

PORTFOLIO COMMITTEE NO. 4 - REGIONAL NEW SOUTH WALES, WATER AND AGRICULTURE

Friday, 5 November 2021

Examination of proposed expenditure for the portfolio area

WATER, PROPERTY AND HOUSING

CORRECTED

The Committee met at 14:00

MEMBERS

The Hon. Mark Banasiak (Chair)
Ms Cate Faehrmann
The Hon. Emma Hurst (Deputy Chair)
The Hon. Rose Jackson
The Hon. Daniel Mookhey
The Hon. Peter Poulos
Mr David Shoebridge
The Hon. Martin Taylor
The Hon. Mick Veitch

MEMBERS PRESENT VIA VIDEOCONFERENCE

Mr Justin Field
The Hon. Mark Latham

PRESENT

Mrs Melinda Pavey, *Minister for Water, Property and Housing*

* Please note:

[inaudible] is used when audio words cannot be deciphered
[audio malfunction] is used when words are lost due to a technical malfunction
[disorder] is used when members or witnesses speak over one another

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

The CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2021-2022. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to Elders past, present and emerging of the Eora nation and extend that respect to other Aboriginals present. I welcome Melinda Pavey, the Minister for Water, Property and Housing and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Water, Property and Housing.

Before we commence I would like to make some brief comments about the procedures for today's hearing. Today's proceedings are being broadcast live from the department's website and a transcript will be placed on the Committee's website once it becomes available. In accordance with the broadcasting guidelines, media representatives are reminded that they must take responsibility for what they publish about the Committee's proceedings. 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 witnesses could only answer if they had more time or with certain documents to hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days. If witnesses wish to hand up documents they should do so through the Committee staff. I remind the Minister and the officers accompanying her that they are free to pass notes and the Minister can refer directly to the advisers who are seated at the table behind her.

With reference to the audibility of the hearing today, we have witnesses appearing in person and via videoconference. I ask Committee members to clearly identify to whom questions are being directed and I ask everyone appearing remotely to state their name when they begin speaking. Could everyone mute their microphones when they are not speaking. Please remember to turn your microphones to silent for the duration of the hearing. All witnesses will be sworn prior to giving evidence. I remind Minister Pavey that she does not need to be sworn as she has already sworn an oath to her office as a member of Parliament.

KIERSTEN FISHBURN, Secretary, Department of Planning, Industry and Environment, affirmed and examined
MICHAEL WRIGHT, Group Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, affirmed and examined

MELANIE HAWYES, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, before the Committee via videoconference, affirmed and examined

MICHAEL CASSEL, Chief Executive Officer, Land and Housing Corporation, Department of Planning, Industry and Environment, before the Committee via videoconference, sworn and examined

LEON WALKER, Deputy Secretary, Property and Development NSW, Department of Planning, Industry and Environment, before the Committee via videoconference, affirmed and examined

JEN HICKEY, Chief Executive Officer, Cemeteries & Crematoria NSW, before the Committee via videoconference, affirmed and examined,

ALISON McLAREN, Executive Director, Business Performance, Valuer General of NSW, before the Committee via videoconference affirmed and examined

JIM BENTLEY, Deputy Secretary, Water, Department of Planning, Industry and Environment, sworn and examined

ANDREW GEORGE, Chief Executive Officer, WaterNSW, before the Committee via videoconference, affirmed and examined

ROCH CHEROUX, Managing Director, Sydney Water, before the Committee via videoconference, sworn and examined

DARREN CLEARY, Managing Director, Hunter Water, before the Committee via videoconference, affirmed and examined

GRANT BARNES, Chief Regulatory Officer, Natural Resources Access Regulator, before the Committee via videoconference, affirmed and examined

AMANDA JONES, Chief Strategy Officer, Water, Department of Planning, Industry and Environment, before the Committee via videoconference, affirmed and examined

ANISSA LEVY, Chief Executive Officer, Water Infrastructure NSW, Department of Planning, Industry and Environment, before the Committee via videoconference, affirmed and examined

The CHAIR: Today's hearing will be conducted from 2.00 p.m. to 5.15 p.m. with the Minister and departmental witnesses, with questions from the Opposition and crossbench members only. If required, an additional 15 minutes is allocated at the end of the session for Government questions. There will be a break at 3.30 for 15 minutes in line with the changeover. The Committee secretariat will work out the technical difficulties. I will throw to the Opposition and hopefully we can sort out the technical issues.

