

PORTFOLIO COMMITTEE NO. 3 – EDUCATION

Tuesday 4 September 2018

Examination of proposed expenditure for the portfolio areas

REGIONAL NEW SOUTH WALES, SKILLS, SMALL BUSINESS

CORRECTED

The Committee met at 14:00

MEMBERS

The Hon. Lou Amato (Chair)

Mr Justin Field

The Hon. John Graham

The Hon. Natasha Maclaren-Jones

Reverend the Hon. Fred Nile

The Hon. Peter Primrose

The Hon. Mick Veitch

The Hon. Natalie Ward

PRESENT

The Hon. John Barilaro, *Deputy Premier, Minister for Regional New South Wales, Minister for Skills,
and Minister for Small Business*

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**

The CHAIR: Welcome to the public hearing for the inquiry into budget estimates for 2018-2019. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respects to elders past and present of the Eora nation and extend that respect to other Aboriginals who may be present. I welcome Minister Barilaro and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Regional New South Wales, Skills and Small Business. 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 may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they may make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat. There may be some questions that witnesses could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days.

Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. A transcript of this hearing will be made available on the website tomorrow. To aid the audibility of this hearing, I remind both Committee members and witnesses to speak into the microphones. In addition, several seats have been reserved near the loudspeakers for persons in the public gallery who have hearing difficulties. Finally, I ask everyone turn their mobile phones to silent for the duration of the hearing. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

ROBYN ANNE HOBBS, Small Business Commissioner, sworn and examined

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

TIM REARDON, Secretary, Department of Premier and Cabinet, sworn and examined

GARY BARNES, Deputy Secretary, Regional NSW, Department of Premier and Cabinet, sworn and examined

The CHAIR: I declare the proposed expenditure for the portfolios of Regional New South Wales, Skills and Small Business 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 Opposition.

The Hon. JOHN GRAHAM: Welcome, Deputy Premier. I want to ask, first, about the GO NSW Equity Fund. The fund is reported as being \$150 million, comprising \$100 million from First State Super and I just wanted to be clear on how much money the Government contributes. The budget papers say \$42 million. What is the amount the Government is contributing?

Mr JOHN BARILARO: The Government's contribution to the fund is \$50 million. The GO NSW Equity Fund is a \$150 million fund—\$100 million is from First State Super and \$50 million from the New South Wales Government through Jobs for NSW.

The Hon. JOHN GRAHAM: The fund also operates in partnership with ROC Partners. Have they put any capital into the fund?

Mr JOHN BARILARO: No. ROC Partners does all the preliminary work to identify opportunities for investment.

The Hon. JOHN GRAHAM: The fund was first announced on 17 October 2017, is that correct?

Mr JOHN BARILARO: That sounds right, yes.

The Hon. JOHN GRAHAM: One of the goals of the fund is to overcome the barrier of access to finance for New South Wales firms—

Mr JOHN BARILARO: Correct.

The Hon. JOHN GRAHAM: —the issues they might have getting access to capital. The role of ROC Partners in the material is described in this way—this is in the fact sheet for the fund—that they "will support the origination, assessment and execution of investments for the fund", much as you have just described. But I want to be clear what that means. Are they the decision-maker here?

Mr JOHN BARILARO: No.

The Hon. JOHN GRAHAM: So how does that happen?

Mr JOHN BARILARO: What happens is that ROC do the economic assessment. They identify the opportunities in relation to the type of investment that we may look to and then there is a process that we actually follow. We go from the deal identified by ROC. They undertake that internal assessment. That deal then goes to an investment committee. That investment committee has members from Jobs for NSW, a delegate, an investment adviser from Jobs for NSW, the head of alternative investment from First State Super and then ROC Partners of course has a partner on that investment committee. From there that investment committee will give it consideration.

Once they give it consideration to agree or not agree to commence, they will commence due diligence. Once that happens ROC then goes off and does all the due diligence in relation to the investment on behalf of Jobs for NSW—being us—and consistent with the assessment framework that has been put in place. That then will be brought to the Jobs for NSW chief executive officer, who then presents it to the board for approval or non-approval. The same would happen in that space for First State Super. It comes back to the investment committee if it gets the green light to execute the deal and ROC executes the deal.

The Hon. JOHN GRAHAM: That investment committee that you have described is the first step. So it is a three-person committee, is that accurate, or are there more?

Mr JOHN BARILARO: No. Jobs for NSW has two on it: The head of First State Super is on it and ROC Partners. So there are actually four on that committee, and then ROC has a number of advisers and staff working on the GO NSW Fund.

The Hon. JOHN GRAHAM: Who would support this four-person committee?

Mr JOHN BARILARO: Correct.

The Hon. JOHN GRAHAM: That is useful. The investment decisions go to the Jobs for NSW board for sign-off. That is actually for decision, not just for noting; is that for decision?

Mr JOHN BARILARO: No, the Jobs for NSW board will give it either the green light or the red light in relation to this. They stick within the framework.

The Hon. JOHN GRAHAM: So they could turn it down?

Mr JOHN BARILARO: They can turn something down, yes; of course they could.

The Hon. JOHN GRAHAM: Does it go for ministerial sign-off or not?

Mr JOHN BARILARO: No, everything is arm's length from the Government.

The Hon. JOHN GRAHAM: Understood. Are you notified as a Minister?

Mr JOHN BARILARO: Jobs for NSW will send me their board paper reports but I will be notified of any decision from Jobs for NSW.

The Hon. JOHN GRAHAM: So they make the decision but you, as Minister, would be notified as they make—

Mr JOHN BARILARO: Not immediately.

The Hon. JOHN GRAHAM: So not beforehand.

Mr JOHN BARILARO: No, not at all.

The Hon. JOHN GRAHAM: As staffing was restructured in Jobs for NSW I think a small number of policy people are now housed in the Department of Industry. Would they have knowledge or sign-off for these investments or any sort of oversight role?

Mr JOHN BARILARO: That is a question that I will ask the secretary of industry to answer.

Mr DRAPER: There is no role for sign-off for those staff. The sign-offs happen only through the board and the assessments are generally done as the Deputy Premier described by ROC Partners.

The Hon. JOHN GRAHAM: Do you as secretary of the department have any role for sign-off?

Mr DRAPER: Yes, I am a member of the Jobs for NSW board.

The Hon. JOHN GRAHAM: Turning to ROC Partners, they are led by managing partner Michael Lukin, is that correct?

Mr JOHN BARILARO: I could not even tell you exactly.

The Hon. JOHN GRAHAM: No worries. Have you met Mr Lukin?

Mr JOHN BARILARO: I do not think I have, no.

The Hon. JOHN GRAHAM: ROC Partners are a private equity firm with about \$4 billion to \$5 billion under management who spun out of Macquarie Group in a management buy-out. They were previously the private equity department known as Macquarie Investment Management Private Markets. How were they chosen to work with government?

Mr JOHN BARILARO: Again, I might refer that to the secretary. But I can only assume that First State Super being the majority partner in the equity fund, with \$100 million out of \$150 million; I do not know if the secretary has that answer.

Mr DRAPER: I will answer more fully on notice but I understand that is correct—that they were referred, firstly, by Treasury Corporation through to First State Super and then First State Super to ROC Partners.

The Hon. JOHN GRAHAM: The fund has made two investments currently, is that correct?

Mr JOHN BARILARO: That is correct.

The Hon. JOHN GRAHAM: Are there more investments in train or imminent?

Mr JOHN BARILARO: I am not aware of anything but I assume there would be because ROC Partners' job in this arrangement is to go and seek investments on behalf of the fund. So I would assume there might be something in the pipeline but these things are not flagged to me in advance.

The Hon. JOHN GRAHAM: The usual conflict of interest provisions would apply. If there is a conflict in the process of those approvals you would expect them to be declared?

Mr JOHN BARILARO: Conflicts from who?

The Hon. JOHN GRAHAM: In the process of that investment decision-making, so on the investment committee—can you tell us?

Mr JOHN BARILARO: That investment decision-making, the role of ROC and everybody is arm's length of government. So there is no conflict of interest from our perspective, but internally I would assume so.

The Hon. JOHN GRAHAM: So you would assume so?

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: As to the oversight or protection of taxpayer funds, if it is at arm's length from government, what are the surety mechanisms in place for you, as the Minister, that nothing untoward is happening with the dollars?

Mr JOHN BARILARO: Again Jobs for NSW—and I will get the secretary to respond to that—has a number of products from grants, the loan products and assessments around that. There is a framework put around everything we do because it is taxpayer dollars. The \$50 million that we put into the equity fund, along with First State Super, I would be confident enough to say that First State Super, having \$100 million in the fund, would have to ensure on behalf of its members, its shareholders, that there was the right governance structure around it to make sure that the right thing was done by the dollars invested. But your question is more to the detail of what is that framework. I do not know. I will refer it to the secretary.

Mr DRAPER: To expand on the Deputy Premier's answer, the partnership deed that sets this up sets out requirements for the use of those funds and they are around socio-economic goals and job creation. The purpose of the fund is not just general investment; it has particular targets that are required under that partnership deed. Jobs for NSW as an investor is a—you might describe it—silent participant. It is not involved in the operation of the company or partnership. The arrangement is that we have contracted job creation with all of those who receive the benefits of Jobs for NSW funds, or at least those who receive loans and equity. We get reports back on the progress against those targets.

