutes.

**Mr JEREMY BUCKINGHAM:** Minister, neither the New South Wales Drought Strategy nor the New South Wales drought framework make any reference to climate change. One of the key principles of the New South Wales Drought Strategy is that it will be aligned with the Intergovernmental Agreement on National Drought Program Reform. The first objective of that is to adapt to and prepare for the impacts of increased climate variability. Why do the New South Wales Drought Strategy and New South Wales drought framework not make any reference to the impacts of climate change?

**The Hon. NIALL BLAIR:** I am more than happy to repeat the answer I gave you earlier. Farmers in this State will judge us on our actions, not what we print in glossy brochures and not what we say. We are not going to talk our way in or out of a drought. We are going to deliver—

**Mr JEREMY BUCKINGHAM:** Policy does not matter?

**The Hon. NIALL BLAIR:** Absolutely, policy matters. But being able to deliver the needs for our communities matters more than just having a written down policy. That is what we are delivering at the moment.

**Mr JEREMY BUCKINGHAM:** On the basis of what? The vibe? You have a drought reform strategy and a drought framework that do not mention climate change. How do the people know that you are taking that seriously in terms of the drought?

**The Hon. NIALL BLAIR:** Because of the more than \$1 billion that we have provided in assistance to the communities across New South Wales, as a government. I reckon that that makes a hell of a lot more difference than just writing down mission statements. Regardless of what has led to the circumstances we are seeing at the

moment—whether it is the lack of rainfall, whether it is because of the changed weather patterns and that those lows have been sitting over New South Wales and pushing the normal fronts that would be coming from the south of the continent further south into Victoria and Tasmania, whether it is the highs coming through—

**Mr JEREMY BUCKINGHAM:** Those would be highs.

**The Hon. NIALL BLAIR:** The highs sit over New South Wales. They push the lows that are coming through further down.

**Mr JEREMY BUCKINGHAM:** You said it the other way. You said the lows sit over New South Wales.

**The Hon. NIALL BLAIR:** Sorry. Whether it is the severe frosts that we have been having, whether it is the fact that we also have not seen some of the rains in the northern part of the State and Queensland—all of those things lead to where we are at the moment. The majority of the communities and the sectors in those communities want to know how we can assist them. That is what they are worried about.

I have not had many conversations on my travels in which people have said, "Gee, I tell you what, if you had only printed in your glossy brochures three or four different words we would have been in a different situation." That is not the issue at the moment. The issue is how we stand shoulder to shoulder with our communities, how we ensure that as a government every time we make a decision about research and development and managing risk that we look at all the risks and we are responsive. That is what matters in relation to this.

I am very proud to stand on our record here, out in a paddock and at any forum and to say that as a government we are delivering. We are delivering proactive research and development, risk management strategies, infrastructure, education and support networks. We are also delivering when all of the preparedness does not work. When those who have done everything, they could find themselves in a situation where they need to turn to government for help, we are there as well. That is what matters. I will stand on that record. Judge me and this Government on our output; do not judge us on glossy brochures or written policies because there is no textbook at the moment for where we are in New South Wales.

**Mr JEREMY BUCKINGHAM:** Do you think where we are is unprecedented?

**The Hon. NIALL BLAIR:** I think there are parts of the State facing a drought that has behaved differently. Those in the sector or in those parts of the State will be the first to tell you that. There is no textbook. As a government we should not get—

**Mr JEREMY BUCKINGHAM:** Do you think it is undeniable that the impact of climate change is unprecedented and that climatic shifts are causing these unprecedented or different droughts?

**The Hon. NIALL BLAIR:** I am not arguing with you in relation to climate change or seasonal variability. I am not here to argue about that.

**Mr JEREMY BUCKINGHAM:** Do you accept that? I think that is really important.

**The Hon. NIALL BLAIR:** Yes, I do; I accept that—

**Mr JEREMY BUCKINGHAM:** Do you accept that climate change is making the drought worse?

**The Hon. NIALL BLAIR:** If you get one chance every year to ask me any question about my portfolio, I will make it easy for you: I will not argue with you that issues like climate change are leading to this situation. If the people you represent need me to say that, and to make your time as valuable as possible to your constituents this morning, there you go, you have it. Take it back to your members and tell them, "I got a Nationals member to say that climate change might have led to the drought." If that is all this is about, that is fine.

However, while you are doing that and running around the State waving a flag, I will be on farms standing next to farmers; I will be in regional communities talking about water supply; I will be meeting the sectors to talk about jobs; and I will be meeting with the local lawn mowing business operator in a regional community who does not know what will happen to their business or their family this summer. That is what I will be doing. You can go and wave your flag—

**Mr JEREMY BUCKINGHAM:** Will you come to Bellingen and talk to the dairy farmers who are importing fodder to one of the best agricultural regions in Australia?

**The Hon. NIALL BLAIR:** I am happy to talk to dairy farmers. I am also happy to talk to the supermarkets that are using milk as a loss leader, which has compounded the situation facing our dairy farmers at the moment.

**Mr JEREMY BUCKINGHAM:** The Minister for the Environment announced on 27 August that the Office of Environment and Heritage will make up to 15,000 megalitres of New South Wales environmental water allocation available to the market for purchase. Will that water be sold to the highest bidder, or will dairy farmers—stock and domestic—and others be able to access it? How can we guarantee it will not end up with cotton and nut growers?

**The Hon. NIALL BLAIR:** The water market is a trading market.

**Mr JEREMY BUCKINGHAM:** So there is no guarantee that it will not be sucked up by cotton?

**The Hon. NIALL BLAIR:** I will run through a couple of things. You are asking me as Minister potentially to step outside the water sharing plans that we have all agreed upon. A key part of the Murray-Darling Basin Plan is the water sharing plans. If you are, for one second, advocating that we should suspend water sharing plans and then potentially be required to decide who gets the water as a result, I will not support you at this stage going down that path.

**Mr JEREMY BUCKINGHAM:** No, I want to be clear about the question. The issue is that the community owns 15,000 megalitres of environmental water; it is our water that we use to service the environment. Your Government will now sell it on the market. How do we know that you will not simply sell it to cotton growers?

**The Hon. NIALL BLAIR:** The Environmental Water Holder in New South Wales is obviously administered by the Minister for the Environment. It regularly sells water into the market; that is a common occurrence. However, there are rules around the trading market and it is open and transparent. The market will determine where that water goes.

**Mr JEREMY BUCKINGHAM:** That is good. But there is no guarantee. That is all I needed to know: The market will do what the market does.

**The Hon. NIALL BLAIR:** That is why we have a market. You are asking me to say whether we should as a government then say who can buy the water and who cannot.

**Mr JEREMY BUCKINGHAM:** Yes.

**The Hon. NIALL BLAIR:** I do not know your ideology in relation to markets. However, if you socialise a market like that, where do you draw the line and who do you pick as the winner and the loser? Is your litmus test the fact that it is not a permanent planting? Are you going to say that a grape grower is ahead of an almond grower? Are you going to say that someone who is producing lucerne should get priority over someone who is producing—

**Mr JEREMY BUCKINGHAM:** You have asked me a question and my answer is the greatest good for the greatest number of people.

**The Hon. NIALL BLAIR:** The market will determine that.

**Mr JEREMY BUCKINGHAM:** Your Government renewed the Shenhua mining licence in July 2018. I acknowledge that the renewed licence covers a reduced area. Why did you renew the licence? Why not protect all of the Liverpool Plains? Why not secure agriculture's future in that region?

**The Hon. NIALL BLAIR:** I did not renew that licence. That is a question for the Minister—

**Mr SCOT MacDONALD:** Point of order: I believe that is a different portfolio responsibility.

**The CHAIR:** I uphold the point of order.

**Mr JEREMY BUCKINGHAM:** What role did your department play in the renewal of that licence?

**The Hon. NIALL BLAIR:** I am happy to allow Ms Livingstone to provide some information about the water aspect of that question. However, again, the decision is not made by me.

**Mr JEREMY BUCKINGHAM:** Do you support that decision?

**The Hon. NIALL BLAIR:** I will get Ms Livingstone to answer the first question and I will come back to the second question.

**Ms LIVINGSTONE:** My understanding is that the exploration licence was renewed, not the mining licence.

**Mr JEREMY BUCKINGHAM:** Yes.

**Ms LIVINGSTONE:** Given that, there was no assessment process; it was a routine renewal process. We do not provide individual advice for that process.

**Mr JEREMY BUCKINGHAM:** You did not provide advice to that process?

**Ms LIVINGSTONE:** Not as far as I am aware, but I can take the question on notice to confirm that. It was a routine renewal.

