

PORTFOLIO COMMITTEE NO. 5 – INDUSTRY AND TRANSPORT

Monday, 3 September 2018

Examination of proposed expenditure for the portfolio area

LAND AND FORESTRY, RACING

The Committee met at 2.00 p.m.

CORRECTED

MEMBERS

The Hon. Robert Brown (Chair)

The Hon. David Clarke

The Hon. Rick Colless

Mr Justin Field

The Hon. Trevor Khan

The Hon. Penny Sharpe

Mr David Shoebridge

The Hon. Mick Veitch

Ms Dawn Walker

PRESENT

The Hon. Paul Toole, Minister for Lands and Forestry, and Minister for Racing

(Minister Toole provided clarifications to evidence given – please refer to [correspondence received 27 September 2018](#))

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 the 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 Toole and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Lands and Forestry, and Racing.

Before we commence, I will make some brief comments about the procedures for today's hearing. Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses might say outside their evidence. I urge witnesses to be careful about any comments they may make to the media or to others after they have completed their evidence, as such comments would not be protected by parliamentary privilege if another person decided to take umbrage. That also applies to members during breaks.

There may be some 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.

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 into the microphones. If any of the witnesses are sharing a microphone, I ask them to move it in front of them before they speak. In addition, several seats have been reserved near the loudspeakers 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. I remind Mr Draper, Ms Livingstone and Mr Hansen from the Department of Industry that they do not need to be sworn as they have been sworn at an earlier budget estimates hearing.

NICK ROBERTS, Chief Executive Officer, Forestry Corporation of NSW, sworn and examined

PAUL NEWSON, Deputy Secretary, Liquor, Gaming and Racing, NSW Department of Industry, affirmed and examined

CHRIS REYNOLDS, Executive Director, Crown Lands, Department of Industry, affirmed and examined

CATHERINE MANUEL, Chief Executive Officer, Cemeteries and Crematoria NSW, sworn and examined

STEVE EDMONDS, Chief Executive Officer, NSW Crown Holiday Parks Trust, sworn and examined

SIMON DRAPER, Secretary, Department of Industry, on former oath

LIZ LIVINGSTONE, Deputy Secretary, Lands and Water, Department of Industry, on former oath

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

The CHAIR: I declare the proposed expenditure for the portfolios of Land and Forestry, and Racing open for examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the crossbench. Mr Justin Field will lead.

Mr JUSTIN FIELD: Thank you for coming before the Committee, Minister. The Government has given an undertaking to release regular data reports on electronic gaming machine profits every six months. The most recent data was due in August; it still has not been published. When will it be made available?

Mr PAUL TOOLE: As you are aware, this Government is making more information available than ever before. One of the changes that we have directly made has been the fact that the information will be available twice a year—

Mr JUSTIN FIELD: Not yet, Minister. It was due in August. We have limited time and it was a specific question. We have been around this quite a few times.

Mr PAUL TOOLE: Thank you, Mr Field. As I was saying, the information is that it is going to be published twice a year, it is free and it will be available. As you are aware, the first lot of information came out in March of this year. We are in September now, so over the next couple of weeks you will see the additional information being provided. There is more data than ever before being made available through the information that is being released by Liquor & Gaming through this particular process.

Mr JUSTIN FIELD: With respect, it is not up there. Can we take from what you say that it will be up there in the next fortnight?

Mr PAUL TOOLE: I said it would be available in September. It will be available this month. That information will be available once again. As you are aware, we have made significant changes. Previously, users had to pay for it and it was not all available. We have even increased the amount of information that is available, including the information around the gaming machine profit tax paid by each local government area—

Mr JUSTIN FIELD: I understand that, Minister. I used to buy the information and put it on my website. I appreciate that. Can we move on? Are you responsible for releasing that information or is it the department? Who ultimately makes the decision to hit the publish button?

Mr PAUL TOOLE: The information is released from the department but, as the Minister, I took steps, in discussions with Liquor & Gaming, to make sure that the information that is now available is able to be published twice a year and to have all that additional information available. This is about transparency. It is about making sure that the information that is available and provided can be shown to the public. People like yourself who are interested in the data will also be able to get the relevant information that is provided.

Mr JUSTIN FIELD: Why is it late?

Mr PAUL TOOLE: It will be available in September. Roughly every six months we will be releasing it. As I said to you, more information than ever before is now available. It will be available for you to peruse in the coming weeks.

Mr JUSTIN FIELD: Thank you. Is there a current investigation into the ALH Group and the allegations that staff collected personal information and shared data amongst its pubs to encourage customers to gamble more?

Mr PAUL TOOLE: Before I hand over to Mr Newson in relation to your question, I will point out that a Liquor & Gaming NSW investigation into alleged irresponsible gaming practices at ALH venues in New South Wales is ongoing. As part of that, I understand that Liquor & Gaming has been in contact with the Queensland and Victoria regulators and will continue to monitor the outcomes of any inquiries and associated regulatory actions in any other States related to those claims. I will ask Mr Newson if he has any additional information to provide to you.

Mr JUSTIN FIELD: If I could ask another question, because it might be something that Mr Newson wants to pick up on. Is the investigation into only what has happened with regard to gaming machines or are you also investigating whether or not ALH has breached the Liquor Act by giving away free alcohol?

Mr PAUL TOOLE: As I said, it is into alleged irresponsible gaming practices. As you are aware, it is currently under investigation, so we are limited in the amount of information that we can provide. I will ask Mr Newson if he can provide further detail.

Mr NEWSON: Certainly, Minister. The first thing I want to emphasise to the Committee for clarity—I know the Minister has declared it—is that these are allegations. It is keenly important to be very clear: Allegations have been made. They have been ventilated in the media. They are yet to be tested. They are most certainly yet to be substantiated. Within that context, the answer is yes, Liquor & Gaming NSW is conducting inquiries into allegations that certain hotels within the ALH Group have disregarded their responsible gambling obligations.

Mr JUSTIN FIELD: What about their Liquor Act obligations?

Mr NEWSON: I will reiterate the Minister's comments that it would be improper and I would be loath to make any comment that would prejudice our inquiries. Having said that, any investigation, and certainly any investigation that has a level of priority and sensitivity like this one, the investigation planning for it is comprehensive and meticulous. So the investigators will certainly have regard to the allegations that have been ventilated in the media. It is natural and it is good practice that when you have an investigation like this on foot that is grappling with some pretty sensitive and serious allegations, they have regard to what other breaches might have occurred. So the short answer to your question is yes, but I would expand on it in a brief way to say that if the allegations are made out, there may be issues for us under the Liquor Act. But I would not confine it to that. So we are looking at whether or not responsible gambling obligations have been disregarded. Within those inquiries, we will certainly have regard to the Liquor Act and whether there are potential breaches, and we will have regard to other pieces of legislation within our remit.

Mr JUSTIN FIELD: When do you expect the investigation to be completed?

Mr NEWSON: I would not, and it would be poor practice. It would be improper for me to make a declaration here when I would expect that investigation to be completed. In fact, I think it would prejudice the inquiries. We will conduct the inquiries that are appropriate and necessary to understand and test these allegations. Some serious allegations have been made and I reiterate that these are allegations. They have not been substantiated; they have not been tested before the courts. Allegations have been made. We will make the nature and extent of inquiries that we think is appropriate and we will continue those inquiries until we are satisfied that we have tested them, until we have substantiated—

Mr JUSTIN FIELD: I take your point. Minister, do you accept that the new lease arrangements that came about as a result of the legislation in March have increased poker machine profits in New South Wales?

Mr PAUL TOOLE: I think, Mr Field, you would be aware that as a part of the new leasing arrangements that were introduced as part of our gaming reforms—and that was one part of our gaming reforms that was introduced—

Mr JUSTIN FIELD: That is the bit I am asking you about.