The Hon. MICK VEITCH: In these investments who wears the risk? If it is arm's length from taxpayers, what is the risk exposure for the taxpayers?

Mr JOHN BARILARO: The risk exposure would be our \$50 million. If you were to expend and invest every single cent, our risk would be \$50 million and First State Super's risk would be \$100 million. But we would hope that through our partners we have got the processes in place to protect it. At the end of the day, governments give out grants and loans across a range of different products and we sit with that risk. It is not different to some of the contracts we sign up to across a number of agencies. We risk that opportunity but there is no question that in the marketplace—and Mr Graham touched on this—the issue around access to finance and access to capital has been something that is holding back investment in business and industry for quite a long time. The reality is that of course there is some risk and it is tax dollars at risk but you would hope that we have put some of the toughest processes in place to protect the taxpayer dollar.

Mr DRAPER: If I could to that add, it might help the Committee to understand that the investments are happening in partnership with First State Super, but the partnership deed also allows ROC to invest alongside on the same or similar terms. There is some protection for the taxpayer in that both First State Super and ROC Partners are putting skin in the game. Our investments will perform the same way as theirs.

The Hon. MICK VEITCH: Can I explore the first investment—Stone Axe Pastoral—and spend a bit of time on that? Can you confirm that the amount invested from the fund was \$10 million?

Mr JOHN BARILARO: Correct.

The Hon. MICK VEITCH: This was announced on or about 21 February this year?

Mr JOHN BARILARO: Thereabouts—earlier this year, yes.

The Hon. MICK VEITCH: What is the value of Stone Axe?

Mr JOHN BARILARO: I will have to refer that to the secretary.

Mr DRAPER: I will have to take that on notice.

The Hon. MICK VEITCH: While you are doing that could you also get the revenue of the company?

Mr DRAPER: Yes. Again, I do not have that in front of me. I will have to take it on notice.

The Hon. MICK VEITCH: Are you aware that the Managing Director of Stone Axe Pastoral is a bloke by the name of Scott Richardson, who joined the company from Gina Rinehart's Hancock Agriculture business?

Mr JOHN BARILARO: No, I was not aware.

The Hon. MICK VEITCH: Are you aware of the other directors of the company?

Mr JOHN BARILARO: No, not at all.

The Hon. MICK VEITCH: What if I told you they were: Matthew Walker, who is the original owner; Brad Mytton, who is the Investment Director for ROC Partners; and Michael Lukin, who is the managing partner of ROC Partners? Do you know who they are?

Mr JOHN BARILARO: You have just named a whole heap of people and mentioned partners of ROC. I see where you are going with this. As to the secretary's comment earlier, ROC has the ability to invest in these companies outside of the arrangement of the equity fund.

The Hon. MICK VEITCH: Before or after—

Mr JOHN BARILARO: I do not know the detail of if, when and how they have invested.

The Hon. MICK VEITCH: ROC Partners was a majority shareholder in Stone Axe Pastoral Company on or around 9 May 2017—sometime prior to 21 February 2018. On the back of a recommendation it made to this fund to invest in a company it had already invested in several months earlier, we put taxpayers' funds into that.

The Hon. NATALIE WARD: Point of order: The Minister has already said that those decisions are not made by him. He is not part of those investment decisions.

The Hon. MICK VEITCH: That is not a point of order.

Mr JOHN BARILARO: To that point, let me say this: The majority stakeholder is First State Super and the fund. It would have a process to protect its shareholder membership base and members in relation to that investment. You are alluding that ROC have acted inappropriately or have not disclosed something. I do not know if that is or is not the case because it is done arm's length of the Government.

The Hon. MICK VEITCH: It is arm's length but you liked having the photo taken in and over the cheque. Seriously, you want to be there with a big smile and hand over the cheque and get the press release and the Google Maps of where to go, but you do not have any involvement in this at all?

Mr JOHN BARILARO: If I said that we had involvement you would be criticising that the Government was making decisions and were getting involved and picking—

The Hon. MICK VEITCH: It is \$3.3 million of taxpayers' funds.

Mr JOHN BARILARO: Absolutely. It is \$3.3 million of taxpayers' funds that will create 76 jobs out at Ebor in relation to a business that has the opportunity for export at a level we have never seen before, moving its head of cattle from 1,000 to 5,000 to 15,000.

The Hon. MICK VEITCH: What about the rest of the industry? Did we do any due diligence with the rest of the industry? Did we consult the rest of the industry? Are they happy with this?

Mr JOHN BARILARO: Absolutely. The due diligence that is done by ROC Partners in relation to—

The Hon. MICK VEITCH: Have you seen that?

Mr JOHN BARILARO: Again, I do not make the decisions so, therefore, it is not for me—

The Hon. MICK VEITCH: No, this is about taxpayers' funds. Essentially, we are handing over the money but we do not get to see—

Mr JOHN BARILARO: The Jobs for NSW board, on behalf of the New South Wales Government—remembering that Jobs for NSW is also arm's length of government—makes these decisions. It includes people like Chairman David Thodey, who has a fantastic representation in investments.

The Hon. JOHN GRAHAM: But the key issue is: Was it disclosed?

Mr JOHN BARILARO: That would be a question for the investment committee; not for me.

The Hon. JOHN GRAHAM: And for the board of Jobs for NSW. We are sitting here with two of the members of that board. Was this disclosed?

Mr DRAPER: I was not a member of the board when that decision was made but we can take the question on notice and provide some information.

The Hon. JOHN GRAHAM: Mr Reardon?

Mr REARDON: I am the same; I am happy to take that on notice.

The Hon. JOHN GRAHAM: What we are describing here is a situation where the funds manager for this fund was looking around the State for investments and happened to find an investment for a company in which they were the majority shareholder. They benefit from any growth of the firm. What is going on?

The Hon. NATALIE WARD: Point of order: This question has already been answered. The Minister has stated that he is at arm's length from the investment decisions.

The Hon. MICK VEITCH: That is not a point of order. We can ask whatever questions we want however we want.

The Hon. NATALIE WARD: The question is not relevant to this Minister; it is relevant—

The Hon. MICK VEITCH: It is relevant for this Minister.

The Hon. NATALIE WARD: You are not the Chair and I am asking the Chair to make a decision on this.

The Hon. JOHN GRAHAM: To the point of order: It is up to us what questions we ask.

The Hon. NATALIE WARD: That is correct, but they must be addressed to the Minister in relation to his portfolio.

The Hon. MICK VEITCH: This is the Minister for Jobs for NSW.

The Hon. NATALIE WARD: He has said he does not make the decisions.

The Hon. JOHN GRAHAM: So you are unable to tell us that this was declared?

Mr JOHN BARILARO: First, you are making a claim of impropriety by ROC Partners. That is the claim you are making and you are using this forum to do so without actually understanding the process. The point is, as I said, the equity product is of course at arm's length distance because if it was not you would be criticising us from a different angle. I ask the secretary if he has any further information to elaborate on your question or point.

Mr REARDON: As we said, we would take on notice the specifics that you have asked about. You asked more broadly about two members of the Jobs for NSW board. As board members, Mr Draper, as secretary of industry, and I are relatively new. But I have to say that the level of due diligence and probity that is around the decisions is quite considerable. The investments that are brought forward and the amount of work that goes into those is quite considerable. They are laboured over by the board. As I said, we will take on notice the specifics you have raised about this issue.

The Hon. JOHN GRAHAM: But can you give us any assurance that some of those things were done? Were additional probity steps taken, given that this is a fund manager investing in their own company? Was a probity order appointed? Were additional probity steps taken? This has not been made public in any way up until now. What steps were taken? Can you give us any assurance?

The Hon. NATALIE WARD: Point of order: Who is that question directed to?

The Hon. JOHN GRAHAM: Either to the Minister or to the members of the board—anyone involved or standing close to this decision. Can we have any assurance?

Mr REARDON: I will repeat that the due diligence the board undertakes is quite considerable, as is the probity advice around those decisions. I will take on notice the specifics you have raised because I do not have any more detail in front of me.

The Hon. MICK VEITCH: We are trying to understand the process because the process is not publicly available and it is very difficult to ascertain how this money is invested in these companies and whether someone is making personal gain. It is taxpayers' funds. The whole purpose of our questioning is about the taxpayers' funds. You are the Minister who makes the announcement. Surely there is a process within your office where you assure yourself that there is nothing untoward around this?

Mr JOHN BARILARO: You would assume that under the arm's length approach that we have got and Jobs for NSW, which is the board that makes the final recommendation, and the work that is done in the early stages through the committee—the investment committee—which ROC Partners is part of, as well as First State Super. What you are alluding to is that somehow First State Super has no probity or governance structure around its investment. Out of the \$10 million—

The Hon. JOHN GRAHAM: No-one has said that.

Mr JOHN BARILARO: You are. If you are questioning the Government's probity processes, you must also be questioning—

The Hon. JOHN GRAHAM: We are asking what those were.

The Hon. MICK VEITCH: What are they?