The Hon. MICK VEITCH: Minister, my first series of questions are around the 11th Hour report into the restructure of cemeteries in which a recommendation was made to consolidate Crown cemeteries into an entity known as One Crown. Tim Scott, the author of the report, states:

The findings of this Review demonstrate significant financial value resides within the Crown sector entities, if structured and managed in a prudent manner. Once the necessary regulatory framework has been clearly established and the assets structured in a manner to ensure financial sustainability, the Government may wish to reconsider its role at that time.

Is that code for corporatising Crown cemeteries?

Mrs MELINDA PAVEY: No. I might point out that David Harley was also involved in producing the 11th Hour report.

The Hon. ROSE JACKSON: What is the reconsideration of the role then? Why does it state in the report that the Government may wish to reconsider its role? What kind of reconsideration might that be?

Mrs MELINDA PAVEY: That was for the authors of the report. It does not mean the Government does what authors of a report say.

The Hon. ROSE JACKSON: But you announced in May that you were adopting this report. That is what you said was going to be your policy.

Mrs MELINDA PAVEY: And we are still working through many of the recommendations of that report. There are still live decisions before Cabinet so I will not be able to go into full details of those considerations.

The Hon. ROSE JACKSON: Will that be different from what you announced in May?

Mrs MELINDA PAVEY: I am not at liberty to say what the Government will decide, what Cabinet will decide. It is a decision that is before Cabinet at the moment.

The Hon. ROSE JACKSON: But you made public statements in May so people are wondering where is that up to? In May the Minister said this is what is going to happen. It must be pretty embarrassing for you when the then Deputy Premier said a couple of days later, "Actually, no."

Mrs MELINDA PAVEY: This is part of the work that you do in reform. The Government is still considering the issue. I state at the outset that religion and faith of all types will always be and will continue to be at the heart of any decisions we make. I also point out that we very much respect the work of the Catholic faith in delivering and in being part of cemetery delivery for about 152 years across Sydney. That is a decision where we need to ensure the perpetual care of all Crown cemeteries across Sydney in the future, which is highlighted in the report.

The Hon. ROSE JACKSON: If you respect the role of the Catholic Church and the delivery of these services, why did you call them and give them a week's notice that the Catholic Metropolitan Cemetery Trust will no longer have that role? That does not seem very respectful.

Mrs MELINDA PAVEY: We have had conversations. As I said, this decision is now before Cabinet. We will continue to work through that and the recommendations of the 11th Hour report as we make a decision in the best interests of all those involved in the management of cemeteries across Sydney.

The Hon. ROSE JACKSON: It is November. You came out in May—you chose to come out in May and make a statement about the direction that this was heading. A couple of weeks after that the then Deputy Premier comes in and sort of suggests that it is going in a different direction. This is now months and months of uncertainty and hassle for everyone involved. When will it be resolved and why has it taken so long?

Mrs MELINDA PAVEY: Because we are committed to find a solution that gives the people of New South Wales access to affordable faith-appropriate burial services and we will continue to have ongoing consultation. As I said, this is a matter for Cabinet at the moment and, as such, I am limited to the comments and what I can participate in this conversation around it.

The Hon. MICK VEITCH: Minister, earlier in response to one of my colleague's questions you said that the faith-based organisations still have a role. Does that include a role in administration of the cemeteries trusts or—

Mrs MELINDA PAVEY: A role in the cemeteries and being able to be buried in Crown cemeteries across Sydney. As you know, Mr Veitch, in country New South Wales it is our councils that predominantly manage our cemeteries and, as you know, faith is very much a part of the delivery of those services in our country-based cemeteries. But we will continue to have conversations around this.

The Hon. ROSE JACKSON: Just to be clear, I appreciate we are not going to be able to get anything particularly firm because you are saying it is before Cabinet.

Mrs MELINDA PAVEY: That is right, Rose.

The Hon. ROSE JACKSON: But, based on what you have just said, will you guarantee today that faith-based providers will continue to have a role in the provision of cemetery services in whatever model you go forward with? Because they have been waiting months and months for some certainty. Will you at least guarantee today that they will have a role?

Mrs MELINDA PAVEY: Faith will always have a role in the delivery of cemetery and burial services across Sydney and New South Wales.

The Hon. ROSE JACKSON: How can you say that when in May you made an announcement that you were going to wind up all of the faith-based trusts into One Crown and an entirely single, secular entity? How can you say they will always have that role when you literally announced in May that they would not?

Mrs MELINDA PAVEY: As I just pointed out to your colleague the Hon. Mick Veitch, faith is still very much at the centre of all burials and cremations across New South Wales. Even when councils are providing those services, faith and religion must be at the heart of decisions and how we respect those when they are passing—across Sydney and New South Wales.