Mr PAUL TOOLE: I am making the point that these were probably the largest reforms that we have seen in gaming in more than a decade. As a part of it, there was an option there for the consideration of leasing. When we are looking at leasing, we also understand that there are a number of businesses that want to change the model of practice that they currently have. We also know that there are a number of businesses that want to go pokie free. I can inform you that there have been a couple that have already taken up this option so that they can become a pokie-free venue.

Mr JUSTIN FIELD: Is it not the case that those machines have gone from less profitable areas to more profitable areas and, as a result of the leasing arrangements, you have increased the profitability of the sector and the losses to the community?

Mr PAUL TOOLE: I make the point that the leasing arrangement is not available for everyone. I think we need to put that very clearly on the record: The leasing arrangement is only available for small pubs and small clubs in New South Wales. That equates to those small pubs that have fewer than 10 machines and it also means clubs that have fewer than 30 machines. That is about 11 per cent of all machines here in New South Wales. We also know that not everybody is going to take up that option. The other point to make is the fact that there are a number of pubs and clubs in New South Wales that are under financial distress. We also know that the leasing arrangement—a commercial arrangement that is being made—can be money that can be invested back into those individual premises that might mean the difference between them keeping their doors open in their locality.

Mr JUSTIN FIELD: Minister, you are way away from the question. It was quite specific.

Mr PAUL TOOLE: Those pubs and clubs provide an important service in those local communities.

Mr JUSTIN FIELD: No-one is questioning that, Minister. This is a very specific question.

Mr PAUL TOOLE: I am saying that it can mean the difference between keeping the doors open or closed because, as I said, there are some venues under financial distress. They are not just a place where people—

Mr JUSTIN FIELD: There are communities under extreme financial stress as well.

Mr PAUL TOOLE: They are not—

Mr JUSTIN FIELD: Minister, can I draw your attention to this page of the budget estimates, which I would like to table? It shows a line item for clubs and hotels where a factor of a certain amount is accepted in the Treasury forecast for the next four years specifically with regard to the leasing arrangement. So do you agree that profitability of the industry has increased as a direct result?

Mr PAUL TOOLE: I take it on notice. The Treasurer is having his budget estimates right now. So you can go and ask him that question now, if you wish.

Mr JUSTIN FIELD: I am going to go and ask him right now.

The CHAIR: Mr Field, could you identify the page number.

Mr JUSTIN FIELD: It is titled "Analytical Model". The file name is very long. I have a copy here and I have provided copies to the secretariat to be circulated.

The CHAIR: They can provide those to the Minister. The question is on notice.

Ms DAWN WALKER: Recently the general manager of the Heyfield mill, Mr Vince Hurley, was quoted in the media saying that a shortfall in log availability for that mill—a Victorian mill—would be made up by purchase of spotted gum logs from the New South Wales South Coast. Have there been any communications between the Forestry Corporation of NSW and the Heyfield mill, VicForests or the Victorian Government regarding supply of spotted gum to Victoria?

Mr PAUL TOOLE: Thank you for your question. I might ask Mr Roberts if he has some information to provide in relation to the particular matter that you have mentioned.

Mr ROBERTS: The Forestry Corporation of NSW has had a commercial relationship with the Heyfield mill in the past. We have sent down some wood—other than spotted gum—from the Tumbarumba forests. There is no offer that I am aware of or any discussion about supplying spotted gum to that mill in Victoria.

Ms DAWN WALKER: When I asked this question in April—a question on notice—the Minister stated that no commitment had been made to supply logs. Am I to take from your answer that the Heyfield mill manager is incorrect in what he stated to the press in February 2018?

Mr ROBERTS: I obviously have not been able to read exactly what he has said. I did say we have supplied logs to that mill in the past. We are no longer supplying logs to that mill. I am certainly unaware of any discussions to continue to supply particularly spotted gum.

Ms DAWN WALKER: From which forests were you supplying that mill?

Mr ROBERTS: The hardwood forests out at Tumbarumba.

Ms DAWN WALKER: How much was coming out of those forests?

Mr ROBERTS: I would have to take that on notice.

Ms DAWN WALKER: Could you do that, please? I would be interested to know that.

Mr ROBERTS: Yes, sure.

Ms DAWN WALKER: Was a payment made? What is the financial arrangement between Victoria and New South Wales?

Mr ROBERTS: It is not between Victoria and New South Wales; it is between the Heyfield mill and the Forestry Corporation of NSW. We had a commercial term sheet that dictated the way that that transaction would be carried out. Those logs were paid for by that mill.

Ms DAWN WALKER: Is that available?

Mr ROBERTS: Yes.

Ms DAWN WALKER: Could we also have that information?

Mr ROBERTS: Yes.

Ms DAWN WALKER: I am interested in the timber yield modelling that you use, because it appears that we have a history in this State of overestimating how much timber we are able to supply and having to then buy that back. How much timber have we had to buy back and how much has it cost taxpayers since 2013?

Mr PAUL TOOLE: Firstly, I make the point to you that the timber industry here in New South Wales is critical. The timber industry generates about \$2.4 billion in New South Wales and there are over 22,000 people that are employed with various—

Ms DAWN WALKER: I understand the timber industry, Minister. With all due respect, I am asking about how we actually operate. Looking at the figures, it seems that there is a history of overestimating what we can supply and then the Government has to buy it back, which means the people of New South Wales have to pay for the lack of business acumen that has been shown with the yield. How much money has it cost the New South Wales taxpayer to buy back the timber that we promised but could not supply?

Mr PAUL TOOLE: I will ask Mr Roberts to respond in a moment if he has an answer, otherwise we will have to take it on notice.

Ms DAWN WALKER: Perhaps let us take it on notice.

Mr PAUL TOOLE: No, Mr Roberts may be able to answer it. I make the point that when you are talking about wood supply agreements, these are 20-year agreements that are put in place. When you are talking about wood supply agreements at this point in time, you do not have wood supply agreements unless you have things like regional forest agreements [RFAs] in place, which is exactly what we are working on right now, and integrated forestry operations approvals [IFOAs]. I might ask Mr Roberts whether he has a response to your question.

Mr ROBERTS: Maybe I could add a little bit of detail. Hardwood forests cover an enormous area, and so the way that we have traditionally undertaken yield modelling starts off with a sampling regime where we would sample one area per 250 hectares of productive State forest, and so we develop a picture as to what that resource might look like as we grow it forward into the future. We also have to take account through those estimations the area of buffer zones, things like rocky outcrops, streamside buffer zones, allowances for threatened species and whatever it may be. There are a number of criteria which we have to put into those calculations running forward. We have a process where periodically we go back into our forecast models to review exactly how accurate our predictions have been with regard to set-aside areas, for example. Generally speaking, we make some modification to those numbers but they are not large. In addition to that, we are now able to utilise some new technology called lidar. This is a radar-based technology which allows us to—

Ms DAWN WALKER: I am sorry to interrupt. Unfortunately, I only have a very limited amount of time and, while I am very interested in your answer, because of the short amount of time I have got—

The Hon. TREVOR KHAN: You are not interested?

Ms DAWN WALKER: I am interested in one particular aspect, which is the buyback. That is the crux of what I would like some clarity on.

Mr ROBERTS: If I could talk to that particular subject, in my time at Forests NSW and the Forestry Corporation there have been a number of reasons for buybacks and historical buybacks, and a lot of that has related

to a reduction in the scale of the operations as State forests have been converted into national park, and that has had a big implication on the yield modelling. So I guess what I was trying to tell you in the first part of my answer is, in my view, our yield modelling gets better and better, and as a consequence it is getting more and more precise. So I do not believe that we have a shortfall in terms of our modelling, but there are changes to the net harvestable area that we are able to operate over the years.

Ms DAWN WALKER: Minister, would you allow the assumptions that underpin your current modelling to be independently reviewed?