Mr JOHN BARILARO: Let me elaborate. First State Super is a two-thirds partner in this arrangement—\$6.6 million is coming from First State Super and we are providing the balance. The reality here is that, with the systems that we put in place, every investment decision from Jobs for NSW that comes back to me as the Minister is made by the board. Of course, as the Minister responsible for the fund I have the opportunity to make those announcements. That is the right process, with no interference.

The Hon. JOHN GRAHAM: We are investing public money in a firm owned by ROC Partners.

Mr JOHN BARILARO: We have governance around that.

The Hon. JOHN GRAHAM: Can you guarantee that they have not financially benefited from that? They have, have they not? I accept that you seem unaware of this, but do you have concerns that they financially benefited from the public tipping a whole lot of public money into their company?

Mr JOHN BARILARO: As the Secretary of the Department of Industry has said, they have the ability to co-invest as well in relation to their—

The Hon. JOHN GRAHAM: Co-invest at the same time, not beforehand.

The Hon. MICK VEITCH: Co-invest at the same time, not prior to.

Mr JOHN BARILARO: Again, as I said, we have a process in relation to the way we deal with it, which is at arm's length to the Government. Do we believe we have got protections in place to protect taxpayers' dollars? Yes, we do. Is there risk associated with all these investments? Yes, there is. There is risk with everything we do as a Government in relation to supporting industry and businesses.

The Hon. JOHN GRAHAM: Is the situation we are describing of concern to you, where you might be unaware as a Minister that the fund manager for the public funds is investing in its own company as its first investment? It scoured all of New South Wales and turned up one company—a company in which it had the majority shareholding—and tipped millions of dollars of public funds and superannuation funds into that company. Is that of concern?

The Hon. NATALIE WARD: Point of order: The Minister has answered that question repeatedly. I think this is the third time, with respect, that he has given the same answer.

The Hon. MICK VEITCH: To the point of order: We can ask the questions as many times as we want.

The Hon. NATALIE WARD: You can, of course.

Mr JOHN BARILARO: I would say again that these decisions are made at arm's length from Government—which is the right thing to do—by experts and it goes through a number of processes, as I said, with the final being the Jobs for NSW board in relation to our investment. We have the ability to reject or accept. The reality is these investments are made because these are industries and businesses that are seen as an opportunity to invest taxpayer dollars rather than grants, where there is no return back on that investment. The funds that we invest are an equity position and allow us to have a return of investment on those tax dollars back to the fund to further invest in other businesses or back to the taxpayers of New South Wales.

The Hon. MICK VEITCH: What do you say to other participants in the industry who do not enjoy the benefit of this \$3.3 million or \$10 million investment?

Mr JOHN BARILARO: Elaborate that question.

The Hon. MICK VEITCH: Where is the competitive neutrality? Is it not a principle of government that there be competitive neutrality?

Mr JOHN BARILARO: Absolutely, but it is—

The Hon. MICK VEITCH: Now you are competing with other players. Minister, can you see where this is wrong?

Mr JOHN BARILARO: Mr Veitch—

The Hon. NATASHA MACLAREN-JONES: Point of order: The member seems to have asked three questions at once. He should ask one question and allow the Minister an opportunity to respond.

The Hon. MICK VEITCH: Clearly the Minister does not agree with competitive neutrality.

The Hon. NATASHA MACLAREN-JONES: I do not think you need to argue with me. I am just saying maybe ask him one question.

The Hon. PETER PRIMROSE: I do not understand how any of this is a point of order. It is just debating points to take our time.

The Hon. MICK VEITCH: Running interference.

The Hon. PETER PRIMROSE: Running interference for the Minister.

Mr JUSTIN FIELD: Point of order: I ask for a ruling. We have now seen a number of instances of Government members taking points of order that I do not think are points of order. It seems an effort to either assist the Minister or take up Opposition members' time. I ask that you make a ruling on those points or maybe give an indication to Government members about what is an appropriate point of order so we do not see that sort of interruption in future.

The Hon. NATALIE WARD: To the point of order: I am entitled to take a point of order. If I had not clarified it properly, it was that the question has already been answered. The member was repeating the same question and the witness has given his answer, so there is no utility in repeating the question. But as Opposition members say, they can waste their time and ask the same question as many times as they like.

The Hon. PETER PRIMROSE: It is a thing called the standing orders.

The Hon. NATASHA MACLAREN-JONES: I think to facilitate moving forward and not eating into crossbench time any further—although I am more than happy if you would like to move to a deliberative to have a discussion—maybe we should move straight to questions.

Mr JUSTIN FIELD: Thank you, Chair.

The Hon. NATASHA MACLAREN-JONES: I am not the chair.

Mr JUSTIN FIELD: The New South Wales Government has underspent from the Climate Change Fund by about \$400 million now over the past four years. Earlier in the week the Minister for Primary Industries was prepared to acknowledge the link between the current drought in New South Wales and climate change. Are you concerned that this material lack of action by your Government in spending those allocated climate change funds is leaving regional New South Wales exposed to climate change risks in the future?

Mr JOHN BARILARO: The issue around the impact of the drought—I think anybody who has been on the land for decades recognises clearly that the climate is changing and the impact that has on regional New South Wales. In this drought, clearly, we are seeing rain patterns that are different from historic rain patterns. I think everybody must accept that climate change is real and impacting on industries and, in this case, farming. The question is in relation to the Climate Change Fund and a failure of this Government to spend the full quota of funds in relation to things that will protect industries and farmers from drought or the changing climate. The reality is that in the things that we have done in the past couple of years, there are a number of investments. But the Climate Change Fund is not my responsibility; it does not sit with me. I have no responsibility for the Climate Change Fund. I am more than happy if the Secretary of the Department of Premier and Cabinet wants to add to that, but it is not one that sits with me.

Mr REARDON: I have nothing further to add to what you have said.

Mr JUSTIN FIELD: I appreciate your point, but there are programs associated with the spending of the Climate Change Fund that are not related specifically to the Environment portfolio. There are allocations in there that are made to assist communities to prepare for or adapt to climate change. There are regional renewable energy projects that are funded through it. Surely you would be aware that there is a bucket of money that is not being allocated or, if it has been allocated, it hasn't been spent. Some of that has historically been directed to regional communities. Does it concern you that regional New South Wales is being left exposed? There is money sitting there to be used for these sorts of projects. Why are you not advocating for it?

Mr JOHN BARILARO: I absolutely am advocating. In my region, we have investment in solar and predominantly our greatest resource is wind. We are seeing wind farms popping up everywhere: down at Lake George, out at Nimmitabel with the Boco Rock Wind Farm. We are seeing that investment. We are just about to embark, with the Federal Government, on one of the largest renewable projects and that is the continuation of Snowy Hydro with Snowy 2.0, where we will see more energy coming from pumped hydro back into the market. The reality is we are seeing investments by the New South Wales Government.

I think as a State, New South Wales is still attracting investment when it comes to renewable investment, unlike other states. I think we are quite proud of that. Can we do that? Of course, Mr Field. Of course we could do more and the money that is in the Climate Change Fund should be expended in a way that actually deals with the issue of climate change. I am more than happy for that to be the case, but I am not responsible for those funds. The Minister for the Environment, the Treasurer—they have a responsibility for those funds. I would be advocating, as I have always done—it is not just from renewable energy being a clean source of energy for the energy sector at a time when we know energy is a real issue for mums and dads and businesses, but it is actually real jobs in regional New South Wales. That is why I am a big supporter of renewables.

Mr JUSTIN FIELD: Since I entered Parliament, I have talked a bit about local youth unemployment in regional areas. I was surprised to find that the Smart, Skilled and Hired program is not available on the South Coast, where there has been ongoing, long-term youth unemployment challenges. Why is that the case?

Mr JOHN BARILARO: Youth unemployment is still an issue across the State, even though since the announcement of the \$100 million youth Smart, Skilled and Hired program, we are seeing \$55 million of that program going into our youth programs and another \$10 million in the Youth Employment Innovation Challenge, and then we have also used \$20 million to scale up the disability sector. What we have seen is about 4,800 people have participated in the youth employment program.

Mr JUSTIN FIELD: Which one of those programs? Smart, Skilled and Hired?

Mr JOHN BARILARO: Under the Smart, Skilled and Hired program, it is what we call the youth employment program or the Youth Employment Innovation Challenge. I accept when we announced the funding of these programs, we looked at areas of high unemployment and we have partnered with a number of different operators or organisations to deliver the program. Right across the State, we are seeing now downward pressure on unemployment numbers for youth. It is something we are quite proud of. Is there more to be done? Of course there is. Because the member for Kiama and the member for South Coast have both raised the concerns that you have touched on in relation to the rates of youth unemployment in the Illawarra, Shoalhaven and Southern Highlands, in response to this issue we have expanded that Youth Employment Innovation Challenge to those areas.

Mr JUSTIN FIELD: I got the feeling you were about to quote some numbers before about the numbers of people who had either gone through the Smart, Skilled and Hired program or participated in the Youth Employment Innovation Challenge.

Mr JOHN BARILARO: Yes.

Mr JUSTIN FIELD: I am happy for you to provide those on notice, potentially.