**Mr JEREMY BUCKINGHAM:** Minister, what is your view of the renewal of that licence?

**The Hon. NIALL BLAIR:** I am sure you will ask Minister Harwin questions when you get the opportunity. The Minister has very tight parameters in relation to what can and cannot be done about that exploration licence. I am sure that he has made his decision based on those parameters. There is no doubt that many people, particularly farmers on the Liverpool Plains, saw this as an opportunity to stop a project that they oppose. There is also no doubt that they are disappointed by the decision. However, as I said, there is a process that you can explore with Minister Harwin in relation to that. There is nothing that I have seen to date that would warrant the fact that he could not have stepped outside the parameters in respect of that exploration licence.

**Mr JEREMY BUCKINGHAM:** I think you attended the announcement of the Port Kembla LNG facility. What, if any, impact will that facility have on the development of the Narrabri gas project, which is a key part of the Government's gas plan and the development of coal seam gas in New South Wales?

**Mr SCOT MacDONALD:** Point of order: That is a different portfolio.

**The CHAIR:** It is a different portfolio. The member should reframe the question.

**Mr JEREMY BUCKINGHAM:** I do not think it is. The Minister attended the opening.

**The CHAIR:** That does not matter. He is here to answer questions related—

**Mr JEREMY BUCKINGHAM:** To Trade and Industry.

**The CHAIR:** In that case, ask a trade-related question.

**Mr JEREMY BUCKINGHAM:** Last time I checked, gas importing and exporting is trade and gas supply has a big impact on industry in New South Wales. The Minister announced the facility.

**The CHAIR:** Fine, but ask a question relating to trade and industry. What is the specific question?

**Mr JEREMY BUCKINGHAM:** My question is: what impact will that development have on gas supply for trade and industry and on the Narrabri gas project?

**The CHAIR:** I will uphold the point of order. The first part of your question is fine. I do not think this Minister has any portfolio responsibility for the coal seam gas in Narrabri.

**The Hon. DANIEL MOOKHEY:** The Minister looks as if he has an answer.

**Mr JEREMY BUCKINGHAM:** Yes, the Minister looks as if he has an answer.

**The Hon. NIALL BLAIR:** I am a triple threat. I have three portfolios. I can juggle them around a bit.

**The CHAIR:** Minister, you can answer the first part of the question because it is within your trade and industry portfolio.

**The Hon. NIALL BLAIR:** In relation to specific modelling about the impact that it may have on other projects, they are outside of my portfolio, particularly because I am not involved with those. In relation to investment and competition and infrastructure in other parts of the State, I was happy, as Minister for Trade and Industry to be at that announcement. I think it is great that people are looking to invest, particularly in communities like Wollongong. That is, again, a market response.

I do not know what the impact may be if that project is approved. That is not part of my area of responsibility. The only thing I would say is that everyone in industry that I meet with, particularly those who are looking at their input costs at the moment in relation to doing business in New South Wales, welcomes competition to, hopefully, put some pressure on those inputs. How it plays out, I do not have any modelling or any specifics in relation to that.

**Mr JEREMY BUCKINGHAM:** So the Government has done no modelling of what impact that facility will have on your gas plan.

**The Hon. NIALL BLAIR:** What will need to occur is the correct planning and approval processes. I attended the announcement that the investors had finalised the fact that they wanted to look at this project—

**Mr JEREMY BUCKINGHAM:** I know that you snipped the ribbon, Minister, but do you know what it means to the economy and to your gas plan?

**The Hon. NIALL BLAIR:** I attended the announcement where they had decided that Port Kembla was their site of choice to pursue the correct approvals to go through and develop such a terminal. In relation to whether it gets up or not, that is a—

**Mr JEREMY BUCKINGHAM:** I am not asking about whether it gets up; I am asking whether—

**The Hon. NIALL BLAIR:** You are, because if you are asking if it has an impact—

**Mr JEREMY BUCKINGHAM:** No, I am not asking about whether it gets up. I am asking whether or not the Government has done any modelling on what impact it will have on its gas plan.

**The Hon. NIALL BLAIR:** I have answered the question. I do not have responsibility for that modelling. I have answered your question. You can ask the question to the Minister for Resources or other Ministers responsible for that. My role as Minister for Trade and Industry was absolutely to be there at that announcement where the investors, including Australian investors like Twiggy Forrest, said that they chose New South Wales to look at a terminal like this.

**Mr JEREMY BUCKINGHAM:** It is a debacle.

**The Hon. NIALL BLAIR:** A debacle? Did you say that it was a debacle?

**Mr JEREMY BUCKINGHAM:** Yes. The gas industry of New South Wales is a debacle.

**The Hon. NIALL BLAIR:** Are you saying that this project is a debacle? Are you saying you think that the investment by this company to put pressure on the same companies that you have been advocating for the eradication of, is a debacle? That is an interesting development.

**Mr JEREMY BUCKINGHAM:** I think that they are capitalising on what is clearly a massive market failure. Do you disagree?

**The Hon. NIALL BLAIR:** I am curious now that you think that this project is a debacle.

**Mr JEREMY BUCKINGHAM:** If you are asking me, my view is that your regulation of New South Wales gas and development of energy in New South Wales by the Coalition is a debacle.

**The Hon. NIALL BLAIR:** You can take those issues up with the Minister for Resources. In relation to the project, we welcome the fact that people are looking to invest in New South Wales. We are making sure that we support industry by having a look at how competition may help reduce some of the input costs, particularly of our manufacturers and our other industries here in this State. As Minister for Trade and Industry I welcome anyone that wants to try and provide a solution that some of our industries—our large employers—are calling out for in this State. In relation to gas policy, I am sure you can take that up with the relevant minister.

**Mr JEREMY BUCKINGHAM:** I will. Minister, in reference to the Ombudsman's Water: Compliance and Enforcement report from August, at a time of severe drought, how can the public have any confidence in the enforcement and compliance of water use in New South Wales? According to the Ombudsman, WaterNSW staff who conducted compliance inspections were not provided with penalty infringement notice books for over a year.

**The Hon. NIALL BLAIR:** You will note that the Ombudsman's report was very much looking backwards—particular at issues around transformation. I note that this was the second Ombudsman's report on this.

**The Hon. DANIEL MOOKHEY:** A special report.

**The Hon. NIALL BLAIR:** Yes, a special report. We clearly now have in New South Wales an independent Natural Resources Access Regulator [NRAR]. You voted against the setting up of that independent regulator, who has been adequately resourced and—

**Mr JEREMY BUCKINGHAM:** Do the compliance officers have the infringement books now?

**The Hon. NIALL BLAIR:** Let me get to that, and allow Ms Livingstone—

**Mr JEREMY BUCKINGHAM:** Do they have to share the books?

**The Hon. NIALL BLAIR:** We have an adequately resourced regulator that now has boots on the ground and—

**Mr JEREMY BUCKINGHAM:** Boots on the ground!

**The Hon. NIALL BLAIR:** Yes. Don't you want people going out and visiting?

**Mr JEREMY BUCKINGHAM:** How many? Do they have books. That is what I am asking.

**The Hon. NIALL BLAIR:** I am more than happy for Ms Livingstone give you some of the facts around what we have in NRAR at the moment—an independent regulator that you voted against setting up. You try, now, to be almighty in relation to the way that we are heading in relation to water compliance and management. That is a direction that has been investigated and scrutinised by a number of different authorities, including the Murray Darling Basin Authority. It is a model that I presented to Ministerial Council to all of the other States and the Commonwealth, that was widely applauded and accepted and a model that the Ombudsman, in his special report, acknowledges is a good initiative implemented by this Government. That as an initiative that you stood against. You had an opportunity.

**Mr JEREMY BUCKINGHAM:** It fell out of a national water scandal that your Government oversaw over nearly a decade.

**The Hon. NIALL BLAIR:** You had a choice about whether you wanted to support change in this space and have an independent regulator, and you voted against it. Your questioning is hypocritical at best, bizarre at worst.

**Mr JEREMY BUCKINGHAM:** Have they got the books?

**The CHAIR:** I call order. Time has expired. I know move to Ms Sharpe.

**The Hon. PENNY SHARPE:** I want to ask some questions about the animal welfare aspects of the approved zoo that is going into Western Sydney Parklands. How many Department of Primary Industry staff are assigned to review and process the multiple licence requests for this facility?

**The Hon. NIALL BLAIR:** Thank you for the question. Obviously, the department is responsible for a number of components in relation to exhibited animals. I know that that is an area that many members of the community are very interested in. I have signed many letters—correspondence—in relation to everything from circuses right through to zoos. The latest information I have is that New South Wales DPI is assessing applications for the construction of enclosures and permits for the display of animals at Sydney Zoo in line with the Exhibited Animals Protection Act—

**The Hon. PENNY SHARPE:** Minister, when do you expect those assessments to be finalised?

**The Hon. NIALL BLAIR:** The department is working with the applicant towards a staged opening beginning in early 2019 to allow the applicant time to apply for and complete the construction of remaining enclosures. To date, applications for the construction of enclosures and associated structures have been assessed and approved by the department.

**The Hon. PENNY SHARPE:** Could you give me some more specifics: How many assessments and how many have been approved? You can take these questions on notice if you need to.