The Hon. ROSE JACKSON: I am not talking about a general role where people can come and pray if they want to—of course they can do that. I am talking about whether you will guarantee an actual or specific role in the administration of this going forward?

Mrs MELINDA PAVEY: As I have said, the matter is a matter for Cabinet to be deliberating at this time and I will always give a commitment that faith will be at the heart of how we operate and have access to our cemeteries in the future. But I am limited in what I can say on this issue because it is currently a matter for Cabinet.

The Hon. MICK VEITCH: One Crown is not a step towards corporatising the operation of cemeteries in Sydney, Minister. You said "No" before.

Mrs MELINDA PAVEY: No.

The Hon. MICK VEITCH: What about privatisation?

Mrs MELINDA PAVEY: No.

The Hon. MICK VEITCH: So the cemeteries will not be privatised. What about going down the track? If there is a change in Minister in this area can you guarantee that they still will not be privatised?

Mrs MELINDA PAVEY: I do not know what a future Labor government might do, Mick.

The Hon. ROSE JACKSON: Minister, the reason that we ask is that the person you appointed to write the 11th Hour report, Tim Scott, had previously submitted an unsolicited proposal specifically to privatise the cemeteries in New South Wales. So it is not a hypothetical question. The author of the report, previous to authoring it on your behalf, had proposed that and is now saying that the Government may wish to reconsider its role. So that is why people are worried that you are looking to corporatise and privatise.

Mrs MELINDA PAVEY: We are not.

The Hon. MICK VEITCH: Minister, there have been a couple of recent media articles around this issue, certainly around Michael West Media and another article in November by Callum Foote. Have you conducted any investigations into how some of the material found its way into those media stories?

Mrs MELINDA PAVEY: Yes, and I am going to ask Ms Fishburn to address this question because I did seek some counsel and some advice on how those articles did appear.

Ms FISHBURN: Thank you very much, Minister. Obviously, it was quite concerning to us at the department to see those articles. I have initiated a full investigation into whether any material came out of the Department of Planning, Industry and Environment. The investigation is nearly complete. It looks like there was not a leak from my own department and I will be providing advice back to the Minister once the investigation is fully concluded.

The Hon. MICK VEITCH: I guess the obvious question is the time frame for that. The report, you say, is coming to you soon. You will then provide that to the Minister for the Minister's consideration and response?

Ms FISHBURN: No, it is not a matter for the Minister. If there was an issue in my department it is a matter for me, but as a professional courtesy and as the Minister referred it to me I will obviously provide feedback to the Minister and I will take any necessary actions should they be required.

The Hon. ROSE JACKSON: Minister, it is excellent that that has happened but you heard Ms Fishburn indicate that preliminary findings, although not complete—they are almost complete—suggest that DPIE was not the source of that information, which is obviously good. Where else could it have come from? Who else had that information?

Mrs MELINDA PAVEY: I look forward to getting the report from Kiersten Fishburn to analyse what information has been publicly available and who may have had that information and we will continue to look at that issue because I am concerned when I see reports and information that have been made public. I do not like to see that; it is unfair to all stakeholders.

The Hon. ROSE JACKSON: So the Department of Premier and Cabinet [DPC] had that information, did it? It could have come from DPC?

Mrs MELINDA PAVEY: I will wait until I see Kiersten Fishburn's—

The Hon. ROSE JACKSON: Did Treasury have that information?

Ms FISHBURN: I am not speculating at this point in time, but part of what I have asked for is some advice on where the information might have gone elsewhere.

The Hon. MICK VEITCH: Your ministerial colleagues? Do you suspect it may be possible that it was any of your ministerial colleagues, Minister?

Mrs MELINDA PAVEY: No.

The Hon. ROSE JACKSON: Ms Fishburn, if there are findings or indications that that information may have come from elsewhere that was not DPIE—if that is potentially a lead in the report that you do within DPIE—will you make sure that is referred to the departments to follow up?

Ms FISHBURN: Of course.

The Hon. MICK VEITCH: Minister, your view is that it is unsatisfactory for this to have occurred.

Mrs MELINDA PAVEY: Absolutely.

The Hon. MICK VEITCH: Does it undermine the process around Cabinet giving consideration in this area?

Mrs MELINDA PAVEY: Any leak undermines any process.

The Hon. ROSE JACKSON: Let us be clear, it was a screenshot of a Cabinet [inaudible]. It was right at the heart, Minister, of the kind of information that should not be in the public domain. And I agree with you that it does make it more difficult for Cabinet to have open discussions if people are feeling as though that kind of thing is going to go on. So it is good that Ms Fishburn is looking into DPIE and that is looking positive, but if that is not where it has come from what are you going to do to make sure that your submissions to the Cabinet are not undermined in that way?