Mr JOHN BARILARO: Yes, but I have got them here if you want. There are 4,852 young people who participated in our youth employment program. The good news there is 1,450 of them have got a job out of it. So this is not another program by governments that help you polish up a curriculum vitae; they are real programs dealing with the impediments every day for young people getting the skilled training or the opportunities of employment. Those participants in Western Sydney—it was 2,272 and 623 of them got a job. On the Central Coast and Hunter: 1,351 participants and 353 got a job.

Mr JUSTIN FIELD: I have limited time. If you could table those regional statistics, I would really appreciate it.

Mr JOHN BARILARO: We can do that, absolutely. No problem at all.

Mr JUSTIN FIELD: Are you aware of the Regional Employment Trials Program that was announced by the Federal Government earlier this year?

Mr JOHN BARILARO: I am not personally aware, no.

Mr JUSTIN FIELD: One of the things about this program is that it is trying to address the same sorts of issues and it specifically has identified two areas in New South Wales that would be targeted. The funding will go through Regional Development Australia and regional employment facilitators will be put in place. I would have assumed, given that you have programs running trying to address these very same issues, you may have been engaged in the development of this program.

Mr JOHN BARILARO: It is a good question, Mr Field. The problem we have is there is a lot of duplication in programs, both Federal and State. Everyone is trying to fill the gap, and when we announced the Smart, Skilled and Hired program we tried to find where the gaps were. As you know, budgets come and go, both Federal and State, and things that work get duplicated. I more than welcome Federal funding programs. There has to be better collaboration, and one of the things we have done over the past few months, with my regional hat on, is to identify issues for use in regional New South Wales. Unemployment is one of them, as are mental health, depression, suicide, drugs, the ice epidemic.

They are the things that we are now mapping out across regional New South Wales. One of the key things we are trying to find is where the gaps are and what is being provided by whom—is it government or non-government—and what role government needs to play. What has become clear out of all that process is the duplication of resources. I think we can do it better. I do not know if the Federal program came before or after ours, but we went to market looking to see where we could partner with organisations to deliver services that get people employed. That is what we are trying to do. I would be more than happy to partner with the Feds if our programs are alike or similar and we can bounce off each other.

Mr JUSTIN FIELD: This is what I hear from regional communities when I talk about this issue: duplication; a lot of money not being allocated; no-one facilitating how all this is being used in a collaborative way. What will you do to engage with Regional Development Australia or Federal colleagues to work out how to spend this money more effectively?

Mr JOHN BARILARO: It is a good point, and I accept that that is part of the problem across regional New South Wales—different programs in different parts of the State delivered by different jurisdictions in some cases. Bellingen has Youth HUB, which does a wonderful job with no government subsidies, no government funding. It is supported by the community and funded by some businesses and the local council. I give credit to the council for stepping up. Dean Besley runs a great show at the Youth HUB dealing with issues. If you were in Sydney you would have some organisation behind you to fix problems.

As I said, we have been engaging on a youth policy right across the board in regional New South Wales. We are developing that, and I want to see at the end all this in a one-stop shop so we do not get that sort of duplication. As we audit the stuff that is happening, we can have a conversation with the Feds, local government, non-government organisations about where there is duplication, who funds what and whether there could be a more collaborative approach. That is something I will focus on, and I would be more than happy to talk to you more about it in the months ahead as we finalise what that looks like.

Mr JUSTIN FIELD: I would appreciate that opportunity. I will take you up on that, Deputy Premier.

Mr JOHN BARILARO: No worries.

Mr JUSTIN FIELD: In having those discussions, they should not only focus on resources for employment facilitation and skills development. Often there are problems with transport access, how to get to training and education—

Mr JOHN BARILARO: Yes, exactly.

The CHAIR: It is now time for questions from Reverend the Hon. Fred Nile.

Mr JUSTIN FIELD: I will come back to this question in my second round.

Reverend the Hon. FRED NILE: Minister, following up on the issue of trying to get Aboriginal and Indigenous people to develop projects, legislation and regulation that give priority for Indigenous land councils to apply for economic projects and to be given priority over commercial companies. Is there a requirement for that?

Mr JOHN BARILARO: I would have to take that question on notice, unless Mr Reardon can answer it.

Mr REARDON: In relation to procurement policy from the New South Wales Government, it was recently announced that 3 per cent of Aboriginal businesses will be afforded the opportunity to look at working in major infrastructure projects. As you know, we have an \$87 billion infrastructure pipeline now, and Aboriginal businesses are afforded an opportunity to participate in those probably more than ever, with a 3 per cent target in procurement policy.

Reverend the Hon. FRED NILE: I know they can participate; they always have had that right. My question is, Are they being given priority over other companies?

Mr REARDON: I will round that out. They have been able to participate but never at the level to mandate that 3 per cent. That is an increase over what was there before. For example, in the public service we have always looked at targets around 1.8 per cent, so 3 per cent is quite a significant increase. The other target we have in the New South Wales public service is to increase the level of Aboriginal leadership across the public service, and we continue to increase that. Mr Barnes may want to add to that.

Mr BARNES: Just to talk about two initiatives that happened in the last couple of years, the infrastructure skills legacy coming out of the Department of Industry has targets for any of the big infrastructure projects, both in civil and general construction. These are hard targets for Aboriginals, both employees and the use of Aboriginal companies. I was at the Grafton jail the other day. An Aboriginal person has been specifically employed by the head contractor, John Holland, and there were more than 80 local Aboriginal people employed on that project. That is having a real impact, and that is rolling out at hospitals up in Lismore et cetera.

The other thing that has happened is that in the far west of the State we have made changes to the way in which the maintenance program rolls out, that is, the maintenance of government facilities. For government assets there it makes no sense to drive or fly in contractors from outside. We have asked the existing contractors to subcontract with local people and organisations. We have also asked that priority be given to Aboriginal organisations through land councils. That is starting to have an impact as well. It is something that Government is very aware of—local content and getting young people into work. The alternative to work is not cost effective and does not give the people a choice in life.

Reverend the Hon. FRED NILE: I am very happy with what you have just stated, but my question remains: Is there a priority? The New South Wales Aboriginal Land Council has told me that until recently there was a legislative requirement that Aboriginal land councils be given priority in projects over other commercial companies. Without consultation that regulation has been repealed, without any parliamentary action—so by some bureaucratic action within your departments.

Mr JOHN BARILARO: I do not know the answer.

Reverend the Hon. FRED NILE: Could you investigate that?

Mr JOHN BARILARO: We will take that on notice.

Reverend the Hon. FRED NILE: I am taking their complaint to me at face value.

Mr JOHN BARILARO: That is a fair call.

Reverend the Hon. FRED NILE: I said I was surprised by it. I am very surprised, because I moved the amendment to the legislation giving priority to the Aboriginal land councils.

Mr JOHN BARILARO: If there has been a change it should have had to happen by legislation.

Reverend the Hon. FRED NILE: They said that it was removed by regulation.

Mr JOHN BARILARO: We will take that on notice.

Reverend the Hon. FRED NILE: It may have been an error, but apparently it has happened.

Mr REARDON: We will take it on notice, but that procurement policy is recent, and that is what we are working to now.

Reverend the Hon. FRED NILE: You will give a commitment that you will urgently investigate that, and if it has been removed—deliberately or accidentally—you will restore that to give them an incentive to get away from welfare handouts and so on? That is what we need to do. Dealing with another issue, what is the Government doing to support regional projects with a cost-benefit ratio value of one or greater?

Mr JOHN BARILARO: We all know the benefit-cost ratio [BCR] has been an issue for regional New South Wales. You can look at the Restart funds where you have to have that cost-benefit ratio at one-plus for any investment. That has made it difficult sometimes. I heard commentary about how difficult it can be to invest in those projects. The good news is the Snowy fund will not have that requirement going forward. As we have legislated those funds and protected them through investment, that is generational and transformational for regional New South Wales. The types of investments we can make will be quite exciting. The reality is that the department works closely with proponents of projects, like local government and councils, to make sure that when they put forward their project we can, as best as possible, get a BCR of one-plus. I think that is important because the funds are from taxpayers' dollars, as we touched on earlier, and we need to make sure that those funds are invested in a way that allow us to get a return on investment or the best investment on behalf of taxpayers.

In many cases we are able to achieve the one-plus; in some cases we are not. But when the Government has the ability through its other investments like the Regional Growth Fund and the Stronger Country Communities Fund, which is something that we work with local government—they all get an allocation on council area where there is no BCR attachment to that, and that is how you are able to build all those local community assets that normally would never, ever get a BCR of one-plus. We have a number of programs where we do not have to do that and we are seeing that investment now roll out as part of the Regional Growth Fund's \$1.3 billion right across regional New South Wales.

I have to say, luck or chance, over the past couple of years we have seen \$300 million go into those local government areas during this time of drought. Those investments and that infrastructure are keeping the tradies busy, keeping the businesses open, keeping those jobs in those communities. As you know, recently the Federal Government announced \$60 million to 60 local government areas at \$1 million apiece, but we have done that at \$300 million, making sure we build those amenities. The BCR is something that we will continue to battle. It is something that I am mindful of. I am happy if Gary Barnes has anything to say to that.