Mr PAUL TOOLE: I think the modelling is appropriate. As you know, we are basing our information when it comes to looking at forestry and timber operations here in this State upon research, we base it upon evidence that is provided, and we base that information on facts. We will continue to do the work that is required. As you would be aware, the IFOAs have seen the experts, the Natural Resources Commission [NRC], undertake fairly significant work on the North Coast. That is the information that we will provide. We will not make decisions based upon information that is just provided out there; we will actually base our information off evidence and research that is undertaken.

Ms DAWN WALKER: Can I perhaps hone in on a specific example, perhaps, that you will need to deal with in the future. During the week of 20 August there were several fires experienced on the North Coast. According to the Fires Near Me website, many of these burnt areas of State forest, particularly in Clarence Valley. Can you detail the impact these fires have had on timber volumes, and can you also provide advice on how the future impacts of fire on timber and biodiversity will be considered in the new IFOAs and the RFAs?

Mr PAUL TOOLE: I will ask Mr Roberts to make a comment in a moment, but there is no doubt that when we see fires, whether it is in the North Coast or in other parts of New South Wales, it has an impact on communities. It has an impact when it comes to those fires that operate and happen in State forest areas. Very mindfully, that is why we have a very strong program in place to ensure that we protect our State Forest as best as possible where we can. Mr Roberts, can I ask you to answer in relation to that?

Mr ROBERTS: Maybe I will go back to the previous question about reviews.

Ms DAWN WALKER: Yes.

Mr ROBERTS: Dr Cris Brack, who is a professor at the Australian National University and a recognised national expert in forest modelling, has reviewed our processes around forest modelling in a number of different areas of the State on a regular basis. We do that and run that process as a matter of course.

Ms DAWN WALKER: Will fires be included in that as one of your assumptions?

Mr ROBERTS: Fires are obviously very difficult to predict—their nature and magnitude. If you are talking about a hardwood native forest, fortunately eucalypts are very fire tolerant. Generally speaking, in a mature forest or a semi-mature forest you can have a fire go through the landscape and the trees will look like they have taken a hit from the fire but they will regenerate. You will see that there will be leaves on those trees within four to six weeks of the fire passing through. In New South Wales, as opposed to Victoria, we are lucky in that our trees are very fire tolerant. In terms of our modelling, we do have 10 per cent headroom. We have a number of factors we build into our models to make sure the numbers are precise, but over and above that we have a 10 per cent allowance for things like fires that we cannot account for.

The Hon. MICK VEITCH: Minister, how many trusts are involved in managing cemeteries in New South Wales?

Mr PAUL TOOLE: I do not have that exact number, but I might ask if that information is here today. There are a lot of trusts, as you would be aware, and those trusts do a pretty good job right across the State in managing our cemeteries on behalf of so many communities.

The Hon. MICK VEITCH: You can take this on notice if you have to.

Ms MANUEL: We have five major land managers in metropolitan Sydney, but I am not sure how many we have across—

The Hon. MICK VEITCH: The five majors in metropolitan Sydney are?

Ms MANUEL: Rookwood Necropolis Land Manager, Rookwood General Cemeteries Reserve Land Manager, Catholic Metropolitan Cemeteries Trust, Southern Metropolitan Cemeteries Land Manager and Northern Metropolitan Cemeteries Land Manager.

The Hon. MICK VEITCH: And each of those have a chief executive officer? I am trying to get my head around the structure of these organisations. Are they pretty similar? They all have a CEO?

Ms MANUEL: Correct.

The Hon. MICK VEITCH: And then the next tier down is senior management?

Ms MANUEL: Correct. Yes.

The Hon. MICK VEITCH: The process for establishing the CEO's salary, Minister, how does that work in each of those trusts? Is it a matter for the trust or is it a matter that comes to you?

Mr PAUL TOOLE: I might ask Ms Manuel to answer that, if she can.

Ms MANUEL: There is an independent board appointed to manage each of our major Crown cemetery operations in greater metropolitan Sydney, and I understand that the salary is determined by that independent board.

The Hon. MICK VEITCH: What is the process for determining the salaries? Do they have somewhere they can go to in the public service to find an equivalent skill set that they can then use to measure that against, Minister, or do they just determine it on a separate—

The Hon. TREVOR KHAN: Are you looking for a job, Mick?

The Hon. MICK VEITCH: Yeah. You may well be invested in this, too—speaking of looking for a job. Minister, what is the structure and how do we determine those salaries?

Mr PAUL TOOLE: I might ask Ms Manuel to answer that if she can. If not, we will take it on notice.

Ms MANUEL: At this point in time, it is done independently and they would actually—most of them would—engage with external consultants that undertake remuneration evaluations. It is done independently of—

Mr DRAPER: In way of giving a general answer, all executive appointments under the public service operate in bands. Each of those bands has a general range, and then particular roles are evaluated usually using a number of factors—complexity, the level of responsibility. A band is determined using that methodology, and then it is open to the employer, whoever the employer is, to appoint someone within that band.

The Hon. MICK VEITCH: Who appoints the board? Is it a trust appointed by you, Minister? Is that the normal process? Is it the same as under the new system, the crown managers or land managers?

Mr PAUL TOOLE: Crown managers, it would be. The board does get considered by me to appoint. I make the point that it is not just the Minister who appoints it; there is a lengthy process in considering the candidates for the board appointment as well. Whilst there may be advertising and interviews, there are usually probity advisers, then that information comes up as a recommendation for the Minister to consider those names. When I consider the names for any board—whether it be for cemeteries or anything across Lands—it is about looking at a diverse range of skills, it is about looking at the backgrounds of those people and ensuring that the people who are going to be appointed will provide value to the board, to the trust that they are going to be part of.

The Hon. MICK VEITCH: That is excellent news. When one of the chief executive officers [CEOs] is terminated, does the usual contract have a termination payout? Do you know?

Mr PAUL TOOLE: I am unaware of CEOs being terminated. Ms Manuel may know.

Mr DRAPER: There is a general provision, as you may be aware, under the Government Sector Employment Act for various types of terminations. Then within the regulations, particularly regulation 39, of the Government Sector Employment Act, there are amounts that are allowed for payouts depending on the type of termination that has occurred.

The Hon. MICK VEITCH: In the past four years how many CEOs have there been at the Rookwood Cemetery trust?

Mr PAUL TOOLE: I will take it on notice.

The Hon. MICK VEITCH: Minister, what would you say if I told you that I have been advised that some of the CEOs are being paid more than you—in fact, in one instance more than the Premier?

Mr PAUL TOOLE: There are many jobs across the country where people are paid more than the Premier.

The Hon. MICK VEITCH: A cemetery trust?

Mr PAUL TOOLE: Obviously, it takes into consideration what Mr Draper has already said—the work that is involved. As the Minister responsible for cemeteries, I make the point that it is a big task when one is dealing with so many faiths and different cultures across our communities. It is sometimes a very difficult task and it is a challenging task. Our CEOs and operators of cemeteries do a great job in providing that care, that respect and that empathy for people who are dealing with burying their loved ones.

The Hon. MICK VEITCH: You attended a planning day held at the Sydney Justice & Police Museum, which apparently included drinks with you afterwards. Can you advise how much the planning day cost?

Mr PAUL TOOLE: I cannot tell you how much the planning day cost but we can take it on notice. I make the point that it was an important opportunity to engage with those operators and to have a conversation about the work they have been doing. They were there as part of a workshop receiving information throughout the day as to how to work effectively, not only as a team but as a cemetery operator in this State. I do not know if Ms Manuel wants to elaborate a bit further on the planning day and the importance of that event.

Ms MANUEL: The day in question was on 1 August and we brought together 45 to 50 of our major stakeholders and looked at the work that we are going to be undertaking over the next 12 months to 24 months in the space. We need to work very closely with our stakeholders and we need to collaborate effectively, so that was a good way to get them altogether.

The Hon. MICK VEITCH: Minister, you are taking on notice the cost?