**The Hon. NIALL BLAIR:** Thank you for allowing me to check the rest of my note to see if I had those specifics. I appreciate the help. Mr Hansen might be able to provide more specific information in relation to the numbers.

**Mr HANSEN:** The first application was lodged in 2016, and we have been working with the applicant since then. We have approved 33 applications. As the Minister said, they are coming in tranches—in stages—that follow construction process for the zoo. We are in constant communication with them. Your first question was about how many officers we have working on this. We actually have the ability to ramp up or ramp down officers dedicated to the handling of these applications as they come forward, depending on whether we get a tranche in or not, as they come in. It is literally on an as-needs basis.

**The Hon. PENNY SHARPE:** When you have a tranche in, how many staff are working on it?



**Mr HANSEN:** We can move up to 10 people across to work in that space, but our typical staffing level is about two or three staff working in exhibited animals.

**The Hon. PENNY SHARPE:** What inspections have you undertaken or what evidence have you sought before granting a licence?

**Mr HANSEN:** That is something I would have to take on notice, in terms of each of the individual applications and what was required for approval of those licences.

**The Hon. PENNY SHARPE:** That would be great. Are you certain that the enclosures, particularly for the elephants, are going to meet best-practice standards?

**Mr HANSEN:** If they do not then they will not be approved. They will need to meet our standards for exhibited animals and for elephants. I am not sure whether they are part of the 33 that have been approved yet. Again, I will take that on notice.

**The Hon. PENNY SHARPE:** Please also give me where each one is up to.

**Mr HANSEN:** Yes.

**The Hon. PENNY SHARPE:** Thank you. The concern is that elephants are quite difficult to keep, and we want them to be kept well. Some experts have said that for a park that is only 16 hectares you need about half of that for the elephants, but it is only going to be a fraction of that. Can you tell me how big the elephant enclosure is at the proposed zoo?

**Mr HANSEN:** No, I cannot. I would have to take that on notice.

**The Hon. DANIEL MOOKHEY:** The elephant in the room—that question.

**The Hon. PENNY SHARPE:** Are you able to tell the Committee, given its proposed opening in early 2019, what species will be exhibited at that date?

**Mr HANSEN:** No, not at this point in time. I am happy to take on notice what we have already approved, because that is obviously what we know.

**The Hon. PENNY SHARPE:** Yes, but there is obviously a difference between approval and what is actually going to be exhibited at the opening.

**The Hon. NIALL BLAIR:** No, they would only be allowed to exhibit what has been approved.

**The Hon. PENNY SHARPE:** I know that, but my question is whether they have actually obtained the animals and what oversight there is once those animals are on site, and the time frame for that. That is where I am going to with this line of questioning.

**Mr HANSEN:** I am happy to supply you with the details of where we are up to with that approval process. From what we know, everything is still on track for the opening on Australia Day 2019, which I think is their target date.

**The Hon. PENNY SHARPE:** I want to know what animals are going to be exhibited at the opening.

**The Hon. NIALL BLAIR:** We will take that on notice and provide information on what applications have been submitted and approved. I do not think—but we can check—we know what applications have not been submitted, unless there has been discussion. We will provide as much information as we can.

**The Hon. PENNY SHARPE:** I want to understand the animal welfare structure of this new facility, as significant concerns have been raised within the community and I am trying to get to the bottom of how your department is managing those concerns.

**The Hon. NIALL BLAIR:** We will provide as much information as we can to allay those concerns. Again, I state that we take animal welfare issues seriously. We will not be cutting any corners when it comes to this facility. We will make sure that the appropriate processes and approvals are required before they will be allowed to exhibit. We can provide some information around the ongoing structures or programs from there.

**The Hon. PENNY SHARPE:** As you would be aware, two Acts oversee what is happening at the zoo, the Exhibited Animals Protection Act and the Biosecurity Act. Are you confident that the zoo has appropriate expertise in animal acquisition and welfare within its organisation currently?

**The Hon. NIALL BLAIR:** From where I sit as Minister, I would be happy to—

**The Hon. PENNY SHARPE:** I am happy for Mr Hansen to answer.

**The Hon. NIALL BLAIR:** I rely upon the expertise within the department in relation to this. The zoo is not open—

**The Hon. PENNY SHARPE:** That is why I am asking these questions. The time to get this right is now.

**The Hon. NIALL BLAIR:** I am not being difficult, but I am saying that I rely upon the work done within DPI on this. We want to make sure that this is appropriate and goes through the right channels. We will provide that information on notice, so that we can give you and anyone in the community the confidence that this is going to be a facility that meets the required standards we have in New South Wales. We do not compromise on that.

**The Hon. PENNY SHARPE:** In that case, please take it on notice. I want you to provide information in relation to how you assess the expertise in animal acquisition and welfare within the organisation. How are you applying the capable and fit and proper person test, as required for the granting of the licences for this facility?

**Mr HANSEN:** I am happy to take that on notice.

**The Hon. NIALL BLAIR:** We are more than happy to give you a fulsome response in relation to all of these matters, particularly because we are dealing with a project that is staged and that is not open. I agree, the time for us to assess and to go through this process is current, and there are ebbs and flows. We are more than happy to give you a fulsome response to all of those issues on notice.

**The Hon. MICK VEITCH:** Minister, has the member for Bega made any representations, written or verbal, to you regarding the granting of \$3.3 million to Australia's Oyster Coast?

**The Hon. NIALL BLAIR:** A number of people have raised and relayed the concerns of some oyster growers in relation to this investment. From memory, yes, I have had a conversation with the member for Bega around that as well. As you would expect, as the local member, I have dealt with the member for Bega on a number of oyster issues over the years including issues even as specific as the colour of posts that are used in oyster leases, whether they should be painted black or white.

**The Hon. MICK VEITCH:** It is a very important issue.

**The Hon. NIALL BLAIR:** It is an important issue, absolutely.

**The Hon. DANIEL MOOKHEY:** What did you decide? Are you going to go with white?

**The Hon. NIALL BLAIR:** Yes. It is a matter that we have discussed.

**The Hon. MICK VEITCH:** Minister, is your department assessing the impact of Australia's Oyster Coast and that investment on the whole of the oyster industry in New South Wales?

**The Hon. NIALL BLAIR:** I am happy to let Mr Hansen provide a commentary on that, if he has any information. We do a lot of work to support the whole industry, when it comes to oysters, through DPI. Mr Hansen might have more information.

**Mr HANSEN:** We have not done any modelling on that investment, in the same way that we have not done any modelling on the impact on the Federal Government's Regional Jobs and Investment package, a \$4.8 million project in the Eurobodalla council for a new hatchery for spat for oysters and for muscles. A key point is a lot of investment into the oyster industry is happening both from government and private industry at the moment. We have not stopped to look at what the modelling suggests for output or the future impact either on individuals or the collective. We have not done the modelling on that investment, the same way we have not done the modelling on any of the other investments into the industry over the past year.

**The Hon. MICK VEITCH:** Minister, are you concerned that some of the best and most productive agricultural land on the North Coast is going to be sterilised for a hospital site at Coogee?

**The Hon. NIALL BLAIR:** We have had a number of discussions in the House in relation to this hospital site. I am more than happy to give you some information. This is a State significant project and we can talk through the planning process in a moment.

**The Hon. MICK VEITCH:** My question is more about agricultural land.

**The Hon. NIALL BLAIR:** Sure. My job is to advocate on behalf of the producers of the State, and there is no doubt about that. But there are also going to be times—when we talk about land use conflict—when there are competing interests. This is special agricultural land, and that is why the Department of Primary Industries has played a role in providing a submission to this proposal. We also know that in the Tweed there is a need for a new hospital. There are certain criteria that need to be met for the hospital to be built in relation to flood, access to appropriate roads and space et cetera. This has required further consultation and investigation in relation to that hospital site. It is a live issue. Are you sure you do not want me to start talking about where you guys want the hospital and some of the dealing in relation to that?

**The Hon. MICK VEITCH:** Just to clarify, did you say that the department has made a submission on the planning proposal?

**The Hon. NIALL BLAIR:** Yes.

**Mr HANSEN:** Because it is State significant farmland and we are a referral agency in any planning, we have been quite active over many years in terms of reminding and reiterating the fact that that State significant farmland is protected under a number of auspices across the State. We provided comment to that extent to the Department of Planning and Environment, the consent agency for this. Because this project is a State significant development, a number of the protections that otherwise exist are no longer relevant to that development. We will continue to stay in close contact with them because it is not just the 16 to 20 hectares of the site, it is also everything else around it, the access and so forth. We want to stay in close consultation about how we minimise any further disruption to that State significant farmland and how we continue to provide assurances around the security of the rest of that plateau.

**The Hon. MICK VEITCH:** It is State significant farmland. I know that you have been there, like I have. It is a beautiful bit of soil. Do you agree strategically that we need to protect that bit of soil? What is the point of having State significant farmland if this is what we can do to it?

