

# **PORTFOLIO COMMITTEE NO. 4 - INDUSTRY**

**Friday 6 September 2019**

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

## **WATER, PROPERTY AND HOUSING**

**CORRECTED**

**The Committee met at 9:30**

### **MEMBERS**

The Hon. Mark Banasiak (Chair)

The Hon. Lou Amato

The Hon. Catherine Cusack

The Hon. Emma Hurst (Deputy Chair)

Ms Cate Faehrmann

Mr Justin Field

The Hon. John Graham

The Hon. Trevor Khan

The Hon. Taylor Martin

The Hon. Daniel Mookhey

The Hon. Tara Moriarty

The Hon. Adam Searle

The Hon. Mick Veitch

### **PRESENT**

**The Hon. Melinda Pavey**, *Minister for Water, Property and Housing*

## **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 the budget estimates 2019-2020. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation and extend that respect to other Aboriginals present. I welcome Minister Melinda Pavey and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Water, Property and Housing.

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 also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat.

All witnesses in budget estimates have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could answer only if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you and any officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you.

Transcripts of this hearing will be available on the web tomorrow morning. Finally, could everyone who has a mobile phone with them please turn it 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.

**SHAUN SMITH**, Deputy Secretary, Corporate Services, Department of Planning, Industry and Environment, affirmed and examined

**KEVIN WILLIAM JONES**, Chief Financial Officer, Sydney Water Corporation, affirmed and examined

**GRANT EDWIN BARNES**, Chief Regulatory Officer, Natural Resources Access Regulator, Department of Planning, Industry and Environment, affirmed and examined

**JAMES GEORGE BETTS**, Secretary, Department of Planning, Industry and Environment, affirmed and examined

**JAMES MICHAEL BENTLEY**, Deputy Secretary, Water, Department of Planning, Industry and Environment, sworn and examined

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

**JAMES ANGUS McTAVISH**, Regional Town Water Supply Coordinator, Department of Planning, Industry and Environment, sworn and examined

**CHRIS REYNOLDS**, Executive Director, Crown Lands, Department of Planning, Industry and Environment, sworn and examined

**ALISON FRAME**, Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, sworn and examined

**ANNE SKEWES**, Deputy Secretary, NSW Land and Housing Corporation, Department of Planning, Industry and Environment, affirmed and examined

**The CHAIR:** I declare the proposed expenditure for the portfolio of Water, Property and Housing open for examination. Questions related to this portfolio will begin at 9.30 a.m. All witnesses, including the Minister, will be questioned in this morning's session. After a lunch break we will continue questioning government witnesses. The Minister will not be questioned in the afternoon and evening sessions. As there is no provision for any witnesses to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

**The Hon. JOHN GRAHAM:** Minister, who do you blame? The Natural Resources Commission [NRC] research says that your Government pushed the river below Bourke into hydrological drought three years early? You reject that. Who do you say killed the fish?

**Mrs MELINDA PAVEY:** I thank you very much for the question on a very complicated issue. I know and the Hon. Mick Veitch would know that the Menindee Lakes were empty from I think about 2002 to 2008. It was an ephemeral system originally and they have had man-made intervention. We are going through a lot of work at the moment with sustainable diversion limits and trying to avoid up to 100 gigalitres of evaporation every year. It is a very complicated issue and a very complicated system.

In relation to the NRC, there is a lot of questions and a lot of information I need to provide in relation to that question and the way you have framed it. My concern was in the executive summary in the foreword by Professor Sheldon in relation to the Natural Resources Commission draft report into the water sharing plan. I will say at the outset I do support very much Niall Blair and his bringing forward the water sharing plan and the review of that water sharing plan.

**The Hon. JOHN GRAHAM:** He commissioned this research. He commissioned this report.

**Mrs MELINDA PAVEY:** That is right, no problem with that, as we should. Things are not set in stone at one point and cannot be or should not be changed. There have been a lot of conversations and a lot of scrutiny around—

**The Hon. JOHN GRAHAM:** Why are you shooting the messenger?

**The Hon. TREVOR KHAN:** Point of order—

**Mrs MELINDA PAVEY:** John, this is a really complicated issue and deserves some time and some energy from me to be able to contextualise and explain what has gone on. I do support absolutely what Niall has done. I support our farmers and I support our communities. There is a lot of scrutiny and there is a lot of speculation about what may have happened in 2012. There will be no person more happy than I when we finally get a resolution to what happened and those time frames and any current investigations.

But what alarmed me about one paragraph in the executive foreword is that it was not borne out by any facts. As members in this room will know, 2016 was the last time this State had wonderful rain. We had the Newell Highway cut for six weeks. I am told the Menindee Lakes were about 90 per cent full. Our lakes, our rivers, our creeks and our tributaries were at a point of bounty after a really tough period through the millennial drought where Menindee Lakes themselves were empty for much of that time. When I read in the executive summary, in the foreword, that the hypothesis was this was a hydrological drought brought on by over-extraction, the facts did not bear that out. That is the issue I have, just that paragraph.

**The Hon. MICK VEITCH:** So you support the rest of the report?

**Mrs MELINDA PAVEY:** I have not seen the final report.

**The Hon. MICK VEITCH:** Do you support the rest of the interim report?

**The Hon. JOHN GRAHAM:** Do you support the rest of the interim report?

**Mrs MELINDA PAVEY:** The draft report is there and is a matter of record. But my issue was with that paragraph and that statement, and I am entitled to call that out.

**The Hon. JOHN GRAHAM:** For the record, do you support the rest of the—

**Mrs MELINDA PAVEY:** No, no, no, no. On the record—

**The Hon. TREVOR KHAN:** Point of order: The witness is entitled to answer the question. She is clearly being relevant. She should not be interrupted when she is answering the question.

**The Hon. JOHN GRAHAM:** To the point of order: It is for members of the Opposition to determine when they ask the next question and that is exactly what I was doing.

**The Hon. TREVOR KHAN:** To the point of order: That is a newbie, I have to say. The long-established convention of committees is witnesses are entitled to answer the question. They are entitled to answer it in a way that they see fit and they are not to be interrupted.

**The Hon. MICK VEITCH:** To the point of order: They also cannot take forever to answer the question.

**The CHAIR:** I will rule on the point of order. I accept both sides. I will ask the Minister to wrap it up so that if Mr Graham wants to ask that follow-up question, he can. If he does want to ask a follow-up question, he should be doing it in a respectful manner.

**Mrs MELINDA PAVEY:** My point was that that paragraph was particularly provocative, so much so that we then had the Opposition leader in New South Wales—

**The Hon. JOHN GRAHAM:** Minister, I am going to stop you there—

**The Hon. TREVOR KHAN:** Point of order—

**Mrs MELINDA PAVEY:** Sorry, it was a provocative statement which led your leader to go to the NSW Farmers conference and blame the National Party for bringing the drought forward. I have asked my agency for other information and I understand that the National Resources Commission came—

**The Hon. JOHN GRAHAM:** Minister, this is my question—

**The Hon. TREVOR KHAN:** Point or order—

**Mrs MELINDA PAVEY:** —forward, the Natural Resources Commission came forward and then sought more information—

**The Hon. JOHN GRAHAM:** Chair, a point of order has been called.

**The CHAIR:** Minister, I will stop you. A point of order has been called.

**The Hon. TREVOR KHAN:** I think both the witness and the Hon. John Graham are falling into the same trap. They are talking over the top of each other. If it is unfair on anyone else in the room, it is unfair on Hansard. With respect, they should both stop it.

**The Hon. JOHN GRAHAM:** To the point of order: I am entitled to move on and ask a new question when I want to. The Minister is answering a totally different question. She might not like my question but I am going to ask it.

**The Hon. TAYLOR MARTIN:** You may not like the answer.

**Mrs MELINDA PAVEY:** So the point is—

**The CHAIR:** Minister, I have not ruled on the point of order yet.

**Mrs MELINDA PAVEY:** I am sorry, Chair.

**The CHAIR:** I agree with Mr Khan. It does not help Hansard or anyone if we are all talking over the top of each other. Minister, I will ask you to wrap up your point in a timely matter—20 seconds—so Mr Graham can actually ask that follow-up question, please.

**Mrs MELINDA PAVEY:** The point is it was a provocative statement in that executive foreword—and that was the draft. I am told the final report will be delivered to my office—it should have been delivered by now—and will publicly be available at 12.30. I am sure that will result in further conversations. To your question, Mr Veitch, there is a lot of information in the report that was accurate. I am not talking about the extent of the entire report. My criticism and my concern was a paragraph in the foreword that was very provocative.

**The Hon. JOHN GRAHAM:** To follow up that question, do you support the rest of the draft review? Do you have any concerns you want to alert us to, other than that paragraph?

**Mrs MELINDA PAVEY:** Government will respond to the final report, which we are receiving today. We will do it in a professional way. We will work through that report. I also highlight that the Federal Government has already put it on the record following the release of the Vertessy report that it has an interest in buying those A class licences. However, as I also referred to, there is a lot of speculation out there. Until we get a final report into the incidents from 2012, I do support what Niall Blair did in bringing forward the review of that water sharing plan.

**The Hon. JOHN GRAHAM:** When the Government responds to that draft report though, will it—

**Mrs MELINDA PAVEY:** Final report. The final report is coming today.

**The Hon. JOHN GRAHAM:** No, when it has provided a response to that draft review has it raised concerns other than this single paragraph?

**Mrs MELINDA PAVEY:** We will be responding to the final report, which we are receiving today, which is the due process.

**The Hon. MICK VEITCH:** Minister, what is the time frame for the response? Can you just walk us through—the report is in your office now or will be in your office today?

**Mrs MELINDA PAVEY:** It will be within, I think—and the environment Minister's and planning Minister's offices as well—at some point today. That is what we are advised by the NRC. It was due in August; we are now 6 September. However, they did get some more modelling from WaterNSW, which was appropriate. For some reason there was confusion within the NRC that WaterNSW was the appropriate place to go to get the modelling. I expect the report to be fulsome and accurate. I think they had 169 submissions to the report. We are going to go through those processes quite appropriately.

**The Hon. MICK VEITCH:** So the timetable though—for the punters at Menindee and wherever else who are sweating on the Government's response to this report that comes to your office today—when can they expect a Government statement around actions arising from this report?

**Mrs MELINDA PAVEY:** We will be going through the process of government. I might just ask my Deputy Secretary, Dr Jim Bentley, to give us some indication of the internal timings—

**The Hon. MICK VEITCH:** Minister, with all due respect, we have the bureaucrats this afternoon. I can ask the bureaucrats myself this afternoon. I just want to talk to you this morning. This is the Minister's section—

**The Hon. TREVOR KHAN:** Point of order: The Minister is entitled for questions to be asked through her and she is entitled to call upon the public servants who are present and sworn to assist her in the answering of the question. The member knows that.

**The Hon. MICK VEITCH:** To the point of order: There is a new system in place here. With all due respect to everyone in the room, we actually have the bureaucrats this afternoon. Any questions I can ask—

**Mrs MELINDA PAVEY:** Mr Veitch, just to be helpful: about four to five weeks.

**The Hon. MICK VEITCH:** Thank you.

**The Hon. JOHN GRAHAM:** Minister, it is not just the NRC report. Do you accept that there are reports from the Productivity Commissioner, the Matthews report, the Australian Rivers Institute, the Commonwealth Environmental Water Holder, the Vertessy report, various reports from Griffith University,

Latrobe University, Charles Sturt University and the University of Technology Sydney? They all agree that there is a problem with this plan. You are out on your own, are you not, attacking the NRC over this?

**Mrs MELINDA PAVEY:** I am sorry, Mr Graham, I do not know whether you understood what I was just saying. I was upset and concerned about a provocative paragraph in the opening foreword which was not borne out by fact and that came out because they never actually sought the modelling to that. However, you have a fair point—

**The Hon. JOHN GRAHAM:** But no-one has backed you up.

**Mrs MELINDA PAVEY:** You have a fair point. We are going to respond to the final report, which we are receiving today. We will go through those processes. Like anybody else, I want that system to be the best system it can be, to be as healthy as it can be. My concern was that a claim that I think it was around 800 gigalitres of water had gone past Bourke at the southern point from 2016 and only 22 gigalitres was extracted for farming. That does not bring a system into a hypothetical hydrological drought three years early, which was the provocative statement.

**The Hon. JOHN GRAHAM:** Can you confirm that you have received a co-authored letter from water scientists from six universities who have backed the technical modelling of Professor Sheldon?

**Mrs MELINDA PAVEY:** I presume—yes, I have received that. But it is also important to understand that since my concerns were raised publicly I was pleased that the NRC came forward and sought some more information from WaterNSW around modelling. There are going to be changes made. There are going to—

**The Hon. JOHN GRAHAM:** Do you accept you are out on a limb here though, Minister?

**Mrs MELINDA PAVEY:** All I did—

**The Hon. JOHN GRAHAM:** You are putting a very different view to any other expert in the field. Do you accept that?

**Mrs MELINDA PAVEY:** What I did was call out a fact that was not borne out by evidence. I do not resilé from that. That is an important thing to do. We will have a look at the final report when we receive it today, Mr Graham.

**The Hon. MICK VEITCH:** Your letter to the NRC—drawing attention to the fact that you were unhappy about that particular paragraph—became public, went to the media. Who made your letter to the NRC public?

**Mrs MELINDA PAVEY:** I am not aware of how that happened, Mr Veitch.

**The Hon. MICK VEITCH:** Are you happy that it happened?

**Mrs MELINDA PAVEY:** I cannot say that I am.

**The Hon. MICK VEITCH:** Are you conducting some sort of an investigation to work out just how that transpired?

**Mrs MELINDA PAVEY:** I can tell you every minute of my day is spent dealing with drought, with ensuring our towns do not run out of water. This is a side element to a very complicated situation that we are facing. My energy is also going into building more infrastructure for New South Wales. This issue has got a lot of people excited. In my view, it was a provocative statement that caused concern. I have to support my communities. I have to support our farmers. As you know, Bourke is one of those very challenged towns in regional New South Wales, as is Menindee.

**The Hon. MICK VEITCH:** One of a few, yes.

**Mrs MELINDA PAVEY:** We need to create opportunities and jobs. We also need to do the right thing by the environment. It is a balance between the social, economic and environmental needs of that river system. My concern is that fingers are being pointed at a time when we have had record low inflows into the Murray-Darling Basin.

**The Hon. MICK VEITCH:** But Minister, I am just asking about the letter. We will probably explore this a bit further later on. With regard to your letter that found its way into the public domain, that cannot be a good thing. Surely you would like to know or would like to find out how the processes eventuated or were not followed to have your letter in the public domain?



**Mrs MELINDA PAVEY:** Mr Veitch, to be honest, I am more focused on how we deal with the drought. That is what I am going to keep working on, as well as building dams, social housing and dealing with property issues across the State. These things happen. I am going to move forward.

**The Hon. MICK VEITCH:** There must be someone in that system who you do not trust, though?

**Mrs MELINDA PAVEY:** I am just going to focus on the job at hand.

**The Hon. MICK VEITCH:** Yes, sure. There must be someone in this system you do not trust.

**Mrs MELINDA PAVEY:** I am just going to be focusing on the job at hand.

**The Hon. MICK VEITCH:** Okay. It is not a good thing.

**The Hon. JOHN GRAHAM:** Minister, if the final report recommends urgent changes to the plan—as the draft report does—will you make those changes? Will you commit to making those changes?

**Mrs MELINDA PAVEY:** We commit to looking at the report and making changes that are needed.

**The Hon. JOHN GRAHAM:** If that is called for, if the report calls for those changes, will you make them?

**Mrs MELINDA PAVEY:** We will work through that. As I have pointed out, the Federal Government has already made its intentions clear, to look at some of those A class licences and buy them back. I am not saying that there does not need to be changes. I was pointing out was that there was an error in the foreword of the report—

**The Hon. JOHN GRAHAM:** Do you concede that there may need to be urgent changes to the plan, given the mounting evidence?

**Mrs MELINDA PAVEY:** We will work through those processes as well as deal with the challenges of an outstanding report.

**The Hon. JOHN GRAHAM:** But you are agreeing they might need to be change. Do you agree there might need to be urgent change to this plan?

**Mrs MELINDA PAVEY:** That is why the Hon. Niall Blair brought forward the review into the water sharing plan because there was an urgency around it, and we will work to those.

**The Hon. JOHN GRAHAM:** So you agree that there might need to be urgent change?

**Mrs MELINDA PAVEY:** As I have said, there very well could be. And we will work through that in a timely way as quickly as we can.

**The Hon. JOHN GRAHAM:** Thank you.

**The Hon. MICK VEITCH:** With regard to the time frame, you are saying to stakeholders, interested parties and society as a whole—I would suggest it has an interest in this matter—have four to five weeks for the Government's response. That means your agencies and Minister Kean's agencies will work together on a response to the final report that then goes to Cabinet, which will then deliver its position. And that is the position that goes to stakeholders. So about four to five weeks. Is that correct?

**Mrs MELINDA PAVEY:** We will deal with the report and its recommendations in the totality of the changes around the water sharing plan. We need to go back to community consultation, as you would be aware. But it does have an urgent focus. When I said four to five weeks for dealing with the report, we will do that. We will keep the community abreast of that in terms of finalising the water sharing plan.

**The Hon. MICK VEITCH:** Do you envisage compensation may be a requirement in the Government's response?

**Mrs MELINDA PAVEY:** Yes, that has been part of the advice to government. If you are changing licence applications we have to work through that, which is why also I would like to see the external inquiry into what happened in 2012 finalised before we go down that path.

**The Hon. MICK VEITCH:** You cannot predict the quantum of compensation but has work commenced within your agencies to start scoping what that might look like?

**Mrs MELINDA PAVEY:** Yes it has, as well as consulting with the Commonwealth, who under the Murray-Darling Basin Plan have also indicated they are keen to buy some of that A class licence back.

**The Hon. MICK VEITCH:** Regarding the compensation, I am looking at the four to five week timetable—

**Mrs MELINDA PAVEY:** I am not saying we would be in a position to be offering compensation at that point. What I said was that we would be dealing with the contents of the report.

**The Hon. MICK VEITCH:** It is important that we make that clear because they will be stakeholders along that system.

**Mrs MELINDA PAVEY:** I have had lots of representations from local government officials that have an A class licence, that use it once or twice every five years to grow hay, to grow lucerne as a side crop. Not all of it is used in the way it is thought it is used. There are a lot of people out there that do not even realise they have an A class licence. It is a complicated issue to manage without impacting unfairly and unnecessarily. It can also be an issue of low flows and high flows and how we manage that.

**The Hon. MICK VEITCH:** So there will be compensation? The reason I ask that is because that is one of the issues canvassed in the draft interim report from the Natural Resources Commission. Hence the earlier question about which elements of that NRC report do you support. It is important to know that you support the majority of the report, except for a paragraph. Would that be a fair way of—

**Mrs MELINDA PAVEY:** I will let you make that assessment.

**The Hon. MICK VEITCH:** Okay. I have just got to get it right for the press release. The next matter arising is, does that interim report assist in guiding your thoughts about what may be in the final report? With a four to five week timetable, if you just wait for the report to be delivered, I suspect there has been some work commenced in preparing the Government's final position. Would that be correct?

**Mrs MELINDA PAVEY:** That is absolutely correct. You probably do not want me to but I was going to deflect to my Deputy Secretary.

**The Hon. MICK VEITCH:** Our time is just about up so we can do this in the next round. But that is happening?

**Mrs MELINDA PAVEY:** Yes. Can I just make the point that I am really focused and energised in ensuring our Indigenous community can be part of that process. I met the Barkindji people in Broken Hill in April. There is capacity to maybe include and better represent their needs, and I know that was a focus of the Hon. Niall Blair.

**The Hon. MICK VEITCH:** With respect, I do not think maybe we should include them; I think we should include them.

**Mrs MELINDA PAVEY:** We are. Sorry. That is something we are working towards.

**Mr JUSTIN FIELD:** Minister, good morning. The modelling done by WaterNSW that you have relied on to criticise the NRC's draft report, when was that done?

**Mrs MELINDA PAVEY:** Which modelling?

**Mr JUSTIN FIELD:** The modelling by WaterNSW that you have based your criticism of the NRC on. You said there is additional water modelling by WaterNSW that refutes the findings of the NRC draft report, Professor Sheldon's report. When was that modelling done?

**Mrs MELINDA PAVEY:** I will refer to David Harris, the Chief Executive Officer of WaterNSW. We sought some information to balance that out. He can talk to the details of that modelling and the timing.

**Mr JUSTIN FIELD:** Did your office request that modelling to be done? So I can assume then that request came after the NRC's draft report was released.

**Mrs MELINDA PAVEY:** Yes, because, as I just pointed out to the Hon. John Graham, I was concerned about the provocative nature of that paragraph which suggested over-extraction had brought on a drought three years early. I wanted to test that hypothesis and that is when we asked WaterNSW and we also asked the Department of Industry – Water to check that out, to analyse that.

**Mr JUSTIN FIELD:** If it was done after the draft report came out, how would the NRC have received that information? You suggested there was confusion over requesting data. But if the modelling had not been done yet—if you had not commissioned it—how would the NRC have received it?

**Mrs MELINDA PAVEY:** That was the question I had because it was so provocative. Where did they get the information for that statement? That was what I was testing so we could analyse whether it was accurate.

**Mr JUSTIN FIELD:** You said there was confusion over requesting the data.

**Mrs MELINDA PAVEY:** That is what the NRC had communicated to us through the media.

**Mr JUSTIN FIELD:** What was the confusion?

**Mrs MELINDA PAVEY:** They had sought information from the Department of Industry – Water but that had not gone to the modellers—the river managers, WaterNSW. I might ask Mr Harris to further explain.

**Mr JUSTIN FIELD:** Before we do, are you suggesting that a request was made to a water-related department within government, there was a major review called by a Minister into a controversial water sharing plan, yet that request did not get passed on to a water modeller, therefore the request was not answered? Is that what you are suggesting?

**Mrs MELINDA PAVEY:** I am not suggesting anything. I am just stating the facts as I know them.

**Mr JUSTIN FIELD:** So WaterNSW did not proactively seek to engage with the NRC over the review of the water sharing plan? Is that correct?

**Mrs MELINDA PAVEY:** I am going to refer now to Mr Harris.

**Mr HARRIS:** No, that is absolutely incorrect. For a period of time, a substantial period of time, WaterNSW provided considerable material to the Natural Resources Commission to support its inquiry into the Barwon-Darling water sharing plan around trade, extraction numbers and so on. It was only after the release of their draft report, which contained the statement that the Minister has referred to a number of times, that we asked to meet with the NRC. We did meet with the NRC on Friday 16 August, with both the NRC and Professor Sheldon. We indicated that we had an operational model that could model the hypothesis that the NRC had included in their draft report on the back of Professor Sheldon's work.

It was agreed in that meeting that we would carry out that modelling in two tranches. It was agreed that we would provide the first tranche—broadly 2½ years of back modelling—to Professor Sheldon and the NRC the following week. We did that. It was agreed that we would provide the last half year—the 2016 water year—to the NRC and Professor Sheldon the week after. We provided them with that modelling last Friday.

**Mr JUSTIN FIELD:** Thank you, Mr Harris. Minister, you have suggested on many occasions in the media that only 22 gigalitres of the 772 gigalitres that flowed since 2017 were extracted by irrigators. Was the 772 gigalitres figure based on modelled flows or on gauge readings?

**Mrs MELINDA PAVEY:** That was based on advice from WaterNSW. It was based on the model flows.

**Mr JUSTIN FIELD:** I think it is well known by water modellers and by experts in this area that in a highly variable system models do not accurately describe low-flow periods. They are great for averages, but the low-flow periods do not get very well described. In this instance a small extraction difference can be between a river flowing and a river stopping. Since the 2012 water sharing plan was introduced the two biggest water owners in the system bought properties in 2014 and 2015. This graph, which I am sure is familiar to you, is the one that is in Sheldon's report. It shows massive increases in extractions over that period of time. Does that not point out just how broken this water sharing plan is—particularly in those low-flow periods?

**Mrs MELINDA PAVEY:** That is why the previous Minister called for an early review of that water sharing plan. I make the point that my comments were about a provocative statement in the executive summary. I will ask Mr Harris to explain the period between 2016 and 2019.

**Mr JUSTIN FIELD:** That is okay. We might come back to that this afternoon. I want to move on. I only have a limited amount of time. Minister, who did you consult with before making the decision to suspend water transfer rules from the Shoalhaven to allow more water to be transferred to Sydney?

**Mrs MELINDA PAVEY:** There were various conversations with my deputy secretary, Dr Jim Bentley. I had many conversations with WaterNSW and David Harris.

**Mr JUSTIN FIELD:** Did you speak to anyone in the Shoalhaven?

**Mrs MELINDA PAVEY:** Mr Harris, Mr Bentley and the chief financial officer of Sydney Water can talk to the consultations that they had with councils. There was consultation with councils and local members. As you know, this dam was expanded—

**Mr JUSTIN FIELD:** Primary industries, Minister?

**Mrs MELINDA PAVEY:** In terms of environmental flows, there is five years of supply left in the Shoalhaven. We are very proud of the 2009 water sharing plan, which mimics natural river flows and protects and

supports the oyster industry. Mr Field, it might be fun for a headline to try to say it is the Shoalhaven versus Sydney, but people understand that that dam was expanded in the 1970s. Consultation went on. We have had to bring forward the transfers to Sydney because we have seen the biggest drop in the Warragamba Dam that we have ever seen. Whatever you might be suggesting in the local community, we did consult, as we always do. I will ask my officials to further confirm that consultation.

**Mr BETTS:** As the Minister said, the Shoalhaven transfer is part of the considered options—

**Mr JUSTIN FIELD:** I do not want to take up other members' time. If specific people were consulted I am happy to hear that, but otherwise we can—

**Mr BETTS:** It was a collective decision by government following consultation in the normal way.

**Mr JUSTIN FIELD:** It was a collective decision by government following consultation. Thank you, Mr Betts.

**The Hon. EMMA HURST:** I am sure there will be a lot of questions today about the impact of drought and water shortages on people in New South Wales. I would like to ask you how the drought is affecting animals in New South Wales, particularly wild and native animals, and what you are doing to ensure that native animals are not suffering as a result of the drought.

**Mrs MELINDA PAVEY:** I thank you for your question. I do not think there is any doubt that they are suffering. You only have to drive into any part of regional New South Wales to see that the kangaroos and the wombats in the south of the State, in their desire for a fresh pick, have been going to the roadside, because, as we know, the rain falls on the road if there is some rain, as well as the dew on the grass. If there is any grass that is the place they are going to find it. I will refer to my officials here because we do have a whole range of operators within the water systems across regional New South Wales. I do acknowledge the tremendous work that Minister Adam Marshall is doing and announced early last week to ensure that. The water predictions are so poor that we are fearful of what the river system is going to look like.

In terms of a Menindee-like Armageddon-style event—like that which Minister Adam Marshall referred to—it is something that is taking up a lot of his energy and our minds. It is important that the river operators, such as WaterNSW and the local fishing clubs, are involved. We have lots of fishing clubs across the river systems and they can be really, really important in calling out examples or solutions of where we might need to put an aeration in. If we have a lot of carp somewhere and a low flow we can go in and get the carp out. But there is a lot of energy going into this. I would also highlight, for example, the Macquarie River system.

There has been some commentary around the Macquarie Marshes. Burrendong Dam is the big dam that supplies that part of the world. The statistics suggest that in the last three years something like 8 per cent has gone to irrigators and around 2 per cent has gone to town water supplies. That is a big challenge for us. We have supported Dubbo Regional Council, for example, with \$30 million to explore some more bore opportunities. We have been able to provide almost 90 per cent of that water in environmental flows, as well as transmission and evaporative losses. We are challenged. I know the Office of Environment and Heritage is working with the Commonwealth water providers of the Murray-Darling Basin Authority [MDBA]—

**The Hon. EMMA HURST:** Minister, I want to bring you back a little bit closer to the question. Are native animals specifically being factored into your planning with WaterNSW?

**Mrs MELINDA PAVEY:** They are part of our river systems. Because our river systems—our creeks, our lakes and our dams—are so constrained at the moment, there is a challenge. I know that WaterNSW has been doing some work on wombat issues in another off-water storage that we have. We are concerned for our towns, our livestock and our native animals with such a low flow. We have never seen anything like this in the Murray Darling Basin. It is a challenge for all of those that need our water supplies.

**The Hon. EMMA HURST:** With regard to the Warragamba Dam wall, I have read that there are about 43 threatened plant and animal species that inhabit the area, including the critically endangered regent honeyeater and the koala. What is the Government doing to ensure that these species are protected in that particular area?

**Mrs MELINDA PAVEY:** I am going to refer to my Secretary, Jim Betts, because the Warragamba Dam issue is something that he led as the CEO of Infrastructure NSW. He will be able to provide much better information on those processes and those endangered species.

**Mr BETTS:** The Government has developed a comprehensive strategy to mitigate flood risks in the Hawkesbury-Nepean Valley. There are a range of different components to that strategy. Some of them involve capital investment and some of them involve improved emergency responses, community awareness and so on. The central investment proposal beyond some targeted upgrades to evacuation roads is a proposal to raise the

Warragamba Dam wall. That is being coordinated by Infrastructure NSW, but the lion's share of the preparatory work for that investment option is being undertaken by WaterNSW. No investment decision has yet been taken in terms of the raising of the Warragamba Dam wall and no decision will be made until a comprehensive environmental impact statement [EIS] has been prepared, exhibited and considered by both the State and Commonwealth governments.

**The Hon. EMMA HURST:** Sorry to interrupt, but are you doing any specific acoustic monitoring surveys for koalas in the valleys that are slated to be flooded by the raising of the dam wall as part of that EIS or other processes?

**Mr BETTS:** I will defer to Mr Harris in a moment on that because his organisation is preparing the EIS. But the modelling by Infrastructure NSW suggests that the upstream inundation associated with a one in 100 year flood event with a 14 metre raising of the dam wall would affect no more than 0.064 per cent of the national park area.

**The Hon. EMMA HURST:** How many is that?

**Mr HARRIS:** As the Secretary has pointed out, we are currently completing or carrying out an environmental impact assessment for the Warragamba Dam wall raising, which will go on public release once that is completed—towards the end of this year or early next year. If I may, I will take on notice the question around the acoustic monitors for koalas and I will be able to come back to you on that today.

**The Hon. EMMA HURST:** Was that 0.06 per cent of animals? Can you clarify what that was?

**Mr BETTS:** No, it is the geographic area within the catchment.

**The CHAIR:** Minister, on 9 August last month the Premier signed an amended Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin. Just days before this agreement was signed, the Deputy Premier, and leader of The Nationals, was out in rural New South Wales, saying to drought-affected farmers that The Nationals wanted to withdraw from the same agreement that was signed days later. Was the Deputy Premier aware that the Premier would be signing this amended intergovernmental agreement, or was he lying to drought-affected farmers in the State?

**Mrs MELINDA PAVEY:** I think that is a very unfair question and unfair interpretation. The Premier and the Deputy Premier are very aware of the pain that many of our rural communities and our farmers are experiencing across all of New South Wales. The Premier and the Deputy Premier were very aware of the approach I was taking at the Ministerial Council meeting in August, in alignment with the Victorian Labor water Minister, to ensure we try to help restore some confidence back in the Murray-Darling Basin process. There is a frustration. There is a level of fear and concern that people are not being listened to and we need to ensure that we look at the proper water modelling and the water that is expected to continue to be given to South Australia. There is a lot of energy and a lot of pressure around that, and I just give an example: the Barmah Choke—an area I used to spend a lot of time in with my grandmother. She used to be a great Murray cod fisherwoman. That area used to be able to get 12 gegalitres of water through the choke. It is now down to 9.5 gegalitres a day through the choke. That is an example of what is happening because the river is being run so hard that—

**The CHAIR:** Minister, can I just stop you. My question was: Was the Deputy Premier aware that this intergovernmental agreement was going to be signed when, two days before that, he was going around saying that The Nationals were not going to sign it and they did not want it to be signed?