Mr PAUL TOOLE: We will take that on notice.

The Hon. MICK VEITCH: What were the financial reserves of the Crown cemeteries at the end of last financial year?

Mr PAUL TOOLE: I will ask Ms Manuel if she has that information available, otherwise we will have to take that on notice as well.

Ms MANUEL: We will take that on notice.

The Hon. MICK VEITCH: Are all cemeteries now treated as controlled entities?

Mr PAUL TOOLE: I will ask Ms Manuel to comment.

Ms MANUEL: The accounting control is what you are talking about now?

The Hon. MICK VEITCH: Controlled entities, yes.

Ms MANUEL: Under Australian Accounting Standards Board 10, Consolidated Financial Statements, the New South Wales Treasury determines what entities that consolidates and does not consolidate for the purposes of its total State sector accounts and the Crown cemeteries are consolidated under AASB 10.

The Hon. MICK VEITCH: But are all of the cemeteries now controlled entities?

Ms MANUEL: They have been for a number of years, yes.

The Hon. MICK VEITCH: Minister, why will you not release the Miller report, the Harley report and the PricewaterhouseCoopers [PwC] report into various aspects of cemetery management?

Mr PAUL TOOLE: I will use the PwC report as an example. I have read that report. It is now the subject of further conversations with those involved. Over the past couple of weeks we have started talking to the different operators about that report. A decision will be made in the future as to whether or not that will be released. This is the next step in the process of having the report written, looking at the information provided, but also now talking appropriately to stakeholders about some of the information in the report. The Harley report is another important piece of information that was looking at the future of burial space in the State. That is being considered not only by me as the Minister for Lands and Forestry, but also by the Minister for Planning. That was a joint action undertaken by the Government to look at future burial space right across New South Wales. Both of those reports are currently under consideration.

The Hon. MICK VEITCH: Did the Minister for Planning consult with you before he shut down the general cemetery's proposal to purchase Fernhill?

Mr PAUL TOOLE: Fernhill was a decision that was made by the Rookwood trust. I know there was an exclusive offer at the time that had expired. Through that whole process we know that—

The Hon. MICK VEITCH: Did it expire because the report sat on your desk?

Mr PAUL TOOLE: It expired because, as the Minister, when I am making a decision about burial space and where future cemeteries are going to be placed, I need to take into consideration whether it is justifiable to spend the money on behalf of the public. That information that comes to me needs to be considered very carefully and in the context of looking at communities and the space.

The Hon. MICK VEITCH: Did the Minister for Planning consult with you before he made the decision?

Mr PAUL TOOLE: Rookwood's decision not to purchase Fernhill was at the end of 2017. It was not until approximately March 2018 that the Government looked at purchasing Fernhill for green space. I have to consider all of the information that is provided. I have to say to you, yes, we are always talking to other departments about various matters, not just Fernhill alone. There are many implications that we need to consider when it comes to planning matters, burial space and Crown lands or forestry all the time. Of course, we are going to be talking across other departments.

The Hon. MICK VEITCH: Did the local members lobby you about Fernhill?

Mr PAUL TOOLE: The local members do not have to lobby me. They made it very clear what their views were about Fernhill. There are media reports to show what the stand was of both local members and what their feelings were about Fernhill becoming future burial space. I would expect any local member who is elected to the Parliament to raise the issues that are of concern to their local community. Very much so here. This is exactly what has happened. I am sure that, as the Minister, they have raised their concerns with me. They have raised concerns with other Ministers as well, but it is not just about Fernhill alone. There are many issues that local members raise, and appropriately, on behalf of their community. That is exactly what both of these local members have done.

The Hon. MICK VEITCH: I want to talk a bit more about the concept of Ministers talking to Ministers about crossover areas. Did the Treasurer talk to you about the unsolicited proposal for the privatisation of cemeteries in Sydney?

Mr PAUL TOOLE: Unsolicited proposals is a matter for the Department of Premier and Cabinet. That is not something that I would be talking to the Treasurer about.

The Hon. MICK VEITCH: When were you made aware of it then?

Mr PAUL TOOLE: I have seen various reports that have been written in the media about that. I think my views about the unsolicited proposals on cemeteries have also been expressed in media reports. Cemeteries will continue to operate as they do today.

The Hon. MICK VEITCH: Can you rule out the future sale of cemeteries in Sydney?

Mr PAUL TOOLE: My views have been put out in the media as to the importance that cemeteries play in this space across New South Wales. We have a lot of other matters to look at when it comes to future burial space, including ensuring that we have enough into the future. We are looking at more land on behalf of our faiths and cultures in this space.

The Hon. MICK VEITCH: That cuts back to my original question about the Miller report, the Harley report and the PwC report. When will they be made public? I accept your statement about the PwC report. What about the other reports? How long have you had the Miller report?

Mr PAUL TOOLE: As I said in relation to the Harley report, it has been looked at by both the Minister for Planning and me. It was a joint report.

The Hon. MICK VEITCH: We know how well that goes.

Mr PAUL TOOLE: This is about good government when it comes to planning. This is about ensuring the reports indicate where future burial space might be. This is about making sure that when we are looking at—

The Hon. MICK VEITCH: Cemetery management.

Mr PAUL TOOLE: Exactly.

The Hon. MICK VEITCH: Like ruling out privatisation in the future?

Mr PAUL TOOLE: We cannot make ad hoc decisions. I am not prepared to do that, especially in this space when we are looking at where future cemeteries will be put. We have to take into consideration a number of factors and which communities will be impacted by cemeteries.

The Hon. MICK VEITCH: Are you going to rule out the privatisation of cemeteries in Sydney?

Mr PAUL TOOLE: It was an unsolicited proposal.

The Hon. MICK VEITCH: But separate from that?

Mr PAUL TOOLE: My view is very clearly articulated that unsolicited proposals go to the Department of Premier and Cabinet.

The Hon. MICK VEITCH: What about into the future, regardless of unsolicited proposals? Let us remove the question of unsolicited proposals. Can you guarantee to this Committee that there will be no plans to privatise cemeteries in Sydney?

Mr DAVID SHOEBRIDGE: Are you going to privatise death?

Mr PAUL TOOLE: I do not believe that is what will happen. At the end of the day, this is about ensuring that we continue to—

The Hon. MICK VEITCH: So you cannot rule it out?

Mr PAUL TOOLE: I never said that.

The Hon. MICK VEITCH: So you can rule it out?

Mr PAUL TOOLE: I cannot determine what the Labor Party will do in 20 years.

The Hon. MICK VEITCH: What are you going to do?

The Hon. TREVOR KHAN: Point of order: This is becoming outrageous. The Minister is entitled to answer the question without interruption.

The CHAIR: I do not need a point of order.

Mr PAUL TOOLE: As the Minister, I am not considering or proposing the privatisation of cemeteries.

The Hon. MICK VEITCH: Are you aware of a popular caravan park and camping spot outside of Cobar known as "Newey", which has been closed for some time?

Mr PAUL TOOLE: I am not aware of that particular caravan park.

The Hon. MICK VEITCH: Cobar Shire Council is seeking to have it reopened. Can you acknowledge the wonderful mayor of Cobar, Councillor Lilliane Brady, and assure her that the caravan park will be reopened?

Mr PAUL TOOLE: I will not make a decision today during a budget estimates hearing. That would be most inappropriate.

The Hon. MICK VEITCH: It would thrill the mayor.

Mr PAUL TOOLE: Lilliane Brady is a wonderful woman and a magnificent lady.

The Hon. MICK VEITCH: She wants the caravan park reopened.

Mr PAUL TOOLE: She is passionate on behalf of her community. We need to understand all the factors behind the reopening of that caravan park. If it means having a conversation with the council that wishes to reopen it, let us do that. Let us see what the council can put in place to support its reopening.