**The Hon. NIALL BLAIR:** I am happy to allow Mr Hansen to provide some feedback on behalf of the agency that assesses and provides comment in relation to these projects. It is definitely a challenge when you have an essential service like a hospital and the requirements that that needs as well.

**Mr HANSEN:** The importance of protecting that farmland is identified through the fact that a section 117 direction is applied to the land and that the North Coast regional plan actually has in it a direction that steers or directs urban and rural residential development away from the plateau. There is a number of protections that have been built there that have protected the plateau over many years because of the importance of that farmland. In this case, however, it is a State significant infrastructure development and so the consent process and the consent authority changes.

**The Hon. MICK VEITCH:** So, essentially, this hospital is going ahead and that farmland is gone? In a nutshell, that is where we are at?

**The Hon. NIALL BLAIR:** The process is still going through with the building of the hospital. As the Minister responsible for the agency that looks after the impacts that this may have, we are doing everything we can to assess and support the industry in that area in relation to that. It is something that we see in a whole range of areas of land-use conflict. We could be having a similar conversation about lifestyle blocks opening up into areas of the State; we could be having a similar conversation around competing land uses with even agricultural production.

**The Hon. MICK VEITCH:** We should have those conversations.

**The Hon. NIALL BLAIR:** It is an ongoing conversation and it is something that is difficult. We are also talking about an essential service, a hospital, in a part of the State where a lot of people are moving up to because of a whole range of factors, including the natural environment and the productivity attributes of the country in that part of New South Wales. It is a challenge that a government like this one faces because we are out there investing and building the new infrastructure. That is something that will be a hallmark of what we have done across regional New South Wales. We will leave a legacy for generations to come on new infrastructure such as hospitals, the likes of which we have not seen in this State. Since we came into government in 2011, the communities that have been forgotten about—

**The Hon. MICK VEITCH:** You are saying it is a good thing that we are going to lose that farmland?

**The Hon. NIALL BLAIR:** I am saying that as a child of regional New South Wales and a child of some of the most supportive and warm communities that this State and country has to offer, some of those essential

services have been let go for too long, and as a government we are getting on and delivering. But it does present challenges, particularly in the role that I am in at the moment. That is something that we are trying to minimise the impact of as much as we can and we are trying to support the sector as a result.

**The Hon. MICK VEITCH:** Talking about challenges, I would like to move to another area that is quite challenging: Local Land Services. We are in the midst—as you spoke to Mr Buckingham and me about earlier—of a significant drought. The Government is applying an efficiency dividend on agencies. Local Land Services clearly needs whatever dollars and resources it can get right now. Minister, have you had any discussions with the Treasurer to forgo this year's dividend on Local Land Services so it can actually have a bit of extra assistance to help those farmers in the midst of a drought?

**The Hon. NIALL BLAIR:** I am a very strong advocate for Local Land Services. You would have seen record investment and increases to budgets for Local Land Services since I have been Minister. The other thing is that I am absolutely proud of the role that Local Land Services staff have played in the response to this drought. Remember though that Local Land Services does not just receive income from the government budget—there are other revenue sources that go into Local Land Services—

**The Hon. MICK VEITCH:** Why should it have to pay the efficiency dividend now? There would be no-one in this building that has to put their hand up one way or another about resources that would say that we should take the efficiency dividend off Local Land Services this year. Surely, Minister, we should do whatever we can do to help the agency do its job? That is just one measure.

**The Hon. NIALL BLAIR:** I am doing everything I can as Minister to make sure that it has the resources and the support. It is not just financial resources. You have got to remember the role, for example, that our LLS vets are playing in—

**The Hon. MICK VEITCH:** The mental health supports they require as well to do their jobs.

**The Hon. NIALL BLAIR:** Yes, mental health. But we have also increased our drought assistance funding and a lot of that will go to agencies like LLS to be able to do things like stock welfare and—

**The Hon. MICK VEITCH:** Will you take that suggestion forward to the Treasurer?

**The Hon. NIALL BLAIR:** Ask the Treasurer, ask anyone, I am more than capable of advocating on behalf of my agencies, including LLS.

**The Hon. MICK VEITCH:** LLS should not have to pay the efficiency dividend.

**The Hon. NIALL BLAIR:** Hang on, the fact that this Government has given every ratepayer a reprieve in their rates is twofold. It guarantees the income for LLS and supports the staff within LLS because they are not having to have that conversation with the farmers that they are dealing with about rates because they know they are doing it tough.

**The Hon. MICK VEITCH:** I am not arguing about that. I just think it is another suggestion to put on the table.

**The Hon. NIALL BLAIR:** Thank you for the feedback.

**The CHAIR:** Mr Veitch's time is up. We move on to Mr Pearson.

**The Hon. MARK PEARSON:** In relation to the Animal Welfare Action Plan that has been announced by the Government, will the Minister advise as to how the new Animal Welfare Action Plan is going to measure outcomes to determine what, if any, benefits will be there for animal welfare and animal wellbeing over time?

**The Hon. NIALL BLAIR:** First, thank you for the question. It gives us a good opportunity—and I will let Mr Hansen talk about the action. It is a clear demonstration that we want to make sure that in New South Wales we have the best animal welfare standards and that is part of everything that we do. We know that there are areas that we would like to have conversations around how that is best done. I am happy for Mr Hansen to provide some information in relation to that.

**Mr HANSEN:** You would have seen in the announcement that over the course of the next 12 months we will be looking to re-engage with stakeholders about what a modern piece of legislation for animal welfare protection in the State needs to be. The current Acts that we have there are 40 years old, and whilst they have stood the test of time, we believe that there is a unique opportunity for engagement with stakeholders at the moment to work out what a future set of legislative platforms for animal welfare need to look like. In terms of trying to capture how do we get measurements, or how do we get some quantitative or qualitative assessment in

terms of outcomes-based for the legislation, that is probably one of the most difficult pieces and one of the bits that is really going to be the focus for consultation with stakeholders across the community, scientific, community-based groups, animal welfare groups, industry groups, to make sure that whatever we do set up continues to take into account and reflect growing new groups of evidence and science in this space and is able to be reflective of community attitudes.

**The Hon. MARK PEARSON:** Is it likely that the Companion Animals Act and the Prevention of Cruelty to Animals Act will be bound together?

**Mr HANSEN:** At the moment we are looking at those Acts that we have that fall into this space, exhibited animals, animals in research and prevention of cruelty to animals—POCTA. We will be opening the discussion about what other components may need to be built in, what other components need to be linked across. But the simpler we can make the legislative framework the better for everyone, the better for the community to understand their obligations, the better for our compliance officers, the better for the compliance officers across the agencies and organisations we work with.

**The Hon. MARK PEARSON:** Minister, you may have seen the *Four Corners* episode called "Off Track" about horseracing. It went into detail about the issue of horse whipping and tongue tying. These two issues are not necessary to be done to an animal, apart from maybe making the animal perform better, but certainly are not necessary for its welfare or for any public safety. Has the Minister considered communicating to the Minister for Racing that these two practices could well be seen by the RSPCA or a regulatory authority as contraventions of the Prevention of Cruelty to Animals Act?

**The Hon. NIALL BLAIR:** I will have a go.

**The Hon. MARK PEARSON:** Because the Minister for Racing would be aware that the industry directs jockeys to do these things.

**The Hon. NIALL BLAIR:** Racing is not my portfolio, but there are rules in racing on the use of the whip and there are sanctions against particularly jockeys that step outside of that.

**The Hon. MARK PEARSON:** I think what is in question is the use of it at all.

**The CHAIR:** For the benefit of all members, understand that you cannot ask a Minister for an opinion.

**The Hon. MARK PEARSON:** A legal opinion, correct.

**The CHAIR:** Or an opinion, not only a legal opinion.

**The Hon. NIALL BLAIR:** Whips are not just used in racing. I am almost resisting the temptation but I feel like I should speak up in relation to some of this. I am the father of a son who competes in equestrian activities. At no stage when I put a whip in my son's hand will I allow anyone to accuse me or anyone that I am associated with animal welfare issues in relation to the use of that whip. I will not allow a question to be framed that would at the very inference talk about anyone who uses a whip in relation to an animal welfare issue. Quite often it is a safety issue for the rider. Again, there is probably not enough time for me to go through the use and the limited use and application of a whip, for example, in the context in which my son may be using it, versus the use of a whip on horses in a racing context in which there are rules—and you can have a chat to the Minister for Racing about those rules. I am happy to refer to Mr Hansen if he has any further information more broadly.

**The Hon. MARK PEARSON:** And tongue tying.

**The Hon. NIALL BLAIR:** We will talk about tongue tying differently.

**The CHAIR:** Any further information should be taken as a question on notice.

**The Hon. NIALL BLAIR:** I am more than happy to continue the conversation. I am sure we will get plenty of opportunities. You have to remember that this is not a one size fits all. I know your question is about racing but there are a whole range of other applications and my mind does not just go to the one that you are talking about when you ask that question. I apologise if I have taken a bit of time but it is probably an area that strays outside of my portfolio and I am tempted but resisting the temptation to stray into other areas.