Mr BARNES: Just two things. Benefit-cost ratios are largely driven off population and acknowledging that, some of the funds that we did have, like the Regional Growth—Environment and Tourism Fund, we made separate allocations for places in the far west of the State where it is difficult to get a BCR to enable that sort of environment and tourism funding to be made available there. The other thing that we have done in recent times is acknowledge that the way in which the BCR rules work for cross-border communities requires a special treatment. So in very recent times the Treasurer changed the Treasury guidelines to make sure that we discounted for the flow of dollars going across the border, so again it is easier to get good projects up in those cross-border communities.

Mr REARDON: It is probably worth just closing that out. We now have a level of grants programs which means that our teams have to work with every local council and every joint organisation in regional New South Wales. It means that the amount of people that are focused on assisting council with getting their benefit-cost ratio and business cases done is probably at a level that we have never seen before. So the expertise is growing in that area. As the Deputy Premier said, we work within a framework which is an infrastructure and investor assurance framework for the State of New South Wales with Infrastructure NSW.

We work really hard on that but we are quite literally working with councils across hundreds of projects annually now with the grants programs and where they need assistance with that process we physically go to them and assist them to try and bring their skill level and capability level up, because we have a lot of funds. They can sometimes be somewhat overwhelmed with the amount of funds we have, in a positive way, but we try and assist them with getting their grants programs and grants applications in, and they are at a level that we have never seen before, I think.

Mr JOHN BARILARO: Often it is just a lack of information on the inputs that councils put into those projects. The projects would probably always stack up, but just understanding what the inputs look like. We have simplified, we have templates in place, and we have a resource within the department to assist those councils.

The Hon. JOHN GRAHAM: In relation to Stone Axe Pastoral, 10 months earlier your fund manager ROC Partners bought a majority shareholding in this company. You turned up on 21 February 2018 to make the announcement about this first investment.

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: Was anyone from ROC Partners present at that announcement?

Mr JOHN BARILARO: Of course there was someone there, present from—

The Hon. JOHN GRAHAM: Who was there?

Mr JOHN BARILARO: You are asking me off the top of my head to remember who was there. I do not know and I cannot remember, but I am happy to take that on notice and report back.

The Hon. JOHN GRAHAM: Was it Michael Lukin or was it the—

Mr JOHN BARILARO: . I do not know. I cannot remember. I do not recall.

The Hon. JOHN GRAHAM: —the chair of Stone Axe Pastoral? I have seen the photos of the announcement. They feature you, Minister Marshall, the investment director for First State Super, and they feature the chief executive officer of Stone Axe Pastoral, Scott Richardson. The one person who is not in the photo is anyone from ROC Partners.

Mr JOHN BARILARO: Is not?

The Hon. JOHN GRAHAM: Is not in the photo. That is despite the fact that they own the company, they are the majority shareholder and they are the fund manager that recommended it.

Mr JOHN BARILARO: I do not know what—

The Hon. JOHN GRAHAM: If there is nothing dodgy going on, why have they been airbrushed out of that photo?

Mr JOHN BARILARO: First, you are saying they have been airbrushed. I do not know which photo you are referring to. I can only see if it is probably a photo that was used in the local press, or you will have to ask the journo why that photo. Secondly, were the representatives of ROC Partners there? I would say yes. They would have been there. Who it was, I cannot tell you. I am happy to take that on notice and come back to you.

The Hon. NATALIE WARD: Ask the photographer.

The Hon. MICK VEITCH: Minister, I want to come back to my line of questioning around the other players in the industry. At a time of drought, you answered one of Reverend Nile's questions about the issues around drought. At a time of drought, you now have other players in the industry that are competing against a company that has got taxpayers' funds, the New South Wales Government's funds attached to it.

Mr JOHN BARILARO: Yes.

The Hon. MICK VEITCH: Can you tell me how you see that not conflicting with the competitive neutrality principles that your Government subscribed to?

Mr JOHN BARILARO: Mr Veitch, as I said earlier, the Jobs for New South Wales loan products, they are a grant product, so you can have a small grant of \$25,000. There are loans of \$100,000. There are loans of \$500,000 for Jobs for NSW. There are a range of products that we put in place to support industry and businesses in and across New South Wales, including the investment of \$30-odd million at the Sydney Startup Hub, making sure we are backing in those businesses of tomorrow which will be the large employers of tomorrow. If we are lucky enough, we will back in one of the next global giants here in Sydney. The reality is there are a range of products and equity is only one product that we are putting in place. Remembering earlier, and Mr Graham touched on it, the access to finance and access to capital, it is the number one issue that businesses face today in growing, especially if there is an opportunity. This particular cattle farmer is a Wagyu cattle farmer with a huge potential for export, which is fantastic for local jobs and the local economy. Any other business could have that opportunity—

The Hon. MICK VEITCH: The reason I am asking this question about the drought is because no-one can deny there is an issue right now about people struggling with looking after their enterprise in the drought.

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: In light of that, was there any consultation with the Minister for Primary Industries around this investment that you are aware of?

Mr JOHN BARILARO: Again, I am not aware of it because the decisions around the investment are not made by me or by the Government. They are made by an investment arm.

The Hon. MICK VEITCH: When did you advise the Minister that you were going to make the announcement? When did you advise the Minister for Primary Industries? He is the lead Minister in this cluster.

Mr JOHN BARILARO: In Primary Industries he is the cluster Minister. Was he advised? I do not know if he was or was not.

The Hon. MICK VEITCH: Did you or your office? Can you take it on notice to find out when he was told?

Mr JOHN BARILARO: I will take it on notice, but it is irrelevant if he was not. It is a Jobs for NSW—

The Hon. MICK VEITCH: It is in his area. The issue is it is actually in his area of responsibility with regard to the Primary Industries portfolio.

The Hon. JOHN GRAHAM: He may not think it is irrelevant.

Mr JOHN BARILARO: If we have invested—for instance, we have the sword policy of China and we have this opportunity now to really back in a whole heap of new industries around recycling, especially from waste to commodity, including energy. If there was an investment proposal that came forward, that would be the Environment portfolio, so would I then notify the Minister for the Environment? No, because the environment Minister is in relation to a whole range of regulatory frameworks for environment. These are industry investments for Jobs for NSW.

The Hon. MICK VEITCH: You do not think he has an interest in this?

Mr JOHN BARILARO: He would absolutely have an interest in this.

The Hon. MICK VEITCH: Even a courtesy call?

Mr JOHN BARILARO: Niall and I speak often about all sorts of things that happen.

The Hon. MICK VEITCH: You would not have made a courtesy call?

Mr JOHN BARILARO: I will take it on notice if he was told or not.

The Hon. MICK VEITCH: Speaking of talking to your colleagues, with regard to Australia's Oyster Coast, has Minister Constance in his role as the member for Bega made any representations to you lately around concerns being raised by other oyster growers?

Mr JOHN BARILARO: Absolutely. Minister Constance has spoken to me about that investment, remembering he was there for the investment. He saw this as a very good investment in a sector—

The Hon. MICK VEITCH: He supports it?

Mr JOHN BARILARO: Remembering if you go back to the shellfish committee report, which the industry put forward, one of the key recommendations at issue was about improving access to finance and capability building for groups or individual growers.

The Hon. MICK VEITCH: So Minister Constance in his role as the member for Bega supports the investment?

Mr JOHN BARILARO: He was there for the announcement and of course he supported the investment. But he has also now relayed back to Government the issues that the rest of the industry are concerned about in relation to, again, the Government having an equity position in the Australia's Oyster Coast company. Therefore, he has made those recommendations to Government and we will work with the local member around that.

The Hon. MICK VEITCH: Some of the issues that are being raised with us—and no doubt with you and Minister Blair—around this are other oyster growers not having access to these funds. The view is that the \$3.3 million that was spent or invested or put towards Australia's Oyster Coast would have been better spent on the whole industry to bring the whole industry along rather than picking a winner, one company. Or it could be a loser, for all we know.

Mr JOHN BARILARO: Again we go back to the shellfish committee report, which is all about making sure that we invest heavily in research and development. That happens through the Department of Primary Industries already. They invest in the research and development right across the sector for the industry. That industry already gets in one way support by Government because the investment of—

The Hon. JOHN GRAHAM: But, Minister, these are the growers who are saying, "We did not even know these funds were on the market. We did not even know. We would have loved to apply but we woke up and

\$3.3 million of public funds and \$6.6 million of public servant superannuation was tipped into our competitor and now we are going out the back door."

Mr JOHN BARILARO: On that point—

The Hon. JOHN GRAHAM: They could not even apply, is that correct? That is what Minister Blair has said: They could not even apply.

The Hon. NATALIE WARD: Point of order: Which question do you want answered?

Mr JOHN BARILARO: I make something clear here. Say the New South Wales Government was not a one-third equity partner in the Go NSW Equity Fund—\$150 million—and First State Super was the only one that had the \$100 million or \$200 million, would they be able to invest in Australia's Oyster Coast? Yes, they would, and you and I would have no position to stop that investment today. So that investment is possible. The Government through its equity fund is investing tax dollars in partnership with First State Super.

The Hon. JOHN GRAHAM: To back some of the industry, not all of the industry.

The Hon. MICK VEITCH: Not the entire industry.

Mr JOHN BARILARO: But the industry gets support through research and development from the Department of Primary Industries. I will go back to the Secretary of the Department of Industry to answer more of that question.

Mr DRAPER: I can understand the whole point is about competitive neutralities you raised earlier.