The Hon. MICK VEITCH: Do you know why a public notice about the intended sale of Crown land at Woy Woy was published in the Batemans Bay newspaper?

Mr PAUL TOOLE: Thank you for that question. I am aware of a report about an advertisement placed in another newspaper. When I heard about it, probably a number of weeks ago, I raised it with the department and asked that it conduct an internal review of the sale of the land at Woy Woy.

The Hon. MICK VEITCH: An internal review within the department?

Mr PAUL TOOLE: I asked the department to look at it. People were making statements that they intended to go straight to other authorities.

Mr DAVID SHOEBRIDGE: I referred it to the Independent Commission Against Corruption.

Mr PAUL TOOLE: What I wanted to do was to work out exactly what had happened in this space in the past. This is something that goes back to 2004. The sale did not take place until 2005. As a part of that, I asked Mr Reynolds to examine the matter. An internal process was undertaken and it found that the decision to advertise the proposed sale happened in 2015. I was also advised that an error was made on a departmental computer being used by a staff member.

The Hon. MICK VEITCH: Does that error invalidate the sale?

Mr PAUL TOOLE: I do not believe so. The sale was advertised in the *Central Coast Express Advocate* in August 2013, and the internal review that I asked to be undertaken confirmed that. The information that came to light goes some way to ensuring that we can continue to improve our processes. As you would be aware, through our Crown lands improvement we have a community engagement strategy that is ensuring people will have a say about how Crown land is used in the future. If you want, I will ask Mr Reynolds to provide a little more detail about that internal investigation.

The Hon. MICK VEITCH: Perhaps as part of that he can also let us know whether the sale price represented market value?

Mr REYNOLDS: I would like to clarify that the sale occurred in 2015, not 2005.

Mr PAUL TOOLE: Sorry.

Mr REYNOLDS: Within three hours of the ABC report, I sent an email request to my independent governance team. The team exists within Crown Lands and it is independent of the area associated with the sale. I set the scope of the review directly from my office and sent the email to the director who heads that area. The review was completed within two weeks and it was very thorough. As the Minister confirmed, the review concluded that an advertisement was placed in 2013.

My interpretation of the evidence trail attached to the internal review document was that the department took a conservative approach with regard to the time that had lapsed between 2013 and the advertisement being appropriately placed and the sale concluding in 2015. As I said, my review indicates that the department felt that was long enough to seek to renotify. Again, that is a conservative approach. The documents confirm that the officer involved at the time had inadvertently ticked the "Bay Post" thinking it was the relevant bay. In fact, it was the *Bay Post-Moruya Examiner*. That was in fact the second notification. The appropriate notification was placed earlier in 2013.

I will move to the second question with regard to the sale price. The documents, consistent with our standing practice at the time, sought agreement from the appropriate delegate on a range of matters associated with the sale. The officer concerned did what I would call a desktop appraisal of what it was thought the value of the site would be. In my view that was entirely appropriate. That was not done to pin to the back of a sale or the exchange of contracts but to inform some decision-making at a conceptual level about whether or not it was appropriate to pursue the sale with the applicant. Rather than spending too much time and effort until the decision was secured about whether or not to go to step two, the department looked at the statutory land value of the adjoining site and applied that pro rata across this site.

The Hon. MICK VEITCH: So you believe it represents market value?

Mr REYNOLDS: No, I do not. There is a separate process that deals with obtaining market value. That is done by independent licensed valuers, which in fact did occur. It is understandable when looking at the evidence that was made available through the GIPA request to form the view that there were two market values, but there were not. We need to be very careful when we talk about market value or a desktop appraisal and internal due diligence about whether or not this is in the department's interests and whether it should go to the next step. So I think it is about finding the right balance of investing effort, time and cost or having a graduated approach to that, which is what the department did. At no stage did the records that I have read cite the \$121,000 as being market value. In fact, it never was, and it was never purported to be such.

The Hon. MICK VEITCH: Thank you. Minister, I want to move on to some Forestry questions because the clock is ticking. Does the Government have any plans to buy back either in total or in part wood supply agreements [WSAs] in northern New South Wales?

Mr PAUL TOOLE: Not that I am aware of.

The Hon. MICK VEITCH: Mr Roberts?

Mr ROBERTS: No.

The Hon. MICK VEITCH: Thank you. What is the progress of the steep slopes logging trial?

Mr PAUL TOOLE: I will ask Mr Roberts if he can give an update in relation to that.

Mr ROBERTS: The steep slopes logging trial, this would be for slopes over 30 degrees up on the north coast. There has been no trial. There is no trial planned at the moment.

The Hon. MICK VEITCH: Do non-Boral sawmills have to accept a higher percentage of New England-sourced saw logs under their WSAs compared to the Boral sawmills' wood supply agreements?

Mr PAUL TOOLE: There are specific wood supply agreements undertaken when it comes to the Forestry Corporation. In a moment I will ask Mr Roberts to explain that. I would also indicate that certain species are given to those mills within those areas. Mr Roberts, can I get you to add to that?

Mr ROBERTS: Yes. The Boral wood supply agreement was negotiated in 2003. It is a 20-year agreement to 2023. At the time it was negotiated I was not with the business. It does have a number of key performance indicators [KPIs] related to preferred species in that agreement. There are proportions of the agreement which have to be delivered as blackbutt, spotted gum or some other species and that determines the species mix in large part to that mill—not 100 per cent but it certainly determines in a large part of that mill's species mix. The other high-quality wood supply agreements on the north coast are what we would call "run of bush". The mills are located within a particular region and, generally speaking, the forests in those regions provide a certain proportion of different species but there is no guarantee as to a particular mix or supply in those wood supply agreements. That has been the case since 2003-04.

The Hon. MICK VEITCH: The Government's 2014 review of the northern New South Wales hardwood allocation stated that "sustainable supply levels of the preferred species of blackbutt would need to decline by around 30,000 cubic metres per annum after 2023". Minister, has this forecast been updated since the Boral buyback in 2014?

Mr PAUL TOOLE: As you would be aware, we are going through the process of the integrated forestry operations approvals [IFOAs] at the moment. That is a draft that has been out for public consultation. There have been various workshops. We have asked for the community to provide submissions. As you would be aware, through that particular report the National Resources Commission [NRC] has done some work that identified areas that are going to be looked at being permanently protected. It is also looking at a future wood supply by having no impact on that wood supply but also having no adverse impact on the environment. This is something the Government is looking at through the research—

The Hon. PENNY SHARPE: Minister, to clarify, the IFOAs will open up new areas that are currently off limits in relation to harvesting.

Mr PAUL TOOLE: What we need to put into perspective is the fact that those sites that were mapped out as a part of the draft IFOA were chosen by the Office of Environment and Heritage [OEH]. What we have been able to ascertain is that some parts of forestry have actually been declared old growth or rainforest areas. Unfortunately, when the NRC went in and did the work, it indicates that there was no old growth or no rainforest areas that had been identified. So we are clearly seeing a system whereby in the past governments went in and declared these areas as being not able to be used for forestry operations. There was no research, no science and no evidence to support that. We are seeing some areas that are absolutely incorrectly mapped. As a part of it, we want to ensure that we are protecting the right pieces of land, but also as part of our IFOA we are putting systems in place that will provide the greatest protection to threatened species in some of those areas. We have also increased the fines and the penalties.

The Hon. PENNY SHARPE: Thank you. I can hear all of that.

Mr PAUL TOOLE: I am glad.

The Hon. PENNY SHARPE: The short answer is you are opening up new areas that previously have been protected.

Mr PAUL TOOLE: No, that is not what I said.

The Hon. PENNY SHARPE: I think that is what you said. I will hand back to Mr Veitch because I am interrupting.

The Hon. MICK VEITCH: Minister, under clause 6.2.1 of the revised Boral agreement in 2014, Boral is entitled to a specific share of small blackbutt logs—no more than 85 per cent of the quantity of blackbutt small logs. Are you aware of any impact on smaller sawmillers who, by definition, could therefore have only 15 per cent of the available blackbutt small log supply?