**Mrs MELINDA PAVEY:** No, that is not what he said. The Premier and the Deputy Premier were in lockstep with me, as was Cabinet, in relation to the approach we were going to be taking at the Ministerial Council meeting. You can take an interpretation as you wish, but the important thing is we are working with the Victorian Government—the other biggest user of water and of farming within the Murray-Darling Basin—to give our communities faith that we are on their side. They genuinely feel that they are not being listened to through the Murray-Darling Basin process at the moment and we need to be able to analyse and look at the information that we are working towards. It needs to be done in a very public way and sometimes we need to have other officials—other than our own government officials, other than officials from the Commonwealth—deciding things. We need external experts to be able to ensure that what is being committed to can actually be delivered. I do not agree with the premise of your question.

**The CHAIR:** We will have to agree to disagree, then. Minister, given that your Government withdrew some amendments to the New South Wales Water Management Act 2000 under the Water Reform Action Plan package of amendments because of the damage to water property rights contained in water sharing plans, are you aware that the intergovernmental agreement that was signed on 9 August actually binds you as a Minister and your Government to many of those measures your own Government rejected last year?

**Mrs MELINDA PAVEY:** I think it is important to understand this is a very complicated process—a process that is having a real impact on farmers and communities. Even people in your own party have a different view on it—we have had the member for Barwon, Roy Butler, thinking that there is nothing to see in South Australia and that the water process is appropriate. You have a member in the Murray, Helen Dalton, who basically wants to walk away completely and wind back any reforms. So it is a balance. It is a challenge.

**The CHAIR:** Are you aware, though, that you are signing yourself up to revisit those amendments that you rejected?

**Mrs MELINDA PAVEY:** What we are doing is working through a process that is complicated and that is difficult. I have said to those communities that I will open up and be more transparent with the Murray-Darling Basin Plan. We are committed to releasing minutes, committed to releasing agendas, committed to ensuring that a wider group of stakeholders other than government officials actually understand what is going on with those processes—to the point that I might be annoying some of my Federal colleagues. But I will stand up for team New South Wales. I will continue to do that, and the very important fact is that I am going to stand with Lisa Neville—a Labor Minister, a water Minister, who is also in a very difficult time and a very difficult portfolio. We are going to work together to ensure that right decisions are being made around science and facts.

**The CHAIR:** I am glad you mentioned the need to consult with people. So you intend to go out to those areas and let those farmers and people know that there is a potential that you will have to reintroduce those amendments?

**Mrs MELINDA PAVEY:** We will continue to consult on any legislation, on any amendments, on any work that we need to do. But I can tell you we are on team New South Wales. I just wanted to acknowledge the work of John Clements and Roy Butler yesterday at Menindee. There were 50 or 60 farmers that came together to have a discussion with officials and farmers in relation to the Toorale property—a property bought in 2009, I think it was, by Penny Wong. It was a \$24 million property. I raise it because on my first visit to Bourke a couple of weeks after being given the portfolio, farmers out there—including Justin McClure from the Graziers Association—were saying, "You've got to get the banks at the dam on the Toorale Station sorted out so we can get water to Wilcannia."

It was a surprise to me that after nine years nothing had been done. I am now working closely with the environment Minister, Matt Kean, to ensure that the water from that system gets to where it was meant to go to. That is why the station was bought: to add capacity back into the system. I thank the farmers and I thank everybody that was involved in that meeting yesterday. I am absolutely committed to giving a voice back to the Menindee community, whether it is in the sustainable diversion limit [SDL] project or ensuring that Toorale Station and the water that came with that station goes back to the Darling system.

**The CHAIR:** Thank you, Ms Pavey, and thank you for the recognition of the good work of my colleague.

**The Hon. MICK VEITCH:** Minister, should New South Wales stay in the Murray-Darling Basin Plan?

**Mrs MELINDA PAVEY:** That is a really good question. It is a fair question. My focus is on trying to make that plan as good and appropriate a plan for our State and our farmers and our industries as possible. There is a lot of focus; there is a lot of attention. I have been to Albury twice in the past seven days. The Murray River—despite the fact now I reside on the Kalang River—has a very special place in my heart. I also acknowledge that an enormous amount of work has been done by a whole variety of people over the past 15 years on the Murray-Darling Basin Plan. We have achieved a lot. The farmers have achieved a lot. The environmentalists have achieved a lot. The communities have sacrificed a lot.

**The Hon. MICK VEITCH:** So we should stay in the plan?

**Mrs MELINDA PAVEY:** No. What I am saying is I hear the frustration. I was about to make the point that so much water is flowing through that system, which is why I referred to the Barmah Choke—and I also refer to the constraints mechanism that the Murray-Darling authority expect us to further introduce, which means flooding towns and killing orchards. It is being said to me that the river has never run so high up on top of the mountains, around the Snowy at Tumut and places like that.

**The Hon. MICK VEITCH:** I know; it's throwing the bank up. But my issue is—

**Mrs MELINDA PAVEY:** No, I am not going to give you a yes or no answer. What I am committed to is working through this drought and working with my counterparts in Victoria and South Australia and Queensland and the Australian Capital Territory and the Federal Government. There were some underlying principles that were appropriate but, as was said at the time it was introduced, it was not meant to be set in stone. It might need to change. It might need to have some more reflection and that is what I am going to work within, because there are significant implications if we walk away. We need to understand what they are but we also need to do what

we can to make it better and relevant for our communities. There is no stronger time to do that now than in drought, when everybody is focused on the challenges we all face.

**The Hon. MICK VEITCH:** Minister, I draw upon your comment where you said there is no yes-or-no answer to this. You put out a press release with John Barilaro saying the Murray-Darling Basin Plan is untenable for New South Wales. I would suggest that is a no answer, not a yes and/or no answer. Would you not agree?

**Mrs MELINDA PAVEY:** As I just pointed out—

**The Hon. MICK VEITCH:** Is it tenable or untenable?

**Mrs MELINDA PAVEY:** There are some parts of that plan that are untenable currently for people within New South Wales. As I said, I am not going to be supporting flooding towns or destroying orchards or permanent crops. There are some time lines around that.

**The Hon. JOHN GRAHAM:** This is not about parts of the plan. This is, "The plan is untenable." Is the plan untenable? Do you still hold that view?

**Mrs MELINDA PAVEY:** There are parts of the plan for our communities at the moment that are completely untenable. And that is what I am working—

**The Hon. JOHN GRAHAM:** Not parts of the plan. Is the plan—

**The Hon. TREVOR KHAN:** Point of order: Again, the Hon. John Graham is interrupting the witness when she is being directly relevant to the previous question that was asked. She should not be bullied.

**The Hon. JOHN GRAHAM:** Again, the member is trying to stop me asking questions.

**The CHAIR:** I have heard the point of order. If you are going to seek clarification, Mr Graham, can you bring it to the Minister's attention and say, "I am seeking clarification." I think that that is a fair way to interject, interrupt and seek clarification.

**The Hon. MICK VEITCH:** The Minister is quite experienced in this process. We have done this before. I will move on. Minister, in your answers to questions from the Hon. Mark Banasiak you spoke about an independent investigation, external experts. The Deputy Premier called for a royal commission out at Menindee. I was out there this week. They want to know he has not stuck to that position. Isn't a royal commission an independent investigation or an inquiry by external experts?

**Mrs MELINDA PAVEY:** Look at Labor's royal commission in South Australia. That did not achieve very much. As the Deputy Premier has also said, having a royal commission does not give us an extra ounce of water, or an inch of water, or a millimetre of water.

**The Hon. MICK VEITCH:** Nor does an independent investigation. I am confused. It is a bit like tenable or untenable. Do you support an independent investigation or not?

**Mrs MELINDA PAVEY:** I support particularly the work last December that Lisa Neville and Niall Blair did in ensuring that any extra water out of the system had to be dependent on the social, economic as well as environmental impacts. I support working with Lisa Neville to ask the question: Can the water that is being set aside to go to South Australia actually be delivered? I talked about the Barmah Choke. I think the most ever water we got through to South Australia is 55,000 gegalitres, not the 80,000 gegalitres that is expected in the modelling.

All I ask, and all I am doing, is acknowledging the incredible work that has been done. We remember the millennial drought and the amount of salt that was in the pastures and alongside the river because of not the best environmental management. All I ask is that we respect, listen, consult and allow our communities to understand everything that is going on. That has been the message to me from all water valleys—that they feel locked out. They do not feel listened to. When you lock people out, that is when they do not believe in a process and do not support a process. I am going to continue to be open and transparent in all my dealings with my communities that we are having with the Commonwealth. There are some fair questions that need to be addressed. Minister Littleproud supports that. Minister Littleproud has supported some of the comments that I have been making.

**The Hon. MICK VEITCH:** So we are going to stay in the plan? That is the main thing for me. I can walk away knowing that we are staying in the plan.

**Mrs MELINDA PAVEY:** Mr Veitch, we are going to do what is best for New South Wales, and we are going to continue to test—open up the books, if you like—and look at the modelling to make sure the right thing is happening for New South Wales, and will continue on that basis.

**The Hon. MICK VEITCH:** Minister, have you issued an instruction to anyone in the public service to commence removing New South Wales from the Murray-Darling Basin Plan?

**Mrs MELINDA PAVEY:** What I have asked my agencies and my teams to do is to verify, analyse, ensure that the processes that we are going through are appropriate. The Murray-Darling Basin Authority, I think, funds my agency to the tune of \$9 million a year, and I want to ensure that all the work that we do is verified and is appropriate, which is why I am genuinely really pleased to be working with Lisa Neville, who has taken very much an approach of supporting the communities—the Goulburn Valley, in particular. We know the challenges that our diary farmers in particular—with the price of water—are facing at the moment.

**The Hon. MICK VEITCH:** So no instruction has been issued to the public service to commence preparations to remove New South Wales from the Murray-Darling Basin Plan?

**Mrs MELINDA PAVEY:** What I have asked—as I said—my agencies to do is to make sure that we have a prism of what is best for New South Wales and analyse decisions and analyse the work that we need to do in the best interests of New South Wales—and sometimes they align with Victoria—and also make sure that the other States are contributing, that South Australia is contributing. I have asked us to look at the south-east drainage channel which, for some reason, is not included in the geography of the Murray-Darling Basin Plan. If we put that drainage, instead of it going straight to the ocean we could actually potentially move it to the Coorong.

I have also asked for some details about how much the desalination plant in South Australia is working. It is not about picking on South Australia, but there is very much a view that 92 per cent of water security allocations have continued in that State whilst our farmers are not getting general security allocations. I am going to deal with facts and evidence, and make the best decisions—what I think we have poorly done over the past couple of years is acknowledge the great work that has happened, and make sure the work of the future is appropriate and fair.

**The Hon. MICK VEITCH:** Minister, has there been any work done, at all, around preparing New South Wales to exit the Murray-Darling Basin Plan?

**Mrs MELINDA PAVEY:** I have not sent out that instruction because I am working to facts and to the time frame that the MDBA has for us. I am working to the Ministerial Council meetings. I am working to the same principles that I align with in Victoria in looking at what the constraints and the SDL would mean for our communities. That is what I am focused on.

**The Hon. JOHN GRAHAM:** I am just going to clarify that point, accepting you having not sent out the instruction. Are you aware if there is work going on on a plan B to pull New South Wales out of the basin? Is work going on or not?

**Mrs MELINDA PAVEY:** What I am doing is dealing with drought, infrastructure, our communities, and we will continue to monitor our relationship, our progress and the way we are listened to and respected by the MDBA.

**The Hon. MICK VEITCH:** Minister, when you talk about an independent investigation with external experts, what does that look like?

**Mrs MELINDA PAVEY:** In relation to what?

**The Hon. MICK VEITCH:** In your answer to one of the questions from the Hon. Mark Banasiak, you spoke—

**Mrs MELINDA PAVEY:** In relation to? There were lots of questions.

**The Hon. MICK VEITCH:** The Murray-Darling Basin Plan. When you talk about an independent investigation, what does that look like? If it is not a royal commission, what are you talking about?

**Mrs MELINDA PAVEY:** I was referring to an external investigation into some of the issues that happened in 2012.

**The Hon. MICK VEITCH:** Independent?

**Mrs MELINDA PAVEY:** Yes it is, as I understand it.

**The Hon. MICK VEITCH:** External and independent so that there will be no conflicts?

**Mrs MELINDA PAVEY:** There is one currently underway, I am told.

**The Hon. MICK VEITCH:** There is currently one underway?

**Mrs MELINDA PAVEY:** Into the 2012 issues.



**The Hon. MICK VEITCH:** Everyone knows my views of the 2012 water sharing plan. I have been criticising that since about 2013. What does that look like?

**The Hon. TREVOR KHAN:** You have been criticising everything.

**The CHAIR:** Order! Let him ask the question.

**The Hon. JOHN GRAHAM:** I think the Minister is talking about ICAC. She just did not want to say the word "ICAC".

**The Hon. MICK VEITCH:** That is all right. I appreciate that. Minister, the press release that went out with your name and the Deputy Premier's name about our position being untenable or the Murray-Darling Basin Plan being an untenable plan for New South Wales went out on the same day as the Ministerial Council [Minco]—the water Ministers' meeting. Is that correct? On 4 August.

**Mrs MELINDA PAVEY:** I cannot say for certain. I will take your word for it.

**The Hon. MICK VEITCH:** That was 4 August. You went to the meeting. When was the press release prepared—before you went to the meeting or after the meeting concluded?

**The Hon. TREVOR KHAN:** Is this as good as it gets?

**The Hon. MICK VEITCH:** This is pretty important for the people of Menindee, let me tell you.

**Mrs MELINDA PAVEY:** I cannot recall the timing of all of that. We were dealing with some pretty complicated issues in relation to process. I wanted to get the minutes out and that had caused a bit of a furore and I had to take some advice on that. There were a whole lot of things going on at that time. As you can imagine, it was my first Ministerial Council meeting on water and there is not as much bonhomie as there was at the transport ones.

**The Hon. MICK VEITCH:** With regard to the Murray-Darling Basin Plan, to wrap this up, we are staying in the plan and there is no work going on in your agencies around preparing New South Wales to exit the plan?

**Mrs MELINDA PAVEY:** There is a lot of work going on in our agencies to ensure New South Wales is in the best position. I am on team New South Wales and that is what we will continue to do. We will continue to monitor and understand how our voice is being listened to and respected in the process. We have a lot of struggles and a lot of challenges. I go back to the constraints. There is a lot of modelling in that which has an enormous impact on communities. You, like me, acknowledge that the river is being run really hard at the moment and some of the modelling around—

**The Hon. MICK VEITCH:** To be fair, it is not running.

**Mrs MELINDA PAVEY:** —what can actually be achieved in South Australia—

**The Hon. JOHN GRAHAM:** Minister, we are going to—

**Mrs MELINDA PAVEY:** That is what Ms Neville and I want to bring out.

**The Hon. JOHN GRAHAM:** We are going to move to a slightly different topic now, still on water. On 11 July 2019 the Department of Planning, Industry and Environment published Contract Award Notice 18-0291, completion of overdue water sharing plan audits. It related to 25 plans, all of which were overdue. Why do we have 25 overdue audits of these plans in New South Wales?

**Mrs MELINDA PAVEY:** I will refer that question to my Deputy Secretary, Dr Jim Bentley, but I will say—

**The Hon. JOHN GRAHAM:** Before you do that, are you aware, as Minister, that we have got 25 overdue plans?

**Mrs MELINDA PAVEY:** We have a time to have those water sharing plans finished by December. We are under pressure—

**The Hon. JOHN GRAHAM:** That is a new time. You had a deadline. You have missed that.

**Mrs MELINDA PAVEY:** No, our time line to have them completed, and with the Commonwealth, is December. That is correct?

**Dr BENTLEY:** That is correct for the water resource plans.

**The Hon. JOHN GRAHAM:** Correct, but I am asking about the 25 overdue audits.

**Mrs MELINDA PAVEY:** To the detail of that question, I will ask Dr Bentley to respond.

**The Hon. JOHN GRAHAM:** Briefly.

**Dr BENTLEY:** You are right, sir, that the audits are overdue. This was long before my time in the department, so I do not have to hand the exact information you are asking for. Certainly those audits were overdue, yes.

**The Hon. MICK VEITCH:** Minister, did you know there were 25 water sharing plan audits overdue?

**Mrs MELINDA PAVEY:** Plans, audits, yes, I had been advised. It was one of the blessings in my first month of briefings.

**The Hon. JOHN GRAHAM:** Minister, the contract duration was 3 November 2018 to 1 September 2019. Under the Government Information (Public Access) Act [GIPAA], the contract must have been disclosed on a contract register within 45 working days of coming into effect. That should have meant this was published in January, right in the middle of the election. It was not. It was not disclosed until when?

**Mrs MELINDA PAVEY:** I am not sure. Quite honestly, Mr Graham, I think that is going to be a question that we need to take on notice because I was not in the role, and neither was Dr Bentley, at that point.

**The Hon. JOHN GRAHAM:** Do you accept it was politically convenient though that this news about 25 overdue audits was not released, as it should have been, during the election?

**The Hon. CATHERINE CUSACK:** Point of order: The Minister has already indicated she cannot confirm that and has taken it on notice. The member should move on to a new question.

**The Hon. JOHN GRAHAM:** To the point of order: The Minister should be able to confirm whether it is politically convenient or not.

**The Hon. CATHERINE CUSACK:** She has taken that on notice. You have just put words in her mouth and asked her a supplementary question based on putting words in her mouth.

**The Hon. JOHN GRAHAM:** It is a new question, Chair.

**The Hon. CATHERINE CUSACK:** It is not. She has taken the question on notice.

**The CHAIR:** Can you repeat the question?

**The Hon. JOHN GRAHAM:** My question is: Do you accept it was politically convenient that the news that there were 25 overdue audits was not published in the middle of the election while there were millions of fish dying? That is my question.

**Mrs MELINDA PAVEY:** As I said, Mr Graham, I will take the question on notice.

**The Hon. MICK VEITCH:** With regard to the timetable for these audits, they are to be completed by December?

**Mrs MELINDA PAVEY:** The water sharing plans by December.

**The Hon. MICK VEITCH:** Audits?

**Mrs MELINDA PAVEY:** No, sorry, the water sharing plans by end of year.

**The Hon. MICK VEITCH:** End of December?

**Mrs MELINDA PAVEY:** Yes.

**The Hon. MICK VEITCH:** The tender has gone out. The tender has been awarded, is that correct?

**Dr BENTLEY:** Sorry?

**The Hon. MICK VEITCH:** The tenders have gone out?

**Dr BENTLEY:** Yes.

**The Hon. MICK VEITCH:** The tenders have now been awarded?

**Dr BENTLEY:** I believe so.

**The Hon. MICK VEITCH:** And the work is now underway to conduct the audits on these 25 water sharing plans?

**Mr BETTS:** By the end of the year, correct.

**Dr BENTLEY:** Yes.

**The Hon. MICK VEITCH:** Is there a hierarchy upon which they are going to be conducted, or are they all being done at the same time?

**Mr BETTS:** Being done in parallel with a view to concluding all of them by the end of 2019.

**The Hon. MICK VEITCH:** Sorry, I missed that.

**Mr BETTS:** They are being done in parallel with a view to concluding all of them by the end of 2019.

**The Hon. MICK VEITCH:** Why were they late?

**Mrs MELINDA PAVEY:** Again, I will have to take that on notice.

**The Hon. JOHN GRAHAM:** Minister, will you commit to publicly releasing the audits when they are available?

**Mrs MELINDA PAVEY:** I will take that on notice. I will have to seek advice on whatever contractual arrangements may have been in place with writing the audits, but I will take that on notice, Mr Graham.

**The Hon. MICK VEITCH:** With regard to the water sharing plan and the audits, there will be consultation with the community?

**Mrs MELINDA PAVEY:** Absolutely.

**The Hon. MICK VEITCH:** The reason I ask that is because I have just come from out there, as you know, and they are very keen to be involved in anything that is appraising the water sharing plan. There will be community consultation as part of this—

**Mrs MELINDA PAVEY:** And there already has been in developing it so far, the drafts, and then we will go back out as well. We have done that with Indigenous nations and we will continue to do that with all the valleys. That is a very big part of it. To be honest, I have a challenge with the time frame with the amount of community consultation that we need to do. You can imagine the community is quite activated at the moment because of drought and there is a lot of interest. We will continue to work.

**The Hon. MICK VEITCH:** Are there financial penalties involved in the audits being late?

**Mrs MELINDA PAVEY:** I do not know the answer to that, Mr Veitch.

**Dr BENTLEY:** Financial penalties against whom?

**The Hon. MICK VEITCH:** Is the State in any way penalised for having these audits as a part of the Murray-Darling Basin Plan?

**Dr BENTLEY:** I would have to take that on notice.

**The Hon. JOHN GRAHAM:** Under the Water Management Act, these water audits are now required to be conducted by the Natural Resources Commission. But these particular audits are being conducted by private companies. Why not just get the Natural Resources Commission to conduct these audits?

**Mrs MELINDA PAVEY:** Again, Mr Graham, these decisions were made before my time and I have not had a brief on that, so I will take that on notice. There could be a very simple reason for that, maybe the commission was not in a position to do it—

**The Hon. JOHN GRAHAM:** That is why I asked.

**Mrs MELINDA PAVEY:** —or they had other work. We will get back to you.

**Ms CATE FAEHRMANN:** Minister, how many regional cities and towns in New South Wales are considered at risk of running out of water in the next 12 to 18 months?

**Mrs MELINDA PAVEY:** Too many. There are a lot of communities—

**Ms CATE FAEHRMANN:** What is the number?

**Mrs MELINDA PAVEY:** It depends on how you want to analyse that number or analyse the timing because we cannot get to a particular date. At best, we are doing months and we have announced more than \$100 million in emergency work to help the councils across New South Wales who manage those waters to be able to extend their time frames of water. For example, Dubbo has some challenges. I will ask Mr McTavish, who is out in these communities providing frontline advice and service to them as well as back to our agencies. We have given \$30 million to Dubbo, for example, to sink bores and find extra supply. Tenterfield on the books has

about six months of water left but they are putting down bores at the moment. If they are successful we will be able to extend that out.

With Tamworth, we are just about to go to tender for a pipeline between Chaffey and the Dungowan village so we can get another six months out of that supply. There are day zeros or month zeros but we are also building in capacity. We believe that the work we are doing and the financial support we have given to many of these communities will then get us through with all our best endeavours to the end of summer. We are now also doing work for the next summer because of the Bureau of Meteorology predictions.

**Ms CATE FAEHRMANN:** Do you have a rough estimate then of the number of regional towns that will run out of water over the next 12 to 18 months? Are we talking 50, 100, 150, 200, 250, 300?

**Mrs MELINDA PAVEY:** We are not planning on letting any towns run out of water, which is why we are doing this work.

**Ms CATE FAEHRMANN:** Is that a promise?

**Mrs MELINDA PAVEY:** That is something that—because of the unpredictability that we have seen in the past three years in rain, what we are doing is working alongside all communities, whether it is Sydney, Brewarrina, Walgett, Tamworth, Tenterfield, Walcha. We have got Guyra—the pipeline is just about finished there—Dubbo, Cobar. We are going to work beside these communities to support them because we do not want them to run out of water, but there are dozens of communities that are very vulnerable that we are working beside. I am just going to ask James McTavish to add to that.

**Ms CATE FAEHRMANN:** Just very quickly, because again I can ask you this afternoon, Mr McTavish.

**Mr McTAVISH:** Sure. We are working with a little over 80 communities now to finalise some plans in relation to their water security. We are probably not able to put a definitive time line on most of those communities simply because there are too many variables.

**Ms CATE FAEHRMANN:** What modelling is the Government undertaking across the State to ensure that towns do not run out of water, not only within the next 12 months but how much further into the future is that modelling going, if you are undertaking modelling? Is it going to four years, 10 years, for these regional towns?

**Mrs MELINDA PAVEY:** The councils are doing the modelling. They have done that modelling and we have responded to that.

**Ms CATE FAEHRMANN:** Individual councils?

**Mrs MELINDA PAVEY:** Yes, because they are the water authorities. They run and manage, on the whole—

**Ms CATE FAEHRMANN:** But are you not trucking some water from areas outside certain local government areas into others?

**Mrs MELINDA PAVEY:** Yes, we are.

**Ms CATE FAEHRMANN:** There is a coordinated plan across the State, surely.

**Mrs MELINDA PAVEY:** There is but you also have to understand that we are walking and working beside these councils to support them because they are the ultimate owners and managers of these water utilities.

**Ms CATE FAEHRMANN:** What is the coordinated plan and what is the modelling? Can you guarantee—

**Mrs MELINDA PAVEY:** What do you mean by modelling?

**Ms CATE FAEHRMANN:** For example for towns like Guyra, Tenterfield and Armidale, have you as water Minister modelled their water supply to be able to guarantee their water supply for the next 12 months or for the next four years? Has WaterNSW undertaken a whole-of-State assessment of water supply for these towns going into the future?

**Mrs MELINDA PAVEY:** We are working beside these communities.

**Ms CATE FAEHRMANN:** So you have not?

**Mrs MELINDA PAVEY:** What do you mean?

**Ms CATE FAEHRMANN:** Can you guarantee that towns like Tenterfield, Guyra and Armidale will not run out of water within, say, three years, four years, 10 years? Has the Government undertaken water security

modelling for regional towns all across New South Wales? Tell me you are not just leaving it up to local government.

**Mrs MELINDA PAVEY:** We are working alongside local government to understand the challenges they have and how much water they have left in their system given that we have had three years of absolute record inflows, particularly into the northern basin. I am going to refer now to James McTavish to give you an example of the dialogue and the communications that have gone on with Armidale, Walcha, Guyra and Tenterfield.

**Mr McTAVISH:** I have met with Armidale council on a number of occasions in relation to their water security. In the framework for local water utilities in New South Wales it is the local water utilities' responsibility to plan for water security. As part of that—

**Ms CATE FAEHRMANN:** When Armidale runs out of water, say, within the next 12 months, what are you telling them?

**Mr McTAVISH:** In relation to Armidale's work, we are working with them on their drought management plan. We are also working with them through the regional water strategy program—

**Ms CATE FAEHRMANN:** What does that look like though?

**Mr McTAVISH:** —to make sure that we have a regional approach which integrates into statewide activity for longer term water security.

**Ms CATE FAEHRMANN:** It does not sound like you have a plan to ensure that towns like Armidale and Guyra, for example, do not run out of water within one year or four years.

**Mr McTAVISH:** As part of the program of works that we are doing with Armidale council we are assisting them with the assessment of their drought management plan.

**Ms CATE FAEHRMANN:** The State Government has no plan.

**Mr McTAVISH:** Quite to the contrary—there is actually a longer term plan involved in the regional water strategies which not only deals with the water security issue; it deals with water quality as well.

**Ms CATE FAEHRMANN:** Not when there is no water.

**Mr McTAVISH:** That program is starting now from a longer term investment point of view. In the work that we are doing from the drought response activity we are fully integrating the activities of a number of government agencies in a number of areas, including around Armidale and Tenterfield, to make sure that we maximise the use of the available water right across regional New South Wales.

**Mrs MELINDA PAVEY:** Mr Betts has something to add to that.

**Mr BETTS:** Just to amplify what Mr McTavish is saying, a power of work is underway within the cluster, within the Department of Planning, Industry and Environment and its related agencies, to put in place long-term water security strategies for our key regional catchments. That builds in part on analysis that was undertaken by Infrastructure NSW in the State Infrastructure Strategy in March last year. The Government committed, from memory, about \$7 million—

**Mrs MELINDA PAVEY:** It was \$9 million for Snowy Hydro.

**Mr BETTS:** The Government committed \$9 million, thank you, to enable the acceleration of the completion of those strategies. Those will look at medium- and long-term prospects for each of the key highest risk catchments and identify the infrastructure investments and other interventions which will maximise our chances of maintaining water security in those regions over the long term. When you combine that with the near-term collaborative response with local government which Mr McTavish has described and there is a pretty comprehensive picture there.

**The Hon. EMMA HURST:** Minister, I understand that approximately 70 per cent of New South Wales water usage comes from agriculture, with the highest water users being sheep and beef cattle farmers. In addition, animal agriculture is a significant contributor to Australia's greenhouse gas emissions and climate change, which of course is responsible for the increased incidence and severity of drought in Australia and around the world. Is there anything that is being done to reduce water usage in the animal agriculture industry during this critical drought period?

**Mrs MELINDA PAVEY:** Ms Hurst, where is that 70 per cent figure from? Because my understanding is that in our management of our river systems the environment is the biggest user of water. I am just not sure I understand where that 70 per cent figure is from and what that relates to exactly.

**The Hon. EMMA HURST:** I think it has come from the Australian Bureau of Statistics but I can double-check that and confirm.

**Mrs MELINDA PAVEY:** Yes. For example, as I was referring to earlier, Burrendong Dam, which is at about 4.3 per cent probably today, was full three years ago and farming and agriculture has only used about 8 per cent of that water in the past three years. Around 90 per cent was for the environment.

**The Hon. EMMA HURST:** Is that animal and plant based agriculture combined?

**Mrs MELINDA PAVEY:** Yes. And about 2 per cent for town supplies. The transmission of water and the losses—well, losses go to groundwater—is an enormous part of water usage through our systems and through our storage.

**The Hon. EMMA HURST:** Maybe this is more about our water usage and how that has been divided up rather than environmental.

**Mrs MELINDA PAVEY:** We are—

**The Hon. EMMA HURST:** As you say, the agriculture industry uses a significant amount more water than, say, town water usage, which you stated is about 2 per cent.

**Mrs MELINDA PAVEY:** Yes, and agriculture about 8 per cent and the environment around 90 per cent. That was the figure I have recently been given. That works to ensuring the rivers are wet as long as they can be.

**The Hon. EMMA HURST:** But I guess if you are looking at that 2 per cent figure and that 6 per cent figure and there is a lot of government focus on targeting households with water restrictions to get people to reduce that town water usage from that 2 per cent, is there anything that is being done with animal agriculture to reduce that 6 per cent, which would obviously have a much bigger impact?

**Mrs MELINDA PAVEY:** I think the sad fact is many of our farmers have been destocking at an incredible rate through this drought so the natural flow of events, because we have not had the rain that we normally would have, has seen the amount used by agriculture, the amount used by stock, substantially decrease over the past 18 months in particular.

**The Hon. EMMA HURST:** Our average water footprint per calorie of protein from beef is six times larger than that for legumes. Is there any consideration to encourage people to change their diets to reduce the amount of animal protein they are consuming to help with those water requirements?

**Mrs MELINDA PAVEY:** I think our approach as a Government is one of individual choice.

**The Hon. EMMA HURST:** So you would not support projects like Meat Free Mondays which encourage people to adopt diets that use less water.

**Mrs MELINDA PAVEY:** That is up to the individual.

**The Hon. EMMA HURST:** I want to talk to you a little bit about wombat mange. It is a terrible condition that causes aggressive scratching, hair loss, skin thickening, crusting, skin discolouration, open wounds, weight loss and, in severe cases, death. It is highly contagious not only between wombats but also from wombats to humans as well. It is prevalent in the Bendeela Recreational Park, which is controlled by WaterNSW. I am wondering what the Government is doing to help treat wombat mange in that particular park.