The Hon. MICK VEITCH: Yes, absolutely.

Mr DRAPER: The first point I mention is that under the fund there is a commercial target rate of return. The money that is going into those producers must earn a commercial rate of return. It is not a grant in the old-fashioned way that we might have done this.

The Hon. MICK VEITCH: What is that commercial rate? You can take that on notice.

Mr DRAPER: I have to take it on notice. I have a number in my head but I want to check it. The second thing I say is that it is open to other participants in the industry to apply to Jobs for NSW. All of the loans products we have out there, some of which are interest free, are available to apply for. That is generally how they come to us. The equity product—if a participant contacted Jobs for NSW they would refer them to ROC Partners and they would be assessed. It is not an exclusive arrangement with Australia's Oyster Coast; it is open to other participants in the industry if they meet the criteria.

The Hon. JOHN GRAHAM: I ask you, as a member of the board of Jobs for NSW, there are very few criteria for this fund. One of the very few is this: Have an established, proven and successful business model. This firm lost money: \$241,000 last year, \$265,000 the year before. There are almost no criteria but this does not meet the few criteria that are there. How did it ever get the money?

Mr DRAPER: What we are judging the investment on is the future profitability of the company. It is not unusual at all for a company in growth to be—

The Hon. JOHN GRAHAM: Have an established, proven and successful business model.

The Hon. MICK VEITCH: It went broke. It made losses the previous two years.

The Hon. JOHN GRAHAM: It is pretty much the only criterion to apply and it failed that test.

Mr DRAPER: You cannot say it went broke.

The Hon. JOHN GRAHAM: It failed the criteria.

The Hon. MICK VEITCH: It made losses in the previous two years.

Mr DRAPER: I think the Jobs for NSW board was aware of the historical performance of the company and was aware of the projections of future profitability. It is not unusual at all for a growth company to go through periods of not making profits when they are investing early and making profits—and that is actually how it has turned out. I am advised that they are now profitable, which was expected when the investment was made.

The Hon. MICK VEITCH: It is a bit hard to tell because they have pulled their website down as of Friday.

Mr JOHN BARILARO: We are stuck on the equity fund. We have advised the rest of the oyster industry they have access to our \$500 million Growing Local Economies fund in relation to shared infrastructure to support industry and business investment. We have advised the rest of the industry about the availability of those funds. Again, the Go NSW Equity fund is just one fund in relation to the investment opportunities from the New South Wales Government—be it through Jobs for NSW or in this other opportunity through Growing Local Economies.

The Hon. MICK VEITCH: When did you know that the announcement was about to be made for Australia's Oyster Coast? Was it the same timetable as Stone Axe?

Mr JOHN BARILARO: No, later on. Mr Veitch, you know yourself, as a Minister there are lots of things that get put in front of you. My media team would have come to me and said, "We have been notified of an investment opportunity"—

The Hon. MICK VEITCH: "Press release, Google Maps, would you like to go?"

Mr JOHN BARILARO: No, the brief would come, we would sign off on it.

The Hon. MICK VEITCH: "Big smile, we are going to announce some money."

Mr JOHN BARILARO: The brief would come, we would sign off on the brief and then we would organise to make the announcement. What that time line is I could not tell you.

The Hon. MICK VEITCH: If one of these companies, or both of them, goes bust, which Minister at the Cabinet table will be held responsible? Who will be held accountable at Government?

Mr JOHN BARILARO: Which Minister will get the accolades if these do not go bust and actually are profitable investments going forward?

The Hon. JOHN GRAHAM: Who will?

The Hon. MICK VEITCH: Who is it?

Mr JOHN BARILARO: I am the Minister responsible for Jobs for NSW.

The Hon. MICK VEITCH: You are the one?

Mr JOHN BARILARO: Absolutely.

The Hon. MICK VEITCH: If this all goes bad?

Mr JOHN BARILARO: If this were to go bad—

The Hon. MICK VEITCH: It is you.

Mr JOHN BARILARO: —or go good, both ways. I am the Minister responsible for Jobs for NSW, remembering, as I said earlier, these decisions are not made by me as the Minister; they are made by a process put in place through First State Super, ROC Partners, Jobs for NSW or by the time it gets to me—

The Hon. MICK VEITCH: All smiles, no accountability.

Mr JOHN BARILARO: No, absolutely not.

The Hon. MICK VEITCH: All smiles, no accountability.

Mr JOHN BARILARO: Mr Veitch, you know what the difference is between you and I? I have spent 20 years in business, I have mortgaged my home, I have risked and borrowed money to create jobs—

The Hon. MICK VEITCH: You know my past, do you?

Mr JOHN BARILARO: Yeah—

The Hon. MICK VEITCH: You know my past?

Mr JOHN BARILARO: You would understand this then, if you know, we make business decisions—

The Hon. MICK VEITCH: You just made a terrible mistake there, Minister, let me tell you.

Mr JOHN BARILARO: If we have been in business—

The Hon. MICK VEITCH: Minister, will you refer these to the Independent Pricing and Regulatory Tribunal [IPART]?

The Hon. NATALIE WARD: Point of order—

The Hon. MICK VEITCH: Will you let IPART have a look at these two companies to see that everything is above board—there is nothing untoward—to give the Wagyu beef and the oyster sectors confidence that you have not breached the competitive neutrality principles of government?

Mr JOHN BARILARO: Mr Veitch, as I said to you—and will continue to say to you—these decisions are made at arm's length but the Government has a responsibility to ensure it meets whatever policies of government. I would be more than happy to look at other options or ways forward to give certainty back to an industry. As I said, we have already been speaking to the industry.

The Hon. MICK VEITCH: To be clear then, you will refer them to IPART?

Mr JOHN BARILARO: No, I am not saying that at all. I actually am not saying that.

The Hon. JOHN GRAHAM: Would you be open to it though?

The Hon. MICK VEITCH: Would you be open to it?

Mr JOHN BARILARO: I am not saying that. What I will do is take on board your comments today. We have said we have got to come back to you to answer a range of those questions that we do not have the information on and the Government will make a decision as to what the future looks like.

The Hon. JOHN GRAHAM: This is not business money; you are spending public funds. You are spending the superannuation funds of the public servants—

Mr JOHN BARILARO: No, we are not.

The Hon. JOHN GRAHAM: —who are sitting beside you. That is being invested here too.

Mr JOHN BARILARO: We are not spending the super funds—

The Hon. JOHN GRAHAM: That is being invested in these companies.

Mr JOHN BARILARO: First State Super—

The CHAIR: Order!

Mr JOHN BARILARO: First State Super makes its own decisions.

The Hon. JOHN GRAHAM: There are some expectations about what is declared here. We expect you to declare if the fund manager is investing in its own company with public funds—with the superannuation funds of the public servants beside you. We expect that if there are political links, long-term links, such as there are with Australia's Oyster Coast, that these things are declared in public. It should be out in front. That is not the case with business. These are public funds. What is your view?

Mr JOHN BARILARO: I am now being advised that Mr David Thodey, AO, who is the chair of the Jobs for NSW board—that ROC Partners did disclose their interest in Stone Axe when this proposal was being considered and the matter was being managed appropriately.

The Hon. JOHN GRAHAM: So why did the public not know?

The Hon. MICK VEITCH: Why are we finding out now?

The Hon. JOHN GRAHAM: Why was this all done in secret?

Mr JOHN BARILARO: Sorry, what was that?

The Hon. JOHN GRAHAM: Why did the public not know? Why is this the first we are hearing about it?

Mr JOHN BARILARO: As I said, the decision is made by Jobs for NSW through the process that we have put in place and it now looks—and it is clear that I have been able to answer the question to you—that ROC Partners did disclose its interest in relation to Stone Axe. Our interest as a government, the \$50 million we have in the equity fund, is to make sure that money is spent in a way that minimises risk, but there is risk associated with everything we do. That is business. That is industry. We have done everything that you expect us to do .

The Hon. MICK VEITCH: Do you understand why we have asked about the process? It is because the process around all this has not been clear; it is not open and transparent. People do not know. There are oyster growers now on the South Coast telling us they feel like they are competing against government.

Mr JOHN BARILARO: Government is one-third of the equity fund.

The Hon. MICK VEITCH: So they are competing against government?

Mr JOHN BARILARO: But we have no role—

The Hon. JOHN GRAHAM: But that is a big deal if you are a little oyster farmer on the South Coast.

Mr JOHN BARILARO: We have no direct role in running the company, making business decisions or anything like that. To say we are competing, we are technically—

The Hon. MICK VEITCH: So those oyster growers are wrong?

Mr JOHN BARILARO: No, not at all. Mr Veitch, you are saying that—and I am disappointed you would say that they were wrong.

The Hon. MICK VEITCH: No, I am saying, "Are you saying they are wrong?" because that is what they have said?

Mr JOHN BARILARO: No, you are saying that they are wrong. I did not say they were wrong; you said they were wrong.

The Hon. MICK VEITCH: I did not. I said to you—

Mr JOHN BARILARO: You just said, "They are wrong."

The Hon. MICK VEITCH: —"Are you saying they are wrong?"

Mr JOHN BARILARO: You just said that they are wrong. I disagree with you. They are not wrong.