Mr PAUL TOOLE: I am not aware of it. I can take that on notice.

The Hon. MICK VEITCH: Take it on notice but can you also tell us whether has there been any assessment within the department around the impact or the potential impact on small log sawmillers?

Mr PAUL TOOLE: I will ask Mr Roberts if he can comment in relation to that.

Mr ROBERTS: We are certainly aware of the nature of your question and where it leads. I guess it goes back to the Boral agreement when it was first established having species-specific KPIs against it. The Forestry Corporation's predecessor did whatever it could to ration out the blackbutt to the other mills, which basically led to the arbitration case in 2013 with Boral. Yes, there is an argument that it has an impact, but I believe the way we work operationally on the north coast with Boral and with our other customers is that we are getting around that particular problem. We are beginning to supply greater volumes of those small logs to customers on the north coast.

The Hon. MICK VEITCH: Minister, are there any non-Boral sawmills in northern New South Wales that have not received any allocations of blackbutt?

Mr PAUL TOOLE: I am not aware. I would have to take it on notice.

The Hon. MICK VEITCH: Thank you.

Mr DAVID SHOEBRIDGE: Minister, do you believe the people of New South Wales got a fair return when 1,100 square metres of public land on the waterfront at Woy Woy was sold for \$34,000 in 2015 by your Government?

Mr PAUL TOOLE: Mr Shoebridge, what concerned me was having a look at the process as to what has transpired over that particular period of time. As I said, there were some people who were out there in the media saying they were referring it to other authorities.

Mr DAVID SHOEBRIDGE: I referred it to the Independent Commission Against Corruption [ICAC].

Mr PAUL TOOLE: Oh, it was you.

Mr DAVID SHOEBRIDGE: I wrote a letter and I referred it to ICAC because I could not believe it.

Mr PAUL TOOLE: Some people will very conveniently come to my office, have that discussion, talk about things that are important and find out the facts of what has actually transpired. In this particular case—and I will go back to what I said previously—the fact is that as a part of this whole process this is something I asked the department to have a look at from an internal perspective to see what has transpired through this whole process. As a part of the process, Mr Reynolds has already given a detailed response as to what the department has done, but what I want to see is to make sure that as we go forward. As you would be aware, we have a community engagement strategy in place—

Mr DAVID SHOEBRIDGE: Minister, my question was: Do you think the people of New South Wales got fair value when your Government sold off a prime waterfront site at Woy Woy for \$35,000? Do you think that was good value for the people of New South Wales?

Mr PAUL TOOLE: Well, Mr Shoebridge—

Mr DAVID SHOEBRIDGE: Are you embarrassed?

Mr PAUL TOOLE: No, I am not embarrassed.

Mr DAVID SHOEBRIDGE: You should be.

Mr PAUL TOOLE: I am not. Are you embarrassed because you did not come and ask me?

Mr DAVID SHOEBRIDGE: I am never embarrassed about not going to see you and I am not embarrassed about the referral to ICAC. I want to know if you think there was good value. Do you think the public outrage at the sale is justified or not justified?

Mr PAUL TOOLE: This is exactly why we get independent valuations done, and that is exactly what has happened. That is what Mr Reynolds was indicating when you came into the room here today as to the process where an independent valuation had been undertaken by the department on that piece of land. This was a—

Mr DAVID SHOEBRIDGE: Does nobody in your department do an intelligence check—

The Hon. TREVOR KHAN: Point of order: The Minister had clearly not finished his answer before Mr Shoebridge again went on the attack. I would ask that the Minister be entitled to conclude his answer before the member asks a further question.

The CHAIR: I make two rulings on the point of order. I would not characterise Mr Shoebridge's questioning as an "attack", but I will uphold the point of order in so far as the Minister should try to answer the question as succinctly as he can. Minister, you were in the middle of answering the question. Please proceed.

Mr PAUL TOOLE: As I said, it was done by an independent valuation, and I am very happy, once again, to ask Mr Reynolds if he can provide some additional information in relation to how that process took place.

The CHAIR: Just before he does that, this question was the subject of a quite lengthy answer given by Mr Reynolds.

Mr DAVID SHOEBRIDGE: Which I heard.

The CHAIR: Do you require further information?

Mr DAVID SHOEBRIDGE: I do not require further information from Mr Reynolds, at this point, about the process.

The CHAIR: Let us proceed with your question.

Mr DAVID SHOEBRIDGE: Does nobody in your department do a commonsense, rational check when you are flogging off 1,100 square metres of prime waterfront land in Woy Woy for \$35,000? Did no warning bells go off? Are there no integrity checks before these kinds of sales are done? Did you even think to go to market, and test it by going to market, when there was such an obvious undersell of public land?

Mr PAUL TOOLE: We have already been through the process as to when this happened.

Mr DAVID SHOEBRIDGE: I am asking you about—

The Hon. TREVOR KHAN: Point of order—

Mr DAVID SHOEBRIDGE: —once you get an evaluation of \$35,000—

The CHAIR: Order!

Mr DAVID SHOEBRIDGE: —do you do anything when the bells go off?

The CHAIR: Order! Please do not continue when I have called order.

The Hon. TREVOR KHAN: My point of order is the same: The Minister was clearly answering the question. Mr Shoebridge again interrupted, clearly before the Minister had finished answering the question.

The CHAIR: Mr Shoebridge is not satisfied with the Minister's question—

The Hon. TREVOR KHAN: I can accept that.

The CHAIR: —but it is Mr Shoebridge's time. If he wishes to waste it, I am sure the Minister is capable of answering the question in any way he sees fit. There is no point of order.

Mr PAUL TOOLE: I think you need to put it in perspective, Mr Shoebridge. There are over 580,000 parcels of Crown land here in New South Wales. When you say "flog off parcels of Crown land" that is incorrect, because 0.000086 per cent of Crown land is sold each year. That equates to only 50 parcels of land.

Mr DAVID SHOEBRIDGE: Minister, my question was about the process—

Mr PAUL TOOLE: No, you said it was "flogging off Crown land".

Mr DAVID SHOEBRIDGE: —and whether any bells go off. When you get such a low valuation is there an integrity check? Do any bells go off? Do you do a commonsense check, or do you just sign it away for whatever?

Mr PAUL TOOLE: Mr Reynolds, who you do not wish to hear from any further about the process—

Mr DAVID SHOEBRIDGE: I am happy if Mr Reynolds can tell me. Once you get a low valuation like that, are there any commonsense tests—any integrity tests? I am happy for Mr Reynolds to answer.

Mr PAUL TOOLE: Before Mr Reynolds answers, I will just make the point that that is exactly why, as you would understand, through our Crown Land Management Act there have been numerous changes. You know that there have been improvements to our information technology [IT] system. Over \$7 million is being invested in our IT system to ensure that our processes that are in place are modernised. They are going to be able to deal with matters like this in a more timely manner. They are going to be able to deal with Crown land, whether it be roads—

Mr DAVID SHOEBRIDGE: With all due respect, my question is about what is in place now, not what you hope to be. What is in place now to ensure that we get value? I am happy for Mr Reynolds to tell me what additional checks come in once you get such a low valuation.

Mr PAUL TOOLE: I will ask Mr Reynolds to provide that information to you, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Please do.

Mr REYNOLDS: Thank you. Just for context, you spoke earlier about prime waterfront land. This site actually fronts a carpark. It is—

Mr DAVID SHOEBRIDGE: I have been there. Have you been there?

Mr REYNOLDS: I have seen it on aerial photographs. I have not had a chance—

Mr DAVID SHOEBRIDGE: I have been there. It is prime waterfront land.