**Mrs MELINDA PAVEY:** Ms Hurst, I actually was not aware until this week of this issue. You further explained what a terrible disease it is. I grew up with a pet wombat called Sally so I am very fond of wombats. We gave her to the nature reserve though when she got annoying.

**The Hon. EMMA HURST:** Good. Good to hear.

**Mrs MELINDA PAVEY:** Could I ask Mr Harris to further explain? We do actually have a briefing note on this. It is a serious issue.

**Mr HARRIS:** Yes, sure. As you say the Bendeela camping ground is a large camping ground on the shores of Lake Yarrunga behind Tallowa Dam. There is a large wombat population in that area—that camping ground plus beyond. Unfortunately, that population is acutely suffering from sarcoptic mange. We run a program with the National Parks and Wildlife Service to manage the welfare of individual animals on our site and review the effectiveness of onsite treatment of mange. This includes monitoring by National Parks. They are currently carrying out a treatment trial at Bents Basin down in that area.

We also work with Wildlife Rescue South Coast to manage the welfare of individual animals, which does include offsite rehabilitation and, unfortunately, when necessary euthanasia. We have also initiated a number of initiatives at Bendeela with the assistance of Wildlife Rescue South Coast to increase visitor awareness of the problem and to increase and encourage reporting and so on in that area.

**The Hon. EMMA HURST:** We have received reports that WaterNSW is refusing to let wombat sanctuary carers onto the recreational park to treat wombat mange. Are these reports true? If so, why are they being refused access to treat these wombats?

**Mr HARRIS:** As I have just indicated we are working with the National Parks and Wildlife Service and the Wildlife Rescue South Coast. As you will appreciate—and it is a positive thing—there are a lot of groups across the State but in particular down there near and around Bendeela who wish to help, but we have to do that in a controlled manner. We are concerned with the welfare and the health of those animals so we work through those two peak agencies and what we regard as the most competent people we can access. That is our preferred way of addressing that problem.

**Mrs MELINDA PAVEY:** I might just add, Ms Hurst, because we read the correspondence and there does seem to be some experts, I am happy to take this offline with you to talk about the experts that may live in close proximity because information, once it comes up the chain, is not as it should be sometimes.

**The Hon. EMMA HURST:** Thank you very much. That would be appreciated.

**The CHAIR:** Just for a bit of context, in 1995 the Murray-Darling Basin Ministerial Council introduced the Murray-Darling Basin cap on surface water divisions, which became known as "the cap". Minister, is it true that the Barwon-Darling water sharing plan was provisionally accredited with that capping model but then that was removed in 2014?

**Mrs MELINDA PAVEY:** I am not sure of 100 per cent of the detail of that but if that is what you say it was, I will take your word for it.

**The CHAIR:** Does the actual sharing plan have an accredited cap model now?

**Mrs MELINDA PAVEY:** I will take that one on notice.

**The CHAIR:** Thank you. Minister, given the sale of so many State assets, will your Government commit to immediate cash support for farmers and drought-affected communities in northern and western New South Wales?

**Mrs MELINDA PAVEY:** We are.

**The CHAIR:** You are?

**Mrs MELINDA PAVEY:** We are supporting our farmers.

**The CHAIR:** No, in terms of immediate cash support.

**Mrs MELINDA PAVEY:** We are supporting our farmers in a range of activities—something like \$170 million in support. We will continue to do that. This is tough, this is difficult and it is not just our farmers, as you know: it is our townspeople, it is our communities, it is our machinery suppliers, it is our stock and station agents, it is our food. This is really tough. One of the things you see when you go through are shops that are being impacted and staff that are being impacted. You know, there is always a challenge to ensure that we get the support to those that need it most and we are working through those processes.

**The CHAIR:** But that is a no to immediate cash support.

**Mrs MELINDA PAVEY:** There is immediate cash support.

**The CHAIR:** There is?

**Mrs MELINDA PAVEY:** For example, this is a cash support: If you have a privately registered truck on a property, we have waived rego. There is cash support in terms of waiving water fees. There is cash support. I do not think it is fair to say that there is not cash support.

**The CHAIR:** What about to local businesses, not just farmers, because they obviously are also hurting as well? There is that natural flow-on effect. Is that being extended to businesses?

**Mrs MELINDA PAVEY:** There has been cash support to many of those—you know, produce supply companies—by the assistance the Federal and the State Government is giving to farmers to invest in droughtproofing their farms. That does give a cash support, but it is an issue that is tough to deal with when you have towns and communities that rely on farming alone. That is why when you go to a town like Narrabri or Cobar

it is important that they have that mining sector, or Orange, that provide other opportunities for income to come into those communities.

**The CHAIR:** The Deputy Premier and leader of the party has been very vocal about calling for the building of more dams to droughtproof regional New South Wales. That is something that my party also has been very vocal about. He is throwing the line out there that if a couple of frogs have to die, then so be it. Do you support the Premier's comments on this issue?

**Mrs MELINDA PAVEY:** The Deputy Premier's comments you mean.

**The CHAIR:** If so, what feasibility studies are currently being undertaken? Where will these dams be built?

**Mrs MELINDA PAVEY:** I certainly support my Deputy Premier in the building of dams. We are very excited about the work that is underway on Wyangala. One of the most exciting things about the Wyangala project is that it has a benefit cost ratio of four. As the former CEO of Infrastructure NSW beside me, Jim Betts, understands, you get to one and you are happy, but to get to four is an outstanding result. Currently I think the Lachlan Valley has only 40 per cent of water security available to their farmers—so to be able to extend that beyond that—that is but one project.

In very positive conversations and actions, not just conversations, with the Deputy Prime Minister, and Minister for Infrastructure, Transport and Regional Development, Michael McCormack, we spoke recently about being very committed and continuing the work and developing up the Mole River project on the Queensland border. Also there are five underground dams that we are working on. I understand from the NSW Farmers conference that that is something that the Hon. Mick Veitch is very interested in as well, as he should be. An underground dam is particularly exciting because there is no evaporation. That will be a source of water from groundwater as well as river. I will be very pleased to keep you in the loop on that, Mr Veitch.

**The Hon. MICK VEITCH:** That will be good.

**Mrs MELINDA PAVEY:** That has potentially great benefits for the Barwon and the Darling to ensure that we continue that flow. To be clear, there is \$1.4 billion that has been set aside in the Snowy Hydro fund. There is also \$1.3 billion across Australia from the Commonwealth as well as loans that are available from the Commonwealth. Our challenge is it will be at least two years of environmental work. We are streamlining that work between the Commonwealth and New South Wales so that it can be done efficiently. Yes, I take the Deputy Premier's point but I would also argue that there would be a lot of dead fish, there would be a lot of dead frogs in the river systems across New South Wales currently if it was not for the water storages that are currently available. So my contention and my support of further infrastructure in the world of climate variability and change is that we are actually going to make life better for frogs and fish and native wildlife by being able to manage and store water better.

**The CHAIR:** As to those two figures you quoted, is any of that coming out of the \$93 billion capital works program or is that separate?

**Mrs MELINDA PAVEY:** Separate.

**The CHAIR:** Is any money being allocated from the \$93 billion capital works program for greater water supplies for country towns? Or are we just relying on those other two figures?

**Mrs MELINDA PAVEY:** Sorry, we have got \$1.4 billion in the dam infrastructure fund, water in the Snowy Hydro and there is also around \$1 billion, which I think would fall into that \$93 billion, for town water supply and security project funding across the State.

**The CHAIR:** Do you think or do you want to take that on notice and check?

**Mr BETTS:** I assume the \$93 billion—is that over the forward estimates period?

**The CHAIR:** Yes.

**Mrs MELINDA PAVEY:** Yes.

**Mr BETTS:** Okay, well we would be happy to take on notice the investments that will occur in the next four-year period, some of which will correspond to the funds that the Minister has identified; others will come from other sources.

**The CHAIR:** Thank you. I appreciate that.



**The Hon. JOHN GRAHAM:** I am just going to ask that a couple of documents are handed up by the secretariat to assist the Minister for these couple of questions—and maybe for Mr Betts. Minister, the first of these that I want to direct you to is the retail leasing direction for The Rocks. This relates to the Property part of your—

**Mrs MELINDA PAVEY:** Mr Graham, can we just maybe stop for one second? I am happy to have the other time come forward. Do any of my Property people want to come forward?

**The Hon. JOHN GRAHAM:** That would be helpful. Minister, the first document is simply the retail leasing direction for The Rocks. It is the back page I just want you to look at briefly. This is an August 2018 document. It is only the back page. It states, "For all retail enquiries, please contact Tim Andrews" and then lists some contact details that I will not refer to. This refers to the fact that if you want a lease in The Rocks, from a Property NSW point of view Tim Andrews is the person to contact. If I want to get some sort of lease, you would agree that is who I am calling?

**Mrs MELINDA PAVEY:** Mr Graham, you sound like a very good lawyer there at the moment. I am not going to agree to anything because I do not know—

**The Hon. JOHN GRAHAM:** Do not feel pressured to.

**Mrs MELINDA PAVEY:** No, just let me say, "Tim Andrews, Stonebridge Property Group"—that is also what it says. He might be a contractor or something, helping in this process. I am not sure of the—

**The Hon. JOHN GRAHAM:** You may want to look at the second document, Minister, which does confirm exactly the capacity he is in. I will just take you through a few elements of this. These are Property NSW responses to the Independent Commission Against Corruption setting out the facts in this matter. Firstly, it does explain exactly the capacity in which Tim Andrews is working for Property NSW.

**Mrs MELINDA PAVEY:** And what is that, sorry, Mr Graham?

**The Hon. JOHN GRAHAM:** That is that he is engaged as a leasing agent.

**Mrs MELINDA PAVEY:** Okay.

**The Hon. JOHN GRAHAM:** Firstly for the Sydney Harbour Foreshore Authority [SHFA] and then Place Management NSW. The answer secondly then sets out the duties he has got. He has devised a strategy identifying preferred sites for leases there available—that is in answer 2 there provided by the agency. It then in answer 2 also sets out when he started, December 2014, through until when he concluded—at the top of the third page—March 2019. He works through from December 2014 to March 2019 for Property NSW, or for SHFA. This document also indicates that—and this is in answer 3, midway down the page—that he was also appointed as a leasing agent for Tallawoladah Pty Ltd in mid-2015. That is the developer who is seeking to develop one of the key sites of The Rocks at Campbell's Cove. Do you want to disagree with any of those answers that have been provided so far, Minister, by your department to ICAC?

**Mrs MELINDA PAVEY:** This is the first I have seen of them. It is fairly clear that you have a copy of a letter that was sent to Andrew Garcia, manager of assessments, Independent Commission Against Corruption and that was sent on 6 May. I have not seen that document but I have got no reason to suspect that the information contained to Mr Garcia is incorrectly purported to be presented to me.

**The Hon. CATHERINE CUSACK:** The really great thing is his surname is not Obeid, I think.

**The Hon. JOHN GRAHAM:** It is quite an unusual arrangement, in that this person is simultaneously working for the Government in this area but also for the development in a direct deal relationship with the Government in a key site on the harbour. That is unusual. In defence this letter puts two cases. One is under answer 2 there, "Mr Tim Andrews was not involved in the process in any way that led to the agreement for lease with Tallawoladah"—the developer. That is number one. Secondly, at number 5, "A search for documents with terms related to Tim Andrews and Tallawoladah was conducted, which revealed only one reference to both parties"—it refers to what that reference is. I might just ask that the next document is handed up. Minister, the defence here from your agency is, "We have looked, we have only found one document and, secondly, Mr Tim Andrews was not involved at all." I just want you to look at this next document though—

**The Hon. CATHERINE CUSACK:** Chair, I am sorry; I just want to ask one question.

**The CHAIR:** Are you taking a point of order?

**The Hon. CATHERINE CUSACK:** No. I am just asking if we can have copies of the documents too.

**The Hon. JOHN GRAHAM:** There is a copy with the secretariat. You are welcome to have that one. Minister, this document is dated 29 April 2013. It is headlined "Campbell's Stores HOA and AFL negotiations"—

that is, agreement for lease negotiations. It names Tim Andrews at that time as a member of the negotiating team for the developer. My question is why was this document not provided to ICAC?

**Mrs MELINDA PAVEY:** I will refer to my secretary, Jim Betts.

**Mr BETTS:** You will see the letter that you are referring to, the letter that you have just provided to us, is indeed a letter to ICAC. I am pleased to be able to tell you that on 24 June 2019—that is, after the letter that you have distributed—Property NSW received a letter from Andrew Garcia, manager of assessments at the Independent Commission Against Corruption, to inform it that the allegations relating to Campbell's Cove had been assessed and that ICAC would not be pursuing the matter any further.

**The Hon. JOHN GRAHAM:** Mr Betts, why was this document not provided then? If ICAC had this document in front of it, it may have reached a different conclusion.

**Mr BETTS:** That is speculation on that your part. As far as ICAC is concerned the matter is closed.

**The Hon. JOHN GRAHAM:** Was this document provided? You provided one document. I am providing you a second document that has not gone to ICAC. Why is that the case?

**Mr BETTS:** You are confronting us with documentation that we are not across the detail of—presumably by design. We will take it on notice.

**The Hon. JOHN GRAHAM:** It is your own documentation. Why was a member of the negotiating team for the developer subsequently employed by Property NSW?

**Mr BETTS:** This has been considered by ICAC and ICAC has decided not to pursue it. If you have other information, you may want to refer it to ICAC.

**The Hon. JOHN GRAHAM:** Mr Betts, this letter has not been considered by ICAC because it was not provided to ICAC. One document has been provided; this was not.

**The Hon. TREVOR KHAN:** Point of order: There are two points of order. The member is simply making statements, not asking questions. The parts that might be considered questions have now been asked on at least three occasions and answered, part of the answer being, "We will take it on notice".

**The Hon. JOHN GRAHAM:** I am happy to move on, Chair. Minister, will you urgently review the information that has been provided by your agency and make sure that the information that has been provided to ICAC is complete?

**Mrs MELINDA PAVEY:** I am sure the secretary and I will review this information.

**The Hon. JOHN GRAHAM:** Will you give the Committee an assurance that you will go back—I have given you one document; I have a second document that is earlier and does not appear to have been provided. Will you review this, go back and look at what has been provided and make sure it is complete?

**Mr BETTS:** I will do that on behalf the Minister, yes.

**The Hon. JOHN GRAHAM:** Thank you. Minister, will you update the Committee on notice to let us know if extra documents are provided to ICAC?

**The Hon. TREVOR KHAN:** Point of order: I do not really know if that is actually in order. There are some obligations on the secretaries of departments with regards to what they are to do.

**The Hon. JOHN GRAHAM:** Except if there is some legal barrier to doing so. I would be comfortable with that assurance.

**Mr BETTS:** You should ensure that you are fulfilling your obligations under the law if you do have information that you suspect should have been provided to ICAC and has not—

**The Hon. JOHN GRAHAM:** These are publicly available documents provided by the department.

**Mr BETTS:** I will ensure that the department has fulfilled its responsibility. I have no reason to believe otherwise at this stage, but I will confirm that. As to what we report back to the Committee, that will be consistent with the relevant legislation.

**The Hon. TARA MORIARTY:** I want to ask a couple of quick questions on Crown lands. How many Crown land reserves are councils currently managing and paying maintenance on?

**Mrs MELINDA PAVEY:** Mr Reynolds, do we have an accurate figure on that here, or do we need to take that on notice?

**Mr REYNOLDS:** I will just go through my notes. I believe I have those figures at hand. I will just need to find them. In the Crown reserve network there are over 35,000 reserves across the State. They are managed by 1,100 Crown land managers. As you can see, that is a very large reserve system across the State. There is a total of 3,700 board members for community-based land managers. I know your question was specifically about local government. I am still trying to find that figure but I will be able to find that for you shortly.

**Mrs MELINDA PAVEY:** We will take it notice.

**The Hon. TARA MORIARTY:** That is fine. While you are looking for that could you also look for what percentage of the overall Crown land is managed by councils?

**Mr REYNOLDS:** Could you clarify that question?

**The Hon. TARA MORIARTY:** I am interested in how many Crown land reserves councils currently manage and are paying maintenance on and what percentage of that is overall Crown land in New South Wales.

**Mr REYNOLDS:** Yes, certainly.

**The Hon. TARA MORIARTY:** You can take that on notice, if you like.

**Mr REYNOLDS:** Yes, I would. Thank you.

**The Hon. TARA MORIARTY:** Before handing over the management of the Crown lands to councils, was there any consultation undertaken with councils?

**Mrs MELINDA PAVEY:** There are longstanding relationships right across the State. The management of reserves can move out of councils' remits. For example, I know that in my own electorate there are areas that were managed by councils and that are now managed by other trusts. It is a moveable feat.

**The Hon. TARA MORIARTY:** Have any councils made any representations or had any issues with the costs of maintaining land that has been handed over?

**Mrs MELINDA PAVEY:** Of course. Councils, like governments at State and Federal levels, are always challenged by money and finding the right amount of money to manage some of these areas. For example, in my patch and north of me there are a lot of caravan parks that are managed and run by councils. They get an income out of that—we have our own Reflections Holiday Parks. Sometimes there is argy-bargy around who covers the costs. For example, there is a road on a Crown reserve that is maintained by Bellingen Shire Council. We are trying to deal with some of those issues of management, community and amenity. It is a struggle. But we do it in good faith. We are always willing to help. I was very pleased, as the former roads Minister, to get \$1 billion to help local councils fix local roads and fix local bridges, knowing that councils and ratepayers are in a constant struggle. We are only going to be able to do this with teamwork and partnership. My door will always be open to deal with some of the challenges that councils face.

**The Hon. TARA MORIARTY:** Given the short amount of time I have left, I will move on to cemeteries. On 1 August the Government opened up applications for the Cemeteries and Crematoria NSW Community and Consumer Consultative Group. What is the purpose of that group?

**Mrs MELINDA PAVEY:** First, I want to thank the upper House members for their work—particularly those on the committee, including the Hon. Trevor Khan—to deal with burial renewals. There was a lot of concern—

**The Hon. TREVOR KHAN:** So was the Hon. Mick Veitch, being outlandish.

**Mrs MELINDA PAVEY:** You were on that one too, Mick. There was a misunderstanding that we were forcing compulsory renewals of cemeteries and plots throughout New South Wales. That certainly was not the case. But we are doing a lot of work in this space to ensure that we have an appropriate level of plots available. We are particularly challenged throughout Sydney, particularly with the Jewish, Orthodox and Muslim faith communities, who need to be able to find a burial plot in a very small period of time. There is a lot of work going on in this space. There is a review of the 11 changes to the trusts. I think we had 34 trusts across New South Wales and we are now down to five. We are also wanting to continue to do work on that. We want to provide more information to the public about processes and costs and being able to compare the costs of sites and burials. There is some work we are doing around the Independent Pricing and Regulatory Tribunal [IPART] area on that front as well.

**The Hon. TARA MORIARTY:** Sorry to cut you off—I am now out of time. Where I am getting to with that is whether there will be any review. I understand that the renewable interment proposal was not going to be compulsory, or however you described it. Is that something that the Government is now going to reconsider, particularly given that there has been approval for a new cemetery?

**Mrs MELINDA PAVEY:** There was never ever going to be any compulsion around renewing plots; it was always going to be voluntary. But we are doing a review of the Cemeteries and Crematoria Act. The Act came into effect in 2013 and the reform process started in 2011. I give an absolute commitment that that review will be done in a completely bipartisan manner. I have already had some conversations with some of your Labor colleagues about that. This is something that we need to work through together to give a very clear pathway and direction into the future around how to have the right amount of space available. I also know that in particular Minister Stokes, in terms of his green space hat, is very keen to see cemeteries and places like Rookwood used as public spaces. He wants to involve more communities and wants places like Rookwood to be places to go, walk through and enjoy.

**Mr REYNOLDS:** I am happy to clarify the questions I took on notice.

**The Hon. TARA MORIARTY:** That is okay. We can deal with that this afternoon.

**Mr JUSTIN FIELD:** Minister, the 2017 Metropolitan Water Plan does not consider additional transfers from the Shoalhaven to Sydney over 30 per cent. Given that they are at 50 per cent, why have you brought forward the additional transfers so early?

**Mrs MELINDA PAVEY:** As I said, because of the sudden and most severe drought that we have even seen in the Warragamba Dam and the whole Sydney catchment area.

**Mr JUSTIN FIELD:** If it is so sudden and severe, why is Sydney not on level 2 or 3 water restrictions?

**Mrs MELINDA PAVEY:** It is on level 1 restrictions. The level 1 water restrictions of today are very similar to the level 1-2 restrictions of the millennium drought.

**Mr JUSTIN FIELD:** Isn't it just that you have brought the pain of additional water transfers forward on the Shoalhaven to avoid bringing forward water restrictions in Sydney? It is as simple as that?

**Mrs MELINDA PAVEY:** I know this plays out well for some people in the Shoalhaven—where you are from—but most people in the Shoalhaven understand that Tallowa Dam was extended in the 1970s. Only around 23 per cent of that dam and that catchment can be sent to Sydney. We brought forward those transfers because we needed to. We have seen a very sudden drop in the dam. Level 1 water restrictions have now been in place for three months. They are very similar to the level 1-2 restrictions of the millennium drought.

**Mr JUSTIN FIELD:** Minister, I want to move back to the NRC report and the Sheldon report. The Sheldon report states that of the 158 licence holders in the Barwon-Darling, 10 licence holders control 86 per cent of the total share component of the river and four of those holders control 75 per cent of the total share component. Do you contest the figures in Professor Sheldon's report?

**Mrs MELINDA PAVEY:** No.

**Mr JUSTIN FIELD:** I understand that information about who holds these licences is supposed to be publicly available on the NSW Water Register. I have had a look but it seems impossible to find the details of who or what properties hold the licences. Can you provide information on notice about who holds these licences?

**Mrs MELINDA PAVEY:** I will refer to my deputy secretary Mr Harris in terms of that water register and the information that is there.

**Mr HARRIS:** We maintain that water register. There are privacy considerations. Water access licences are certainly there. I will take on notice inclusion of names on those licences. I will come back to you.

**Mr JUSTIN FIELD:** Given you are currently considering the need for compensation, it is in the public interest that we know who might be considered for compensation given the issues around this water sharing plan.

**The Hon. TREVOR KHAN:** Is that a question?

**Mrs MELINDA PAVEY:** A statement, I think.

**Mr JUSTIN FIELD:** I think it led on from the last question. Have you or your office had any direct meetings or conversations with any of those water licence holders in the Barwon-Darling since the release of the NRC review draft?

**Mrs MELINDA PAVEY:** Not that I know of because I do not have conversations with people based on, "Do you own water?" I talk to farmers, I talk to communities all the time. If you are asking if I have had someone that may have a licence raise an issue with me post the NRC report I can say no to that.

**Mr JUSTIN FIELD:** The question was have you or your office had any meetings or conversations with water licence holders in the Barwon-Darling since the release of the NRC review draft?

**Mrs MELINDA PAVEY:** What I am saying is I have not had any conversations about that report with any licence holders.

**Mr JUSTIN FIELD:** That is a very small proportion of the question that I asked. I am happy for you to take it on notice, whether or not you or your office has had any direct meetings or conversations with water licence holders in that river system since that report came out. Are you prepared to take that on notice?

**Mrs MELINDA PAVEY:** As I have just answered, in respect of any conversations that I have had with any licence holders—

**Mr JUSTIN FIELD:** You or your office, Minister, was the question.

**Mrs MELINDA PAVEY:** To the best of my knowledge, I have not had any conversations with people around the NRC report.

**Mr JUSTIN FIELD:** Will you take on notice to get back to the Committee about whether anyone from your office has had direct conversations or meetings with licence holders since that report came out?

**Mrs MELINDA PAVEY:** Yes.

**Mr JUSTIN FIELD:** It has been widely reported that changes were made to the 2012 Barwon-Darling water sharing plan after concurrence was given by the then New South Wales environment Minister Robyn Parker. Is this your understanding, the changes were actually made?

**Mrs MELINDA PAVEY:** Sorry, Mr Field, can you repeat that question?

**Mr JUSTIN FIELD:** It has been reported in the media that changes were made to the 2012 Barwon-Darling water sharing plan after concurrence was given by the then New South Wales environment Minister Robyn Parker. Is that your understanding?

**Mrs MELINDA PAVEY:** I am not aware of the details of that.

**Mr JUSTIN FIELD:** Could you take it on notice and confirm the time line of sign-off?

**Mrs MELINDA PAVEY:** Can I just make the point, I think you were probably referring to my water policy adviser. He has not had conversations in relation to any licence holders about the NRC report either.

**Mr JUSTIN FIELD:** I was not referring to anyone in particular.

**Mrs MELINDA PAVEY:** I think you were because you were quite inappropriate in challenging and attacking my choice of staff. I do not think it is inappropriate that someone who has worked for the NSW Irrigators Council could be on my staff, as I would not criticise you if you employed someone from the environment department or if you employed somebody from the NRC. I am not going to play these games with you, Mr Field.

**The CHAIR:** Order! Minister, this hearing is about budgets, not about staffing of offices. Could you just repeat your question, Mr Field, so that the Minister can take it on notice?

**Mr JUSTIN FIELD:** I am happy to provide that text to *Hansard*.

**Ms CATE FAEHRMANN:** Minister, what is the average daily water use per person in Sydney?

**Mrs MELINDA PAVEY:** Around 200 litres.

**Ms CATE FAEHRMANN:** Around 200 litres. Are you aware that Melbourne—

**Mrs MELINDA PAVEY:** About 160 litres. Orange is about 140 litres. In the millennium drought Sydney was around 230 litres, so usage in Sydney has come down.

**Ms CATE FAEHRMANN:** Do you have any thoughts as to why Sydney is so much more than Melbourne per capita?

**Mrs MELINDA PAVEY:** We might have more showers.

**Ms CATE FAEHRMANN:** Are you aware that Melbourne has a target to reduce water use?

**Mrs MELINDA PAVEY:** I think their target is down to 155 litres.

**Ms CATE FAEHRMANN:** Has Sydney Water set a target for water use per capita?

**Mrs MELINDA PAVEY:** I might refer that question to our Chief Financial Officer, Kevin Jones.

**Ms CATE FAEHRMANN:** It is just a yes or no. Has Sydney Water set a target for water reduction?

**Mr JONES:** Sydney Water is in conversation with its community about reducing its water use.

**Ms CATE FAEHRMANN:** What does that mean?

**Mr JONES:** It is unfair to compare Sydney and Melbourne in terms of water use. It is a bit like comparing London and Nice because they are about the same distance apart. I do not think anybody would expect the water use in those two cities to be the same.

**Ms CATE FAEHRMANN:** Are you aware, Minister, that other cities such as Melbourne, Brisbane, Adelaide, Perth and Canberra all have pricing structures that financially penalise high water users?

**Mrs MELINDA PAVEY:** We also have structures that ensure that if you use more water you pay more. We actually have the lowest water charges of all the metropolitan cities. When we came to office in 2011 they were the highest. There is an element of fairness in your question that we should always be looking at ways to reduce water consumption.

**Ms CATE FAEHRMANN:** How are you encouraging people to use less water? That is what a pricing structure would do.

**The Hon. TREVOR KHAN:** The Greens are suddenly invoking pricing structures, gracious me.

**Mrs MELINDA PAVEY:** It is a good question. There are other tools aside from pricing. We are acutely aware of the challenges that families across all areas of New South Wales and in the city face in terms of cost. But, for example, over the summer period we have reduced water consumption in Sydney by 7 per cent.

**Ms CATE FAEHRMANN:** But why can we not get it down to 161 litres, for example, per person? The comparison between different cities is fair enough—no it is not: People still use washing machines, they shower, they do all the same things. It is not like we have a completely different culture between Sydney and Melbourne.

**The Hon. TREVOR KHAN:** Yes, we are.

**Ms CATE FAEHRMANN:** Why can we not get it down to 160 litres?

**Mrs MELINDA PAVEY:** It is a challenge that we put out there. It is a challenge we need to ensure we reduce our water consumption.

**Ms CATE FAEHRMANN:** Do you think we should be getting it down to 160 litres per person, as the water Minister during this drought?

**Mrs MELINDA PAVEY:** Every citizen, every time they turn on a tap or put on their dishwasher or use the washing machine, given that 75 per cent of their water usage is inside the home, if we can all be better at that we are all going to extend—

**Ms CATE FAEHRMANN:** Do you think that 200 litres per person per day is too much?

**Mrs MELINDA PAVEY:** I acknowledge that we were at 230 litres during the millennium drought. I congratulate and thank the people of Sydney for coming down to 200.

**Ms CATE FAEHRMANN:** Do you want to see that drop further?

**Mrs MELINDA PAVEY:** I also support any measures to bring that down further.

**Ms CATE FAEHRMANN:** How much further would you like to see it come down? Surely you have a target during this drought.

**Mrs MELINDA PAVEY:** I want to see it come down. I want us to extend the life of the water supplies across Sydney and the whole of regional New South Wales. Respecting and understanding water, putting nozzles on your trigger hose—

**Ms CATE FAEHRMANN:** Does that mean that you will introduce more water restrictions to ensure it comes down or will you introduce a pricing structure?

**Mrs MELINDA PAVEY:** As part of the Metropolitan Water Plan, it is on the record that we will go to the next stage of water restrictions, which will have a big impact on business. The timing of that, if we do not have good inflows, is potentially around February. We need to be talking to businesses, high water users, whether it is market gardens or nurseries or manufacturing. One of the higher water usages in Sydney currently is the construction sector because of the record boom in construction we have across the State. I agree with your premise, Ms Faehrmann, that we should all aim to use less water and be more respectful of that very precious commodity.

**The CHAIR:** Minister, it is a requirement of the Water Act 2007 that all water sharing plans have a Cap-accredited model. Given my previous question that you took on notice around the Barwon-Darling plan that we are unsure whether it is accredited or not, if it had its accreditation knocked back in 2014—and it is now

2019—would it be fair to say that sharing plan is running contrary to a Commonwealth Act and for five years we have lost control of the water supply in the Barwon-Darling river?

**Mrs MELINDA PAVEY:** I will take that question on notice; there was quite a bit of detail in that. But we are working through the processes of bringing forward the review of that water sharing plan. As I have said earlier today, I support the Hon. Niall Blair in doing that. We are continuing to work through those processes.

**The CHAIR:** On to housing: Minister, do you accept that everybody has a right to a stable and secure place to call home?

**Mrs MELINDA PAVEY:** Yes.

**The CHAIR:** Do you believe that New South Wales needs a fully resourced social and affordable housing strategy that meets the growing housing needs?

**Mrs MELINDA PAVEY:** Sorry?

**The CHAIR:** Do you believe that New South Wales needs—

**Mrs MELINDA PAVEY:** Yes, I do.

**The CHAIR:** Why are there no new measures or increased funding in this budget to support people at risk or who are experiencing housing stress and homelessness?

**Mrs MELINDA PAVEY:** I do not agree with the premise of the question. There are many measures.

**The CHAIR:** New measures or increased funding?

**Mrs MELINDA PAVEY:** We have some really positive plans and we are doing some great work in this space. I am particularly excited to be working with the Commonwealth and the National Housing Finance and Investment Corporation [NHFIC] funding recently—I just introduced Ms Skewes, Deputy Secretary, Land and Housing Corporation—to deal with challenges. We announced \$41 million in funding for regional New South Wales the other day: communities like Wagga, like Nowra, like Dubbo, like Kempsey—towns that need some renewal. That is what most excites me about this portfolio and the opportunities that Gareth Ward and I have about the renewal, not only in Sydney but across regional New South Wales. Ms Skewes, we have put another 1,600 properties into New South Wales in the last financial year, have we not?