**Mr JUSTIN FIELD:** Of the \$45.7 million allocated as part of the New South Wales marine estate strategy, how much will be directed to improving the health of the Richmond River?

**The Hon. NIALL BLAIR:** I am more than happy if we have a specific breakdown of each of the projects, but I know that it is certainly one of the key projects that was announced with addressing issues such as

water quality. I know the Hon. Penny Sharpe has asked questions in the House in relation to the Richmond River as well during my time as Minister.

**Mr JUSTIN FIELD:** To be clear, this money, which is quite new—\$45.7 million announced only a couple of weeks ago as part of the strategy, announced at the same time as the Hawkesbury Shelf marine bioregion phase 3 was announced—has that money already been allocated?

**The Hon. NIALL BLAIR:** In relation to the Marine Estate Management Authority and the Richmond River, I know that MEMA recognised that the effective coastal marine management needs to be holistic, coordinated and evidence-based. It responds to issues raised by stakeholders and the broader community regarding poor water quality and other key threats impacting the health of the Richmond River. The 10-year strategy also aims to deliver healthy coastal habitats and sustainable land use. The plan for climate change—you can give that to your buddy when you get back to your office—that was a statement put in for him.

**Mr JUSTIN FIELD:** The question was quite specific to the funding.

**The Hon. NIALL BLAIR:** I am coming to some numbers—protect Aboriginal cultural values of the marine estate; reduce impacts on marine life; ensuring sustainable boating, fishing and aquaculture; enhance social, cultural and economic benefits; and deliver effective governance. Programs in place to protect and enhance the health of the Richmond River and its diverse range of habitats include North Coast Local Land Services directing \$70,000 of some of the Catchment Action NSW funds to upgrade dairy effluent systems and reduce nutrient leakage into nearby waterways on dairy farms in the Richmond catchment; negotiating with the Australian Government the parameters around land care funding which we have been a recipient of; the Kyogle Weir fishway has also been included. I can get you a breakdown.

**Mr JUSTIN FIELD:** Is any of that new funding?

**The Hon. NIALL BLAIR:** I can get you a breakdown of the other projects across the State that were announced in relation to MEMA and provide that information to you on notice.

**Mr JUSTIN FIELD:** I appreciate that, Minister.

**The Hon. NIALL BLAIR:** We might have some here.

**Mr HANSEN:** That last question, yes, it is new funding.

**Mr JUSTIN FIELD:** The \$45.7 million is all new funding?

**Mr HANSEN:** All new funding.

**Mr JUSTIN FIELD:** Were any of the projects that the Minister mentioned part of that funding, because they sounded like they were existing?

**The Hon. NIALL BLAIR:** They are existing.

**Mr HANSEN:** That is existing.

**Mr JUSTIN FIELD:** This is new funding. Has any been allocated to specific projects?

**Mr HANSEN:** At the moment, because the announcement for the package was 10 days ago—

**Mr JUSTIN FIELD:** That is right.

**Mr HANSEN:** We are starting the recruitment process to put the staff in place to get the projects delivered.

**Mr JUSTIN FIELD:** There is a nice picture of the Minister here with the Hon. Ben Franklin on the Richmond River. It is a media release. It has a nice title, "Funding Pledge to Improve the Richmond River", and states, "Water quality initiatives will be piloted in the Richmond River catchment." What are the water quality initiatives that are going to be piloted?

**The Hon. NIALL BLAIR:** Good photo, wasn't it?

**Mr JUSTIN FIELD:** It was a good photo.

**The Hon. NIALL BLAIR:** He's gonna towel you guys up in Ballina.

**The Hon. DANIEL MOOKHEY:** I am not sure that was a question.

**The Hon. NIALL BLAIR:** That is just my response. I can answer however I want. It is good to see that Ballina has someone who is advocating on behalf of the needs of the community and particularly the environment. That is what we are seeing. I can get some further information about the specifics of the project on notice and come back to you.

**Mr JUSTIN FIELD:** I take you back to the comments.

**Mr HANSEN:** Part of the challenge here is whilst the individual projects are yet to be commenced up there, the Richmond River is actually a key focal point for both stage 1 and stage 2 of the MEMA strategy.

**Mr JUSTIN FIELD:** I have read it all. Thank you. Minister, I ask the question because only 30 minutes ago you were waxing lyrical. It was a good speech. It is recorded. You should put it on Facebook. You were saying, "Look at all the risks and be responsive." That was how you were talking to Mr Buckingham about climate change and all the impacts on the land. You said, "Glossy brochures do not matter; words do not matter. Do not judge us on written policies; judge us on our actions." You were up there with a nice photo, talking about water quality initiatives that do not even exist yet, that do not even have the staff in place to work out which projects will be—

**Mr SCOT MacDONALD:** Is there a question?

**Mr JUSTIN FIELD:** Minister, are there any water quality initiatives that have been decided and that are going to be piloted in the Richmond River, or is this just a glossy brochure and a headline?

**The Hon. NIALL BLAIR:** The Government has committed funding—and you clearly identified how much—for a range of water quality and habitat projects across the State in relation to a number of estuaries in the marine estate. This is funding and projects that will be delivered. Of course, to deliver those projects we have to go through the processes, get the staff and get the projects rolled out on the ground. I tell you, this is something that has been—

**Mr JUSTIN FIELD:** We are seven years into this strategy now, Minister.

**The Hon. NIALL BLAIR:** The community, particularly up there on the North Coast, has been crying out for action on this. I would have thought that it would be welcome news that the Government has committed to delivering these projects in the Richmond River. That is what we are doing; we are delivering it. The announcement in relation to this has dollars. It will be rolled out in these projects across the State.

**Mr JUSTIN FIELD:** But we do not know which projects and we do not how much for the Richmond River, just to be clear?

**Mr HANSEN:** You know through the MEMA document, the strategy document that you have read, that we have identified the key activities and the mitigants that we need to put in place against those threats.

**Mr JUSTIN FIELD:** Yes.

**Mr HANSEN:** The nature of each individual project is now being developed. New money, new projects and new staff are being added to the protection of the marine estate after having received the results from endless consultations—

**Mr JUSTIN FIELD:** Yes, endless.

**Mr HANSEN:** —around what the threats and the risks are and the potential mitigation actions that are needed.

**Mr JUSTIN FIELD:** I am glad that you mentioned that, because one of the key risks for the Richmond River is the impact on riparian zones. In one of your documents you say, "The health of the Richmond River depends upon its headwaters, of which State forests are an important component, encompassing almost 10 per cent of the catchment and 4,155 kilometres of its tributaries." It is also the case that recently—and I know it is not the Minister's portfolio—as part of changes to government rules around State forestry, buffer zones to headwater streams are being reduced from 10 metres to five metres. Clearly, by your own evidence and documents, this will cause significant stream degradation through the loss of riparian vegetation. Minister, how are you going to mitigate that threat which your own Government is now introducing to the Richmond River which you are saying you want to protect and improve?

**The Hon. NIALL BLAIR:** Are you referring to riparian zones under the integrated forestry operations approval [IFOA]?

**Mr JUSTIN FIELD:** I am.

**The Hon. NIALL BLAIR:** We know that there is some concern regarding the management of riparian vegetation along the headwaters of State forests by the Forestry Corporation. Improvement of riparian zones is a major priority of the Marine Estate Management Strategy, especially in the northern region, which includes the Richmond River catchment. The strategy is underpinned by an extensive evidence-based, threat and risk assessment approach to setting strategic priorities across coastal New South Wales. The implementation of management actions will continue to apply this evidence-based approach, particularly in relation to improved water quality outcomes.

**Mr JUSTIN FIELD:** I am glad to hear that, Minister, but will you be advocating for the IFOA to ensure that those buffer zones are not reduced?

**The Hon. NIALL BLAIR:** The Government is in the process of reviewing community feedback from the public submissions process to determine whether changes to the proposed settings, including stream protections, should be made. Community input will be taken into account in deciding the final settings. Mr Hansen might have some more information to add to that.

**Mr HANSEN:** Whilst the proposal that was out for community consultation was around reducing the exclusion zones on very small streams down to five metres, as you mentioned, it introduces a new low-impact zone that in fact increases the total protected area from 10 to 15 metres and significantly enhances both the identification and the mapping of the streams as well.

**Mr JUSTIN FIELD:** Time will tell at the 20-year mark of the next IFOA, will it not?

**Mr HANSEN:** That is right.

**Mr JUSTIN FIELD:** Minister, in the past year we have had the introduction of pen aquaculture into the Port Stephens marine park and we had the unfortunate release of about 20,000 kingfish. The DPI Fisheries are a partner with Huon in the project up there doing research. Has there been an investigation into the accidental release and any impacts?