Mr REYNOLDS: The parcel of lands fronts no other freehold land. It has carparks and road uses surrounding it. So, in terms of marketability or value, there would serve little to no utility in taking this site to the open market—not only because it fronts or abuts any other freehold parcels of land but, more importantly, its shape, which is largely triangular in nature. I am sure you are aware that, through development application processes—council development control plans—by the time you factor in a number of planning requirements such as building setbacks, the geometry of this subject site would restrict even further what use might be afforded upon it.

Mr DAVID SHOEBRIDGE: But within a matter of weeks of the sale it was being put forward with a development application [DA] that covered it with apartment blocks under a State Environmental Planning Policy (Seniors Living)—seniors living SEPP—that it seems nobody in your department was aware of, because the advice that was given through the department was that the highest and best use would be a bowling green. But as soon as it was sold—bang!—in comes a DA that covers it with apartment blocks. It was incompetent of your department not to realise that a developer would put an application on it. How did you not pick that up?

The Hon. TREVOR KHAN: Point of order—

The CHAIR: Are you taking a point of order?

The Hon. TREVOR KHAN: I think he has got to be given the chance to answer it, rather than for speeches being given by the member.

The CHAIR: There is no point of order. Please continue.

Mr REYNOLDS: Not only the limited site geometry and potential use if it was to go to the open market—I assume that the nature of your inquiry is that we could have got more for it on the open market—the other important thing to take into account, which the licensed valuer who provided the valuation advice also took into account, was that it had a recreational zoning, that the shape was irregular, as I have said, and, more importantly, that it is flood prone. So when the valuer valued this site these would have been important constraints that would have been considered in valuing this largely triangular parcel of land. Those valuations are independent of the department. Our policy is very clear—and was at the time—that we base the sale price on independent valuation advice, which was the case at the time. In that context, no "alarm bells"—to use your phrase—would have gone off. Even now when I look at it, I am not alarmed. I think the valuer, as a professional, independent, licensed valuer, undertook their work appropriately.

Mr DAVID SHOEBRIDGE: I do not know what disturbs me more—

The Hon. TREVOR KHAN: Point of order—

Mr DAVID SHOEBRIDGE: —the original giveaway or the fact that, Minister, you are not willing now, despite having all the evidence taken to you, to admit that there was a failure. Why will you not admit that?

The CHAIR: A point of order has been taken.

The Hon. TREVOR KHAN: This is outrageous.

Mr DAVID SHOEBRIDGE: Yes, you sucking up my time is outrageous.

The Hon. TREVOR KHAN: No. The point of order is that the member is making speeches. He is not asking questions, and it is an outrageous abuse of process.

Mr DAVID SHOEBRIDGE: You did not wait for the end of my question.

The Hon. PENNY SHARPE: It is now my time.

The CHAIR: Order! There is no point of order. Before we move to the Hon. Penny Sharpe, I might just ask the Minister a question. Would you be happy to let me do that?

The Hon. PENNY SHARPE: Yes.

The CHAIR: Minister, have you approved the de-gazetted of Wallaby Scrub Road yet? You can take it on notice.

Mr PAUL TOOLE: I will take it on notice.

The CHAIR: Are you aware of correspondence—legal advice—that has been sent to your office that would suggest that you no longer have the power to de-gazette Wallaby Scrub Road? Could you look into that and perhaps advise the Committee, under notice, of those two questions?

Mr PAUL TOOLE: Sure. We can do that.

Mr DRAPER: Chair, some of my colleagues have asked me to clarify something. I gave some evidence earlier about how salaries are determined the Act—the termination payments. I just wanted to clarify what I said earlier.

The CHAIR: No, you can qualify that on notice. We are eating into the member's time. That is my fault; I apologise, Ms Sharpe.

The Hon. PENNY SHARPE: Minister, can you confirm that the New South Wales Community Development Fund is the source of funding for the Government's \$500,000 contribution to the Million Dollar Chase?

Mr PAUL TOOLE: I can confirm that that is correct.

The Hon. PENNY SHARPE: Are you comfortable with the fact that a program that has been used—mostly but not entirely—for war memorial upgrades, funding for veterans' meeting places and grants to clubs and schools is being used for a private racing event?

Mr PAUL TOOLE: I will put it into perspective and then I will ask Mr Newson to make a comment.

The Hon. PENNY SHARPE: I do not want you to do that. I want to ask you whether you are comfortable with that.

Mr PAUL TOOLE: Do you want an answer? I am happy to give an answer.

The Hon. PENNY SHARPE: So you are comfortable that you are basically ripping half a million dollars out of war memorial projects to fund the greyhound race?

Mr PAUL TOOLE: The Community Development Fund can be used for various purposes. In the past it has been used for some sporting facilities. In the past it has been used for war memorials. This particular time it is being used for the Million Dollar Chase. I need to make the point to you—

The Hon. PENNY SHARPE: Sorry, did your department suggest this as a source of funds for this event?

Mr PAUL TOOLE: Let me finish and then I will ask Mr Newson to confirm it, as well. As part of the \$500,000 that is being used for this particular event, it will see regional communities hold heats and finals in regional centres. That is going to be 22 events in regional New South Wales.

The Hon. PENNY SHARPE: There is a range of buckets of money across the Government for major events. This particular bucket of money has previously been used for small community grants for war memorials and other functions. Instead, it is going to a private greyhound race. That is okay. What I want to know is: Was this use of this bucket of money a suggestion from your department?

Mr PAUL TOOLE: I make the point again, before Mr Newson comments, that 22 events in regional New South Wales at the moment can provide a huge economic boost to those local towns and there are a lot of regional centres that are actually suffering—

The Hon. PENNY SHARPE: Sure, but this is a Community Development Fund that is being used for small one-off projects. There are other buckets of money across your Government in both tourism and in your regional grants funds that can be used for these types of events, like major events. Really what I want to know is: Did your department provide advice about this bucket of money and the use of this for this purpose, and would you provide it to the Committee?

Mr PAUL TOOLE: If you let me finish I am happy to also indicate that these 22 events in regional New South Wales will be a huge economic boost to those towns and will bring visitors in.

The Hon. PENNY SHARPE: Thank you very much, Minister, that is not my question.

Mr PAUL TOOLE: I am about to answer it, if you would let me finish.

The Hon. PENNY SHARPE: Well, you have said the same thing three times.

Mr PAUL TOOLE: Well, you have interrupted me three times. I will also ask Mr Newson to clarify for you as to how the Community Development Fund works—

The Hon. PENNY SHARPE: No, I understand how it works.

Mr PAUL TOOLE: I want you to be aware that it is—

The Hon. PENNY SHARPE: I am asking you a specific question about its use for this purpose and I am asking Mr Newson if he could tell me what advice was provided to the Minister in relation to the use of this bucket of money for this particular purpose?

Mr PAUL TOOLE: Before Mr Newson answers, I make the point that it is unclaimed prize money—

The Hon. PENNY SHARPE: Yes, I know what it is.

Mr PAUL TOOLE: —from gaming machines as well, which has now been utilised for the event. Mr Newson?

Mr NEWSON: Certainly, Minister. Look, I guess there are a couple of matters around the construction of the questioning that I would like to clarify for the Committee's benefit. One is that I do not think it is a correct construction to say that this has been used for small grants historically or that it has been consumed or fixed on war memorials and the like. There was absolutely a very major \$1 million grant for war memorials, which is no trifle. Certainly in the buckets of money we deal with—

The Hon. PENNY SHARPE: No, it has also been used for soccer clubs and schools as well.

The Hon. TREVOR KHAN: Just let him—

The CHAIR: Order!

The Hon. PENNY SHARPE: It's all right; I can read the website too.

Mr NEWSON: Certainly in the buckets of money that we deal with it was a very significant amount of money that was applied to war memorials, and appropriately so.

The Hon. PENNY SHARPE: Terrific.