There are also big, complicated arrangements with our Stronger Communities projects: 23,000 in the coming decade or more. It is an exciting time. Your first question is right: A home, a house, shelter is so important. I know in my own community of Kempsey too many kids are couch surfing, doing it tough. They are not being looked after in a way that you would expect parents to be looking after their kids. I am very committed to ensuring that they have proper homes and shelter and support, and I will be working incredibly hard with my agencies and renewing infrastructure: 30,000 homes now with community housing. The NHFIC opportunities there are enormous: to be able to use the equity in the land, to be able to renew old properties that are past their use-by date that we are spending too much on maintenance on. It is a really exciting time.

**The CHAIR:** One final question: What additional measures are under current consideration by you or your department which would provide more investment in and support for Aboriginal community controlled housing providers to build some capacity to deliver services that maintain the existing housing stock, but also develop new stock?

**Mrs MELINDA PAVEY:** I am really excited about that. Jody Broun, who is our new head of the Aboriginal Housing Office [AHO], is going great guns. We have got our Roads to Home—

**The CHAIR:** Can you elaborate on "going great guns"? I get the analogy, but specifically what is she doing?

**Mrs MELINDA PAVEY:** One of the things that we are doing is that we have transferred the properties to Aboriginal Housing, which will enable us to get Commonwealth support. We have got our \$55 million Roads to Home program servicing 10 communities across regional New South Wales, in partnership with land councils, to be able to develop opportunities for further housing and renewal. We have just had our first round of consultation with the land councils around that. I would just ask Ms Frame or Ms Skewes to add some more information to your point, in particular, because it is something we need to do.

I was in Walgett in April and one of the participants in the water meeting came up to me and she said, "You know, my maintenance is bad." I said, "Well, you know, we have got to look at ways that you can actually buy your house," because housing affordability in Walgett and Brewarrina, quite sadly, is very affordable. But that is also an opportunity and we have got to create opportunities for people to be able to buy some of the housing

that they are living in and becoming partners with us in growing opportunities and security. As you said, it is a right that people should have.

**Ms FRAME:** I can add to that that the Strong Family, Strong Communities program, led by the Aboriginal Housing Office, has a budget of \$12.2 million for the year 2019-20, and that specifically includes \$1.7 million on strategy foundation. This is a budget allocation in Strong Family, Strong Communities which is exclusively about building capacity in the Aboriginal housing sector, specifically with Aboriginal community housing providers and directly with Aboriginal families living in their homes. There is \$1.7 million on strategy foundations, \$3.8 million on sector investment, \$6 million on paths to positive client outcomes—and there are a range of programs there where they are working directly with Aboriginal families in their homes, building their capacity and connection to jobs and education—and \$300,000 on rolling funding bids that can be tendered to the AHO from the sector.

**The CHAIR:** Thank you. I might have some supplementary questions later on the Strong Family, Strong Communities, but that is very interesting. That concludes our morning session. I thank the Minister for attending this hearing. We are finished with your questioning. The committee will now break for lunch and will return at 2.00 p.m. for further questioning of Government officers.

**(The Minister for Water, Property and Housing withdrew.)**

**(Luncheon adjournment)**

**The CHAIR:** Welcome back. We will throw straight to the Opposition, if members are ready.

**The Hon. MICK VEITCH:** We are. Mr Betts, this morning in the Minister's evidence talking about the NRC report—it was about 12 minutes into the first session, the first block—the Minister said something along the lines of, "The final report will publicly be available at 12.30". Is that report yet publicly available?

**Mr BETTS:** Not to my knowledge.

**The Hon. MICK VEITCH:** Why is that, Mr Betts?

**Mr BETTS:** I do not know. It is for the NRC to determine exactly when it tables the report. I think the Minister was merely reflecting the time frame that had been communicated to her office. To be honest, I have not had a chance to check in the last little while. If we find that it has been tabled during the course of the afternoon and that information is conveyed to us, we will let you know straightaway. It has just gone online now.

**The Hon. MICK VEITCH:** It has gone online now?

**Mr BETTS:** It is happening in real time.

**The Hon. MICK VEITCH:** That is close; thank you very much.

**Mr BETTS:** Apparently it has not; do not believe a word. We will get chapter and verse on whether it has gone online or not and we will let you know as soon as it has. I apologise for that.

**The Hon. MICK VEITCH:** Can you just walk me through the process? Normally the report is presented to government, essentially.

**Mr BETTS:** Yes. As I understand it, that is right. You know there was a lot of discussion this morning around the draft report, which was released for comment. The NRC then reflects on the submissions and other representations made to it. It is an independent body. It then finalises its advice to government. That advice is presented to, I think, Minister Stokes, as the lead Minister for the NRC. It is obviously then shared with other Ministers with an interest, and then we would go into a Cabinet process which would eventuate in the exhibition of the draft water sharing plan, reflecting the NRC's advice or otherwise as determined by government.

**The Hon. MICK VEITCH:** In the normal course of events, when would that then become public? In that process you have articulated to the Committee at what point does the report normally become public?

**Mr BETTS:** I think the report is public at the point where it is finalised. I would have to check that, actually. This is my first time dealing with the NRC. Can I check that?

**The Hon. MICK VEITCH:** By all means. At some stage today, though, the report is going to be made public?

**Mr BETTS:** The Minister having said her expectation is that it will be at 12.30 and it not having been made public yet, it would be brave of me to give you an absolute commitment on that one.

**The Hon. MICK VEITCH:** I am asking.



**Mr BETTS:** It is not my decision as to when it is released, so I am afraid I cannot give you a firm guarantee on that—and I do not want to mislead you.

**The Hon. MICK VEITCH:** Just on that, Minister Stokes is the lead Minister?

**Mr BETTS:** For the NRC, yes.

**The Hon. MICK VEITCH:** Is it up to Minister Stokes when it is made publicly available or does Minister Kean and Minister Pavey also have concurrence in this matter?

**Mr BETTS:** May I just check that? I do not want to take it on notice because I want to answer it as soon as I possibly can. Hopefully, in the course of this discussion someone may be able to source better information about the process of the release of documents.

**The Hon. JOHN GRAHAM:** That would be welcome. In the course of clarifying that, could you clarify whether it has been received by the Minister's officers?

**Mr BETTS:** Yes.

**The Hon. MICK VEITCH:** Yes, that is the other thing—has it been received? That could be part of the reason why it is not public.

**Mr BETTS:** Yes.

**The Hon. MICK VEITCH:** Thank you. This morning we were talking to the Minister about the issue around potential compensation arising from this report. The Minister said that there may well be compensation, and that the department was in the process of looking at what that would look like. I want to clarify what that means—what does it look like? Is there modelling? Do you base the compensation expectation on modelling that you have? How do you go about that process?

**Mr BETTS:** Obviously at the moment we are in the process of preparing advice in anticipation of the release of the report, which, as we have just discussed, has not been released yet. To the extent that that final report and then the water sharing plan published by the Government involves changes to people's licence entitlements, then compensation may be payable. I might ask Dr Bentley to comment further on that.

**Dr BENTLEY:** Exactly as Mr Betts said: We know that the draft report recommends changes to the A-class licence levels. If the Government decides to put those changes, or consult on those changes through the consultation of the water sharing plan, then one thing that has been talked about through the recent processes is whether or not the Commonwealth would buy back licences. If licences are not bought back but levels have changed, that is what could trigger compensation. That is the process we are going through at the moment of trying to understand what compensation may be payable if we are in a position where licences are not bought back but levels have changed.

**The Hon. MICK VEITCH:** In the interim draft report, did Dr Keniry of the NRC talk about non-compensable—that if we actually allow this to run its course there would be no compensation.

**Dr BENTLEY:** Sorry, can you repeat that?

**The Hon. MICK VEITCH:** You are predicting there will be compensation.

**Dr BENTLEY:** I am not predicting. I am saying that—

**The Hon. MICK VEITCH:** "Predicting" is probably the wrong word.

**Dr BENTLEY:** One of the things that could be done is that the A-class licences could be bought back. There is a price that is paid to buy those licences or, if you change the levels without buying them back, then that could trigger compensation. That is the difference between the two. If you were saying you are not going to have the water available that you thought you had under that licence that is what the compensation would be about.

**The Hon. MICK VEITCH:** So when you scope that there must be a fair bit of modelling that you would be utilising. Is that right?

**Dr BENTLEY:** Yes.

**The Hon. MICK VEITCH:** Is that the same sort of modelling that would have been provided to the NRC upon request?

**Dr BENTLEY:** I do not really understand—

**The Hon. MICK VEITCH:** It is the water-use modelling.

**Dr BENTLEY:** Yes.

**The Hon. MICK VEITCH:** Is it the same or similar modelling?

**Dr BENTLEY:** The request that the NRC made of the department—this was something that I did not get an opportunity to say this morning—was that—

**The Hon. MICK VEITCH:** That is because you are here this afternoon.

**Dr BENTLEY:** Indeed.

**The Hon. TREVOR KHAN:** You should have asked this morning and—

**Dr BENTLEY:** We were asked by the NRC for 95 pieces of information—that is just the department—so we did 95 replies to requests from the NRC as a part of them developing their work. That is prior to the issue of the draft. So any thought that we were not positively engaged with the NRC during that process was not correct; we were very heavily involved with them. And some of the turnaround times for the information we were requested were very short. So your question, "Is this the same kind of modelling related to 95 different things?" is hard for me to answer.

**The Hon. MICK VEITCH:** Okay; I accept that. Across the term of this water sharing plan there has been public discourse around modelling since 2016 or across the full time frame. I guess where I want to go with this is: How far back are you modelling this water use for potential compensation? Are you looking at the class A licence extractions back to 2017, when there was a good flow, or are you looking at going back to the beginning of this water sharing plan, in 2012?

**Dr BENTLEY:** I do not know the answer to that question. I am hoping that my colleagues can help me clear that up during this session, but I do not know the answer.

**The Hon. MICK VEITCH:** If there is no-one who knows you can take it on notice. Mr Harris, do you know?

**Mr HARRIS:** No.

**Dr BENTLEY:** No, it would be the department doing that work. I will find out shortly whether we have the answer and get back to you.

**The Hon. MICK VEITCH:** The work that you are doing around the compensation, were you instructed by Ministers Kean and Pavey to commence that work or is that an initiative undertaken by the department in anticipation?

**Mr BETTS:** A bit of both, to be honest. We always prepare ahead of time so that the Government is in a position to respond at speed to these reports when they come in. So, in anticipation of that, the department has started doing a range of different analyses, including analysis around whether compensation might be payable, and if so what broad quantity that might come to.

**The Hon. MICK VEITCH:** I now move to this morning's line of questioning of the Minister around whether we are or are not going to stay in the Murray-Darling Basin Plan and has there been any work commenced within the departments preparing us for what life would look like if we were to leave the Murray-Darling Basin Plan. Has there been any work conducted within the departments around that scenario, Mr Betts?

**Mr BETTS:** I am not aware of any requests from Ministers to undertake the work that you described.

**The Hon. JOHN GRAHAM:** That was the Minister's answer this morning. That is not the question we are asking though. Is work being conducted? We understand the Minister has not requested it. Is work being conducted on a plan B?

**Dr BENTLEY:** The department is understanding what options are available but I think the question you asked this morning was a little more along the lines of have we been instructed to prepare for. Categorically the answer to that is no. Are we in the normal course of sensible government administration trying to make sure we are aware of what options there could be? Yes, of course we are doing that kind of work.

**The Hon. MICK VEITCH:** Is the Minister being briefed on a regular basis or has the Minister been briefed around the work that you are doing? Has it been elevated to that level, the work that you are doing?

**Mr BETTS:** Just to be clear, we are not actively undertaking work in anticipation of a government decision to withdraw from the Murray-Darling Basin agreement. We have regular discussions with the Minister. Dr Bentley has frequent discussions. I see the Minister every week and we talk about a range of different matters.

**The Hon. JOHN GRAHAM:** Can I follow up on the expected release of the Natural Resources Commission report. Has the agency had any access to any pre-release documents or any preview of the NRC report?

**Mr BETTS:** Not that I am aware of.

**Dr BENTLEY:** Certainly the secretary and the deputy secretary do not because we are not aware of the status. So you can take that as no.

**The Hon. JOHN GRAHAM:** Understood. Since the draft report was released, have there been any meetings or discussions with the NRC or the agency?

**Dr BENTLEY:** The draft report?

**The Hon. JOHN GRAHAM:** Yes.

**Dr BENTLEY:** Yes, to clarify matters that were in the draft, yes, certainly.

**Mr BETTS:** I think Mr Harris referred to some of those discussions this morning.

**The Hon. JOHN GRAHAM:** Indeed. When was the most recent of those meetings or discussions?

**Mr HARRIS:** The most recent discussion from WaterNSW—

**The Hon. JOHN GRAHAM:** If you want to let us know when you are ready, Mr Harris. Following on from the discussions this morning, we learnt that the WaterNSW research was commissioned after the NRC draft review and also that the Minister had requested it because she was upset about the contents of a particular paragraph in that report. That research only extends for 2½ years. That is one of the key reasons why there is a discrepancy here. Was a direction given by the Minister about the period of time that research extended for? How did we end up doing just 2½ years?

**Mr HARRIS:** Mr Graham, no, the Minister was not involved in that at all. As I indicated this morning, we had several dealings with the NRC going back—by the way I am speaking for WaterNSW, not the department. From WaterNSW we had dealings with the NRC going back to 5 April. On 16 August 2019 we met with representatives of the NRC and Professor Fran Sheldon to discuss their draft report. It was at that meeting by agreement, as I understand it, between the three parties, that is WaterNSW, the NRC and Professor Sheldon, that we would do the modelling work in two tranches back to 1 January 2017, and that was to be provided to the NRC in the following week, and it was. The second tranche was then the 2016 water year, in addition to that first tranche.

**The Hon. JOHN GRAHAM:** Because it is unsurprising that there have not been extractions when there has not been water.

**Mr HARRIS:** Sorry? Well, no, there were extractions, which was the point of the second tranche of water. Because 2016, as you know, was a high-flow year and there were more extractions at that time and therefore it took us longer to do that second tranche.

**The Hon. JOHN GRAHAM:** If my question is who made that decision to limit the period for the research, and I accept you are working through it, you are saying it was a joint decision between WaterNSW and the NRC—

**Mr HARRIS:** I was not at that meeting but that decision was made at that meeting, I understand in agreement between the NRC, Professor Sheldon and us. Certainly, there was no reference to the Minister around any of that.

**The Hon. JOHN GRAHAM:** Understood. I am asking who made the decision.

**Mr HARRIS:** Yes.

**The Hon. JOHN GRAHAM:** And, secondly, has that WaterNSW work been peer reviewed?

**Mr HARRIS:** We utilised our operations model for that work.

**The Hon. JOHN GRAHAM:** Has it been peer reviewed?

**Mr HARRIS:** If I can find my note on that one because I want to give you the detail of the question you are asking.

**Mr BETTS:** Can I just clarify some comments earlier on. Under section 43A of the Act, the NRC will submit its final report to the Minister. The Minister is Minister Pavey, not Minister Stokes, as I indicated earlier,

so I apologise for that. And I understand that the NRC has not yet provided that to the Minister. The timing of the release of the report: The report will be released at the same time as the Government's response.

**The Hon. JOHN GRAHAM:** That is not today?

**Mr BETTS:** Today is the expected time frame for the provision of the report to Minister Pavey. In the normal course of events the report is not published until the Government responds to it.

**The Hon. JOHN GRAHAM:** But the Minister announced it will be released at 12.30 today, when it was received. You are saying—

**Mr BETTS:** Then that will be at her discretion. The convention is that the report is published at the point when the Government responds to it.

**The Hon. JOHN GRAHAM:** You are advising about what has happened in the past.

**Mr BETTS:** Correct.

**The Hon. JOHN GRAHAM:** We are working under the assumption that what Minister Pavey advised this Committee is what will occur.

**Mr BETTS:** And Minister Pavey's comments this morning stand on the record. I am not contradicting those.

**The Hon. CATHERINE CUSACK:** I think it has been clarified for the Committee now.

**Dr BENTLEY:** I think Minister Pavey was not saying she will receive it at 12.30. I think she was saying she has been advised that she will be receiving it at 12.30.

**The Hon. MICK VEITCH:** No, the words were about the final report " ... and will publicly be available at 12.30."

**The Hon. CATHERINE CUSACK:** That is why they are here clarifying this now, so the Committee has the updated information.

**The Hon. MICK VEITCH:** I am just clarifying what Minister Pavey said.

**Mr BETTS:** I would not want anyone to get overexcited about this. The timing of the provision of the report is a matter for the NRC and it is quite possible that the NRC is finalising that report. I think Minister Pavey was endeavouring to be helpful—

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

**The Hon. CATHERINE CUSACK:** Yes.

**Mr BETTS:** —by giving you an indication of the expected time frame but she could not give you a commitment.

**The Hon. MICK VEITCH:** And there is a lot of public interest in this report.

**Mr BETTS:** Absolutely.

**The Hon. JOHN GRAHAM:** Mr Harris, was it peer reviewed?

**Mr HARRIS:** We used our operational model for that modelling work that we provided to the NRC. Our model is calibrated for operational use for flow translation. However, modelling of losses at low flows needs to be further refined—by way of example, weir pool volumes and waterholes, which are very prevalent in the—

**The Hon. JOHN GRAHAM:** I am not asking about the detail of the review. I am taking this as no, it was not peer reviewed.

**Mr HARRIS:** If I could just explain. We are currently undertaking survey works to include weir pools and waterholes and once that work is completed we will be able to calibrate our model and have it peer reviewed, which we will do.

**The Hon. JOHN GRAHAM:** So not yet but it will be?

**Mr HARRIS:** Correct. Could I just add for completeness, the model is adequate to compare different scenarios, which is what we did—to Mr Field's question earlier this morning, what would occur with and without diversions. There are no other models available to assess those impacts.

**Mr BETTS:** There was a question that you asked about discussions that had taken place with the NRC. I do not want that question to go unanswered. I, for instance, attended a meeting with the Executive Director of the NRC yesterday. We did not talk about the content of the report.

**The Hon. JOHN GRAHAM:** I think we are comfortable, Mr Betts, with our answer. I do not think you should be concerned.

**The Hon. MICK VEITCH:** As usual, you are very professional, so it is okay. The Broken Hill pipeline, I do not want to ask about the outcome I just want to know about the process. Who actually owns the pipeline at this point?

**Mr HARRIS:** WaterNSW Infrastructure Pty Ltd, which is a subsidiary of WaterNSW, owns the pipeline.

**The Hon. MICK VEITCH:** Were there any private funds put towards the construction costs of the pipeline? As I understand it, it was all taxpayer funds.

**Mr HARRIS:** Correct, there were no private funds to fund that pipeline.

**The Hon. MICK VEITCH:** What are the licence extraction processes for this pipeline because of where it comes out of the Murray as opposed to the Darling? I was out there at Menindee earlier in the week and people were still not clear and it actually confused me even more about the extraction processes for the pipeline and which river catchment it is coming from.

**Mr HARRIS:** What I can tell you is that the licensee in terms of the water that is taken out of the river Murray is Essential Water. It had a water access licence to draw water from the lower Darling system—that is the Menindee Lakes—and I am not sure whether it was all of that licence but that licence was transferred to the Murray zone of that water sharing plan. So we are actually pumping, if you like, their water that they have the right to extract from the river Murray and putting it through our pipeline.

**The Hon. MICK VEITCH:** Okay. So WaterNSW Infrastructure Pty Ltd is the bulk provider and Essential Water is the retail provider at some point towards Broken Hill—is that right?

**Mr HARRIS:** Yes, absolutely correct. So the handover point is at the bulk widget just north of the bulk water storage outside of Broken Hill.

**The Hon. MICK VEITCH:** The people up there are really concerned about how much it is going to cost at some point. I think Minister Blair made it clear that there was a five-year process he put in place around the cost of the water.

**Mr HARRIS:** There are two components, obviously, to that pipeline. The construction cost—the design and construct, or D&C cost you may call it—the Government is committed to fully funding that for the life of the pipeline. The second part of the cost is the operation and maintenance—or O&M cost. The Government committed in the first four-year IPART pricing determination to meet those full O&M costs. Thereafter it will be a matter for IPART to determine the sharing of those costs between customers versus the Government.

**Dr BENTLEY:** Could I just add that IPART has a responsibility to ensure the costs are both fair and affordable.

**Mr JUSTIN FIELD:** Mr Bentley, this is probably one for you and following on from Mr Veitch. On page 112 the NRC draft report states in regard to compensation:

... the Commission has sought legal advice on this issue ... and understands that nearly all of our recommendations regarding protection of flows would not require compensation.

Can you confirm if the advice you are preparing or the work that you are doing to advise government on a response to the report will provide options to them about changes that can be made that can avoid compensation?

**Mr BETTS:** My answer would be that we will await the receipt of the final report. If the NRC as you have quoted them—if that is an accurate quote, and I have no reason to believe it is not—are right that no compensation is payable then we would obviously provide advice to government which reflected that. On the other hand, the Government might take a different view and it might receive different advice. We will respond to that when we get the final report.

**Mr JUSTIN FIELD:** Have you sought legal advice with regard to whether or not compensation would be payable for certain types of changes compared to others?

**Dr BENTLEY:** Our legal team with the department is working with our water team on it.

**Mr JUSTIN FIELD:** Just to follow on, Mr Harris, this is probably one for you. On the operational model that you were just talking about, which you have used for this WaterNSW modelling that you have then engaged with the NRC and Professor Sheldon, you indicated—and I might have the words slightly mixed up here—losses of low flows need to be further resolved or you indicated that there was potentially some more work that needs to be done on low flows; is that accurate?

**Mr HARRIS:** Yes. The complexity from an operational modelling perspective of the Barwon-Darling is that obviously there are a large number of weir pools or holes in that river. Our model is not yet fully calibrated to that. As I indicated, we are doing survey work along the full length of that river to then be able to have that model correctly calibrated and peer reviewed.

**Mr JUSTIN FIELD:** Does that impact on how the model then gives you information about the impact of extractions on low flows in the river? Is that fair to say?

**Mr HARRIS:** It does, but my advice from our modelling team—who are leaders in this area—is that that modelling is adequate to compare the two different scenarios that we compare. If I can put it to you another way, in layman's terms, if one scenario had some sort of miscalibration the other scenario would have that as well, so you are comparing like for like. To your question earlier this morning, if I may, we modelled two scenarios. We modelled the scenario of flows with extractions and then we modelled a scenario of flows without extractions. Our work was simply to plot over the three-year period those two modelled outcomes. So if there is a miscalibration in that model—and not that we think that is significant but if there is—it would appear in both of those two modelled outruns and so you would have an apples-for-apples comparison.

**Mr JUSTIN FIELD:** And so it is the contention of WaterNSW that upstream extractions have had no impact on the duration of low-flow periods below Bourke, is it?

**Mr HARRIS:** No, and we did not say that. The contention of Professor Sheldon in her draft report, or her thinking, was that there may have been this three-year impact from extractions. She did say in her draft report that hypothesis would need to be modelled. We modelled that and it was made public. We did show that there had been a 5 per cent reduction in flows downstream of Bourke over that three-year period. But we did conclude from that modelling that that was not significant and, in particular, the pattern of the flows went unchanged from that small volume of releases. So, no, we did not say there was no impact. We said that that impact was nowhere near as significant to justify a claim of bringing forward the drought by three years.

**Mr JUSTIN FIELD:** So the Minister was misrepresenting the WaterNSW analysis when she said in *The Australian* on 22 August:

The WaterNSW analysis demonstrates that the upstream extractions had no impact on the duration of the low flow periods at and below Bourke since the last major inflow event in 2016.

**Mr HARRIS:** The Minister herself released our advice. That advice was in that newspaper article: 22 gigalitres was extracted upstream, there was no change in the flow profile at Bourke and upstream extractions reduced the total flow at Bourke by 5.2 per cent, from 426 gigalitres to 404 gigalitres. That is the advice the Minister made public.

**Mr JUSTIN FIELD:** There is a difference. I grant it there is a 5 per cent difference but there is a difference between saying it had no impact, which is the Minister's direct quote, and what you said just a few minutes ago, which was, "No, we did not say that; it had a minor impact." There is a difference there—correct?

**Mr HARRIS:** I cannot talk to what the Minister said, or indeed whether she was correctly quoted in *The Australian* newspaper. What I can talk to is the advice that we provided her and which she made public. It was that advice that grounded that newspaper article.

**Mr JUSTIN FIELD:** Just to clarify, though, this is models, right?

**Mr HARRIS:** Can I just point out, too, that, as I understand it, the Minister's statement went to duration not to impact.

**Mr JUSTIN FIELD:** It is a direct quote, so maybe she will quibble on whether she was quoted accurately or not, but it says "had no impact on the duration of the low flow periods".

**Mr HARRIS:** That is exactly what I just said. She said it had no impact on the duration. She talked about the duration not the impact, which is not what you are asking.

**Mr BETTS:** Mr Harris can only comment on the advice that was provided by WaterNSW. The rest is for the Minister.

**Mr JUSTIN FIELD:** I understand. I gave the quote, he said, "No" and then I reread the quote. This is how we got to this point. We will come back to that.

**The Hon. EMMA HURST:** My first question is to Mr Harris. There was a story on ABC Radio in September last year regarding the Warragamba Dam. Emails viewed by *AM* showed that consultants engaged by WaterNSW had found 36 regent honeyeaters and four nests in the project area. The consultants wrote in an email:

Given that the results encountered are in habitat that current science has no precedents for, it is not currently possible to assess the impacts of the project without additional studies.

WaterNSW contacted the New South Wales environment office, which shut down any further studies and noted that "the office considers that adequate survey has been conducted for regent honeyeater" and "there is no need to conduct any further surveys". Are you concerned that consultants engaged by WaterNSW were ignored on this issue particularly in relation to the need for additional studies on these regent honeyeaters?

**Mr HARRIS:** No, I am not from the perspective that the quote you just referred to, I think you said, was September 2018. We to this day are continuing our environmental impact statement studies. We have not completed those studies. We will not have completed those studies until probably the end of this year if not early next year. Our work is ongoing in relation to Warragamba Dam wall raising.

**The Hon. EMMA HURST:** Good to hear. Are there particular areas of that study that will look specifically at additional studies in regard to the regent honeyeaters that have been found in the area? Is that going to be part of that EIS specifically?

**Mr HARRIS:** I am happy to take that particular point on notice and get back to you during this session. What I can say is what we have to do in that environmental impact study is address all of the requirements set out by the director general in their planning requirements and we will do that. I will get back to you on the specifics of the bird in a minute.

**Mr BETTS:** And the EIS will then be exhibited and people will be able to make submissions, including on whether they believe the EIS is sufficiently comprehensive in terms of its impacts on biodiversity.

**Mr HARRIS:** Yes, correct. The next step is public exhibition.

**The Hon. EMMA HURST:** Thank you very much. Do you know where this email came from in regards to "the office considers that there has been adequate survey and there is no need for any further"? Have you heard of that before?

**Mr HARRIS:** Sitting here now, no, I do not know where that came from.

**Mr BETTS:** Which office is it attributed to?

**The Hon. EMMA HURST:** WaterNSW.

**Mr BETTS:** I think you referred to "the office".

**The Hon. EMMA HURST:** It referred to the New South Wales environmental office.

**Mr BETTS:** New South Wales environmental office? I am sorry, I do not know what that means.

**Mr HARRIS:** I am sorry, I am not aware.

**The Hon. EMMA HURST:** That is all right. Mr Harris, the WaterNSW website identifies grazing and intensive animal production as two of the most significant water pollution sources in New South Wales. Can you explain what these pollutants consist of, what damage they are causing and what WaterNSW is doing to address them?

**Mr HARRIS:** Yep, certainly. WaterNSW has a legislated function in relation to the Greater Sydney drinking water catchment to not only protect our catchment in an environmental sense but also to protect the quantity and quality of water within that catchment. We have a number of methodologies, in particular our pollution source assessment tool [PSAT], which is a tool that prioritises the risk to water quality within that drinking water catchment. Some of the highest risks to water quality within the drinking water catchment are from pathogens coming from animals—cattle and so on—within the catchment.

**The Hon. EMMA HURST:** Is that from the faeces run-off?

**Mr HARRIS:** Correct. We have a number of catchment protection programs that we operate, one of which is a multimillion dollar dairy program, which is a cooperative program we have going with dairy operators within the drinking water catchment. It is aimed at two things: them fencing their properties so that cattle do not have direct access to streams or water flow; and, secondly, obviously to improve their treatment of onsite effluent,

essentially. We have other programs that operate within the catchment as well—for example, feral animal control and so on. We contract that out to Local Land Services. Those programs are directed to reducing those risks to water quality identified within the Greater Sydney catchment.

**The Hon. EMMA HURST:** What sort of damage are these pollutants, like the faecal matter, currently causing? I mean, you have detailed a lot about the programs you are doing to try to stop it from happening, which I appreciate, but if that was to get worse or to get into the water systems, what is the risk there?

**Mr HARRIS:** In terms of protecting the supply that we supply through to Sydney Water for treatment, both utilities adopt a multi-barrier approach. We have quite a few operational controls, both within our assets in terms of, by way of example, we are able to take water from different parts of the water column. We have some pretty sophisticated equipment to identify where pathogens may be within that water column and we can source select. There are other mechanisms, obviously—treatment that Sydney Water has available as well. These programs that we are talking about are one part of that multi-barrier approach. I would describe them more as risk reduction programs. We are not saying we do not have a current infection or other things happening. We are simply spending money wisely on a risk basis to reduce the risk of those risk events or pathogens getting into the water source in the first place.

**The CHAIR:** Just going back to some previous questions about the intergovernmental agreement, was anyone here today involved with any of the departments involved in those agreements in terms of briefings or providing any information to the Government on their opinions of the intergovernmental agreement that was just signed on 9 August?

**Dr BENTLEY:** I sit on the officers committee that advises the ministerial committee and colleagues of mine sat on that committee before I arrived a couple of months ago.

**The CHAIR:** Was Minister Pavey briefed before the Premier signed that intergovernmental agreement on 9 August about the contents of the intergovernmental agreement and what it possibly meant?

**Dr BENTLEY:** Yes. Minister Pavey would have received detailed briefing on everything that was discussed at the officers group in preparation for the Ministerial Council.

**The CHAIR:** Do you have a date, out of interest, for that briefing or when it might have been sent?

**Dr BENTLEY:** Off the top of my head, no. I am not saying I sent her a particular brief. I would have informed her and my department would have informed her of what we were preparing for Ministerial Council.

**The CHAIR:** Okay. But you do not have the specific date?

**Mr BETTS:** The Ministerial Council itself took place on 4 August.

**The CHAIR:** Thank you.

**Mr BETTS:** It was a Sunday, wasn't it?

**Dr BENTLEY:** It was a Sunday. The full papers came out from the secretariat. I mean, it was a matter of a few days before 4 August.

**The CHAIR:** You might not be able to answer this, but was it also sent on to the Deputy Premier as well, or is that just a matter for the Minister to pass it on to the Deputy Premier? You made no briefings to the Deputy Premier on the same matter?

**Dr BENTLEY:** I made no briefing to the Deputy Premier.

**The CHAIR:** There was \$25 million potentially available for a safe and secure water storage program. That was an election promise. Looking at the electoral costings, it was dependent on the Federal Government and other States chipping in and getting involved. Have you received any instructions as to whether this is progressing or this is happening?