**The Hon. NIALL BLAIR:** This project is an area of growth in New South Wales, in aquaculture.

**Mr JUSTIN FIELD:** Do you plan on expanding the pen aquaculture in the Port Stephens Great Lakes Marine Park?

**The Hon. NIALL BLAIR:** At the moment, we have the pens that have been given approval, and that is what we have been managing. As the Minister responsible for food production in this State, I am very much interested in the role that aquaculture, both onshore and offshore, can play in the way that we meet the demand for protein domestically and internationally. It is important that we need to have a look at how this is done and go through the appropriate planning processes, which we did.

**Mr JUSTIN FIELD:** Has there been any investigation? I do not need the details. Just yes or no.

**The Hon. NIALL BLAIR:** I am more than happy to allow Mr Hansen to provide information in relation to that.

**Mr HANSEN:** Yes, there have been investigations. There has been both an internal investigation by Huon as well as one by the Department of Planning and Environment, which is the consent authority for the trial.

**Mr JUSTIN FIELD:** Are those investigations completed?

**Mr HANSEN:** Yes.

**Mr JUSTIN FIELD:** Are the results publicly available?

**Mr HANSEN:** As far as I am aware, they are, yes.

**Mr JUSTIN FIELD:** I will put it on notice, but if you could point to those—or I am happy to send an email, if you could point to those.

**The Hon. NIALL BLAIR:** What will you do? Will you put it on notice or ask him to give you a tip? What do you want? What would you prefer?

**Mr JUSTIN FIELD:** Whatever you can achieve. I will google it and see if we can find it. I was up there last week and it was not clear that people were aware of that and the outcomes of that. Minister, I pick up on something you said before. You are the Minister for food production. I am interested in how we will manage aquaculture development and I recognise its importance, but you are the Minister for Primary Industries generally,



which also encompasses elements of the marine environment and the management of our marine estate generally. Are you compromised in your role of protecting the marine environment from harm and expanding aquaculture interest?

**The Hon. NIALL BLAIR:** No, because I am not the consent authority to give the approvals for such pens that you are talking about. We can advocate for the industries, but we are not the consent authority that gave approval for the pens.

**Mr JUSTIN FIELD:** This goes to the point. You are not the consent authority. You have sign off on marine estate management in terms of the management of our marine parks—co-sign off with the Minister for the Environment, so you are in part responsible for the management of the marine estate and the public interest, including maintenance of both wild stock and others. It seems to me that this is an inherently conflicted role. We have had a release of 20,000 kingfish, and there is a plan for expansion. That certainly seems to be Huon's intention. I am not sure how many fish and how many pens we will have in our marine parks. How has this conflict been managed?

**The Hon. NIALL BLAIR:** Again, it is a separate agency that provides the approval as to whether such pens are granted. Mr Hansen can probably provide some more information on that.

**Mr HANSEN:** The best way to manage the conflict is to avoid the conflict in the first place. That is the key goal of the new NSW Marine Waters Sustainable Aquaculture Strategy, which brings together the 11 agencies that are involved in the marine estate and in the consideration of any aquaculture application. That draft strategy has been out for consultation, as you know, and it is designed to set up a transparent framework in advance so that the community, potential investors and potential proponents of aquaculture will all have clarity around what is required, who it is required from, and how the agencies work together.

**Mr JUSTIN FIELD:** Moving onto the discussion around sharks, shark drumlines and nets, we have talked a number of times about it. I think you have come to the conclusion, understandably from the evidence, that SMART drumlines make more sense. Some of the language that you used is that they intercept far more target sharks than do nets, particularly when talking about the North Coast. Why are you leaving the residents between Newcastle and Wollongong effectively protected by an inferior technology in shark nets when your department—and I know you have followed this closely—have developed a new technology that is far improved in terms of mitigating shark risk and reducing bycatch? When will you consider phasing out shark nets in New South Wales and replacing them with this technology, which is more acceptable both for the community and in terms of risk?

**The Hon. NIALL BLAIR:** Thank you for acknowledging the fact that we have developed this technology. I am quite proud of the fact that in the course of just 3½ years we have not only introduced this technology to New South Wales but also refined it for our conditions. It has certainly played a key role in addressing the challenges that we faced on the North Coast. That was our priority. The North Coast was different in relation to the types of technologies that were being used. We saw a spate of shark attacks and unfortunately some fatalities, so that warranted a different response—and that is what we have done. But it is different to what we have seen traditionally used between Newcastle and Wollongong since the 1930s. We know that the conditions are different.

We also know, though, that we have trialled Shark Management Alert in Real Time [SMART] drumlines in some other parts of the State but we have been very open about that conversation. Our priority was the North Coast and we were able to have comparative technologies used in a relatively small geographic location in comparison to other parts of the coastline to address a specific issue. I do not think that those issues are the same as what we see between Newcastle and Wollongong. The technologies and the mitigation strategies that have been used here have been in the water since the 1930s with very different results. We could spend the next two hours talking about why that is the case, but I do not think the communities are ready for that conversation at this stage. However—

**Mr JUSTIN FIELD:** When will you release the full report into the SMART drumline trials across the State—[*Time expired.*]

**The CHAIR:** Mr Mookhey, you have the lemon, do you?

**The Hon. DANIEL MOOKHEY:** I do.

**The CHAIR:** Please proceed. You have 15 minutes.

**The Hon. DANIEL MOOKHEY:** Minister, on page 38 of the Ombudsman report "Water: compliance and enforcement – a special report to parliament" in relation to the first dam case study—which involved your

ministerial colleague Ray Williams as well as, I think, the Glossodia dam and Mr Gary Bugeja—the Ombudsman says:

DPI Water became aware that the local MP was meeting the Minister about the case. It seems this prompted a request from the Minister's office to meet with a Water Regulation Manager and the Deputy Director General of DPI Water. The meeting ended with the Minister's office stating that it needed a few days to 'figure out what's going to happen'. A few days after the meeting with the Minister's office, the Water Regulation Manager emailed the SIU—

which I presume means Strategic Investigations Unit:

case officer (not the SIU Manager) advising that he had attended the meeting with the Minister's office and that the situation remained unresolved.

...

On Monday 30 November 2015, the SIU informed the Water Regulation Group that the section 329 direction to remove or modify the dam had been sent the previous Friday.

...

By the afternoon, it emerged that although the direction had been approved it had not yet been mailed. The documents were retrieved from the postal out-tray.

Why should we not conclude that, as a result of direct political interference by your office, a legal direction under the Act to remove a dam was cancelled?

**The Hon. NIALL BLAIR:** Have you any evidence to suggest that there was a direction from my office? Has the Ombudsman found any evidence that—

**The Hon. DANIEL MOOKHEY:** I repeat:

The meeting ended with the Minister's office stating that it needed a few days to 'figure out what's going to happen'. A few days after the meeting with the Minister's office, the Water Regulation Manager emailed the SIU case officer (not the SIU Manager) advising that he had attended the meeting with the Minister's office and that the situation remained unresolved.

Do you deny that your office issued that direction?

**The Hon. NIALL BLAIR:** Yes, there has been no interference from me in relation to how this matter should be resolved.

**The Hon. DANIEL MOOKHEY:** That is nice but it is not what I asked. Do you deny that your office issued the direction to remove the section 329 notice from the mail tray?

**The Hon. NIALL BLAIR:** Yes, and the Ombudsman has looked at—

**The Hon. DANIEL MOOKHEY:** Is that a yes?

**The Hon. NIALL BLAIR:** The Ombudsman has looked at this issue. If you can find any evidence from the Ombudsman or the Ombudsman's report that suggests that this was a direction or an action from my office, point me to that part of the Ombudsman's report.

**The Hon. DANIEL MOOKHEY:** I am asking you to deny it now.

**The Hon. NIALL BLAIR:** Yes, and I am telling you that this matter—

**Mr SCOT MacDONALD:** Point of order: The Minister is trying to answer the question. He is being talked over. It has happened three times now, I think. I ask that you direct the member to let the Minister answer the question.

**The CHAIR:** It is really good that you can count. Thank you.

**The Hon. MICK VEITCH:** It is important in his current position.

**The CHAIR:** I uphold the point of order. The member will allow the Minister to answer the question, and then he can ask another question.

**The Hon. DANIEL MOOKHEY:** Do you deny that you issued the instruction?

**The Hon. NIALL BLAIR:** Yes, I did not issue an instruction to remove anything out of an in-tray.

**The Hon. DANIEL MOOKHEY:** Did your office?

**The Hon. NIALL BLAIR:** As I said, the Ombudsman has looked at this. I do not think the Ombudsman or anyone or myself has any evidence to suggest that that was a direction issued by me or anyone in relation to that matter from my office.

**The Hon. DANIEL MOOKHEY:** Did you think it was an appropriate request for Mr Ray Williams to demand that the landholder receive a free water licence?

**The Hon. NIALL BLAIR:** What was my response to that demand?

**The Hon. DANIEL MOOKHEY:** I am asking you now. Do you think it was an appropriate request from Mr Ray Williams to ask for a free water licence?