Mr NEWSON: The other part is that this really is not a matter for the Minister. The Community Development Fund is a matter for the department and my role, that I declared at the start of this hearing, is the Deputy Secretary for Liquor, Gaming and Racing and so the statutory test, the threshold test, for application of those funds is around community benefit that the Secretary or an appropriate delegate thinks appropriate.

The Hon. PENNY SHARPE: Can I just confirm that it was your idea to use the \$500,000 contribution to the Million Dollar Chase from this bucket of money? Whose idea was it?

Mr NEWSON: I would just qualify that. It was certainly my decision. I was the delegate. I was the one who approved the application of funds.

The Hon. PENNY SHARPE: On whose suggestion?

Mr NEWSON: I do not think that there is some nefarious suggestion, if that is the implication.

The Hon. PENNY SHARPE: I want to know whose idea it was.

Mr NEWSON: There were a number of approaches from the industry around: Is there any avenue, is there any mechanism that government, given that it had declared it wants a competitive, a sustainable greyhound racing industry and any mechanism that the Government could help showcase the welfare and showcase regional racing—

The Hon. PENNY SHARPE: Thanks, Mr Newson, that is fine. I have limited time. If you are not going to tell me whose idea it was, that is fine. Minister, do you intend to make this Government contribution to the prize money on an ongoing basis or is this a one-off before the election?

Mr PAUL TOOLE: You are asking me a question in relation to the Community Development Fund and Mr Newson has clearly outlined to you as to how the fund works and his role in actually signing off in relation to that.

The Hon. PENNY SHARPE: You are clearly trying to stretch out the time. That is fine. It is a yes or no question.

Mr PAUL TOOLE: That is not a decision for me. That would be a decision for the Deputy Secretary into the future again. Greyhound Racing NSW has indicated that this is going to be an important event in relation to not only greyhound racing but also around animal welfare. It has also indicated that it is looking at being able to continue this event into the future, so how it find the funds into the future will be a matter for the industry as well.

The Hon. PENNY SHARPE: Minister, are there any conditions on the contracts between New South Wales, Crown and The Star that prevent or obstruct in any way the decision to have a third casino in New South Wales?

Mr PAUL TOOLE: I might ask Mr Newson to comment on that, if he can, here today.

Mr NEWSON: I would not comment on any specific detail around the various agreements that are in force but the Casino Control Act does not contemplate any additional casinos so there is emphatically one casino and one restricted gaming facility and for the purposes of the operation of the Casino Control Act the restricted gaming facility is recognised as a casino. I am not dealing directly with your question around the agreements, but the legislation, the statute, does not contemplate any additional casinos, so unless there was a—

The Hon. PENNY SHARPE: But is there anything that prevents it?

Mr NEWSON: Well, the statute prevents it. There are only two lawful casinos. One is The Star and one is the restricted gaming facility, which is technically a restricted gaming facility, but for the purposes of the operation of the Act is recognised as a casino; otherwise it would be an unlawful establishment.

The Hon. PENNY SHARPE: You would be aware that there is currently a parliamentary inquiry into the live music industry and the difficulties that it has been facing in New South Wales. There have been a series of questions that Liquor & Gaming has answered in relation to restrictions on dance floors, mirror balls and I suppose restrictions on fun within particular venues. In one of the answers you have provided to the Committee previously you talked about imposing conditions on licences to address a specific risk during the implementation process. Can you provide information to the Committee on what specific risk dance floors and mirror balls provide in relation to entertainment venues?

Mr PAUL TOOLE: Before Mr Newson answers, I make the point as well that live entertainment has actually seen an extension of about 31 venues here in the Sydney CBD and Kings Cross precinct that have now taken advantage of providing live entertainment at their particular venues. This has meant an extension in trading hours and also for last drinks.

The Hon. PENNY SHARPE: There are also 82 that have ceased to trade, Minister.

Mr PAUL TOOLE: You are asking another question now.

The Hon. PENNY SHARPE: Well, you are not answering the question that I originally asked, which was about mirror balls and dance floors. If you want to ask a dixer about how your licensing is going, you are giving up your time.

Mr PAUL TOOLE: You want to ask about live entertainment so I am also—

The Hon. PENNY SHARPE: No, I am asking about the specific risk the Office of Liquor and Gaming considers mirror balls and dance floors to be?

Mr PAUL TOOLE: I will ask Mr Newson to comment.

Mr NEWSON: I do not have those answers in front of me, but I appeared as a witness and understand that I am appearing as a witness for that committee again next week. I certainly found that there was a contrast between the assertions and claims that were made—one of which was around mirror balls—and the reality of it when we came back with our questions on notice. There are compelling circumstances—and our police colleagues would join me on this—where we have had prosecutions, for example a recent one in Newcastle, when a venue, for example an on-premises restaurant, morphs into a bar or nightclub. Its risk footprint is then completely separate from both the contribution it is paying for its annual risk fees and its risk assessment for police and licensing inspectors.

I understand that historically there have been circumstances where a venue may have had some sort of device—whether it is a mirror ball or disco light—that would have been inconsistent with its licence and, as our prosecutions have made out, it has been operating as a nightclub and has been selling liquor irresponsibly and has not been paying the appropriate contribution to offset the risk to the community. Instead, it has been contributing to the risk of alcohol-related harm. My experience was that claims that are made are often not made out or substantiated when we look into the evidence, but it is possible and plausible that there will be circumstances where a licensee is acting and conducting itself in a manner inconsistent with its permissions. It may well be that they use a mirror ball or other lights to have a dance floor and sell their alcohol irresponsibly, and we will continue to prosecute them.

The Hon. PENNY SHARPE: I have one final question. Minister, can you confirm that part of Mount Boss State Forest has been set aside as a koala reserve, with great fanfare from the Government, even though the last koala sighting there was in 1994?

Mr PAUL TOOLE: I am not going to go into the specifics for the koalas. Obviously, that is a question that you need to ask the Minister for the Environment—

The Hon. PENNY SHARPE: No, it is a State forest that has just been handed over. Your department has had quite a lot to do with it, I would presume.

Mr PAUL TOOLE: As part of that unproductive State forest that—

The Hon. PENNY SHARPE: It is unproductive State forest that has not seen a koala for more than 20 years and you think you are making a koala reserve?

Mr PAUL TOOLE: That is part of the strategy that this Government has introduced in relation to a strong koala strategy. As a part of it—

The Hon. PENNY SHARPE: A koala strategy with no koalas. Thank you, Minister.

The Hon. MICK VEITCH: Minister, can you rule out the sale or the long-term lease of the Reflections Holiday Parks chain?

Mr PAUL TOOLE: Reflections does a fantastic job. It looks after a number of holiday venues across the State, whether it is for families and individuals going each and every year—

The Hon. MICK VEITCH: Yes, but are you going to flog it off?

Mr PAUL TOOLE: You have the mantra of saying that we are flogging things off but—

The Hon. MICK VEITCH: You have flogged off \$53 billion worth.

Mr PAUL TOOLE: What I am focused on is making sure that these caravan parks are brought up to a level where families can continue to enjoy them each and every year when they go there for their annual holidays. That is my focus and that is what I will continue to focus on delivering.

The Hon. MICK VEITCH: So you are not going to sell them?

Mr PAUL TOOLE: You know what? We are actually making investments into them. This year I went to Seal Rocks. There is a \$7.6 million investment into that site.

The Hon. MICK VEITCH: Are you selling them or not?

Mr PAUL TOOLE: As part of that, we are doing plans of management for these sites. My answer is that we are going to continue to improve them on behalf of the people of this State who continue to go there and use them as important holiday destinations each and every year.

The CHAIR: I thank the Minister and his staff for agreeing to appear today. Not everybody got a guernsey but that is okay. We do not have a lot of time to run these examinations and our time under the order has expired. Minister, there will be some questions on notice, one of which will be mine—a very important one. We would like answers to those questions within 21 days. Thank you very much.

(The witnesses withdrew)

The Committee proceeded to deliberate.