The Hon. MICK VEITCH: You are saying they are right?

Mr JOHN BARILARO: No, they are absolutely right.

The Hon. NATALIE WARD: Point of order—

Mr JOHN BARILARO: They are right that that industry—

The Hon. MICK VEITCH: They are competing against government.

Mr JOHN BARILARO: No, not at all. Because, I tell you what—

The Hon. MICK VEITCH: You have invested in an oyster company.

Mr JOHN BARILARO: No. We are no different to First State Super doing this on their own, or if they were getting finance from a bank.

The Hon. MICK VEITCH: These are taxpayer funds. I am really happy, Minister, you found socialism.

The Hon. NATALIE WARD: Point of order: I cannot understand where the question is, Mr Veitch. I hope there is a question in there somewhere. I have heard a lot of commentary and a lot about this particular issue, which is clearly important to you, but as a Committee member I would be very interested in what the question is.

The Hon. JOHN GRAHAM: Chair, I think we are happy to move on.

Mr JOHN BARILARO: I just want to finish with that final point—

The Hon. JOHN GRAHAM: Deputy Premier, I think it is in all our interests that we move on. I want to put this view to you that has been put to us by members of the New South Wales electorate: You announced funding to the Bombala and District Chamber of Commerce under the "Liberal and National Government for the Bombala and Delegate Small Business Package."

Mr JOHN BARILARO: Yes.

The Hon. JOHN GRAHAM: The view has been put to us that there was no announcement of a grants program for small business chambers to access funding, no process for assessing the grants outline, no process for acquittal and the sole recipient of the grant was a business chamber in your own electorate. What is your message to the other rural and regional business chambers who are now struggling?

Mr JOHN BARILARO: First and foremost, the Bombala and District Chamber of Commerce is a fantastic organisation advocating on behalf of small business down there. If you have been to Bombala, and I assume you have—

The Hon. JOHN GRAHAM: I have.

Mr JOHN BARILARO: That community has one of the engine-room industries; that is, forestry. Thank goodness for Dongwha Timbers and its roughly \$120 million investment, which has guaranteed 100-plus jobs for a long time. The small businesses and the chamber are very active. They realise that the community of Bombala, like most communities that are impacted by mining, logging and so on, need to do something to attract investment and to ensure small businesses survive. The investment has been directed to the Bombala Chamber of Commerce to put in place a number of initiatives and programs to promote the community and the businesses of the area. I am proud of doing that. The Government is working in the job space with the chamber of commerce network across New South Wales. The network is so important because as a collective voice it has initiated significant changes. The recent announcement of the changes to payroll tax was made in response to the voice of small businesses.

The Hon. MICK VEITCH: But there is no process here. How did you pick those guys rather than anyone else?

Mr JOHN BARILARO: We have supported chamber nights and award nights across regional New South Wales. You have picked out that one because it is politically convenient for you. You are doing your local member's bidding.

The Hon. MICK VEITCH: My local member? I am hoping that will be the case. That was a bit Freudian.

Mr JOHN BARILARO: You are doing the bidding of your local candidate. I am here as the Minister. I am proud of the investments in my electorate, but I am also proud of the investment happening in regional New South Wales. The \$87 billion infrastructure pipeline implemented by the Government is growing jobs. I point out that 65 per cent of the jobs created in the past 12 months are in regional New South Wales. More than 50,000 jobs—

The Hon. MICK VEITCH: It sounds as though you have a fair bit more to say. Would you be prepared to attend a supplementary hearing? [*Time expired.*]

Mr JOHN BARILARO: Why would I have to?

The CHAIR: The Opposition's time has expired.

The Hon. MICK VEITCH: You will not appear at a supplementary hearing?

Mr JOHN BARILARO: Why would I have to? We have done well here today.

The Hon. JOHN GRAHAM: We have had such a short time.

Mr JOHN BARILARO: We have taken questions on notice.

The Hon. MICK VEITCH: You appear for less time than Minister Blair.

Mr JOHN BARILARO: The poor crossbench members have only 10 minutes in which to ask questions.

The Hon. MICK VEITCH: Minister Blair was here for four hours.

Mr JUSTIN FIELD: We were talking about the importance of coordinating services, particularly for young unemployed people. We established that the issue potentially was not significant enough for any engagement between your Federal colleagues and your office. I am concerned also about how you coordinate efforts at the State level. In the Shoalhaven—one of the areas of highest youth unemployment over time—there is no pre-apprenticeship program at the Nowra TAFE. What can we do to ensure that our young people have an opportunity to get the training they will need to get the jobs of the future?

Mr JOHN BARILARO: Thank you for asking that question because it raises the big issues we are facing in this State. As the Minister, I have been concerned for a long time about not having coordination across the board. I am not sure if you are aware that over the past financial year we came to the end of the National Partnership Agreement [NPA] with the Federal Government. The Federal Government had not renewed that NPA under the Skilling Australians Fund and had not set aside money. Last year's State budget provided more than \$180 million to plug that hole. Rather than forgoing the training you refer to, we plugged that hole. We have now

signed a new NPA through the Skilling Australians Fund that will see \$500 million of Federal funding coming in over the next five years for skilling. The last budget provided funding for 100,000 fee-free apprenticeships. We have got rid of any financial impediment for young people.

Mr JUSTIN FIELD: We are talking about one of the areas with the highest level of youth unemployment. How do we ensure that Nowra TAFE has those programs available for young people as soon as possible?

Mr JOHN BARILARO: They can have whatever programs are available through Smart and Skilled. A couple of years ago the Auditor-General said he wanted separation between purchaser and provider. As the Minister for Skills, I am responsible for vocational education and training. Minister Marshall will appear before the Committee tomorrow. He is the Assistant Minister, but he is responsible directly for TAFE.

Mr JUSTIN FIELD: We have just established that Smart, Skilled and Hired is available on the South Coast and in the Shoalhaven. You freely admit that, and I accept it. How do we get past this impasse and ensure that those people who most need them have access to the funds? You are happy to talk about it and I do not doubt that it is valuable. However, it is not in the areas in which it is needed.

Mr JOHN BARILARO: At the end of the day, I am more than happy to look at ways of making those services available across the State. Where there is youth unemployment, I want to deal with it. Where there are youth issues such as suicide, mental health and so on, I want to deal with them. Places like Grafton—

Mr JUSTIN FIELD: You are not the Minister responsible for that either; you are not the Minister responsible for allocating health funding.

Mr JOHN BARILARO: No, but I am the Minister for Regional New South Wales.

Mr JUSTIN FIELD: That is what I am trying to get to.

Mr JOHN BARILARO: In that role I have an opportunity to oversee everything that happens in the regions. We are doing cross-agency work. As I said earlier, because there is no coordination, I have taken responsibility for this through my department. I will get the deputy secretary to talk about that because it demonstrates that we are serious about stopping the duplication, finding the overlaps—

Mr JUSTIN FIELD: Or where there are gaps.

Mr JOHN BARILARO: Yes. That is the work Gary Barnes and his team have been doing.

Mr BARNES: I will mention a couple of things. You are right, there is a challenge in coordinating services in regions in the youth space. We have recently undertaken in excess of 60 or 70 forums that both we and a third party have run. It has been obvious that we need stronger coordination across both the Federal Government and the State Government, but also within the State Government. I will point out two things that we are putting in place to address this issue. First, across regional New South Wales we have a group called EPC Regional, and Anthony Body is the South Coast director. He has been working hard on the youth unemployment issue and on ensuring there is a connection between schools and a pathway to work. He has targeted clubs and pubs specifically. The hospitality industry requires many workers but often cannot source them. He has been working on youth issues using a hub-type concept at Nowra as well.

Anthony's job is to coordinate government services at the local level on the ground. Every month he brings together people from the education, health and police sectors, people from the Department of Family and Community Services and all of our government agencies to ensure there is a better coordinated effort on the ground. I have made sure that all the deputy secretaries across all of the agencies come together on a similar time frame so we can make sure efforts at the high levels of the bureaucracy and within the public service are also coordinated. We want to have a fair dinkum crack in the youth space. Youth unemployment has improved over the past three years. It is probably 2 per cent down. The good thing is—

Mr JUSTIN FIELD: But you still have some hotspots.

Mr BARNES: Yes, we do, and one is the area you have mentioned. However, across regional New South Wales over the past couple of years—last year was a stellar year—more than 90,000 jobs have been created. The great thing is that most of them are permanent jobs. That is really important for young people because it allows them to get a loan and gives them choices in life. We have not got it sorted, but greater coordination is a real priority for us.

Mr JUSTIN FIELD: I appreciate that contribution, Mr Barnes. Thank you. I would like specifically to address the Youth Employment Innovation Challenge. I would like to clarify how much of the \$100 million allocated to the Smart, Skilled and Hired program has been passed on to the Youth Employment Program?

Mr JOHN BARILARO: Off the top of my head, \$50 million.

Mr JUSTIN FIELD: As I understand it, \$10 million of that is directed to the Youth Employment Innovation Challenge.

Mr JOHN BARILARO: That is correct.

Mr JUSTIN FIELD: Can you provide the Committee with an update on the status of that challenge? I understand it was launched earlier this year and that some shortlisting has been done. At what point will there be some announcements about who has been successful?