**Dr BENTLEY:** Was that \$25 million for a safe and secure—

**The CHAIR:** I am trying to find the details.

**Dr BENTLEY:** The Safe and Secure Water Program so far has committed \$680 million in 111 projects.

**The CHAIR:** There was a specific figure promised of \$25 million. It might be an additional figure, but in the breakdown of the costings it says it was dependent upon the Federal Government and other States chipping in to it as well. Have you heard whether the Federal Government and other States—



**Dr BENTLEY:** I am sorry, sir. Out of the 111 projects, I am not sure which one is the \$25 million project.

**The CHAIR:** Okay. I might come back to that. I might have to go upstairs to my office and get some more information on it to brief you a bit more. The Broken Hill pipeline reportedly is a 4,270 megalitre water entitlement. Where did that come from? Where was that grabbed from and how much did it cost? You might have already given part of the answer to that in terms of where the water was coming from.

**Mr HARRIS:** The allocation—Essential Water's water access licence was transferred from the Menindee Lakes to the relevant section of the Murray River.

**The CHAIR:** Was there any cost involved in that transfer?

**Mr HARRIS:** I am not across that. You would have to ask Essential Water that.

**The CHAIR:** There was a 20-year strategic plan for Lachlan, Murrumbidgee and Murray valleys. How much money has been spent on that as of today? Are you aware of a 20-year strategic plan to look into those specific valleys?

**Dr BENTLEY:** Sorry, which valleys?

**The CHAIR:** Lachlan, Murrumbidgee and Murray.

**Dr BENTLEY:** There are 12 regional strategies that are being developed. One has been developed, which was for the Hunter. Work for the other 11 is underway, three of which—including Lachlan—will be in draft form at the end of the calendar year. The total available money from the Snowy Hydro fund is \$9 million for those 11 strategies—or maybe for the 12. It is either for the 11 or the 12, but \$9 million comes from Snowy Hydro.

**Mr BETTS:** It is for the balance of the strategies, the Hunter one having already been completed and priorities for the Lachlan, Gwydir and Macquarie catchments.

**The CHAIR:** I have got a minute left and I am quite free.

**Mr JUSTIN FIELD:** Can I use your one minute for something a bit random?

**The CHAIR:** Yes.

**Mr JUSTIN FIELD:** Mr Barnes, this is a question to you. I wrote to you in December last year about illegal works at Bushells Lagoon. You wrote back to me in February saying investigations were underway; there had been a bunch of inspections, site visits and I think some interviews. You indicated investigations into those illegal works would be completed in the next few months. Can you give us the status of those investigations at Bushells Lagoon?

**Mr BARNES:** If I may, I would take that on notice. My intention would be to come back to you with the answer while we are in session. If it has reached a conclusion I am in a position to give you what the conclusion is. If the matter is still under investigation I would defer.

**The Hon. JOHN GRAHAM:** I might return to the question of the 25 overdue audits at this point. Which audits are overdue?

**Mr BETTS:** Let me source that information. That does provide an opportunity for me to clarify some of the discussion this morning. There was a concern that the publication of the contract on the department's website had been delayed as a result of the election period.

**The Hon. JOHN GRAHAM:** There was a concern that it had been delayed and the effect of that was to take it outside—it was not a question about "because".

**Mr BETTS:** Okay. Let me be clear: The delay in the publication of the contract disclosure notice under the Government Information (Public Access) Act [GIPAA] which is normally published within 45 business days was caused by human error in the department and not by any intervention from the Minister or the Minister's office.

**The Hon. JOHN GRAHAM:** Understood.

**Mr BETTS:** Having clarified that, I might ask Dr Bentley whether he can provide further information on the 25 audits.

**Dr BENTLEY:** The information I have is that in 2018 it was determined that 25 water sharing plans required auditing—those are the 25 that we were referring to.

**The Hon. JOHN GRAHAM:** Where are those 25?

**Dr BENTLEY:** Where are they now?

**The Hon. JOHN GRAHAM:** No, which 25 plans need auditing?

**Dr BENTLEY:** We can provide a list.

**Mr BETTS:** Would you like me to read it to you?

**The Hon. JOHN GRAHAM:** Yes, I think that would be helpful.

**Mr BETTS:** I hope I pronounce the places correctly. This is a real challenge for a Pom.

**The Hon. MICK VEITCH:** But it will read the same. It's okay.

**Mr BETTS:** The Belubula Regulated River Water Source—maybe we should just provide this list to you?

**The Hon. JOHN GRAHAM:** Yes, if you want to provide the list. We will let you off the hook on this occasion.

**Mr BETTS:** I would love to go on but, you know.

**The Hon. JOHN GRAHAM:** That gives us the 25 plans. So attention was drawn to this in 2013 but they are only now being addressed—is that what I heard you say, Dr Bentley?

**Dr BENTLEY:** No, I said in 2018.

**The Hon. JOHN GRAHAM:** In 2018. Sorry, I misheard you. Why is it—

**Mr BETTS:** But the backlog arose from 2015. This has been something that has grown up over time between 2015 and 2018 and which we are determined to rectify by the end of this year.

**The Hon. JOHN GRAHAM:** Under the Act they are now required to be audited by the NRC. That was not the case earlier.

**Mr BETTS:** Correct.

**The Hon. JOHN GRAHAM:** Why not just get the NRC to audit these?

**Mr BETTS:** It was just that different arrangements were in place at the time. We have now tightened them up so that they are subject to audit by a genuinely independent agency.

**The Hon. JOHN GRAHAM:** The option of having the NRC look at this was discussed at the time?

**Mr BETTS:** To be honest it was before my time. I genuinely could not answer that question.

**The Hon. JOHN GRAHAM:** Understood. The firm to which the contract has been awarded is a Victorian firm. Was there any restriction placed on whether New South Wales firms could bid?

**Mr BETTS:** I do not know the answer to that. It would be highly unusual if that were the case. There may have been special circumstances—

**The Hon. JOHN GRAHAM:** The reason I ask is that the tender was limited in some way. What was that limitation?

**Mr BETTS:** We will try and find that information for you.

**The Hon. JOHN GRAHAM:** You have referred to the delay and put it down to human error. However, you do accept that there would have been significant public interest in this information around the time it should have been disclosed?

**Mr BETTS:** I think in the current context everything related to water sharing and water security is and should be subject to interest from the public.

**The Hon. JOHN GRAHAM:** Understood. Thank you.

**The Hon. MICK VEITCH:** When the new water Minister came in, was there a briefing provided to the Minister about the status of these water sharing plan audits?

**Mr BETTS:** I do not know the answer to that question.

**Dr BENTLEY:** I do not know, but I am sure my colleagues will—

**The Hon. MICK VEITCH:** Can you just check? It is of such a nature that you would expect that an incoming Minister would receive a briefing.

**Mr BETTS:** You would. But if I could say from personal experience, having come into the role of secretary on 2 April—not 1 April, 2 April—the volume of material that you are confronted with when you step into these roles is formidable. You inevitably have to prioritise those matters which get your attention early on. We can check that for you. However, there is a lot to get across when you are a new water Minister in the current context.

**The Hon. MICK VEITCH:** If you could check that would be good. I am going back to Mr Harris and the pipeline. The extraction licence from Menindee Lakes now comes out of the Murray—it is essentially the Darling share in the Murray that is being extracted still. What happens to the Menindee to Broken Hill pipeline now? What is the status of that?

**Mr HARRIS:** The Menindee to Broken Hill pipeline is owned by Essential Water, Essential Energy. It remains using that pipeline, as I understand it, to service a number of customers down the Menindee Lakes end. As part of the ancillary works for our main pipeline, that pipeline is being converted so that water can flow from the Broken Hill end down to the Menindee Lakes end. Of course, previously the water was pumped from the Menindee Lakes end up to Broken Hill but it is now able to come the other way. If you like, there is a fully integrated supply system now where the Murray water out of our pipeline enters the Essential Water system, obviously for use within Broken Hill. It is able, at its choosing, to send some of that water back down its pre-existing pipeline to service its customers down towards the Menindee Lakes area—as I understand it.

**The Hon. MICK VEITCH:** But it could still extract from Menindee Lakes if there was water there for it to extract? I understand the circuitous arrangement, but what I want to know is could it still take the former process of extracting from Menindee Lakes?

**Mr HARRIS:** Could I take that on notice and get back to you within this session?

**The Hon. MICK VEITCH:** I appreciate it. The reason I ask that question is that if the water licence had been transferred to the Murray section, what extraction licence are they using for Menindee Lakes?

**Mr HARRIS:** As part of that answer I will indicate to you—because WaterNSW is not across it—whether there is some entitlement in its name still attached to the Menindee Lakes. I will have to get back to you on the detail of that shortly.

**The Hon. MICK VEITCH:** Thank you. I have just got a couple of questions around the National Resource Access Regulator [NRAR]. Mr Barnes, with regards to the inspection and compliance regime undertaken by NRAR, does that involve employees of NRAR or do you also outsource that to contractors or consultants?

**Mr BARNES:** We are now past our first year of operations. Answering that question today, those services are provided entirely in-house. On day one of our operations on 30 April 2018 it was necessary for us to retain the services of an external firm as we built up our own capacity and recruited new investigators. That contractual relationship ended earlier this calendar year.

**The Hon. MICK VEITCH:** Who was the external provider that you were utilising the services of?

**Mr BARNES:** The firm was Core Integrity.

**The Hon. MICK VEITCH:** Where is that firm located?

**Mr BARNES:** It is a Sydney-based firm. The principal I had a relationship with was Sydney based.

**The Hon. MICK VEITCH:** That firm was undertaking the activities of investigation. Did it also undertake the activities of issuing penalty notices and infringements?

**Mr BARNES:** It acted as our investigator. Over time, as we onboarded our own staff and investigators, the proportion of cases that it held diminished. By the end of December 2018 there were very few cases that the firm had left. At that point the bulk of the activity was held by us. Core Integrity staff were warranted officers so they did have the means to make recommendations for penalty infringement notices. But those decisions were made by me or my executive directors.

**The Hon. MICK VEITCH:** You now have your full complement of investigators, as you said. Where are they located in New South Wales?

**Mr BARNES:** We operate through 13 offices throughout the State. That allows us to both react to complaints from the public and build our own proactive programs in close proximity to sources of allegations of breaches of water law.<sup>1</sup>

**The Hon. MICK VEITCH:** Are you located in public service buildings around regional New South Wales? Are you co-located?

**Mr BARNES:** We are co-located.

**The Hon. MICK VEITCH:** What are the resourcing requirements for those investigators? Are they working out of cars and then coming back to the offices? I am looking at the support processes for the investigators.

**Mr BARNES:** We have 107 frontline staff who are supported in their operations by support services, including those that are retained within the NRAR and those that we draw on from the wider department, including accounting services, human resources [HR] services and the like. If I understand your question to be about the practical support that they get, it is provided by NRAR.

**The Hon. MICK VEITCH:** The reason I am asking is that from time to time their jobs would not be the easiest and they could be in potential conflict situations around challenging individual irrigators. That is why I am asking about the supports they would have access to if they needed assistance.

**Mr BARNES:** I can answer that question in terms of our workplace health and safety practices. You are quite right that our risk profile lends to remote working, driving long distances and—to your point—on occasion, dealing with aggressive stakeholders. We have SafeWork method statements in place and we have a comprehensive training program for staff that ensures that before they are deployed into the field they understand how to best minimise any risk that is presented to them when they are in the wider parts of the State.

**The Hon. MICK VEITCH:** How many infringements are currently afoot? How many legal actions are you currently progressing?

**Mr BARNES:** I will just start by noting that we have received 1,144 cases since we came to be and have closed just over 1,000. Of those cases, 647 have resulted in us taking some form of compliance action. Of those cases, 432 of them resulted in the form of an advisory notice. Those notices are issued where non-compliances are of a minor nature, the culpability is low, the harm that is evident is low and there is a real propensity on the part of the landholder or the water user to do the right thing. So it is appropriate for us to give guidance and to help them get it to compliance. We have done that in 432 of those 647 occasions. Sometimes though the harm that we see, the transgression that we observe warrants a more formal and sanctioned outcome. So, directly to your question, 68 infringement notices have been issued. That is in the form of \$750 for an individual or \$1,500 for a company. We have issued 137 statutory notices. That is a formal obligation on a landholder or water user to do things, of which there are consequences, quite severe, if they don't. I am getting right to the point of the regulator's triangle where I describe now that there are 10 prosecutions that the independent regulator has commenced since we came into being. Three of those cases were a direct result of the *Four Corners* program.

**The Hon. MICK VEITCH:** The "Pumped" program.

**Mr BARNES:** Yes. They are still progressing through the Land and Environment Court. Three of the 10 prosecutions have been finalised and have resulted in convictions. I can advise the Committee that there are two cases where guilty pleas have been lodged but the cases have not yet been finalised by the magistrate. There are five cases that are ongoing. My final point is that there are a further eight cases that we are briefing with the Crown Solicitor's Office [CSO] and that we are likely to commence separate prosecutions for.

**The Hon. JOHN GRAHAM:** Do any of the finalised or guilty plea cases relate to the three prosecutions initiated as a result of *Four Corners*?

**Mr BARNES:** There is one that was concluded that was in relation to a farm manager who was convicted of providing false information to a warranted officer. The broader case remains before the court.

**The Hon. JOHN GRAHAM:** And the other two matters driven by that report are still ongoing?

**Mr BARNES:** They remain before the court.

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<sup>1</sup> In [correspondence](#) to the committee received 2 October 2019 Mr Barnes, made a correction to his evidence.

**The Hon. JOHN GRAHAM:** Could you provide the details of those 10 prosecutions on notice—whatever it is appropriate to provide?

**Mr BARNES:** I can, yes.

**The Hon. MICK VEITCH:** Mr Barnes, is NRAR captured by the Government's efficiency dividends arrangements?

**Mr BARNES:** The NRAR is largely funded by the department. Being part of the department, we are obliged to act in the most fiscally efficient and prudent way. I am working with Dr Bentley and Jim Betts to ensure that our operations remain as efficient as I think I have demonstrated they have been over the course of the period that we have been operating for.

**The Hon. MICK VEITCH:** What sort of strategies are you putting in place to meet the efficiency dividend?

**Mr BARNES:** I will give you a real practical example, if I may?

**The Hon. MICK VEITCH:** That would be great.

**Mr BARNES:** Part of our role has been to protect environmental flows. In the first month of operation we deployed widely as the northern environmental flow event commenced. That resulted in our officers getting in cars and driving long distances, shepherding the flow. We maintained that practice for the first six months of our operation. We have now been able to access some quite fabulous remote-sensing satellite technology that allows us to track, almost in a real-time situation, environmental flows and watch what might be happening in adjoining properties in terms of storages. Now, rather than sending out 20 staff, we can from the office identify where there might be more likely sources of non-compliance and then deploy staff directly. That has led to a much more fiscally efficient approach but it is also more effective in us being able to target non-compliance more deliberately.

**The Hon. MICK VEITCH:** I want to go on to Wilcannia Weir. These questions may be best directed to Mr Harris. What is the status of Wilcannia Weir? I believe we are currently having public consultations. Is that correct?

**Mr HARRIS:** Yes, that is correct. If I may just comment on your previous question, I can advise that as I understand it Essential Water has retained a small entitlement to pump from the Menindee Lakes for the Menindee township and Sunset Strip.

To Wilcannia Weir, yes, several consultations have taken place out there—community consultations and, in particular, with Indigenous representatives. We have several more months of consultation with them—including, as I indicated, with the Indigenous representatives—as part of our review of environmental factors. We aim to have that work completed by June 2020 for us to be able to commence construction of that weir, and completion by December 2020.

**The Hon. MICK VEITCH:** So consultation finished by June 2020 and construction completed December 2020?

**Mr HARRIS:** Consultation and the approval process together, yes, by June.

**The Hon. MICK VEITCH:** Is there consultation about the location of the weir, or has that been determined?

**Mr HARRIS:** There has been some consultation on the location of the weir and that has been the subject of the most recent consultation in Wilcannia over the last couple of weeks. There is a little further consultation to go there. A preferred site has been identified but we want to talk with Indigenous representatives further about that and also the road access to that site.

**The Hon. JOHN GRAHAM:** I want to return to the broad discussion provoked by the National Resources Commission draft review. One of the proposals that is being discussed now in public is the idea of immediately raising the water levels applicable to A-class licence holders so they have less access to water during critical low-flow periods. What is the agency's view about that particular measure?

**Mr BETTS:** That view will be a view which is formed by Ministers in the light of the recommendations in the final report.

**The Hon. JOHN GRAHAM:** It will not only be shaped by Ministers, though. I would expect that the agency is able to provide some broad background. I am not asking what the response will be from the Government. It is a pretty important measure; what is the agency's view about that measure?

**Mr BETTS:** The agency's view is advice and analysis that will be presented to Ministers so that they can make a call on it.

**The Hon. JOHN GRAHAM:** Yes, and this is a public discussion. A lot of people are concerned about this. This is a key measure which has been referred to. Have you got any advice for the Committee or for the public? Is this an important part of a solution? Are there problems with this proposal? Have you got any broad background? I am not asking for specifics about the Government response.

**Mr BETTS:** The proposal is not particularly problematic. When the Minister was providing her commentary this morning she was highlighting the issue in the executive summary of the document, which we have referred to.

**The Hon. JOHN GRAHAM:** She was quite supportive of a range of other measures, including this.

**Mr BETTS:** I think it would be fair to say that that is not a major source of contention, as far as we are aware. But the proper process is that we provide our advice to Ministers and Ministers make those calls. At that point, Ministers can be held to account for the analysis underpinning their decisions.

**The Hon. JOHN GRAHAM:** Thank you.

**Mr BETTS:** Chair, I have a couple of answers I can give to questions earlier, or I can hold off. I will be guided by you.

**The CHAIR:** Yes, let's go now.

**Mr BETTS:** There was a question around the successful tenderer for the water sharing plan compliance audits. There was a selective tender. There was no preclusion of New South Wales firms from bidding. Alluvium was the successful tenderer. It was limited only because it is a highly specialised area, but 13 firms were nonetheless enabled to bid and Alluvium was the successful tenderer. It does have an office in Sydney.

**Mr HARRIS:** Mr Chair, could I also come back to the question asked of me by Ms Hurst? The Warragamba Dam wall raising environmental impact statement [EIS] will identify and report on the impact to the regent honeyeater and all other endangered and threatened species identified in the study area, as required by State and Federal environmental agencies.

**Mr JUSTIN FIELD:** Mr Betts, this may be for you or you can pass it on. It relates to the Menindee Lakes Water Saving Project. It seems that the New South Wales Government is very reliant on getting that project completed to meet its agreed sustainable diversion limits for the Murray-Darling Basin Plan. Looking at the website that carries the project details, there does not seem to have been much happening since about October last year. Is it still a priority for the Government? Is 2024 still the target date for completion? What is the status, if you could, just very briefly?

**Mr BETTS:** I will ask Dr Bentley to respond to that one.

**Dr BENTLEY:** I will come back to you on the year, if I may, if you have got anything further?

**Mr JUSTIN FIELD:** I will move on. Some of this might, then, be a bit difficult to answer because it does go into a little bit of detail. The Vertessy report singled out the Menindee Lakes Water Saving Project for particular consideration and made a recommendation that:

NSW and the Australian government should re-evaluate the Menindee Lakes Water Saving Project to place a greater emphasis on improving water security and environmental outcomes in the lower Darling. Should the revised project contribute less to the agreed Sustainable Diversion Limits, the NSW government would need to commit to addressing the shortfall.

That is a direct quote and recommendation from the Vertessy report. Has the department put together options for the Government to address any shortfall, as raised in the Vertessy report, or has it provided advice on the likely shortfall?

**Dr BENTLEY:** Firstly, I can confirm 2024 is still the date. We agree that the project needs to be considered in more detail with the community, and hence this consultation that has been taking place. Any shortfall is the responsibility of the Commonwealth Government.

**Mr JUSTIN FIELD:** Is the State not trying to reach its agreed sustainable diversion limits primarily through this project? How would that be a responsibility for the Commonwealth?

**Dr BENTLEY:** Certainly this project is one of the key contributors to the sustainable diversion limits goals, if you like.

**Mr JUSTIN FIELD:** But this is the project the State had advanced as its contribution to that. If it cannot meet it through that project—and there are significant concerns about whether it can—does that not mean it will

need to come up with other ways? Either it is going to have to buy more water back or there are going to have to be different approaches to ensure that we meet our sustainable diversion targets.

**Dr BENTLEY:** The Commonwealth is responsible for funding Menindee and the Commonwealth has the responsibility to bridge any gap when the Menindee project is delivered.

**Mr JUSTIN FIELD:** But this is a project that the New South Wales Government is advancing. It will undertake the EIS work once it has done the consultation with the community. A key feature of this is basically the reconfiguration of the Menindee Lakes, which are in New South Wales and a very significant concern for the New South Wales community, being advanced by the New South Wales Government. The Murray-Darling Basin Authority has been critical of the project—especially in regard to the potential impact on fish nurseries, particularly in Lake Cawndilla.

We have just had warnings from the primary industries Minister of a fish Armageddon this summer. How does this project figure with all of the challenges that we have seen in the Murray-Darling Basin generally, in particular in the Lower Darling and the Menindee Lakes? Are you putting together advice for the Government about alternatives to this project or concerns about how this project could have untoward impacts on the environmental conditions in the lakes?

**Dr BENTLEY:** We are very supportive of the Menindee project. It is very important to us. It would reduce buybacks, which is a good thing, and also have less community and social impacts. So in terms of all-round outcomes, the Menindee Lakes project is something we are very strongly in favour of and working hard towards.

**Mr JUSTIN FIELD:** Yet the Vertessy report has been partly critical of it. MDBA has been partly critical of it. If this project is not viable, if it does not get up, if the environmental consequences are too great, if it does not have the savings that are expected, there is no plan?

**Dr BENTLEY:** We agree that we need to consider, through consultation, what improvements to the project should be made; and a detailed EIS is required, as would be the case with any project of this type.

**Mr JUSTIN FIELD:** The NRC report—just to go back to the main topic of the day—recommended that an updated natural model run be conducted to allow for the assessment of plan rules on natural flow hydrology. The Vertessy report calls for a similar natural flows model to be done. Everyone has been talking about modelling today. It seems that the last natural model run data is 2009. We have seen pretty significant impacts of inflows that are unprecedented, so it seems like there are some question marks around whether the assumptions around natural flows, models, inflows—all of that—are actually useful in terms of using the operational models that we have got. Why has there not been a new natural model run done? Has this been a deliberate decision? Is it just an expensive piece of work? How is it that you are doing your operational modelling when you do not have this basic data?

**Dr BENTLEY:** I am afraid I cannot help you with the detailed modelling.

**Mr JUSTIN FIELD:** That might be one for Mr Harris.

**Mr HARRIS:** No, it is not one for me. To be clear, we have operational models because that is our function. The predevelopment model that you are talking about is a rules-type model and those models are run by the department.

**Dr BENTLEY:** I will have to come back to you on your question.

**Mr JUSTIN FIELD:** This is a recommendation in the draft report. It was raised in the Vertessy report as a result of the response to the massive fish kills. We know that the data stopped at 2009. We are now having a big public debate about models. Yet the basic data has not been done. Is there a reason?

**Mr BETTS:** That is something we will respond to once we have the final report.

**Mr JUSTIN FIELD:** Could I ask, Mr Betts, if you could take it on notice as to whether or not there was a specific decision taken at some point not to do this or to do it?

**Mr BETTS:** Obviously the Government will clarify its position on this in its response to the final review recommendations but if I am able to clarify that sooner then I will.

**Mr JUSTIN FIELD:** The Vertessy report recommended the same. Has there been a Government response to that report?

**Mr BETTS:** Let me just check that.

**Mr JUSTIN FIELD:** I am happy for you to take that on notice, Mr Betts. I have got limited time. I just wanted to come back to this graph which has been widely circulated. It talks about annual volumes of A class

licence water extraction and you can see a massive explosion from 2014 onwards. Everyone understands that has happened—because there are a limited number of property owners who have the majority of these licences—because of changes in the rules, particularly changes in the available pump sizes. Does anyone contest that basic assumption?

**The Hon. TREVOR KHAN:** Assertion.

**Mr JUSTIN FIELD:** Assertion. There is water in, there is water out, and there are a whole heap of constraints. They were previously around pump sizes but the pump size rules have changed. Some of these licence holders now operate much bigger pumps. When the 2012 water sharing plan was developed, it was the intention for individual daily extraction limits [IDELs] to be put in place. The report said that administrative and management systems required to successfully implement the IDELS were not currently in place and would be expected to be in place within the first few years of the plan. The Matthews inquiry recommended they be implemented by 2017, some five years later. The Department of Industry document *Better management of environmental water—Interim solutions package* from June 2018 said IDELS should be implemented by July 1 this year. Have IDELS been implemented?

**Dr BENTLEY:** I am going to have to look that question up.

**Mr BARNES:** Mr Field, if it is appropriate I can give you the Bushells answer while we are waiting?

**Mr JUSTIN FIELD:** While we are waiting, Mr Barnes.

**Mr BARNES:** The National Resources Access Regulator is investigating alleged illegal water take and alleged illegal activities at that site. It is with respect to the operation of a market garden. I can confirm that the investigation is ongoing. I can advise you that we have issued orders to stop work and that we have officers that are actively monitoring compliance against those stop work orders and we will take action if it is detected that those orders are breached. I can also advise we have issued legal notices to obtain information, that we have commissioned our own expert advice and that we have interviewed witnesses and persons employed by the water user. We will inform all interested parties at the completion of the investigation and after we have taken the appropriate regulatory action.

**Mr JUSTIN FIELD:** Thank you, Mr Barnes.

**Dr BENTLEY:** The IDELS will be implemented through the Barwon-Darling water sharing plan, which will be on exhibition shortly.

**Mr JUSTIN FIELD:** After the review, you mean?

**Dr BENTLEY:** Yes.

**Mr JUSTIN FIELD:** So not necessarily they will be implemented but the Government will take a position on them in any changes that come out of this review process. Is that correct?

**Dr BENTLEY:** Yes.

**Mr JUSTIN FIELD:** So we will have a whole plan where they were committed to be implemented but never got implemented. We will just do it next time?

**Dr BENTLEY:** That is as I understand it.

**Mr JUSTIN FIELD:** Thank you, Dr Bentley.

**The Hon. EMMA HURST:** Mr Harris, I wanted to continue our discussion about the risk reduction programs, particularly in reducing the risk of pathogens being introduced into our water sources and particularly the issue of faeces entering the water from animal farming. Can you give me an idea of the current risk? Also what would the risk be to our water sources if these systems were not in place? I know it is a broad question. I am just trying to get my head around it.

**Mr HARRIS:** Given the way we work to these risks and given the multi-barrier approach from catchment to customer, involving both ourselves and Sydney Water, I cannot give you an incremental difference in that outcome. We have identified the key risks within the catchment to our water quality. We have a number of measures and barriers to those risks if they eventuate.

**The Hon. EMMA HURST:** Are there a lot of key risks or just a few?

**Mr HARRIS:** No. As I indicated before, pathogens from both farm and native animals in the catchment is one of the key risks in terms of managing water quality. But the management of that water quality does have several steps so that, hopefully, if one of those barriers fails that risk gets caught in another barrier. Whilst the



programs we have are very important in reducing that risk, if those risks fail—a pipe flow event or whatever—we do have other barriers that enable us and Sydney Water to address a problem before it impacts Sydney Water's network.

**The Hon. EMMA HURST:** So the current risk is fairly low considering there are different stages?

**Mr HARRIS:** It has been demonstrated over many years that the risk of those pathogens either being supplied by us to Sydney Water or, worse still, coming out of a customer's tap are incredibly low.

**Dr BENTLEY:** There are many systems internationally where the prevalence of such problems upstream of water treatment plants are much greater than those we are exposed to in the Greater Sydney catchment. It is always difficult to talk about risks like this. Some people may be thinking about hazards. Some people may be thinking about likelihoods, what have you. Having worked in a few of these different places, I can say that the combination of what WaterNSW has in place with significant storages and what Sydney Water has in place with multi-barriers of treatment and so on, these risks are not unusually high. Far from it, I would have said.

**Mr HARRIS:** The water that we supply and, indeed, the water Sydney Water provides to its customers absolutely at all times meets the Australian Drinking Water Guidelines. Our joint system is established to maintain that very high standard.

**The Hon. EMMA HURST:** Can I ask you again about the scale of those risk reduction programs that you are putting in place? How much does that cost to implement?

**Mr HARRIS:** Off the top of my head, I think we spend roughly in the order of \$15 million from a number of those programs. The dairy program that I referred to before—again, without reference to my notes—is in the order of between \$4 million and \$5 million. That program is a cooperative program—that is, we incentivise dairy farmers by providing them with funds to do things on their farms that are good to do but they may not necessarily have the money to be able to invest in best practice. Obviously the take-up of that right at the moment—you would be aware of the drought, but also the issues within the dairy industry more generally and the prices they are getting for milk from supermarkets and so on—has been slower than we would like, but we are persisting with that program.

**The Hon. EMMA HURST:** Do you have an indication, as a percentage, of what the take-up is?

**Mr HARRIS:** No, but I can get that information for you fairly quickly.

**The Hon. EMMA HURST:** That would be great, thank you. My next question flows from the dairy program a little bit. Would WaterNSW be supportive of measures to encourage farmers to transition to less-polluting forms of farming? Maybe you can give me a little bit of detail about what it is within this dairy program that takes place on the farm to reduce that.

**Mr HARRIS:** I think it is fair to say that we are not into—the Minister this morning used "choice"—trying to have these people close down and move or whatever. What we are more seeking to do, given our mandate, is to improve their processes and minimise the run-off, or the risk of run-off, from the activity that they are undertaking. I might say that there is a lot of residential development within the drinking water catchment. Again, in all of our effort we are not seeking to make planning decisions or decisions about land use. What we are trying to do—whether it is for houses and rainwater capture and so on, or whether it is for dairy farms, soil erosion or feral animal control—is to get best practices occurring to incentivise that and to minimise the risk of pathogens entering the waterway.

**The Hon. EMMA HURST:** What are those best practices, though, within this dairy program? What are the best practices that you are encouraging?

**Mr HARRIS:** The two key elements of that program are, firstly, adequate fencing of those dairies so that the cattle cannot wander off and into the stream. That is a big element of it. The second element of it is treatment and proper disposal of effluent from those facilities—that is, minimising contaminated run-off. They are the two key elements of that particular protection program.

**The Hon. EMMA HURST:** What is the proper disposal of effluent? What is your preferred method?

**Mr HARRIS:** A combination of better treatment on site. They may be looking, as well, at offsite disposal. I would have to come back to you on that one and take that on notice, as well.

**The Hon. EMMA HURST:** My next question is for Mr Jones. In June it was reported in the media that a Georges River resident found a dead powerful owl in the vicinity of sewage-polluted water at Dairy Creek. Georges River Council said the spill was caused by leaking joints in the Sydney Water sewer main. In a statement Sydney Water denied seeing any dead powerful owls and said:

There were no dead animals present during the clean up or testing. Had there been, Sydney Water would have undertaken toxicology testing of the animal to assess whether its death related in any way to our activities.

Can you provide further information about that toxicology testing that would have occurred if a representative of Sydney Water had found a dead animal near the site? What consequences or next steps would have been taken if it was found to be caused by Sydney Water?