**The Hon. NIALL BLAIR:** The appropriate response was provided by the agencies in relation to that request.

**The Hon. DANIEL MOOKHEY:** Did you or your staff ever ask Mr Ray Williams what was his association with Mr Gary Bugeja?

**The Hon. NIALL BLAIR:** No.

**The Hon. DANIEL MOOKHEY:** Did you or your office ever ask that question subsequently, after he sent you six letters?

**The Hon. NIALL BLAIR:** No, and I believe from media reports that I have seen recently that the proponent said that he did not have an association in relation to the local member.

**The Hon. DANIEL MOOKHEY:** Did you think it was highly unusual for Mr Williams to continue making representations on behalf of a person who was no longer his constituent?

**The Hon. NIALL BLAIR:** I have seen members make numerous representations on behalf of constituents. That is, I think, the nature of their job.

**The Hon. DANIEL MOOKHEY:** Do you accept Mr Williams' characterisation that officers from your department were treating the landholder in an abhorrent manner or that their actions were grossly unfair and intimidating, as Mr Williams claimed?

**The Hon. NIALL BLAIR:** I think the agencies involved have operated in a manner that has been absolutely investigated and thoroughly looked at and examined by the Ombudsman, and the Ombudsman has found nothing that would suggest what you are inferring there. I would agree with that.

**The Hon. DANIEL MOOKHEY:** To be clear, you do not accept Mr Williams' original criticism that justified his intervention: that your officers were acting in an abhorrent manner that was grossly unfair and intimidating? When Mr Williams used those phrases in his correspondence to you directly, he was speaking out of school?

**The Hon. NIALL BLAIR:** That was his view. You can ask him about that. My response is consistent with the responses that I gave in the letters back to those claims. This matter has been looked at and examined thoroughly by the Ombudsman and that is why you have the information there in front of you—because the Ombudsman has looked at this.

**The Hon. DANIEL MOOKHEY:** The Ombudsman has looked at it and found that as a result of the manner in which this was handled by your department, and specifically your office in exposing junior officers to political pressure, it resulted in:

an inconsistent, unfair and unjust outcome that benefited an individual to the detriment of other members of the public.

Do you accept the Ombudsman's finding?

**The Hon. NIALL BLAIR:** The Government has provided a response in relation to the Ombudsman's findings.

**The Hon. PENNY SHARPE:** What advice has your department given within government in relation to dealing with the issue of plastic pollution and its impact on the marine environment?

**The Hon. NIALL BLAIR:** I am happy to refer to Mr Hansen to see if there is any specific advice that we have provided. But I will state that the Marine Estate Management Authority has been looking at the issue of pollution and water quality extensively. All of the reports and the information that it has are provided on its website.

**The Hon. PENNY SHARPE:** Yes, I am familiar with that. I am asking specifically about plastic pollution and particularly the impact that it is having on marine life. Figures from Taronga Zoo show that the number of turtles that are turning up with plastic in their gut is increasing. It is having an impact up and down the coast in relation to water quality. What is your department saying across government in relation to plastic pollution and the marine environment?

**The Hon. NIALL BLAIR:** The question may be better directed to the Minister for the Environment.

**The Hon. PENNY SHARPE:** No, because you are responsible for the marine estate. I can ask her that, and I have asked her many times. I am asking what your department is saying, given that it is obviously a key issue in your management of the marine estate.

**The Hon. MICK VEITCH:** You never get much out of the Minister for the Environment.

**The Hon. NIALL BLAIR:** I said that the Marine Estate Management Authority [MEMA] has looked at a number of these issues. Questions about advice across government in relation to plastic pollution may be better asked of the Minister for the Environment.

**The Hon. PENNY SHARPE:** I am asking what your agency's advice is to any inquiries. I am aware that New South Wales was leading plastic reduction in the Ministers' Council of Australian Governments process. Are you saying that the marine authority has had nothing to say about that?

**The Hon. NIALL BLAIR:** I am happy to see if Mr Hansen has specific information to provide.

**The Hon. PENNY SHARPE:** That is what I am looking for.

**Mr HANSEN:** We work in partnership with the Office of Environment and Heritage [OEH] in the Marine Estate Management Authority. It forms part of the authority along with us. You will have noticed in that strategy that the information coming from both the Marine Estate Knowledge Panel and what has been informed out of the threat and risk assessment has placed pollution of our waterways by plastic as the highest risk. You will also see that a suite of activities are now being proposed that will be led by the agency responsible for litter and plastic reduction, which is the OEH.

However, it comes in under the Marine Estate Strategy with the appropriate agency that has the lead, being the OEH, in the delivery of those programs and activities. We have made sure that out of the threat and risk assessment process that risks posed by plastics to our waterways have been elevated and that the program of activities and works planned and that have received supplementary funding includes work delivered by the Department of Planning and Environment to help mitigate.

**The Hon. PENNY SHARPE:** Given that plastic pollution has been elevated within the strategy, will you discuss with the Minister for the Environment the need to take urgent action on it? A very simple step you could take would be to start the ban on single-use plastic bags.

**Mr JUSTIN FIELD:** All single-use plastics. Start with the cups on the table.

**The Hon. PENNY SHARPE:** It is not a cheeky question; it is a serious question.

**The Hon. NIALL BLAIR:** I was waiting for your buddy to stop interrupting so that I could answer the question. I am sorry, he is not your buddy. I should have said "Mr Justin Field". I apologise.

**Mr JUSTIN FIELD:** I thought we were buddies.

**The Hon. NIALL BLAIR:** I do not think you will be buddies after Labor's announcement about fishing lockouts. The Minister for the Environment, the Premier and the Government have addressed the plastic bag issue on numerous occasions. Supermarkets have taken their own action in this space.

**The Hon. PENNY SHARPE:** You are responsible for the marine estate and we have 10 million plastic bags going into waterways even after the bans. You have talked before about being concerned about food and aquaculture. We have plastics in the gut of all marine creatures and entering the food chain and you are suggesting that you have nothing to say about one of the simplest things we could do to make a difference.

**The Hon. NIALL BLAIR:** It is not the policy that I set; it is not my portfolio area.

**The Hon. PENNY SHARPE:** I am asking whether you are willing to take it up as an issue given that it has been elevated within your own strategy.

**The Hon. NIALL BLAIR:** The issue has been identified by the Marine Estate Management Authority and the Government is looking at responses. In relation to the policy setting on plastic bags, it is not an area within my portfolio. Of course, there are many ways to address issues, some of which we are seeing played out now in the marine estate. I hope you are all getting the text messages about what your party has committed against what you have announced in relation to some of those strategies. I am certainly getting them. This issue is live and we have a risk assessment. The plastic bag issue is a matter for another Minister.

**The Hon. PENNY SHARPE:** So you are washing your hands of that.

**The Hon. MICK VEITCH:** I refer again to Australia's Oyster Coast. Have you had any discussions with the Deputy Premier about the way in which the announcement was made to the sector?

**The Hon. NIALL BLAIR:** The discussions I had directly with the Deputy Premier were subsequent to the announcement. There were some discussions prior to the announcement, giving us a heads up that the decision had been made. But that is about it.

**The Hon. MICK VEITCH:** Will you review the impact on the industry?

**The Hon. NIALL BLAIR:** We are always looking at all of our industries. As I said before, we play a key role in particular spaces in relation to oysters. Again, I think the Director General clearly identified that is not just the State Government that has invested in this; the Federal Government has also invested in the spat industry on the South Coast. What I have looked at and what I am more concerned about is how we can support the industry more broadly going forward, particularly in relation to the Select Oyster Company and the role in which key genetic stocks through spat can be widely taken up and promoted within the sector. There is also the role that wild spat supply industry operates. We are also working on some specific issues on the South Coast. We have a Pacific oyster—

**The Hon. MICK VEITCH:** This decision cuts across some of that.

**The Hon. NIALL BLAIR:** —issue down there as well.

**The Hon. MICK VEITCH:** But there will be no review.

**The Hon. NIALL BLAIR:** We are always looking and monitoring sectors. There is no specific review that we are going to undertake in relation to this because we see investment in primary industries from a range of investors all the time.

**The Hon. MICK VEITCH:** Has the Recreational Fishing Trust been honouring its statutory annual reporting obligations—that is, does it provide an annual report and if not, why not?

**The Hon. NIALL BLAIR:** I will take the question on notice.

**The Hon. MICK VEITCH:** How much of the trust's money was spent on administration? How much goes to the Department of Primary Industries for programs by DPI Fisheries?

**The Hon. NIALL BLAIR:** I am happy to look at those programs.

**The Hon. MICK VEITCH:** For both trusts.

**The Hon. NIALL BLAIR:** I am happy to look at any information we have. It is also important to remember that some of the programs we administer are key, vital and widely supported. The trust itself makes these recommendations. It is open for people to make applications. The projects are funded on their merits. We have key people on that trust to make those decisions.