Mr JOHN BARILARO: Do you mean the names of the participants in that challenge?

Mr JUSTIN FIELD: I understand it is a *Shark Tank* scenario where people pitch a proposal and some will be funded.

Mr JOHN BARILARO: I do not have that detail with me. I will take the question on notice.

Mr JUSTIN FIELD: Can you break that down into the different regions?

Mr JOHN BARILARO: Yes.

Mr JUSTIN FIELD: I understand that the North Coast, the Central Coast, the Illawarra and the Shoalhaven are definitely part of it. Will the successful applicants be named publicly.

Mr JOHN BARILARO: Again, I will take that question on notice.

Mr JUSTIN FIELD: That is \$40 million in the youth employment program as part of Smart and Skilled.

Mr JOHN BARILARO: It is \$55 million in the youth employment program.

Mr JUSTIN FIELD: And how long will that run?

Mr JOHN BARILARO: I think that is over three years—I am not sure; I will take that on board.

Mr JUSTIN FIELD: I want to be clear, because we have talked through the numbers a couple of times and you cited some numbers earlier, that none of that particular component is available in the South Coast, Shoalhaven or the Southern Highlands.

Mr JOHN BARILARO: Yes. And again I do not have exact details. We partner with a number of organisations in hotspot areas. As you rightly touched on, there is a hotspot area down the coast now.

Mr JUSTIN FIELD: Is there a willingness to expand that component of the program? Because you are happy to talk about it and I appreciate the work.

Mr JOHN BARILARO: I am always willing to expand.

Mr JUSTIN FIELD: Can we look at expanding it?

Mr JOHN BARILARO: Absolutely.

Mr JUSTIN FIELD: We would need then to have a provider allocated for the South Coast.

Mr JOHN BARILARO: I am outcomes driven and I am focused on the issue of youth unemployment. Where we have focused in the last 12 months we have actually seen a decline in youth unemployment. Therefore there is an opportunity. If there are other areas that are now of greater need, of course there is an opportunity for us to do that and I am more than happy to look back into the budget to see what else we can do in those hotspot areas.

Reverend the Hon. FRED NILE: As you know, the Federal Government has made some statements about whether it should have requirements for immigrants coming into Australia to go into the regional areas. Approval to come to Australia would be subject to someone going to regional areas, like they have done with Shepparton in Victoria with migrant labour and so on. Do you have any plans for something like that in New South Wales, or would you work with the Federal Government?

Mr JOHN BARILARO: I personally do not have any plans. We do not control visas and it is the responsibility of the Commonwealth, but there is definitely a skills shortage in regional areas right across different

sectors and there is an opportunity to see growth. In the regions we do not have the same issues of Sydney. Sydney is seeing this expansion, the issue of growth, the growing pains themselves and in many cases some people think there is overdevelopment in Sydney. In the regions we want to see growth, we want to create jobs, we want to attract industry and business and we want to attract families.

You can look at my region of the Monaro. If you look back to the Snowy scheme, and I just touched on Snowy 2.0, I believe it is where the melting pot of multiculturalism started. One of the strengths of our region is those nations on nations working together to build one of the greatest pieces of engineering this nation has ever seen, just as important to the energy sector then as it is today. We joke that you would never do it again but 2.0 is embarking on that. The legacy that was left was the people, the skills and the businesses that went on to remain in the area and build businesses and industries and a great community that a lot of those businesses built—and the nation's capital as that grew.

I see the benefits of the opportunity of attracting people into the regions. There is a need there. I would be more than happy to work with the Federal Government when it comes to an arrangement around visas to go into the regions. How you police it or how you do it are the million-dollar questions. I do not have an answer there. But we want to see people and I know the regional community is more than welcoming. If you look at a lot of our local government areas, they are happy to take asylum seekers and refugees; they are happy to see migrants come into and be part of their community. Being the son of a migrant family I could not say there is not a positive opportunity for the nation, especially regional Australia.

Reverend the Hon. FRED NILE: Good. Following up your answer, could you give some examples of recent community consultations and their outcomes not just in that one area—

Mr JOHN BARILARO: Across the board.

Reverend the Hon. FRED NILE: —of migrants but other areas as well?

Mr JOHN BARILARO: On that point, I touched earlier on what we call the Stronger Country Communities Fund. This is where we are funding now \$300 million all up over three rounds and we are up to announcing round three right now. What we did with that is every single local government area was allocated a bucket of money. So regardless of whether you were a small council or a large council like Tamworth you were no longer competing against each other. In the past we would announce that as a big bucket and it becomes this beauty contest, and normally the big councils win because they have the ability to put forward projects. So what we did was allocate that across local government area by local government area, which has been a fantastic outcome with \$300 million going into projects like the Country Women's Association hall, sporting infrastructure, cultural infrastructure and community assets that are important.

What we did differently was this thing called choice modelling. It is a little bit like what the South Australian Labor Government did where they polled the community. Under choice modelling undertaken by Professor John Rose from the University of Technology Sydney we actually engaged and surveyed the community. So I can say for round one over 9,000 New South Wales residents had the opportunity to rank those projects that were put forward by their local government to say which they thought was the higher of priority. And of course we were able to add a value: "What would you pay to have that investment?"

In round two we saw 6,000 residents. This is unheard of in any State to see that sort of engagement where we are giving the power back to the people, giving our communities the opportunity to rank the projects out of this funding. That is clearly one of the best examples of community consultation that is now seeing those great little local amenities and investments—in many cases \$1 million, \$2 million or \$3 million worth of investments in each local government area—now being delivered in the regions. As I said, luckily or not, that is helpful in relation to the drought because it means those jobs are being created locally.

Reverend the Hon. FRED NILE: Following that up, you provided some general comments. Can you outline any small business initiatives that are specifically aimed at regional New South Wales?

Mr JOHN BARILARO: "Specifically at regional New South Wales"—I do have the Small Business Commissioner here. Is there anything that we have got directly for regional New South Wales?

Ms HOBBS: There are lots of things we do, Mr Nile, and thank you for the question. Where we find communities actually do need assistance, we look at retail activation programs. They have been enormously successful. We have just completed one of those in Lismore which, as you know, was absolutely whacked from Cyclone Debbie last year. We also assisted those businesses to process their insurance claims. Every time we do retail activation throughout the State—and we have done it in many places—we see businesses improving. Sometimes it just takes a little bit of courage.

How it happens is we do a workshop with the businesses the night before, then the retail adviser goes and visits those businesses the next day. It is so popular we get requests to go back and repeat this many times over. That is one specific thing that we do. We also work with communities where there may have been disruption—for instance, in Tathra as recently as Easter this year where all the fires went through. We went down and worked with those businesses. We have partnered them up with really progressive chambers of commerce. So we partnered up Tathra with the Lismore Chamber of Commerce and Industry, which is very proactive up there. We try to match people together. We have amazing support programs. Of course we must remember we have the Business Connect program. We have 60 advisers who are moving throughout New South Wales providing business advice to those who need it. It is a very active, innovative and strong program.

Reverend the Hon. FRED NILE: There was a report last week that the Government is considering helping with the drought problem and talking about dams. Indigenous groups were unhappy with one of those projects because at the top of the river, Burragorang or somewhere, the water could cover some of the artefacts or traditional Aboriginal meeting places. Are you aware of that and how do you cope with that kind of situation? I am in favour of the dams—five big dams should be built straight away.

Mr JOHN BARILARO: I am also a supporter of building dams where they can be appropriately placed. This drought is the time to be talking about the investment of building dams and bringing water security to regional communities. We have to learn from every drought. We have to be able to do that investment. Under Minister Blair's portfolio there is \$1 billion going into water security. One big investment is the pipeline to Broken Hill to bring water security to that community. Through the environmental impact studies and all the arrangements around before you build any dam anywhere, you have to take into account those heritage issues, those cultural issues and of course environmental issues. That is the process, and no-one will ever find a shortcut in doing that.

The appropriate thing is we want to build dams but we must also be sensitive to some of the issues. In the Central West, places like Cranky Rock or Neils Dam, there are issues also about the caves that are there. There are a number of issues, and these are things we have to take into account when we make decisions and if we make decisions. Possibly it is why we have not built dams in New South Wales, because it is difficult. The only dam I can point to is the dam that we built in Nimmitabel, again in my electorate. It is only a small dam for the community of Nimmitabel. It was to bring water stability after 10 years of stage 6 water restrictions. In the end that dam was approximately \$6 million. I can tell you that \$3 million was for environmental impact studies at local government, State and Federal levels. There is an issue in relation to red tape and building dams but we should never build dams without having respect for the environment and those cultural issues.

Reverend the Hon. FRED NILE: You will have to also make sure that any claims are genuine, not just a protest group trying to stop the dam.

Mr JOHN BARILARO: Again, right across regional New South Wales we have land claims across all our Crown lands and lands across the State. There is a process in evaluating those claims.

Reverend the Hon. FRED NILE: Thank you.

The CHAIR: We have come to a conclusion. Thank you, Minister Barilaro, and thank you to your officers for attending this hearing. The Committee has resolved that answers to questions taken on notice be returned within 21 days. The secretariat will contact you in relation to the questions you have taken on notice.

(The witnesses withdrew)

The Committee proceeded to deliberate.