**Mr JONES:** I thank you for the question. That is a hypothetical to which I do not have the answer at the moment, because that is not the event that happened. You described the event accurately. The wastewater incident was caused by third-party damage to one of our pipes. Our teams looked for evidence of damage to flora and fauna around the scene and none was found by the team.

**The Hon. EMMA HURST:** So you do not have any procedure if something like that was to happen in the future that you can outline to me?

**Mr JONES:** As I said, that is a hypothetical that I do not have to hand at the moment. I have the facts of the case. Yes, we do have a procedure. If an owl had been found I do not know the details of the tests; I could take that on notice.

**The Hon. EMMA HURST:** Thank you.

**Mr JONES:** We do have a procedure for testing animals when they are found in the vicinity of one of our incidents.

**The Hon. JOHN GRAHAM:** I just want to return to the questions I was asking earlier about Campbell's Stores in The Rocks, Mr Betts, if you have had a chance to examine that material. I first want to ask if there is anything you want to add to the evidence this morning, just to give you the opportunity to clarify anything?

**Mr BETTS:** No, I undertook this morning that we would follow up and check the completeness of the documentation that we have provided to ICAC, and we are following up as we speak.

**The Hon. JOHN GRAHAM:** I appreciate that. Do you still have those documents there?

**Mr BETTS:** I personally do not, but I think Ms Frame may have them.

**The Hon. JOHN GRAHAM:** Great. I firstly want to ask about the dates in the documents. The advice from the agency to the ICAC says, "Mr Tim Andrews was appointed as a leasing agent for Tallawoladah Pty Ltd in mid-2015." Could you be more specific about that date? Is there any advice about precisely when?

**Ms FRAME:** No, I am sorry. I will have to take that on notice.

**The Hon. JOHN GRAHAM:** Turning to the additional document that I provided this morning, that is advice on 29 April 2013, it clearly shows Tim Andrews is working for the developer as a consultant and asset manager. How do you reconcile that information—that document—with the advice that has been provided by the agency?

**Ms FRAME:** Sorry, can you repeat that question?

**The Hon. JOHN GRAHAM:** Of the two documents I have provided, the second document is from 29 April 2013. It describes Tim Andrews. It shows him in the employ of the developer, working as a consultant and asset manager. How do you reconcile that with the advice that the agency has provided?

**Ms FRAME:** That is the document that you provided to us this morning. As you know—and as Mr Betts said—we are looking into how that document was not provided to ICAC. We are investigating our records to ascertain how that occurred.

**Mr BETTS:** Assuming it did occur.

**Ms FRAME:** Assuming it did occur.

**The Hon. JOHN GRAHAM:** Yes. That is why I am asking.

**Ms FRAME:** I can also confirm that in our advice to ICAC we did highlight that Mr Andrews had been employed by Tallawoladah before joining the Sydney Harbour Foreshore Authority [SHFA]. So that was highlighted in advice to ICAC.

**The Hon. JOHN GRAHAM:** Where does that occur?

**Ms FRAME:** There were over 2,000 pages of documents that were provided to ICAC in the response from Property NSW, and that did highlight that there was knowledge of his previous employment.

**The Hon. JOHN GRAHAM:** So what is the document that contains that, because that is clearly the opposite of what you—the agency—has set out in this document.

**Ms FRAME:** As I said, there were thousands of documents that were provided to ICAC. We will have to take that on notice.

**The Hon. JOHN GRAHAM:** If that is the case, why is the agency saying Mr Tim Andrews was also appointed in mid-2015?

**Mr BETTS:** It is very hard for us to answer these questions. You have tabled documents that date back five or six years. It is a matter which has been looked into by the Independent Commission Against Corruption.

**The Hon. JOHN GRAHAM:** Sure.

**Mr BETTS:** They have found that there is nothing to see. You have questioned whether they had complete access to all the records. That is a legitimate question, which we are currently following up. I think it would be unreasonable to expect us to comment further until we have had an opportunity to undertake due diligence.

**The Hon. JOHN GRAHAM:** Mr Betts, let me be clear that these are both agency documents. I developed my concern yesterday examining the agency documents.

**The Hon. TREVOR KHAN:** They are entitled to take the questions on notice.

**The Hon. JOHN GRAHAM:** I understand, but I want to be clear about where the documents are coming from. Thank you, that is helpful on the question about the dates. In relation to what documents should have been provided, the information from the agency to the ICAC says, "A search for documents with terms relating to Tim Andrews and Tallawoladah was conducted, which revealed only one reference to both parties." This second document I have provided does refer to both Tim Andrews and Tallawoladah. Do you agree with that?

**Mr BETTS:** I do not have it in front of me, but I have no reason to dispute your commentary on that.

**The Hon. JOHN GRAHAM:** And you have said you will investigate why this document was not provided.

**Mr BETTS:** Yes, I said that this morning, yes.

**The Hon. JOHN GRAHAM:** In the advice to the ICAC, Mr Tim Andrews was not involved in the process in any way that led to the agreement for lease with Tallawoladah. That is the information that is provided. This second document clearly sets out in relation to the agreement for lease negotiations the team that will be actively engaged includes six individuals, of whom Tim Andrews is clearly one. Do you want to provide any other context to this?

**Mr BETTS:** No. I want to take it on notice, as we have discussed extensively and as was agreed this morning.

**The Hon. JOHN GRAHAM:** You are not disputing the agency has been notified that he is on the negotiation team?

**Mr BETTS:** That appeared to be the burden of what was contained in the document that you provided this morning. I would be at risk of misleading the Parliament if you are asking me to make speculative comments on a document which was not shared with me in advance of this hearing and so I was unable to check up on.

**The Hon. JOHN GRAHAM:** I do not agree with that, Mr Betts. This document was provided to the Parliament in a call for papers, which was signed off by your agency.

**Mr BETTS:** Correct, a call for hundreds of thousands of documents, so it is unreasonable to expect the secretary of the department or a deputy secretary to be across every single piece of A4 paper.

**The Hon. JOHN GRAHAM:** I agree with that. But this document has not appeared out of thin air. It was provided by your agency.

**Mr BETTS:** I have no reason to dispute your word on that.

**The Hon. JOHN GRAHAM:** I make this final observation.

**The Hon. TREVOR KHAN:** Point of order: It is not for the member to make observations, it is for him to ask questions.

**The Hon. JOHN GRAHAM:** I am happy to be guided.

**The Hon. TREVOR KHAN:** That is the task at hand.

**The Hon. CATHERINE CUSACK:** Such a bad way to start a sentence.

**The Hon. JOHN GRAHAM:** It really was, was it not. I am happy to totally concede.

**The CHAIR:** Did you want to follow up the observation with a question?

**The Hon. JOHN GRAHAM:** Do you agree that the sequence here—this is the final issue that gets created by this—is totally reversed in the information that is presented that Mr Andrews is appointed in mid-2015—

**The Hon. TREVOR KHAN:** I think he will take it on notice.

**The Hon. JOHN GRAHAM:** —after he has been employed by the agency? That is quite a different situation to him already working with the developer, already potentially on the negotiating team with the developer, and then becoming employed by the government. You accept it is a very different sequence?

**Mr BETTS:** If today's events and you providing me with this document has highlighted some kind of administrative oversight or something worse than that in terms of our provision of information to ICAC, I have given an undertaking that I will take it on notice and investigate and I will act to rectify it. You have your own legal obligations to ICAC created by this and no doubt you will fulfil those too, as I said this morning.

**The Hon. JOHN GRAHAM:** Understood. These are all public documents that I am referring to. I ask about the value of this deal. It has been reported that the income coming in from this lease might be worth \$4 million a year. What is your advice about how much?

**Mr BETTS:** I do not know whether Ms Frame has that information.

**Ms FRAME:** No, I will have to take that on notice.

**The Hon. JOHN GRAHAM:** I ask a final question, it certainly will not be accompanied by a statement. Mr Betts, is there a reason why the agency—that is, at the time, I understand, the Sydney Harbour Foreshore Authority [SHFA]—provided a concession in allowing the developer's legal firm to draft the agreement for lease?

**Mr BETTS:** This is something that would date back to around 2013 or 2014?

**The Hon. JOHN GRAHAM:** Yes. I agree it is historic.

**Mr BETTS:** I will take that on notice.

**The Hon. JOHN GRAHAM:** Would you agree that that would be in contravention of the normal practice where it would normally be up to the landlord, or in this case the Government, to draft that?

**Mr BETTS:** I have undertaken I will look into it. I think it is unreasonable for you to expect me to comment any further on it.

**The Hon. JOHN GRAHAM:** It would be unreasonable for me not to ask that question, given the documents I have now reviewed.

**Mr BETTS:** Completely.

**The Hon. MICK VEITCH:** This question is to the agencies but will probably finish up with WaterNSW. If you look at the budget papers, I am trying to work out each of the agency's requirements for weeds and pests and how much they are spending on weeds and pests each year. Unfortunately, not all of the agencies make it clear as to how much they are spending on weeds and pests. It is obviously part of their general expenditure, I suspect. There will be a big issue in regional New South Wales when the drought breaks. Optimistic, but when the drought breaks there will be an explosion of weeds and pests. Are you able to explain to me how much was spent last year and this year how much has been budgeted for weeds and pests?

**Mr BETTS:** We may need to take that on notice for some of our agencies but I am confident that Mr Reynolds may have some information.

**Mr REYNOLDS:** I am Chris Reynolds, responsible for Crown Lands. In Crown Lands, as I spoke earlier this morning, we have a very large estate and as part of managing our assets land management is a big part of our program. I can confirm that a total of over \$14 million has been invested in land and asset management programs on Crown land last financial year; in excess of \$5.2 million on contaminated land risk management; approximately \$5.1 million on bushfire mitigation—we have a significant obligation there to protect properties from bushfire threat, we are all too well aware of what the bushfire season looks like ahead of us now—around \$2 million to our Crown land managers working in partnership with them for invasive pest and weed programs;

and about \$1.5 million on the management of recreational trails, over 900 kilometres of tracks and trails across the State under our direct care and control.

**Mr BETTS:** I can add to that, that weeds awareness campaigns or funding amounts to \$10.4 million in the biosecurity component of the Department of Primary Industries and I suspect that Local Land Services has an equivalent budget. No doubt the agriculture Minister responsible for those can provide that information if asked.

**The Hon. MICK VEITCH:** There may well be some questions next week about this. Earlier in an answer to Ms Hurst WaterNSW indicated that it would outsource to Local Land Services its weeds obligations. Did I hear correctly?

**Mr HARRIS:** Mr Veitch, we have a couple of sources of obligations. First of all, as a landholder we own a lot of land across the State and we have obviously got the usual obligations there. We have got fire obligations, that has just been referred to before, and we also take measures within the Greater Sydney drinking water catchment as well from a water quality perspective. More than happy to take on notice and provide you with the dollars that we spend in each of those categories across all of those areas.

**The Hon. MICK VEITCH:** I go on to telemetry. The Matthews report, which was adopted by the Government together with the recommendations, spoke about remote telemetry monitoring of surface water pumping across New South Wales. What is the status of that? What are we doing to meet that recommendation?

**Dr BENTLEY:** We are improving the metering that is in place and the telemetry that goes to that metering and the data acquisition system so there are three components to that. The telemetry itself, we are still investigating the technological solutions for that but that work is currently underway.

**The Hon. MICK VEITCH:** Has the data acquisition system [DAS] been switched on yet for testing?

**Dr BENTLEY:** I do not think that has been switched on yet, given that not all the telemetry is in place to enable you to acquire the data from it. No doubt my colleagues will confirm.

**The Hon. MICK VEITCH:** My understanding was—and I could be wrong—we were working towards a midyear switching on of that, and it is now past the midyear point.

**Dr BENTLEY:** We will confirm for you before we finish this session.

**The Hon. MICK VEITCH:** Once it is implemented will the telemetry system be something that the general public can watch? Will there be real-time access for the public to look at the telemetry, some sort of dashboard arrangement?

**Dr BENTLEY:** I do not have the detail of the telemetry system in terms of what is available to the public from that. I do not have that in my head but I will look at my notes while others are speaking.

**The Hon. MICK VEITCH:** I think Mr Harris is indicating he may want to answer.

**Mr HARRIS:** Absolutely that is the intention. The intention is that once that DAS prototype is proven that it will become the obligation of WaterNSW to operationalise that. In our published response to the Matthews report last year we indicated that we were upgrading our systems to be able to have a visual dashboard available to all to identify access points, water in the system and so on. We have already taken steps in that direction. You can see a lot of that on our Water Insights portal. It is available on our internet now—not, Mr Veitch, the particular information spatially that you have just referred to but that is our intention to get that up and running and be available in the way that you have described.

**The Hon. MICK VEITCH:** When will it be up and running? Is there a project time frame?

**Mr HARRIS:** It is a little bit dependent on the prototype and then we will have to look at how long that would take us to put that into production.

**The Hon. MICK VEITCH:** Once this telemetry process is in place and the online visuals are available, will that have an impact on the number of compliance officers with NRAR?

**Mr BARNES:** I would first point out how important the rollout of the metering reforms is to our compliance program. That is both the installation of patent approved and tamper-proof meters, that they are associated with a telemetry capability. It is that capability that serves its primary purpose as a compliance tool. It is a means by which the regulator can determine in a broad scale sense compliance with water users' obligations and their entitlements and we can use that system to flag potential areas of noncompliance. So we have built an operator, we have staffed an operator, we have the capacity currently based on an assumption that the telemetry system and the DAS that is envisaged is rolled out and operationalised in the foreseeable future.

**The Hon. MICK VEITCH:** As I understand it irrigators make a contribution towards a fund to assist in meeting the cost of compliance officers—is that right? Someone out west said to me they put money, I think it is something like 20c a megalitre, into a fund and that is used then to assist in offsetting the cost of compliance. Is that arrangement still in place?

**Mr BARNES:** I can confirm that a portion of NRAR's funding is via an IPART determination. We have an indicative budget for the 2019-20 year of about \$24.4 million of which \$4.5 million is derived via the IPART determination, which is a cost imposed on water users.

**The Hon. MICK VEITCH:** If the telemetry is a form of monitoring, will that be funded from some of that money? Is that a possibility? Is it under consideration?

**Dr BENTLEY:** From some of the NRAR money?

**The Hon. MICK VEITCH:** Yes, because this telemetry process when it is in place—the Matthews report was pretty strong when it talked about putting the telemetry in place because it will actually assist with the compliance monitoring. So are the fees that the irrigators are contributing to this fund for compliance—or is the State Government just going to pay the lot?

**Dr BENTLEY:** It would be fair to say that we collectively—because the IPART process applies to parts of our department, it applies to NRAR and it applies to all of New South Wales and we collectively have to submit our pricing determination to IPART, which will test the efficiency of what we do. And so with this kind of question we will have to show and Mr Barnes will have to show why he has the efficient level of compliance costing, the same with Mr Harris, who would have to for WaterNSW, and I would have to. We are currently in the process of working on that price determination. That is not due to be submitted until about the middle of the next calendar year so it is a little early to answer your question, but those are the kinds of questions we need to ask. How should this system now be operated efficiently in the various three components that there are?

**The Hon. MICK VEITCH:** I will just put that aside for a subsequent budget estimates process then. Thank you very much.

**The Hon. TREVOR KHAN:** There will be many more.

**The Hon. MICK VEITCH:** This is a question around bushfires and bushfire preparation. Some of Mr Betts' agencies are responsible for swathes of land in New South Wales. We are coming into a summer where there is hardly any water to assist in putting out bushfires, essentially. What bushfire strategies have the agencies been working on coming into what could well be a very bad summer?

**Mr BETTS:** Maybe start with Crown lands.

**Mr REYNOLDS:** I would be more than happy to. I have not had much of a chance today. Thanks. Within Crown lands we have a pretty good history of working in very close partnership with Crown land managers and volunteer groups. One of the key volunteer groups that we work very closely with is the RFS. They are on the ground, they are local, they have the facility. We provide funding to undertake works ourselves and that could be, for example, with Local Land Services through contractual arrangements but also with the assistance of the RFS. We use the RFS. The fact that they are on the ground with their boots, they help us identify the high-risk areas.

As I said, last year we collectively contributed to over \$5 million. We protected over 20,739 properties last year. I released early funds so we could get ahead of the bushfire season last year. You may recall last year also the seasons seemed to be coming forward. That was over 3,000 hectares managed. So we have got good partnerships, good practices in place. Obviously we never take it for granted. We are already getting well prepared for the season ahead, so starting early, using those good relationships with the RFS and making sure that we have got adequate funding available, which we are confident that we do.

**Dr BENTLEY:** I think Mr McTavish has further information.

**Mr McTAVISH:** There has obviously been some specific concerns raised with me in relation to the availability of town water for firefighting operations including rural firefighting operations. I briefed the State Emergency Management Committee yesterday, which has membership from all emergency services and functional areas under the emergency management arrangements. There are a series of plans which are being developed by the relevant agencies to ensure that the firefighting capability from an emergency services point of view is met, or their requirements are met, noting the constraints of water availability in many areas. From a town firefighting point of view there are also activities in targeted areas where there are concerns relating to the availability of town water supply to make sure that firefighting operations can be conducted as effectively as possible in those centres. There was the issue raised last week in Warren which I am sure you are aware of. We

are working with Warren council now to identify what solutions are available and which are actually able to be implemented by the time there is a cease to flow on the Macquarie River.

**The CHAIR:** There was a recent article regarding some mobile desalination plants or equipment and one was sent to Tenterfield and I think one was sent to Quirindi. There were some pleasing figures there about how much water they could transform into drinking water. Have any of the departments undertaken any investigative work or feasibility studies in terms of the State Government contributing to the development or production of those?

**Mr McTAVISH:** In relation to the donations of those treatment plants to Quirindi and into Tenterfield, they are small plants. They are incapable of producing sufficient water to meet the needs of even a reasonably small community. I facilitated the installation of one of those facilities into Tenterfield to treat a specific source of groundwater which is then being used by people who are stock and domestic users outside of town. We also have a specific program relating to addressing water quality in a number of centres, particularly in the Far West. The Government has made a commitment to fund reverse osmosis [RO] treatment in Bourke and Walgett.

We have also examined the installation of additional treatment into Narromine because of concerns of water quality there. Where it is necessary we are working with local councils to address water quality issues as and when they occur and in some areas we are doing that proactively. For example, in Bourke now, which we have committed to putting additional treatment into, their water that they are currently using is a surface water supply and we are working to have the RO plants in place by the time they are required to move back to a groundwater supply later this year.

**The CHAIR:** You are saying that Bourke and the other examples you cited are scaled up versions of those rural aid ones?

**Mr McTAVISH:** Absolutely. They are town level treatment.

**The CHAIR:** The Federal Government has a \$1.3 billion National Water Infrastructure Development Fund that apparently is accessible by State and local governments. In the last 12 months has the State Government made any applications or requests for any of those funds at all?

**Mr HARRIS:** Yes. Certainly last year the State Government made applications under that fund for a number of projects. As I think the Minister made clear this morning, more recently she has been having conversations with the Deputy Prime Minister about further projects and the availability of Commonwealth funding for those.

**The CHAIR:** Have any of those projects been actioned at all or are they on the way to completion, do we know?

**Mr HARRIS:** Certainly we had a couple of projects in that bucket that did not get through the Commonwealth process, but there are quite a few others. I would need to head over to the department for that one.

**The CHAIR:** I know there might be some specific detail in that. If you want to take it on notice and provide it back, I accept that.

**Mr BETTS:** Okay. We will take it on notice.

**The CHAIR:** Yes, that is perfectly acceptable. My next question is probably directed towards Sydney Water, which I think is Mr Jones. I was just reading that there was some funding provided to the University of New South Wales [UNSW] to look at some sonar ray optical technology for detecting leaks. Was that done just recently? It sounds very exciting and high tech. How much funding has actually been provided to the University of New South Wales for that?

**Mr JONES:** I do not have that number to hand but it is fair to say that in this time of drought we have worked very hard to increase our Active Water Leak Detection Program. In the last year we actually upped the number of kilometres tested under that program by over 60 per cent or two-thirds—from 9,000 kilometres to 15,000 kilometres—as we tried to get in front of the leaks and bursts and save water in the teeth of the drought.

**The CHAIR:** You do not have a time line in terms of when the University of New South Wales will complete that research at all?

**Mr JONES:** I do not have it here. I may have it before the end of the session.

**The CHAIR:** Excellent.

**Dr BENTLEY:** Hunter Water, on behalf of the State and therefore the information will be made available, has joined an international consortium looking at technologies to be applied, particularly in the areas of

leakage. They are utilities out of the United Kingdom, the United States, South America and so on, and Melbourne is in there as well. New South Wales is sort of at the heart, both through what Sydney Water is doing and what we are doing elsewhere, of the leading edge of technology here in leakage.

**The CHAIR:** There has been no indication from the University of New South Wales as to when such technology could possibly be implemented by Sydney Water?

**Mr JONES:** Not that I am aware of at this stage.

**The Hon. EMMA HURST:** Mr Jones, just going back to the procedures that Sydney Water has in place, I know you did not feel comfortable about the hypothetical. If we remove the hypothetical situation of an animal dying, do you know what the procedure is or can you take it on notice if you are not sure what the procedure is if an animal was to be found?

**Mr JONES:** Yes. I do believe we have a procedure but I will take it on notice to provide that.

**The Hon. EMMA HURST:** Thank you very much. What other precautions does Sydney Water take to ensure that damage does not occur to the sewerage main or overflow due to heavy rainfall?

**Mr JONES:** You would be aware that drought conditions cause issues within our sewer network as trees that are short of water go looking for water, and they particularly like sewer networks for that purpose because it is the easiest access to water. The water network is more sealed than the sewer network to a great extent and the water within the sewer network is full of nutrients that trees love and cherish as they are trying to grow. We have increased our expenditure. Clearly we have proactive systems to look at the large sewers but the increased maintenance expenditure I referred to earlier today of \$30 million, or something over 50 per cent of maintenance, is directed towards sewer and water, both of which are under pressure during the drought.

**The Hon. EMMA HURST:** Thank you. I was hoping to ask somebody about the Sydney Desalination Plant. Particularly I was wondering how seawater was brought into the desalination plant and if there is potential for marine life of any kind to get sucked into the desalination plant.

**The Hon. TREVOR KHAN:** There is. I saw a fish on the screens.

**The CHAIR:** Scaremongering by Mr Khan.

**Dr BENTLEY:** I am afraid I do not have that information.

**The Hon. EMMA HURST:** You do not have that information?

**Dr BENTLEY:** We can certainly provide it.

**The Hon. EMMA HURST:** If you could take it on notice that would be fantastic.

**Dr BENTLEY:** Of course.

**The Hon. EMMA HURST:** Do you also know if the density of marine life around the desalination plant is subject to ongoing monitoring to check if there is any effect of the plant on the surrounding sea life?

**Dr BENTLEY:** What we know is that a study was done into the effects of the brine discharge back into the ocean. That study showed that concerns about potential impacts were not realised. I believe that was a UNSW piece of work.

**The Hon. TREVOR KHAN:** It was, a good piece of work.

**The Hon. EMMA HURST:** Do you know if there is any ongoing monitoring that is taking place?

**Dr BENTLEY:** I will confirm what monitoring we do on an ongoing basis.

**The Hon. EMMA HURST:** Thank you. Do you also know how much salt per day is being produced by the desalination plant and what is happening with the salt?

**Dr BENTLEY:** I cannot confirm that.

**The Hon. TREVOR KHAN:** It goes back as the brine.

**The Hon. EMMA HURST:** That is all right. That is fine.

**Mr JONES:** I do not think I would know the amount but I think generally the salt is returned back to the ocean in terms of more salty briny water.

**Dr BENTLEY:** That is what the research was looking at—the impact of that concentrated brine going back in.



**The Hon. TREVOR KHAN:** It was about a 50 per cent increase. About half the water is extracted, the other half goes back.

**The Hon. EMMA HURST:** Thank you, honourable member. Is there room for you at the witness table?

**The Hon. TREVOR KHAN:** It is fascinating technology.

**The Hon. MICK VEITCH:** Why are you not a Minister?

**The Hon. TREVOR KHAN:** We know why, don't we, Mick?

**The Hon. EMMA HURST:** The Sydney Desalination Plant will reach full production at the end of July and is now producing an average of 250 million litres a day, approximately 15 per cent of Sydney's supply. We have 95.2 per cent of the State officially in drought and climate change means that we can expect even more drought in the future. If we are already needing the Sydney Desalination Plant running at full capacity and the population keeps growing, what are the plans to supply water to the residents of Sydney in the future?

**Dr BENTLEY:** I might provide some overview comments and then my colleagues from the utilities concerned can speak further. Sydney Water and WaterNSW and the department produce periodically a strategy for supply to Sydney. The last one was 2017, the metropolitan plan. We are just starting our work on the next Greater Sydney strategy. One of the things that has come out of the work that was done before was that the decisions we made both to commence pre-planning for a potential expansion of the desalination plant—that no decision would be made on that until next year when, first, further work has been done to understand the costs and so on and, second, we understand what the climatic conditions are at that time. That is several months away before a decision could possibly be made about whether to go ahead but also, as was referred to this morning, to bring forward the additional transfer of water from the Shoalhaven across to Sydney.

It should be understood that in addition to what was said this morning there would still be five years' worth of supply available to the Shoalhaven. In the millennium drought, it is attributed to that transfer as the reason that the dam storage levels did not fall below 33 per cent when it is believed they would have gone to more like 13 per cent. I think it is important, whilst we are in a very severe drought and it is very important that we are doing the right planning and making the right investments, those two measures together are very significant.

The third thing I would say is that through some combination of restrictions, communication and engagement work, for Hunter Water and Sydney Water there is a lot of social science that has gone into it around the demand side of things. Both Sydney Water and Hunter Water have changed their communication and messaging over the last two years. That appears to have brought about some percentage points of difference in consumption as well. The collection of those things are things that already we are putting into place to ensure we secure the future. As for the longer term future I might throw to Mr Kevin Jones.

**Mr JONES:** Just as a broad comment it may be worth saying that despite a 26 per cent increase in population the total demand for drinking water in the Sydney system remains lower than it was before mandatory restrictions were introduced in late 2003. That is notwithstanding the population growth that we have experienced in that time.

**Ms CATE FAEHRMANN:** I want to ask a couple of questions about the water supply for the towns of Dubbo, Wellington, Nyngan and Cobar. I understand the Government has announced \$10.89 million for the staged delivery of four critical projects that are supposed to extend limited available supplies for those towns. What are those four critical projects, as quickly as you can tell me?

**Mr McTAVISH:** There is actually substantially more money that has been committed by Government in relation to water security projects in the Macquarie Valley. There is around about \$52 million. I can provide you with some details of that on notice.

**Ms CATE FAEHRMANN:** Yes, please. That would be great.

**Mr McTAVISH:** The principal one of those commitments is \$30 million for accessing additional groundwater at Dubbo. That work is underway now. I am actually back out to Dubbo next Tuesday to meet with council and WaterNSW to discuss some engineering licence concerns that all parties have in terms of making sure that that infrastructure is delivered quickly. There has also been a substantial amount of work done by WaterNSW in relation to shoring up supply in the Macquarie, particularly the movement of additional water out of Windamere into Burrendong, accessing some additional storage in Burrendong and the installation of some additional weirs at Warren. There is also some additional funding by Government that has been made available for local government, which includes the cleaning up of the Albert Priest channel between Warren and Nyngan, the construction of a \$10 million additional off-river storage at Nyngan, some improvement to the Cobar pipeline

between Nyngan and Cobar, the replacement of the water treatment plant at Cobar and around about \$7 million for reticulation systems at Cobar itself.

**Ms CATE FAEHRMANN:** With all those projects does WaterNSW have a time horizon for town water supply security for those four towns as a result of everything you have just said?

**Mr McTAVISH:** There is a series of scenarios that are being worked through between WaterNSW and the department in terms of worst-casing a lot of that activity. We are confident that the work we are doing now will extend the life of supply by at least six months. If the works were not done then there would be grave concerns for availability and quality before or during summer. We are confident that this will get through until after summer and well into autumn. Even with the most severe drought that has occurred previously we are confident that that will get us into winter.

**Ms CATE FAEHRMANN:** It is not just the drought of course—no-one knows when it is going to break; it could be a year, two years—but there is reduced rainfall and water shortages going into, say, 10 years or 20 years. Has that modelling been undertaken and what does it look like for those towns?

**Mr McTAVISH:** The works that we are doing now are relating to, first of all, in stage one extending the life of supply for surface water and then moving on to securing other sources of water, including groundwater and re-use of treated effluent.

**Ms CATE FAEHRMANN:** Do you know whether towns like Cobar, Nyngan, Dubbo, Wellington will have town water in five years?

**Mr McTAVISH:** The work that we are doing now and are principally focused on now for all of those communities is addressing their immediate needs. The work that we are doing from an infrastructure point of view is also designed to link in with a longer term water strategy. For example, the additional bores that we are seeking to be sunk in and around Dubbo will lead to a longer term water security for Dubbo. We are looking at expanding some programs as well to link to a longer term solution for towns—Wellington is upstream of Dubbo, for example. It does have some available groundwater and we are looking at how we can better utilise that. There are other communities—including Geurie, Trangie, Nevertire—where we can look to supplement their existing systems with additional groundwater supply. From a town water perspective, Warren is entirely reliant on groundwater.

**Ms CATE FAEHRMANN:** What is the time frame for the use of the groundwater supplies you are talking about?

**Mr McTAVISH:** There are plans—

**Ms CATE FAEHRMANN:** As in, do you know how much groundwater there is?

**Mr McTAVISH:** Yes. Those groundwater aquifers are actively managed now to ensure that they do not run out.

**Ms CATE FAEHRMANN:** But they would run out, wouldn't they, if the towns that you mention are relying on groundwater for the next year, two years, three years?

**Mr McTAVISH:** Under the current rate of extraction and with the available information in relation to those groundwater sources there is no indication that those sources, particularly in those areas, are likely to fail completely. There may be a requirement in later years for the licensing arrangements for some groundwater users to be amended to make sure that the supply for towns is adequately secured.

**Ms CATE FAEHRMANN:** I understand there are some water carting projects operating for quite a few towns, but particularly for Cobar Shire. Are you aware of that? Is the State Government—

**Mr McTAVISH:** Water carting programs exist in a number of areas. The largest one to probably note is the program that is being conducted between Scone and Murrurundi, which has been going for some time. There are also smaller programs to smaller communities. There is also a major program that has been going on between Malpas Dam and Gara Dam in Guyra to manage the drawdown of that supply while the pipeline between Malpas and Gara is completed. There is a program which is available for local government and local water utilities to access.

**Ms CATE FAEHRMANN:** Is all of the information and data on the carting operations you are talking about being kept in one spot by WaterNSW in terms of the number of trucks and where the water is coming from and going to across the State?

**Mr McTAVISH:** The information relating to the funding of all that water carting is available on the industry website.

**Ms CATE FAEHRMANN:** But where the water is actually coming from and going to across the State and the number of trucks, is that all in one place?

**Mr McTAVISH:** Typically when the activities are funded, the funding is made available to local government and it is made available in accordance with their water carting plan. In every area where the water is being carted the department needs to be satisfied that that water carting plan is the most efficient available, noting the concerns that people in neighbouring areas may have in relation to the long-term impact on their own water supply.

**Ms CATE FAEHRMANN:** So the department approves that?

**Mr McTAVISH:** It is a departmental process, yes.

**Mr BETTS:** You asked a question about longer term prospects. The water security strategies that we are doing catchment by catchment at the moment, which were accelerated during the election campaign will take account of the latest paleo records, in terms of historic weather patterns, historic rainfall patterns and long-range climate change projections as well through the NSW and ACT Regional Climate Modelling [NARClM] data.