**The Hon. MICK VEITCH:** I am not attacking the trust.

**Mr HANSEN:** Can I clarify the question?

**The CHAIR:** You may.

**Mr HANSEN:** A number of the projects that the trust funds involve money coming to DPI to carry out breeding and restocking activities to progress our artificial reef development and so on.

**The Hon. MICK VEITCH:** Can you provide a breakdown?

**Mr HANSEN:** That is published and available. We will ensure it is available to the Committee.

**Mr JUSTIN FIELD:** The SMART drumline program was run across the State. Trials were in place for a while and ended quite a while ago. We have not seen an assessment of that trial. When will it be released?

**The Hon. NIALL BLAIR:** I have a lot of information here.

**Mr HANSEN:** I will have to take that on notice.

**The Hon. NIALL BLAIR:** We will take that on notice. I was trying to be helpful and to provide a direct answer rather than reading through all the paragraphs.

**Mr HANSEN:** I appreciate that.

**The Hon. NIALL BLAIR:** I know that time is of the essence.

**Mr JUSTIN FIELD:** Would you like 10 seconds more?

**The Hon. NIALL BLAIR:** It is probably easier to take the question on notice.

**Mr JUSTIN FIELD:** I refer to the Aboriginal Fishing Trust Fund that you and I have spoken about a number of times. How many applications have been received for funds in the 2018 round?

**The Hon. NIALL BLAIR:** It is a question that I am happy to take on notice. I do not get exposure to applications but I am more than happy to see if we have a number for you. We will take that on notice.

**Mr JUSTIN FIELD:** I would like a breakdown of the number of small grants, large grants and low interest loans. I just want to get a sense of where those are across the various coastal regions of the State. That would be useful. Do you know if there have been any that have been assessed and are successful? I imagine they would have been announced if they had been. The closing date was March this year, so I assume none has been granted at this point.

**Mr HANSEN:** I will take that on notice. With respect to the SMART drumline trials however, the reports for the 2016-17 year and 2017-18 are on the website.

**Mr JUSTIN FIELD:** I think those are the month-by-month reports that you are talking about. I remember when we had a meeting with your departmental staff, I understood there was going to be an analysis of the entire program released. We were talking specifically about what the terms of the analysis would be, what they were going to be judged against. Much like the bather protection program, I understood that there was going to be some form of full statewide analysis and report on that SMART drumline trial.

**Mr HANSEN:** With respect to the final wrap-up, I will come to you with a date, but all those month-by-month reports are up there. With regard to the Aboriginal Fishing Trust Fund, 25 applications have been received and a final decision is still pending on those.

**Mr JUSTIN FIELD:** I still ask for that breakdown if it is available. Will they be publicly announced?

**Mr HANSEN:** Yes.

**The Hon. NIALL BLAIR:** Sure.

**Mr JUSTIN FIELD:** Has the department allocated any specific resources to support Aboriginal communities or Aboriginal fishing businesses to prepare to submit applications to the trust?

**The Hon. NIALL BLAIR:** I am happy to see if we have any data about providing assistance to complete applications. I will see if we have any information on that. We do quite a bit of work in this space providing assistance to Aboriginal fishers in a number of areas. We provided the options for all fishers to have assistance when we went through the business adjustment program. We also have teams that are dedicated and have a close working relationship in the Aboriginal and cultural fishing space. In relation to whether any of those resources were dedicated to the application process or whether there was a specific line item, I will see if the Director General has any further information.

**Mr HANSEN:** I am not aware of a specific line item, but as the Minister said, we have a lot of close collaboration on that front. I am happy to ask our staff to document and come back to you with that assistance and their interactions on that.

**Mr JUSTIN FIELD:** Thanks very much. Minister, I want to move to YM *Efficiency* and the container incident that happened back in June this year. As I understand it, there are still a number of containers at sea; I think around 44. Are they going to be recovered?

**The Hon. NIALL BLAIR:** Bear with me for one moment, because the maritime agency has been the lead in relation to this. You probably do not want me reading out paragraph after paragraph. The latest information that I have is that the Australian Maritime Safety Authority has advised that, following analysis of survey data by

the Port of Newcastle, a further approximately 37 containers have been found in deeper waters. This comes off the back of some of the earlier numbers that we have had.

We know that 57 have been confirmed as having either been moved or damaged but remained on board the vessel, 81 containers were lost overboard, and the location of the remaining containers is unknown. A further survey is currently being undertaken. We know that two containers were found with one coming ashore at Yacaaba Head at the entrance to Port Stephens. Another was located in approximately six metres of water off Fingal Island. I guess the answer to your question is that there are some that have not been located yet. It would be difficult to remove something that has not been located but the Australian Maritime Safety Authority is continuing to survey the area.

**Mr JUSTIN FIELD:** I had understood that local fishers, particularly those operating out of Newcastle had been warned about a number that have been identified and located, because they pose a significant risk to trawling operations. So there are at least some—I am not sure how many—that have been identified and notified to ensure fishers avoid those areas. There is a bit of concern around that. Are the ones that have been identified going to be recovered?

**Mr SCOT MacDONALD:** Point of order: That is being led by the maritime section of the Roads and Maritime Services. I understand that the proper Minister to answer that question is Melinda Pavey.

**Mr JUSTIN FIELD:** To the point of order: If local fishers have been informed about risks to operations and I have the Minister responsible for fisheries sitting in front of me, I think it is a reasonable question.

**Mr SCOT MacDONALD:** No, you were asking about location and recovery .

**Mr JUSTIN FIELD:** It is a bit more complicated than that.

**The CHAIR:** I will extend your time by a minute. I rule the point of order in order. The Minister can only answer questions related to his own portfolio. Perhaps the question should be asked of Minister Pavey. Please proceed.

**The Hon. NIALL BLAIR:** I do appreciate that this is a Maritime issue, and it is also an area that we are closely working with Maritime to provide assistance to fishers. DPI Fisheries have been working with RMS and operators to advise the Australian Maritime Safety Authority on priority areas to search for submerged containers to provide certainty for the commercial fishing fleet. Ongoing maritime safety information broadcasts are being issued and further local advice is being provided by Marine Rescue in local broadcasts to alert recreational and commercial fishers and boaters of potential hazards.

I think around 42 containers are still missing. Aus Ship and Yang Ming have agreed to survey operations and locate remaining containers—that is, the operator that had the containers go overboard. This continues to be an issue that is being investigated. While any hazards are being identified, that information is being communicated through the appropriate alerts to those that may be at risk. The operation is ongoing, and we hope that any and all of the missing containers can be retrieved. We have seen more than 1,000 cubic metres of debris being recovered, but there is still a safety issue in relation to anyone operating vessels in the area.

**Mr JUSTIN FIELD:** Given the fact that a number of containers broke up, and 1,000 cubic metres of rubbish, waste, debris was cleaned up, we can believe that there is a similar amount underwater. You would expect these containers to break open at some point through rust and degradation. Is what is still in the water in the public realm? Does any content of those containers pose any risk to the marine environment?

**Mr SCOT MacDONALD:** Point of order: That question is outside the DPI Fisheries portfolio.

**The CHAIR:** I uphold the point of order.

**Mr JUSTIN FIELD:** Minister, have you read Al McGlashan's new book *Al's Australian fishing destinations: best fishing spots around the country*?

**The Hon. NIALL BLAIR:** No, I have not read his latest book. I am disappointed that I do not have a copy of it, actually.

**Mr JUSTIN FIELD:** You would think he would have sent you one, given he was happy to pose with you in that photo with the undersized kingfish a year or so ago.

**The Hon. NIALL BLAIR:** Undersized, was it?

**Mr JUSTIN FIELD:** It looked undersized. You have to hold it out.

**The Hon. NIALL BLAIR:** I am a proud fisher and I also am a proud fisher who adheres to the rules.

**Mr JUSTIN FIELD:** I was not casting aspersions, Minister, I was having a joke. Minister, do you find it strange that in Al's book he goes through all the best fishing spots around the country, and those include at least two or three in New South Wales wonderful marine parks. Yet he seems to have taken it upon himself to be part of the charge opposing some of the reasonable proposals for new marine protections in and around Sydney?

**The Hon. NIALL BLAIR:** I have not read the book. The proposal we have is out for consultation at the moment. That is all I have to say.

**The Hon. DANIEL MOOKHEY:** Do you want the book for Father's Day?

**Mr JUSTIN FIELD:** I will ask Al to send you a copy, Minister.

**The Hon. NIALL BLAIR:** Maybe send it to the Leader of the Opposition. He seems to have a renewed focus on this area, something that is a little different to where he was before.

**Mr JUSTIN FIELD:** We will see if that is the case.

**The Hon. NIALL BLAIR:** It is pretty public.

**The CHAIR:** I thank the Minister and his staff for appearing before the Committee. We would appreciate answers to questions taken on notice within 21 days.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**