**The Hon. MICK VEITCH:** I need to go back to my questions around telemetry. Dr Bentley, 1 December this year is when the telemetry arrangements will be up and running?

**Dr BENTLEY:** That is the objective, for December this year.

**The Hon. MICK VEITCH:** Is that 1 December or 31 December?

**Dr BENTLEY:** I cannot confirm the beginning or the end—

**The Hon. MICK VEITCH:** Or December?

**Dr BENTLEY:** I think it is the 1st, but it is certainly December.

**The Hon. JOHN GRAHAM:** I want to ask about property sales. I want to ask firstly about the total value of Government asset sales last financial year.

**Mr BETTS:** Across the whole of Government?

**The Hon. JOHN GRAHAM:** Firstly across the whole of Government, yes.

**Mr BETTS:** We will see if we can source that data for you.

**Ms FRAME:** The annual data source from the Government Property Register as at 8 July 2019 says \$952 million sold in the financial year 2018-19.

**The Hon. JOHN GRAHAM:** Does that mean that is complete for the year?

**Ms FRAME:** Yes, as far as I understand it.

**The Hon. JOHN GRAHAM:** What does that take the total to since 2011-12?

**Ms FRAME:** I have each year here. I have 2011-21 through to 2018-19 set out separately. In 2011-12 it was \$940 million; 2012-13 \$1.29 billion; 2013-14 \$1.27 billion; 2014-15 \$1.55 billion; 2015-16 \$2.08 billion; 2016-17 \$1.90 million; 2017-18 \$2.25 billion; and 2018-19, as I said, \$952 million.

**Mr BETTS:** Over the six years to 30 June 2019 approximately \$9. billion was realised through assets.

**The Hon. TREVOR KHAN:** Isn't this the sort of question you put on notice to the Minister?

**The Hon. JOHN GRAHAM:** I will come back to that. What is your forecast for the coming year for asset sales?

**Ms FRAME:** I do not have that number available. There is a forecast over four years for 2018-19 to 2022-23, which is \$3 billion. That is in the budget papers.

**The Hon. JOHN GRAHAM:** That is across government?

**Ms FRAME:** That is across government.

**The Hon. JOHN GRAHAM:** What is the internal target for Property NSW?

**Ms FRAME:** That is captured within the Department of Planning, Industry and Environment. We do not have a specific figure for that. There are sales targets that are attached to four clusters. With that \$3 billion figure there are four clusters that have targets within that: Transport; Health; Planning, Industry and Environment;

and Education. I do not have the specifics of the targets attached to those clusters. You would need to direct those questions to Treasury.

**The Hon. JOHN GRAHAM:** I accept your advice on that. We will ask that elsewhere. But what is the target that attaches to this cluster?

**Ms FRAME:** That is what I was saying. I do not have that information. I would need to take that on notice.

**Mr BETTS:** We will see if we can source that. Mr Smith may be able to find that. We will come back to you shortly.

**The Hon. JOHN GRAHAM:** Property NSW has previously advised to estimates an internal target. Are you saying that you now only have a cluster target?

**Ms FRAME:** At the moment it is agglomerated within the Department of Planning, Industry and Environment. Mr Smith is looking to see if there is a specific number for Property NSW. As you would appreciate, it is one component of a very big cluster.

**The Hon. JOHN GRAHAM:** I accept that. Given that you are conducting some of these sales and some you are not, you must have a view about what the pipeline coming towards you is that Property NSW would be involved in the transactions for?

**Ms FRAME:** Property NSW assists with transactions across the whole of government. They would have some transactions that they are affecting themselves of land that has been vested to them from other clusters. I will get more information on that for you.

**The Hon. JOHN GRAHAM:** Can you give us any information about the largest single sale that makes up that \$952 million?

**Ms FRAME:** I do not have that with me. I will have to take that on notice.

**Mr SMITH:** For your information, the four-year target for this cluster is \$180 million out of the \$3 billion total.

**The Hon. JOHN GRAHAM:** Thank you. That is really helpful. I also want to ask about which department in the previous financial year had the greatest value of assets sold via Property NSW?

**Mr BETTS:** I will check but generally speaking Transport accounts for the lion's share of property sales.

**The Hon. JOHN GRAHAM:** If you would like to expand on that on notice I would welcome that.

**Mr BETTS:** We will check that, yes.

**The Hon. JOHN GRAHAM:** I want to ask about two specifics. Firstly, Science House at 157-161 Gloucester St, The Rocks, is up for sale. Can you confirm that?

**Ms FRAME:** I will have to confirm that. We will get back to you immediately.

**The Hon. JOHN GRAHAM:** I will let you do that. Could you also provide us with any information about the rationale for that?

**Ms FRAME:** Certainly.

**The Hon. JOHN GRAHAM:** I am advised that the building is 95 per cent leased and is generating a lot of income. I am interested in hearing the rationale behind that sale during this session if possible. Secondly, in relation to Sirius, it has now been sold and exchanged. Is that correct?

**Ms FRAME:** Let me just check that information for you to see where it is up to at the moment.

**Mr BETTS:** The Sirius building has been sold to Sirius Developments Pty Ltd, which is owned by the Australian investment firm JDH Capital. The proceeds from that \$150 million will be injected directly into building new social housing dwellings.

**The Hon. JOHN GRAHAM:** Will all of that \$150 million go into new social housing projects?

**Mr BETTS:** That is what my advice says, yes.

**Ms FRAME:** That is correct.

**The Hon. JOHN GRAHAM:** So none of that revenue will be kept for Property NSW?

**Ms FRAME:** That is correct.

**Mr BETTS:** Property NSW is a transaction agency. It does not hold large amounts of real estate or large assets in its own right.

**The Hon. JOHN GRAHAM:** There was quite a period, 17 months, between when residents moved out and when the sale was concluded and the exchange happened. Can you provide any advice on why it was so long?

**Ms FRAME:** As you know, there were legal proceedings around heritage listing and it was subject to Land and Environment Court proceedings.

**The Hon. MICK VEITCH:** My series of questions relate to Peat Island. What is the progress of the Peat Island planning proposal?

**Ms FRAME:** I am sorry, we do not have that information with us. We will have to take that on notice.

**Mr BETTS:** That may be a matter for the Minister for Planning and Public Spaces.

**The Hon. MICK VEITCH:** It is Crown land.

**Mr REYNOLDS:** If I could seek some clarity, who is the proponent of the planning proposal you are referring to?

**The Hon. MICK VEITCH:** The locals up there have been told that it is in the process of being rezoned and there is a public exhibition period. Property NSW has slated a public exhibition period in 2019. This is Peat Island.

**Mr REYNOLDS:** If I could take that on notice, I do not have those details in front of me.

**The Hon. MICK VEITCH:** Yes. That is the series of questions on notice, as you do not know about Peat Island. Can I ask about the Land and Housing Corporation [LAHC]?

**Ms FRAME:** Certainly. We have Ms Skewes here.

**The Hon. MICK VEITCH:** What is the number and total value of the properties that were sold by the LAHC in 2018-19?

**Ms SKEWES:** Thank you for your question. The number of public housing properties sold by the Land and Housing Corporation was 352. I think you also asked about the proceeds from the sales. Is that right?

**The Hon. MICK VEITCH:** That is right, yes.

**Ms SKEWES:** The gross proceeds from those sales was \$333 million.

**The Hon. MICK VEITCH:** What was the number and cost of properties that were acquired by the LAHC in 2018-19? Did you undertake any acquisitions?

**Ms SKEWES:** Acquisitions as opposed to properties that we built? Is your question specifically around acquisitions?

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

**Ms SKEWES:** I will take that on notice.

**The Hon. MICK VEITCH:** As a matter of interest, how much did you expend on the maintenance of your properties in the last financial year?

**Ms SKEWES:** The maintenance program for the Land and Housing Corporation for 2018-19 was \$452 million.

**The Hon. MICK VEITCH:** I suppose you would have some properties slated for sale in this financial year?

**Ms SKEWES:** Yes. In effectively managing the property portfolio that we have we are constantly reviewing those properties in terms of whether they are fit for purpose for housing. As you know, a very large part of the stock is older properties. We also from time to time have properties that get burned out or are damaged. We do have a constant program of renewing and reviewing our stock. The question you are probably seeking from me is what is the number for 2019-20. Is that right?

**The Hon. MICK VEITCH:** That is correct.

**Ms SKEWES:** Sorry, I do not have those numbers on me. But I am happy to take that on notice.

**The Hon. MICK VEITCH:** Thank you. What is the average time that one of your properties is left vacant between tenancies?

**Ms SKEWES:** We are very pleased that we have worked very hard to ensure that we are attempting to turn properties around very quickly. We deal with around 7,000 properties a year that come through that void process, as we call it. Our time frame, some properties require very little rectification—simply go in, clean the property and have it clean, safe and habitable, as we are required to do under the Residential Tenancies Act [RTA]. We can turn those properties generally around within a week. Increasingly, however, we are finding that we are needing to do more work and rectification on properties and probably significantly some of those could run over. Around about 20 days is our average. We have brought over the years that number down. We have asked our maintenance contractors to be very diligent with the turnaround on properties. We are very happy with our trends, with those numbers trending down, but increasingly in the property portfolio over 65 per cent do require more significant repair work. Often that can be simply getting in and removing rubbish in a property before we can bring the contractors in to do any other rectification work.

**The Hon. MICK VEITCH:** Do you have a benchmark that you try to work to?

**Ms SKEWES:** Yes. Our benchmark is around about the 20 days now. As I said, it has come down because we have been very diligent about being very effective. But increasingly we are challenged. As I said, some properties are a lot quicker than that; other properties do take longer if we have had to go in and do further works to have those properties cleaned up before we can even bring the contractors in to do any repair work.

**The Hon. JOHN GRAHAM:** Could I return to the property sales questions to ask why the figures—and thank you for providing that information—appear to be different to the advice that was provided previously? I expected some minor adjustment but, for example, the estimates committee was advised last year that total asset sales across government were \$2.07 billion. If I heard you correctly, Ms Frame, you are saying the 2017-18 figure is now regarded as \$2.25 billion. Each of the numbers is slightly different over the years you have quoted. Is there a reason why that is the case, just so I understand?

**Ms FRAME:** There are always minor updates that are made. It is in relation to information that is held on the government property register at any point in time and there are improvements to that data that are made subsequent to sales being advised. I also have some further information for you on Science House, Mr Graham. It is up for lease at the moment. It has been deemed surplus to the Government's service delivery requirements and has been approved for divestments by way of a long-term lease. The Government will retain a custodial role in respect to the property.

**The Hon. JOHN GRAHAM:** Do you agree that it is 95 per cent leased at the moment?

**Ms FRAME:** I have not got that information, I am sorry. I am not able to disclose any information on value; it is obviously commercial-in-confidence.

**The Hon. JOHN GRAHAM:** Understood. Returning to the asset sales issue, I can understand why that might mean the last year is reviewed. But the figures are different for each of the years compared to the information supplied by Property NSW on estimates, including back in, say, 2011-12, which would be unlikely to be the result of a recent update. For example, in 2011-12, we were advised last year they were \$997 million, I understand. I think you have just told us they are \$940 million.

**The Hon. TREVOR KHAN:** Why not provide them with the list?

**The Hon. JOHN GRAHAM:** Probably it is some adjustment. Could you describe, on notice, what is the reason for the discrepancy in the figures? What has changed?

**Ms FRAME:** Certainly we can do that. It may be that sales are attributed to one financial year and then actually are executed in another. We can get that information for you.

**The Hon. JOHN GRAHAM:** That would be helpful.

**The Hon. MICK VEITCH:** The next series of questions is around Property NSW and your cleaning contracts. Do I go to Mr Betts or Ms Frame?

**Mr BETTS:** It comes through me and I will refer it to Ms Frame.

**The Hon. MICK VEITCH:** How many cleaning contracts does Property NSW hold? How many cleaning contractors do you have?

**Ms FRAME:** I am going to have to take that question on notice.

**The Hon. MICK VEITCH:** Are you aware that the new ascendant to the New South Wales whole-of-government cleaning contract has had to write to its employees telling them it has been paying them incorrectly since the start of the contract in March this year?

**Ms FRAME:** No, I was not aware.

**The Hon. MICK VEITCH:** Are you aware that there is another contractor that is also ignoring its legal obligations to pay their employees, who transferred from a former contractor—Menzies?

**Ms FRAME:** I do not have information on cleaning contracts with me here. So I am happy to take these questions on notice and provide responses to you.

**The Hon. MICK VEITCH:** Do you have someone within the agency who is responsible for assisting with the management or administration of these cleaning contracts? Is there a designated employee?

**Ms FRAME:** Yes, we do. As I said, we will get responses to these questions for you but I do not have information on the contracts with me now.

**The Hon. MICK VEITCH:** I will leave it there then. These questions I will put on notice.

**Ms FRAME:** There are aspects of this that are also led by NSW Procurement. So we will provide information specifically to you in response to what is managed by Property NSW.

**The Hon. JOHN GRAHAM:** In the last financial year, what additional compulsory acquisitions have been made by Property NSW in relation to the WestConnex project?

**Ms FRAME:** If you just give me one moment, I will see if I have some information on that. I am sorry, I have information from the Valuer General about WestConnex but nothing specific to Property NSW acquisitions.

**Mr BETTS:** As I understand it, I am not sure that those acquisitions are necessarily undertaken by Property NSW.

**The Hon. TREVOR KHAN:** I think they are done by Transport.

**Ms FRAME:** Yes.

**Mr BETTS:** Yes or by the former Roads and Maritime Services [RMS].

**The Hon. JOHN GRAHAM:** Do you provide any support to RMS as it is doing those? Or are they conducted entirely independently?

**Mr BETTS:** As far as Property NSW is concerned, my understanding is that RMS has full capability in terms of exercise of its compulsory acquisition powers and it generally operates those autonomously.

**Ms FRAME:** That is correct.

**The Hon. TREVOR KHAN:** I think we have done all this on some other inquiry that we have both sat on.

**The Hon. JOHN GRAHAM:** We cover a lot of ground frequently.

**The Hon. MICK VEITCH:** Mr Betts, back in May this year the Audit Office put out its report around the engagement of probity advisers and probity auditors and it made a number of recommendations in general around how agencies should engage. Do any of your agencies use probity advisers and probity auditors?

**Mr BETTS:** Yes, we do.

**The Hon. MICK VEITCH:** Have you had a chance to familiarise yourself with the Auditor-General's comments?

**Mr BETTS:** No, not specifically, but I am happy to discuss them with you.

**The Hon. MICK VEITCH:** One of the issues is essentially using the same probity advisers and probity auditors all of the time. How do you ensure that that does not happen in your agency?

**Mr BETTS:** The use of probity auditors is an important part of our internal controls and our risk management framework. We have a division within our department responsible for governance and legal. That services, among other things, audit and risk committees which oversee internal audit programs and work very closely with the Auditor-General's office to make sure that we are adopting best practice in terms of risk management generally. The Audit Office has been consistent in its view that agencies should ensure that they do not become excessively reliant in a particular transaction or over time on a particular provider because it can give rise, for reasons which are no doubt documented in that report, to an overly close relationship between the agency and the provider which might lead to a risk that standards might drop or relationships might become too close. It is an important safeguard. I might ask Mr Smith if he wants to add anything to that.

**Mr SMITH:** Within the agency we have got a central procurement group that provides advice to each of the line divisions on engaging a number of parties. That group is regularly reviewing outcomes of reports such as the Auditor-General's report you have just referred to. That is the group that then takes that information and provides it through to the business in order to be mindful of regularly repeating probity or engaging the same probity auditors time and time again.

**The Hon. MICK VEITCH:** Have you had a chance then to familiarise yourself with this May 2019 report?

**Mr SMITH:** I am aware of the report; I could not speak to the exact specifics of it.

**The Hon. MICK VEITCH:** There is a recommendation but, as Mr Betts was saying, it is around regularly reviewing and revising the probity policies, processes and systems. It also goes on to evaluate the probity practitioner performance against a specific scope. When the agencies engage a probity advisor or probity auditor, is there a particular scope that is in place to make sure they are actually working against a scope of performance?

**Mr SMITH:** I could not talk to each specific engagement of a probity auditor but what I can say is in general terms when we do engage consultants there is a clear scope of works that they have got to meet. I am happy to take the balance of whether we have specific guidelines on notice.

**The Hon. MICK VEITCH:** I would appreciate it if you could do that and check.

**The Hon. EMMA HURST:** Drought has caused creeks on Mount Gilead, Noorumba Reserve and Beulah to run dry. Why are nearly all dams on Mount Gilead allowed to be de-watered and filled in when they are required for native animals and birds on all of these properties?

**Mr BETTS:** Does anybody have information relevant to that question? We will take it on notice.

**The Hon. EMMA HURST:** Thank you. I am not sure if anybody has any information on this, either. Are there any precautions that are being undertaken to ensure that there is enough water for both existing and new residents within the Greater Macarthur Growth Area?

**Mr HARRIS:** Yes, absolutely. I will speak for the project for WaterNSW, and there is also a project that Sydney Water are undertaking in that very node. We are currently investigating accessing the deep storage in Avon Dam. That 21 gigalitres of water will be used to supply, principally, the Macarthur node. That would be around two years of supply for that particular supply point. Sydney Water have a project on, as well.

**Mr JONES:** Sydney Water is also looking at—it is in planning at this stage; it is not a finalised project and the business case is not complete—increasing the resilience of the Macarthur system by connecting the Macarthur system to the Prospect system, which would allow us to move water between those two systems, and thereby get a more secure supply for that. While I am here, could I go back to your earlier question on the desalination plant?

**The Hon. EMMA HURST:** Yes. Thank you.

**Mr JONES:** I am aware that in 2007 Sydney Water, as the owner of the desal plant commissioned the University of New South Wales to undertake the Marine and Estuarine Monitoring Program as part of the Minister's conditions for the approval of the Sydney desal plant. I understand that this was a comprehensive and innovative study and it took place over six years. It showed our diligence, I think, in ensuring that major infrastructure does not have an adverse impact on the environment. The study specifically looked at the effects on marine life in the concentrated salt water discharged back into the ocean. I am pleased to advise that the study found no major impacts on the surrounding environment.

**The Hon. TREVOR KHAN:** I think the then Opposition tried to run a scare campaign on it. It did not work.

**The Hon. EMMA HURST:** You will have to provide me with details on that.

**The Hon. TREVOR KHAN:** It will be in the notes somewhere.

**The Hon. EMMA HURST:** I have a question for Mr Betts. The Planning website is talking about the aim of boosting housing supply with cheaper and more compact apartments. Because in New South Wales we have an enormous number of people with companion animals, I was wondering if companion animals in these smaller, compact apartments have been considered as part of that.

**Mr BETTS:** I might see if Ms Frame has anything to add to this. I think the Government's overall objective is to ensure that housing supply is as diverse as possible to reflect the diversity of our community. So there is no single housing typology which is the right one. There will continue to be a mix of high-, medium- and



low-density housing across the Greater Sydney area. Where developments are moving towards more compact or higher rise developments the focus for the Government is to ensure that that is complemented with adequate and improved access to public open space. That is clearly relevant to people who are reliant on companion animals. They might be living in an apartment but we are keen to ensure that they have access to that public space. That is reflected in one of the two priorities that the Premier has set for our cluster, which is around increasing the quality and extent of access to high grade public open space in the next five years.

**Ms FRAME:** Further to what Mr Betts provided there about general housing supply, specifically for social housing tenants or residents in Aboriginal Housing Office properties, they are certainly allowed to have pets if the property is suitable for an animal, and if the pets do not interfere with the reasonable peace, comfort and privacy of neighbours and that tenants comply with the Companion Animals Act 1998. Tenants are not allowed to have a dog if it is a restricted dog under the Companion Animals Act or it is declared a dangerous dog by a local council or local court.

**Mr BETTS:** As I think you are aware, policy responsibility for companion animals lies with Minister Hancock, who you heard from on Monday.

**The Hon. EMMA HURST:** Yes. Thank you.

**The CHAIR:** I have one or two more questions about the Broken Hill pipeline. Is it true that there were embargoes on high security licences dating back to the 1990s? Is that correct? I know that that is probably going back to before everyone's time here but the information that has been provided to me is that there was a high security licence embargo, so there were no new licences issued since 1990.

**Mr HARRIS:** No, I cannot probably, but I think your question relates to whether there were restrictions on the issue of any new high security licences. I think there was, but I am not best placed to answer.

**Dr BENTLEY:** I am advised there are no high security licences in the Barwon Darling.

**The CHAIR:** What about the Murray?

**Mr JONES:** While Mr Bentley is taking care of that, I might return to your earlier question on the sonar testing.

**The CHAIR:** Great.

**Mr JONES:** There is a project that Sydney Water is undertaking along with the Office of the NSW Chief Scientist and Engineer and the NSW Smart Sensing Network. The project is expected to take 12 months. It has a number of contributors that have provided funding to complete five separate projects and funds have been pooled from those different contributors. Sydney Water would contribute in the order of \$75,000 to \$100,000 for that project with University of New South Wales.

**Dr BENTLEY:** The information that I have just received is that in 1995 surface water take was capped at 1993-94 levels.

**The CHAIR:** That is the cap. I am talking about high security licences. Was there an embargo on issuing any more of those licences?

**Dr BENTLEY:** There were not any in the Barwon Darling system.

**The CHAIR:** Then I followed up with a question: What about the Murray? Was there an embargo on issuing licences in the Murray?

**Dr BENTLEY:** I am afraid we are going to have to take that on notice. We are trying to find out.

**The CHAIR:** Okay; not a problem. While you are taking that on notice, I have been sent some information myself. It seems there was a licence issued to Essential Energy to extract water from water sources downstream of the Murray at Picnic Point. Would that be considered a high security licence?

**Mr HARRIS:** That is the licence I referred to previously. It was moving their off-take from the Menindee to Picnic Point on the River Murray. That would be a town water supply licence I would have thought.

**The CHAIR:** There was concern by residents that that was a high security licence. Are you confirming that that is not a high security licence?

**Dr BENTLEY:** Mr Harris is right. Town water supply is a special-purpose access licence.

**The CHAIR:** Thank you for that clarification. I will hand over to Ms Faehrmann.

**Ms CATE FAEHRMANN:** Why did WaterNSW give permission for 65,000 licence holders to extract environmental water flows from the Macquarie River?

**Mr HARRIS:** Sorry, could you give more detail there?

**Ms CATE FAEHRMANN:** *The Sydney Morning Herald* story that came out in February this year states that in 2018 licence holders were written to, to say that they could take water from the Macquarie River environmental flows.

**Mr HARRIS:** From memory, that article referred to a particular licence holder.

**Ms CATE FAEHRMANN:** It says that there were 65,000 licence holders who were informed.

**Mr HARRIS:** At that time as well, the department reset the mandatory conditions on licences across many valleys in the State. We are the agency that posted notifications of those out to—there are not 65,000 of them in the Macquarie—that would have been statewide.

**Mr BETTS:** We do not have this article in front of us. I do not know if you are able to provide it to us so we can provide you with further commentary.

**Ms CATE FAEHRMANN:** I cannot. It is on my iPad so that is unrealistic. It was on 16 February 2019 in *The Sydney Morning Herald*, an article by Peter Hannam and the headline is, "Anomaly lets farmer use environmental water for cotton crop". This is in relation to water that was earmarked for protecting the Macquarie Marshes. One of these farmers received a letter from WaterNSW, saying that he could access water that he was not previously entitled to. Are any of you familiar with that situation?

**Mr HARRIS:** Yes, I recall that. My recollection is that did not change that licence holder's condition but that he was unaware of a previous restriction on his licence. Perhaps I should take that on notice and get back to you. The bottom line is that notification did not change his licence conditions. He was unaware that, from recollection, about two years prior to that there were restrictions put on his licence which were not affected by that notification. He had not understood the effect of the previous notification. But I will follow that up and confirm that to you.

**Ms CATE FAEHRMANN:** The story says that documents obtained by *The Sydney Morning Herald* show farmers were alerted a year ago—so that would be February 2018—by the NSW Department of Industry's water division to changes to conditions of their unregulated water licences, which is what you are referring to. It prompted some people within the Office of Environment and Heritage to seek to nullify the impact of those changes. That was not successful. But according to the story, the change effectively gave permission to the licence holders to extract environmental water flows even though these water flows in the Macquarie Marshes had been paid for already by taxpayers in both New South Wales and the Commonwealth. Is that correct?

**Mr HARRIS:** Hopefully, during this session I will get the briefing note prepared at that time so that I can answer your question.

**Ms CATE FAEHRMANN:** That would be excellent. Thank you. We have got 20 minutes for you to get that information. Are you aware of investigations that would have taken place either last year or early this year between the Department of Planning, Industry and Environment and the NSW Office of Water regarding groundwater used by the Maules Creek coalmine near Narrabri—investigations into groundwater and where that investigation is up to?

**Mr BARNES:** May I ask that you present the question again?

**Ms CATE FAEHRMANN:** I understand there has been an investigation—we are not sure whether it has been completed—that commenced probably last year into groundwater use by the Maules Creek coalmine in Narrabri. The question is: Are you aware of that investigation and where is that investigation up to?

**Mr BARNES:** I can confirm that the Natural Resource Access Regulator has received a complaint from Lock the Gate. We have commenced an investigation, which is ongoing.

**Ms CATE FAEHRMANN:** When did you commence the investigation?

**Mr BARNES:** Immediately upon receipt of the letter from the Environmental Defenders Office.

**Ms CATE FAEHRMANN:** Was that—

**Mr BARNES:** A rough date would have been May 2018.

**Ms CATE FAEHRMANN:** So May 2018. Recently landholders were asked to comment on the Murray-Darling Basin up in Namoi—water sharing plan, of course. Meanwhile, you have not determined whether

the groundwater being used and accessed by Maules Creek coalmine is having an impact on groundwater in the area?

**Mr BARNES:** The investigation is well advanced. The matters we are investigating are extraordinarily complex. My staff presented those findings to the August meeting of the NRAR board. The board has made resolutions and I am carrying out those at the moment. I believe I will be in a position to make public our findings shortly.

**Ms CATE FAEHRMANN:** Okay. So at the August board meeting there were reasonably final results of the investigation.

**Mr BARNES:** The investigation is well advanced and it is close to conclusion.<sup>2</sup>

**Ms CATE FAEHRMANN:** Thank you. That is good to know. In relation to NRAR's regulatory priorities for March 2019 to March 2021, the report of this priorities paper suggests the Border Rivers region has a low priority for NRAR. This is despite it being part of the Northern Basin, a large irrigator of cotton. I understand that four months ago people were still irrigating cotton during extreme drought despite there being little or no vegetation. Why is that a low priority? I have a similar question as well for the Lachlan region. Why is it a low priority for NRAR?

**Mr BARNES:** I will answer the question by expressing how we undertake our investigations. The bulk of the activity at the moment is through reactive means—so through inquiries, through the hotline, through emails. We assess those incidences. We determine the scale or the risk to the environment and we assign those cases for investigation. So when I spoke before of over 1,000 cases that have been investigated, they are primarily ones that have come through the hotline. However, we aspire to be a proactive regulator. We are able to focus attention where the impacts on the environment are highest.

**Ms CATE FAEHRMANN:** Did you say you aspire to not be a proactive regulator?

**Mr BARNES:** No. We aspire to be a proactive regulator. This is colloquial—forgive me. If you are a reactive regulator, you are essentially offering a smorgasbord. You are a "you come, we call" type of regulator, which means that we can find ourselves being drawn into investigative matters of minor consequence and low significance. What we are seeking to do is transition from that model we inherited to become a proactive regulator. The first signal to that is the publishing of our regulatory priorities. That document specifies the method by which we have determined higher priorities versus lesser priorities.

We have done that spatially, as you have identified. But we have also looked at and identified topical matters such as flood plain management, such as protecting environmental flows, legacy mining and the like. We have a program of proactive compliance that is focused in those areas that you have mentioned. In localities within the State, we are focusing proactively and we are deploying staff proactively. We are also focusing on these topical matters that I have just mentioned.

**Ms CATE FAEHRMANN:** How are you ensuring that giving Border Rivers and Lachlan low priority and the Namoi, for example, medium priority is not sending a signal to landholders that they will be able to potentially get away with more—if you know what I mean—in those areas?

**Mr BARNES:** Accompanying this is our intelligence work. I mentioned before, we call it eyes in the sky but we have access to technology which means there is very low likelihood where a landholder, water user, can obtain illegally large volumes of water. The net effect of taking water is you need to store it. That sends a clear signal to the satellite. Growing crops sends a different signal to the satellite. We have staff who analyse the satellite imagery and use that as an intelligence input into where we deploy our staff. The regulatory priorities that you are referencing is just one of the tools that we use to determine where our staff go.

**The Hon. JOHN GRAHAM:** We are turning now to the Government project managed by Property NSW to relocate public servants to western Sydney, if that works. This relocation project is under the purview of Property NSW, that is correct? What is the target for the number of public servants who will be relocated?

**Mr BETTS:** You are referring to the relocation of public servants within the metropolitan area to the offices at 4 Parramatta Square?

**The Hon. JOHN GRAHAM:** Yes. Well, it is described as accommodation to western Sydney. It is in the accommodation policy of Decade of Decentralisation.

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<sup>2</sup> In [correspondence](#) to the committee received 2 October 2019 Mr Barnes made clarifications to his evidence.

**Mr BETTS:** I will ask Mr Smith to comment on that at the moment, but this is a major move towards the relocation of the public service out to western Sydney to Parramatta, including our department, which will progressively be moving from its various offices around Sydney to consolidate in 4 Parramatta Square from December this year.

**Mr SMITH:** Four Parramatta Square is one of the projects that Property NSW is leading to reaccommodate public servants in Parramatta. You will be aware the Department of Education moved out there, probably last year now from memory. Our involvement in that project as a cluster is that we have got about—the project itself, there are 65,000 square metres of leased space that has been taken through Walker and 4,500 of our employees will relocate to that building from 2019 through to 2020.

**The Hon. JOHN GRAHAM:** Sorry, how many, 4,500?

**Mr SMITH:** About 4,500 Department of Planning, Industry and Environment employees. Also in the building will be accommodated the Department of Customer Service. They have a number as well but I am not sure what that is off the top of my head. You can ask them. That project has been progressing for some time. We expect to get the initial low-rise completion in at around October or November and at that time we will be able to commence the kind of prep works we need to do before we start moving people in from December this year. We expect that the moves will be from December through to mid next year.

**The Hon. JOHN GRAHAM:** Do you expect to conclude by the end of the financial year, or it might go into the next financial year?

**Mr SMITH:** We expect to be concluded by the end of the financial year. It may spill over into later in the year.

**The Hon. JOHN GRAHAM:** It would not be surprising if it did, given the number of staff.

**Mr SMITH:** And it is fair to say that there are a number of tenancies already in Parramatta where we have got lease holdings, and as those lease tails finish then we will be seeking to move people across as well. So not all of our staff may be in there by mid-June but some of those will already be located in Parramatta.

**The Hon. JOHN GRAHAM:** There are four groups taking part in the project but it is co-ordinated by Property NSW, is it not?

**Mr SMITH:** Yes, Property NSW is the overall manager for the development.

**The Hon. JOHN GRAHAM:** It is quite a significant amount out of your cluster. What are the numbers in each of the other three clusters?

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

**The Hon. JOHN GRAHAM:** That would be helpful. Are they moving in on similar time lines?

**Mr SMITH:** Our cluster will move in first, because we occupy the low-rise part of the development. It is a staged handover from the developer. The low-rise will be handed over in October to November. Then the completion date for the upper part of the building is in March. The Department of Customer Service is occupying some of the upper floors. They will be moving in from about March.

**The Hon. JOHN GRAHAM:** Has that been communicated to staff? What staff communication has there been around the timing in particular?

**Mr SMITH:** There have been communications to staff throughout the project. It depends on which particular agency. We have been talking to our staff about moving out there, certainly on the former industry side, for a number of years. I am aware that the former planning side has been talking to staff about relocation for a number of years. The exact dates and communications we could get for you if you were interested.

**The Hon. JOHN GRAHAM:** Perhaps on notice. Finally, is one of the buildings that will be used for office space as a part of this project 47 Bridge Street? Sorry, let me rephrase that. What is the future of 47 Bridge Street, given the impact of this project?

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

**The Hon. MICK VEITCH:** Mr Betts, it is nearly five o'clock. Has the NRC delivered its report yet?

**Mr BETTS:** I do not know.

**The Hon. MICK VEITCH:** I thought I would ask one more time. Last chance to get into that.

**The Hon. JOHN GRAHAM:** Feel free to advise us if you hear today.

**The Hon. MICK VEITCH:** I have been advised that the 2017 Metropolitan Water Plan says that it has a drought response strategy that is flexible and can respond to droughts more extreme than any on the historical record. That strategy has rules in it that the Shoalhaven transfers are to commence when the system of dams deplete to 75 per cent. As I understand it, that occurred on 5 April 2018, when it got to that number. Why did the Shoalhaven transfer start so late?

**Dr BENTLEY:** The later Shoalhaven transfers of course have started earlier. We have brought forward—the pumping down from 1 metre to 3 metres would ordinarily in the plan start at 30 per cent. We have brought that forward to 50 per cent. That is what started. That was announced early August. We have brought forward access to more of the Shoalhaven water than the plan would have originally suggested.

**The Hon. MICK VEITCH:** I am going to take it over time, but I want to explore that because it says 75 per cent.

**Ms CATE FAEHRMANN:** Earlier we were talking about the water carting plans that the department approves. Are they public?

**Mr McTAVISH:** The release of those water carting plans is dependent on the decision of the local water utility.

**Ms CATE FAEHRMANN:** Each local water utility may or may not choose to put it on their website?

**Mr McTAVISH:** Yes, indeed.

**Ms CATE FAEHRMANN:** Who is consulted in those water carting plans?

**Mr McTAVISH:** There is guidance provided to the local water utilities in relation to the development of their drought management plan and their water carting plans. The local water utility on receipt of that guidance conducts their own internal consultation within council, for example, and with local stakeholders.

**Ms CATE FAEHRMANN:** Do you have all of those water carting plan approvals all in one place? Would you be able to provide those on notice for the Committee?

**Mr McTAVISH:** All of the approved water carting activity is available on the departmental website.

**Ms CATE FAEHRMANN:** Whereabouts?

**Mr McTAVISH:** I can send the link.

**Ms CATE FAEHRMANN:** Thank you, that would be very helpful. Back to NRAR and the regulatory priorities, I see that—and it is very good—one of them is the water taken by mines operating before the introduction of the Water Management Act 2000. It says that NRAR will work with relevant government agencies to develop shorter and longer term solutions to address the legacy licensing issues. What do you expect those solutions to look like? I am aware at the beginning of the priorities and the plan, but could you give us some sense of what that looks like? Are you talking about limiting the water that those mines take? Are you trying to monitor the water? Are you trying to get them to pay for the water?

**Mr BARNES:** I think what that reference there is, we are an on-the-ground agency and we are through our activities getting experience of what is working well in the regulatory environment and where there are challenges, both the sector, land users and the like. What this signals is as we conduct our investigations and we are finding challenges, we are finding difficulties in applying the law. For instance, we will advise our departmental colleagues. It is part of the policy effectiveness exercises that we would contribute to. I think about what that would be in terms of the relevant water sharing plans. How are they practically being applied? What are the challenges that we as the regulator are finding water users are encountering?

**Ms CATE FAEHRMANN:** Have you got any goals or key performance indicators [KPIs] in that area in terms of legacy mining?

**Mr BARNES:** In what respect?

**Ms CATE FAEHRMANN:** These are regulatory priorities. Within these priorities have you set any goals or KPIs in terms of what you would like NRAR to achieve in the area of legacy mining by 2021?

**Mr BARNES:** That one is very simple: that mining companies are fully aware of their obligations under the law and that they are in full compliance. That is our goal—that we will fairly and firmly apply the law.

**Ms CATE FAEHRMANN:** Excuse me if this question has been asked while I was not in the room, but what is the number of staff within NRAR? Would you be able to table a staffing structure of NRAR as well for the Committee?

**Mr BARNES:** I can table the staffing structure, indeed—yes, happy to. NRAR has a current staffing level of 146. We commenced operations with 69. Of those 146, 107 are frontline staff involved in compliance activities, monitoring and auditing, inspections, licensing and approvals. We also have a contingent of staff who are involved in the flood plain harvesting project. There are staff in a support role who provide back-office support as well.

**Ms CATE FAEHRMANN:** Thank you.

**The CHAIR:** Just to interrupt—and I will stop the timer—you said that you were going to table it. Do you mean you have it here to table it or that you are going to take it on notice and bring it? We just need to clarify that.

**Mr BARNES:** On notice, that I will table the organisational structure for NRAR as of today's date.

**Mr BETTS:** De-identified so as not to identify individual names.

**Ms CATE FAEHRMANN:** Yes. I am not too sure who to direct this to, Mr Betts, but the Namoi joint organisation of councils has a report, which is a water for the future strategy, which found that Tamworth was likely to have inadequate water security within the next 20 years—potentially sooner—with its forecast residential and industrial growth. The report also found no immediately viable large-scale options in terms of water infrastructure for Tamworth. Are you aware of that report? Do you agree with its findings?

**Mr McTAVISH:** In relation to that report, I am aware of it. I have undertaken to meet with Namoi Unlimited in the next couple of weeks in relation to using some of the information that they have been able to pull together about the longer-term water security for the whole of the region. That information then will be used as part of the regional water strategies activity.

**Ms CATE FAEHRMANN:** Okay. Thank you.

**Mr JONES:** Could I loop back to an earlier question from Ms Hurst on the procedure when Sydney Water is dealing with wildlife found at a sewage incident?

**The CHAIR:** Yes.

**Mr JONES:** We do have a process for responding to dead wildlife found at the site of a sewage incident. We undertake testing on macroinvertebrates in our Sydney Water laboratories, which tell us about the potential impacts of our activities on the environment, and we monitor streams, estuaries and marine environments to assess their overall health. When it comes to bigger things like a fish or a bird, we will send it to a third-party laboratory for testing—which is a Department of Primary Industries laboratory at Menangle—and we have done this. To date, we have not had an incident where we have needed to undertake testing of any terrestrial animals associated with a sewage incident. However, we would undertake this testing if we found an animal at the site that was impacted by sewage, allowing for the fact that the animal would have to be tested soon after its death.

**The Hon. EMMA HURST:** Thank you.

**The CHAIR:** Thank you. That concludes the examination of the Water and Property portfolios. The Committee will now break until 6.00 p.m. and will come back to examine the Housing portfolio. For those witnesses not returning after the break, thank you for your attendance today and for answering the Committee's questions. I think we would all agree that that was most enlightening and helpful.

**The Hon. JOHN GRAHAM:** Chair, just to clarify where our questions are going, this will not impact on the witnesses who are now free, but we may stray from Housing back into Property as well, but I think it captures the same individuals—just to be clear on that.

**(The witnesses withdrew.)**

**(Dinner adjournment)**

**The CHAIR:** We will get started again with questions by the Opposition.

**The Hon. JOHN GRAHAM:** Mr Betts, I might come to you first. I note for the record that you do not have the support of your Water bureaucrats so feel free to take any of this on notice. In the period since we broke and you gave what was then up-to-date advice about the NRC there have been some developments. Do you want to, firstly, let us know for the record what they are?

**Mr BETTS:** Yes. The NRC has provided its report to Minister Pavey. That occurred actually before the end of our previous session but I had not picked it up—shortly before the end of that session. A covering letter to that is signed by the commissioner, John Keniry. It states: "In accordance with section 43A (5) of the Act"—which is the Natural Resources Commission Act, I think—"the attached report is to be made public after the

decision of the Minister or on the expiration of six months after the report is received by the Minister, whichever first occurs." I understand that, on her own motion, the Minister has published the report.

**The Hon. JOHN GRAHAM:** I agree with that. I have seen some earlier media reports about that. I will not ask you to analyse the report.

**Mr BETTS:** I have just been eating lunch. I have not had a chance.

**The Hon. JOHN GRAHAM:** I will note that it is slightly more detailed. It is a slightly longer report—185 pages compared to 175 pages, I think, previously. I do not know whether you are in a position to confirm this, but it still makes reference to the details around three years in the report on page 8 of 185. Do you agree with that?

**Mr BETTS:** Honestly, I cannot comment. I do not have the report in front of me.

**The Hon. TREVOR KHAN:** He is really entitled to take this sort of thing on notice.

**The Hon. JOHN GRAHAM:** Absolutely. I invited him to take this on notice. I have no problem with that.

**Mr BETTS:** I appreciate that.

**The Hon. JOHN GRAHAM:** I will put this on the record only in case you want to make reference to that.

**The Hon. TREVOR KHAN:** You are entitled to ask a question.

**The Hon. JOHN GRAHAM:** Yes. I intend to ask a question. The report states in part, "The hypothesis outlines how extractions from the base flow ban following the introduction of the plan rules pushed the Barwon-Darling system below Bourke into persistence of very low flow conditions three years earlier than the river upstream." That is an extract from page 8 of 185. I do not know if there is anything else you want to state on the record about the report or its receipt?

**Mr BETTS:** No, other than to clarify that my understanding is that the Minister has written to the NRC to advise them that she is comfortable for them to release the report publicly.

**The Hon. JOHN GRAHAM:** Yes, okay.

**Mr BETTS:** Just to be clear about the process.

**The Hon. JOHN GRAHAM:** Great, thank you.

**The Hon. MICK VEITCH:** You may not know this, but did Minister Pavey advise Minister Kean?

**Mr BETTS:** Yes. Sorry, I should have said that earlier. In transmitting the report to Minister Pavey, John Keniry, the commissioner, copied in Ministers Kean and Stokes.

**The Hon. MICK VEITCH:** Okay, Thank you. This question is probably for Mr Reynolds. It is to do with Crown Lands. A couple of years ago the Auditor-General delivered a rather scathing report into the Department of Lands and the collection of rentals or lease fees. At the time, there was a heated debate in Parliament about that matter but there were a number of actions arising from that that the Minister of the day said the Government would put in place. Can you provide us with a detailed update on how those recommendations and implementation of those recommendations have gone?

**Mr REYNOLDS:** Yes. Thank you for the question. Obviously that Auditor-General's report you are referring to was some years before my time. We have a very good governance framework that is being revamped and launched across Crown Lands following the new legislation that commenced last year, so we have a very clear register that tracks all recommendations coming out of their own internal audits and Auditor-General's reports through to the cluster that has its own audit risk committee also. I do not have the detail of the specific recommendations and where we are at with closing them, but the assurance I can give is that they are all being monitored and closed out. My understanding is that there are just a few left to close out. I am happy to take that on notice.

**The Hon. MICK VEITCH:** Can you take that on notice and provide us with an update?

**Mr REYNOLDS:** Absolutely.

**The Hon. MICK VEITCH:** Thank you. The other issue for me is how the Department of Lands is working around the land claim backlog and trying to reduce that. I know the Government has to replace the Aboriginal Land Agreements [ALAs] as a mechanism to assist in some way, but it is my understanding the number of claims continue to push past 30,000 now, I think. What are we doing to try to act on some of those claims?

**Mr REYNOLDS:** Certainly. For the record, as at 31 August this year, there were 36,316 land claims. The estate in its entirety has over half a million parcels of land. As you would be aware, it is a very large estate. In the last calendar year, 2018-19, we received 3,232 Aboriginal land claims. Out of those, I am pleased to report that over 1,000 were actually determined. While that still is a small number in comparison to the 3,000 that were lodged, we actually undertook a full review of our internal policies and processes—again, trying to make sure that we are prioritising and being as efficient as possible. We actually doubled the prior year's number of claims that were determined. There is more to do—absolutely.

We do also work very closely with the New South Wales Aboriginal Land Corporation [NSWALC] and the relevant Local Aboriginal Land Councils [LALCs] with regard to particular claims in an effort to prioritise. When I say "prioritise" that might be, for example, a key government infrastructure project or program that needs to be delivered. We have a very trusting and productive relationship with NSWALC and the LALCs so we will ask them for sites that might be a priority; likewise for them. You may be aware the Aboriginal Land Rights Act is largely about economic compensation for dispossession historically. For them, some sites are a priority in the full remit of claims that have been lodged.

The relationship is good and we work very collaboratively with them as a key stakeholder for us and prioritise as I outlined. They are the statistics over the prior year—as I said, more than double in the year before that. But we have done more also with regard to once a claim is determined and, if it is granted, the land needs to be surveyed so the cadastral boundaries can be set and then it is vested across under the Aboriginal Land Rights Act with the relevant LALC. We have also reduced the backlog of surveys by around 30 per cent over the last 12 months as well. Hopefully, what we are demonstrating there is that with the new legislation, new processes—I have also launched a new restructure across the organisation with a clear internal strategy—Indigenous and Aboriginal matters are a key priority for us. We are starting to see that being reflected. There is a way to go, but I am not going to leave a stone unturned when it comes to looking at doing more in this space.

**The Hon. MICK VEITCH:** So what is the agency's role with ALAs?

**Mr REYNOLDS:** In 2015 the Aboriginal Land Rights Act was amended to incorporate a more flexible mechanism, which is the Aboriginal Land Agreements—or ALAs as you refer to them. What they provide is a more flexible means where you can negotiate claims rather than taking what might be a longer time frame to work through in a piecemeal way—let's say hypothetically—50 claims. We are able to sit at the table and negotiate an Aboriginal Land Agreement with the relevant LALC and NSWALC on an agreed outcome of what will be transferred to try to expedite the process and be as effective and efficient as possible. Aboriginal land agreements are one of the mechanisms within the innovative land negotiation program. That is a tripartite program with local councils and LALCs. When it comes to the LALCs and NSWALC it is the ALA agreement and council is the third party to the agreement that we have there. It is a long way of saying that the Aboriginal land agreements do provide the option and opportunity for a more effective and patient way to work through the backlog or number of claims.

**The Hon. MICK VEITCH:** How many ALAs have we put in place?

**Mr REYNOLDS:** There are 11 under negotiation at the moment. Over the prior financial year two have been issued.

**The Hon. MICK VEITCH:** In total since the amendment to the Act how many have been put in place?

**Mr REYNOLDS:** My understanding is since the Act was amended two. If I could take that on notice. The number I have is from last year..

**The Hon. MICK VEITCH:** I would appreciate that.

**Mr BETTS:** I think Nambucca and Griffith are the ones we agreed and Eden is close to resolution.

**Mr REYNOLDS:** I might just add that Crown lands does work very closely with LALCs and NSWALC. And with any negotiation you want to ensure that the entity, the other party you are negotiating with, is well informed of what they are entering into. Crown lands has invested over \$1 million in supporting LALCs in upskilling and increasing their awareness so when we are entering into those negotiations we know they are well informed. We continue to supply that support through training. I think that is an important element of when we are entering into the negotiations. We have an obligation to negotiate in good faith. We do not want to be overbearing.

**The Hon. JOHN GRAHAM:** I want to ask some questions about social housing maintenance. What is the average length of time from initial reporting of general maintenance concerns to works orders to completion, at the moment?



**Ms SKEWES:** Under the maintenance contract which we put in place a couple of years ago we require our contractors to have calls answered within a three-minute wait period. It is one of the performance measures. Previously under the old maintenance contract calls were coming in to the housing contact call centre and then expedited out of the call centre to contractors. The new maintenance contract we put in place a couple of years ago now requires those calls get directly sent into the contractors' call centres. So we have five contractors with call centres both in the metropolitan areas plus in regional locations. We require all of those calls to be answered within three minutes. We have seen an improvement as a result of that in tenant satisfaction, particularly on call wait times.

**The Hon. JOHN GRAHAM:** That is the first step of the process and that has sped up?

**Ms SKEWES:** Yes.

**The Hon. JOHN GRAHAM:** What about between that first step and moving through the rest of the process? What is the average length of time at the moment?

**Ms SKEWES:** We are managing about 740,000 work orders a year, which is a very big number as you can appreciate. Part of the program is being able to prioritise calls. We place a particular priority on urgent and priority works. If there is an immediate "make safe" issue around an electrical issue, around a sewerage issue, those calls are priority matters.

**The Hon. JOHN GRAHAM:** What is the average time though?

**Ms SKEWES:** We would have two to four hours depending on which class of category it fits within. Then if something is less urgent—it might be a carpet that requires repair or replacement or it might be a front door that needs replacing—if it is not seen as a safety matter those things are put on a planned program. The criticality matrix goes from two hours to 20 days. In addition to that, we have a planned program so that drives for us greater efficiencies because we can put those items onto a capital works program.

**The Hon. JOHN GRAHAM:** Even for the lowest priority call it is 20 days and that should be at what stage—the works order stage?

**Ms SKEWES:** No.

**The Hon. JOHN GRAHAM:** Completion?

**Ms SKEWES:** Absolutely. We expect something like 20 days. Someone will attend in 20 days.

**The Hon. JOHN GRAHAM:** You see someone at your front door within 20 days?

**Ms SKEWES:** For that category, but if it is urgent priority we have a much tighter time frame and that is very important to us.

**The Hon. JOHN GRAHAM:** Understood. Can you give us any sense of the average length of time across all those categories?

**Ms SKEWES:** I have not got that. It is a big volume of programs.

**The Hon. JOHN GRAHAM:** When are those maintenance contracts up for renewal?

**Ms SKEWES:** The current contract is not until 2021.

**The Hon. JOHN GRAHAM:** When in 2021? Is it the end of the financial year?

**Ms SKEWES:** I will take that on notice. I could stab at a guess but I will not.

**The Hon. JOHN GRAHAM:** How many inquiries were logged with the members maintenance hotline in 2018 and then again so far this year?

**Ms SKEWES:** I will take the precise numbers. As you know, we have put in a members of Parliament call centre facility because of the number of requests to expedite matters that are brought to local members. I can make the observation that we are getting less activity through that and we are very diligent. Hopefully you have seen some benefits of that, being able to respond to those calls as they come in or those requests. Some are written requests from members' offices. We have seen more recently in the last six months a reduction in the volume coming through that. But I obviously do not have those numbers with me today.

**The Hon. JOHN GRAHAM:** I want to ask about a couple of specifics but they have been reasonably high profile. One of those was about the social housing tenants in South Coogee who have all experienced widespread mould through several floors of a unit block. Can you give us an update on that situation?

**Ms SKEWES:** Yes. I personally visited the Jensen Place, South Coogee, properties and saw all of the urgent work at Jensen Place, South Coogee, has been completed. That was particularly to one of the units that was profiled in some of that recent coverage. There has been progressive work completed in the balance of those units and all work has been scoped. One of the things that you would understand, particularly with the age and condition of those properties, if you are aware, and that is a very big complex in South Coogee, is that the ventilation issues in those units is a critical issue. We are looking at external ventilation and that work, particularly on the remainder of those units, will take a little longer. But we hope that will be done over the course of September.

**The Hon. JOHN GRAHAM:** What is the projected completion date for that work? Do you say the end of September this year?

**Ms SKEWES:** Absolutely. We have gone into those units and done additional work. Having the opportunity to go into some of those bathrooms and particularly some of the amenities, we have done repair work, we have replaced ceilings, we have done more tiling, we have improved the waterproofing membranes in a number of those properties.

**The Hon. JOHN GRAHAM:** You have answered my question. I want to ask about one other individual case and I do not know the circumstances with this but I understand it has been reported publicly. A social housing tenant suffering from cancer and living in Gateshead reported kitchen cabinetry falling apart, sewage overflowing in the rear yard and having trouble getting the house repaired. Can you give us any information on that?

**Ms SKEWES:** I don't think I have the Gateshead one with me. One of the things we do is encourage very strongly our residents to report maintenance. In recent weeks there has been the launch of an app that facilitates that process. With the myHouse app, which tenants now have on their mobile phones, they can directly access maintenance by either logging an e-repair request or indeed picking up that app and calling that number.

**The Hon. JOHN GRAHAM:** Thank you. I think my colleague has a couple of questions.

**The Hon. MICK VEITCH:** I understand that there has been an assessment over the last couple years around asbestos in our public housing stock. Is that correct?

**Ms SKEWES:** We maintain an asbestos register. Given the ageing condition of a properties it is a very high priority for us.

**The Hon. MICK VEITCH:** So there is a program of replacement, removal or securing?

**Ms SKEWES:** Absolutely, a process of managing the asbestos in our properties. We have taken that very seriously. We have had an ongoing program around asbestos management. We obviously take a risk-based approach, so we assume properties built prior to 1988 will have some level of asbestos in them. We work closely with our Communities and Justice colleagues who give a lot of information to tenants and advisories to tenants around how to look after those properties when they are living in them and to be mindful of reporting any damage to properties directly to the maintenance contract line. We maintain a register. We work closely with SafeWork. We also ensure that our contractors have the very best procedures in terms of subbies attending those properties—there is always a reference to an asbestos property in our systems that we work from—and that those subbies are mindful and appropriately qualified and trained in terms of asbestos management.

**The Hon. MICK VEITCH:** We have run out of time. However, I will flag that I am going to put some questions on notice around loose-fill asbestos in our housing stock.

**Mr BETTS:** Can I just confirm that the Natural Resources Commission has told me it is currently putting the report on its website. You can spend the rest of Friday night reading the report.

**The CHAIR:** I will just come back to some questions—I think it was Ms Frame or Ms Skewes, I am not too sure—talking about Strong Family, Strong Communities.

**Ms FRAME:** That is right, yes.

**The CHAIR:** I went away and did a bit of reading. One of the documents talked about more opportunities in employment and education support. Can you delve a bit below the marketing spin and give a few details in terms of what that looks like on the ground in those communities? What does that education support and employment support look like in reality?

**Ms FRAME:** I can get you more specific information on notice. There are definitely housing-related apprenticeships associated with that program. Also, in its procurement programs the Aboriginal Housing Office well exceeds the target for Aboriginal procurement and involves an enormous number of Aboriginal providers in regional and rural areas in the procurement of its maintenance services. Specifically with Strong Family, Strong Communities there are apprenticeships involved in its program there. It is working very specifically with

Aboriginal community housing providers to assist them with registration and with them building their capacity and their own employment opportunities through Aboriginal cultural heritage bodies and being able to increase their stock and, in turn, employ more Aboriginal people in the area. I can certainly get you more specific information about programs. You are asking about employment exclusively?

**The CHAIR:** And education. Are they looking to have greater partnerships with local schools in this process or is that not part of that purview?

**Ms FRAME:** There is certainly support provided to university students as well for university accommodation for Aboriginal students studying. I can get you an exact number for that on notice.

**The CHAIR:** Thank you for that. At the start of this year there was a University of Sydney study released on informal housing. Some of the statistics they cited were that over 14 per cent of households in Sydney spend 30 per cent or more of their income on rent. It says this is compounded by loss of traditional low-cost rentals and that 271,000 low-income households experience rental stress. There is a general consensus that there is an increase in what they call "informal housing" such as couch surfing and so-called illegal granny flats in people's backyards. Are you familiar with that study?

**Ms FRAME:** Not that study specifically, no.

**The CHAIR:** You might have to take it on notice; I was going to ask for a response in terms of whether you guys have actually seen it and whether you provided any informational briefings to the Minister about informal housing in Sydney.

**Ms FRAME:** Not that I am aware of. We will take it on notice and see if any information has been provided.

**The Hon. EMMA HURST:** The Ingleside precinct proposes to provide approximately 3,400 homes that will be built. As part of this, Northern Beaches Envirolink made a submission that said that over 30 threatened animal species inhabit the bushland within the planning area and that the draft strategy failed to provide an adequate east-west thoroughfare south of Mona Vale Road. The strategy proposes a cul-de-sac deathtrap for animals entering this corridor from the eastern side. Unless the median density proposal along Waratah Road is withdrawn and replaced with restored native vegetation a nasty scenario with high animal roadkill will likely arise. I am wondering if any of you are able to tell me if the draft strategy has been reviewed with consideration of this or if the final plans will actually provide wildlife corridors for this particular project?

**Ms FRAME:** That is a matter for the Planning portfolio. Are you talking about a Planning proposal there?

**The Hon. EMMA HURST:** Yes.

**Ms FRAME:** That is not something that is within the remit of any of the agencies here. Certainly you could direct questions to the Minister for Planning and Public Spaces.

**The Hon. EMMA HURST:** Not a problem. It has also been reported in the last few weeks that homelessness in New South Wales has reached a crisis point. Following a City Of Sydney street count that found the use of temporary accommodation has risen by 16.8 per cent in the past year, Sydney Lord Mayor Clover Moore has called on the State Government to urgently fund more social and affordable housing solutions. I know the Housing portfolio is not responsible for social housing but I am hoping to get a little bit more information in regards to affordable housing. Can you give me a response to these new statistics and advise what the Government is doing to urgently improve affordability of housing in the City of Sydney for low income earners specifically?

**Ms FRAME:** Ms Skewes can provide you with more detail about what the Land and Housing Corporation is specifically doing around the provision of social and affordable housing. Your question relates to the City of Sydney or the whole Sydney area?

**The Hon. EMMA HURST:** The City of Sydney, because of the statistics.

**Ms SKEWES:** Thank you for your question. As Ms Frame has indicated, the policy for homelessness and for the broader social housing system sits with the Department of Communities and Justice. However, I can give you some details around the City of Sydney and certainly some latest information. As at the 2016-17 census there were 7,802 households renting social housing in the City of Sydney comprising 8 per cent of all households in the City of Sydney itself. That compares with about 4.6 per cent for Greater Sydney as a whole.

Since 2016 the New South Wales Government has invested nearly \$60 million in new social homes in the City of Sydney—that is work that has been undertaken by the Land and Housing Corporation—specifically delivering around 180 new fit-for-purpose social housing dwellings. The location of those dwellings has been a

very innovative women's housing project particularly targeted at older women in Woolloomooloo. We have also recently completed the Glebe housing project. Those are two very innovative initiatives in the City of Sydney. As you are also aware we have a plan in place for the redevelopment of the Waterloo public housing estate. That is a piece of work that is going through a community consultation and planning process at the moment.

We have also got a site in Redfern which is the first mixed tenure build-to-rent project in Redfern, on land owned by the Land and Housing Corporation in Elizabeth Street. In addition to all of that, you may be aware of the Communities and Justice Social and Affordable Housing Fund. That is also delivering around 233 new social and affordable homes in the Sydney local government area. More than \$37 million is being spent on specialist homelessness services in and around the city. Just that brief summary indicates that there is a strong focus by the Government, certainly through the social housing system, on supporting social and affordable housing in the inner city.

**Ms CATE FAEHRMANN:** Does the department play a role in the Waterloo estate redevelopment?

**Ms SKEWES:** [No verbal response.]

**Ms CATE FAEHRMANN:** Okay. Have there been any changes to the way the Land and Housing Corporation is handling, maintenance, repairs, upgrades and works in the public housing properties that fall within the Waterloo estate redevelopment since it was announced?

**Ms SKEWES:** No. I do not believe there has been any change. In fact, we have kept a very strong regime of maintenance of public housing in that estate. Indeed, my team reported to me only this week that it has certainly received very favourable reports around maintenance, reported maintenance and maintenance being undertaken in that estate.

**Ms CATE FAEHRMANN:** Does "maintenance" include upgrade requests?

**Ms SKEWES:** Yes, absolutely. So when residents call in and want urgent priority and other maintenance work done, we call that responsive. So they are ringing in to say, "I would like something fixed or something done" or "I have got an urgent issue that needs to be attended to" or indeed, the works that we put on our planned program. You will know in Redfern, in particular, in the inner city area we have been doing a lot work around re-roofing, particularly of the older walk-up units because many of those suffer the damp and the mould and those sorts of issues because of water inundation and other issues around ventilation. We have kept a strong program. Recently we have spent a lot of money at the Northcott complex—if you know that. We have upgraded security. We have recently spent significant amounts of money on window upgrades in that complex to support both the amenity for residents and to protect the integrity of that structure. We have continued a very active maintenance program both in terms of responding to tenants' urgent and priority works, as well as actually having a planned program.

**Ms CATE FAEHRMANN:** What percentage of housing in the Waterloo redevelopment project will be specifically for Aboriginal people?

**Ms SKEWES:** The Waterloo redevelopment project is still in a planning phase. In January this year we released a preferred master plan. We are still completing very detailed planning studies around that estate. We have not yet lodged that with the department for consideration as a rezoning and a planning proposal. We have commenced some work in recent months looking at, particularly, the needs of Aboriginal families in and around that estate. We are very mindful of having a program and a process where we can consult closely with the Aboriginal community around housing needs as part of finalising that plan to lodge for the rezoning of the estate. There is a lot of work in progress to consider the sorts of housing needs of the Aboriginal community in and around Waterloo, and that work is on foot now.

**Ms CATE FAEHRMANN:** What has come out of the work you have just talked about in terms of the percentage that is needed? Surely you have been doing that work?

**Ms SKEWES:** I do not have any figures on percentage. But I know the feedback we have been getting is obviously the need to have accommodation that meets larger family types—extended families arrangements—and that will be part of the work that we are doing with this Aboriginal consultation program we have currently underway. I do not have statistics on just that component but I am very happy to consider that as a question on notice and to look at whether we are able to be specific about that proportion of housing which would be for Aboriginal families.

**Ms CATE FAEHRMANN:** Will you be meeting the demand that is there?

**Ms SKEWES:** I will take the question on notice because one of the aspects of Waterloo is that we are looking at a very comprehensive human services plan for Waterloo. We are looking at community facilities and

infrastructure and part of that will be informed by the Aboriginal consultation program, both around housing needs as well as social support needs. I would expect that subject to the work that we do with the rezoning proposition, that we should be able to provide certainly more opportunities for Aboriginal specific housing than currently exist in Waterloo presently.

**Ms CATE FAEHRMANN:** Has the Land and Housing Corporation taken any legal action in relation to breaches of any part of the contracts with either Spotless or Broadspectrum since December 2015?

**Ms SKEWES:** Would you repeat that please?

**Ms CATE FAEHRMANN:** I understand that there have been issues with Spotless and Broadspectrum. Has any legal action been taken in relation to breaches of any part of contracts with those two companies since December 2015? Are you aware of what I am talking about?

**Ms SKEWES:** You have a very specific question and, given it is of a legal nature, I might take that on notice.

**Ms CATE FAEHRMANN:** How does the Land and Housing Corporation calculate the costs incurred by defending itself against claims brought by public and social housing tenants through the NSW Civil and Administrative Tribunal?

**Ms SKEWES:** I am trying to understand the first part of your question. I am happy to take the question on notice.

**Ms CATE FAEHRMANN:** Yes, I will put the remainder of my questions on notice.

**The CHAIR:** I will now throw to the Hon. Trevor Khan for government questions.

**The Hon. MICK VEITCH:** He has questions about Tamworth water.

**The Hon. TREVOR KHAN:** I do.

**The Hon. CATHERINE CUSACK:** All our questions will be on notice.

**(The witnesses withdrew.)**

**The Committee proceeded to deliberate.**