Mrs MELINDA PAVEY: I will receive the report from Ms Fishburn and at this point I will not deal with hypotheticals. But I am concerned about the leak and I do not accept them and they are not good for government process.

The Hon. ROSE JACKSON: Are you open to referring the matter to the police?

Mrs MELINDA PAVEY: I will be looking at all avenues and I am not going to deal in hypotheticals; I will look at the facts before me.

The Hon. MICK VEITCH: Minister, what was the process undertaken in choosing Lee Shearer as the administrator?

Mrs MELINDA PAVEY: She has been a former deputy commissioner of New South Wales police and has been appointed by your side of politics many times for important investigations, by John Watkins and Carl Scully. She has the respect of both sides of politics; she is greatly respected too by Anthony Roberts, who has appointed her to a number of roles. I have the highest regard for Lee Shearer; she has served our State well as a deputy commissioner and it is with those recommendations and her history of work and capacity that was the reason she was appointed.

The Hon. MICK VEITCH: There are a number of different ways of paying administrators when they are allocated across government: sometimes in plea, sometimes they are a contractor or sometimes other arrangements. What are the arrangements for remunerating Lee Shearer for this role? Do you know?

Mr WRIGHT: Ms Shearer is on a contract as administrator.

The Hon. MICK VEITCH: A contract basis, so paid in accordance with that contract?

Mr WRIGHT: That is correct.

The Hon. ROSE JACKSON: Are you aware of any potential declarations of conflict of interest in relation to Ms Shearer's role?

Mrs MELINDA PAVEY: No, I am not.

The Hon. ROSE JACKSON: Have you asked? Is there a standard process in relation to declarations of conflict of interest for administrator roles—

Mr WRIGHT: There is a standard process for declarations of conflicts of interest more generally for any contractor or employee.

The Hon. ROSE JACKSON: And Ms Shearer would have been subjected to those and there was nothing that came up as part of that that drew your attention?

Mr WRIGHT: Correct.

The Hon. ROSE JACKSON: I will ask some questions about housing now. We will move on from that one for a little bit.

Mrs MELINDA PAVEY: It is the flavour of the time.

The Hon. ROSE JACKSON: How many social housing properties were sold in 2020-21?

Mrs MELINDA PAVEY: I will take that on notice, but I did do some other research which showed the number of properties that Land and Housing Corporation [LAHC] has sold in the past three years compared to Labor for the past three years—it is 78 per cent less.

The Hon. ROSE JACKSON: That is not the question that I asked though, Minister.

Mrs MELINDA PAVEY: No, but that is the answer I am providing, Ms Jackson.

The Hon. ROSE JACKSON: Can you also provide—presumably take it on notice if you do not know—the revenue generated from the sale of social housing in 2020-21?

Mrs MELINDA PAVEY: Just in terms of context, it is really important to understand that Land and Housing was established in around 2001 by a former Labor government, with good intentions to better utilise the land and the stock we have to recycle and create opportunities. I am very proud of the work that we are doing within Land and Housing. It is Friday today. On Wednesday I was in Newcastle and inspected 70 new properties in a really important suburb in Newcastle and I signed a memorandum of understanding, our first official memorandum of understanding, with Nuatali, the mayor of Newcastle.

The Hon. ROSE JACKSON: That is great, but it has nothing to do with the revenue generated from the sale of social housing.

Mrs MELINDA PAVEY: Actually, it has everything to do with this issue. There are 5,000 properties in the Newcastle local government area that are owned by Land and Housing. We stood on a street corner where there were three fibro shacks and now there are 18 new apartments going in. That is exactly the type of conversation we need to be having.

The Hon. ROSE JACKSON: If Mr Martin or Mr Poulos wish to ask you about that later, good for them. I am asking you why the department has abandoned the social, affordable and build-to-rent project at 600-660 Elizabeth Street, Redfern, which was announced by Minister Goward when she was housing Minister as the first dedicated build-to-rent model in New South Wales and it has now been abandoned and is, in fact, 70 per cent private build for sale?

Mrs MELINDA PAVEY: Rose, that is a really good question. I will ask Mick Cassel to deal with some of the details around that and some of the challenges we have in building and renewing our housing stock in the City of Sydney.

Mr CASSEL: I can talk about the transaction and why there has been a change in direction. Originally when that project was announced the expected provision would have been around 500 homes and that would have allowed us to do a larger percentage of social homes in that regard. It would have allowed enough density there or enough mass for a properly managed build-for-rent standalone environment. Unfortunately, the planning proposal, when it moved through Gateway, has come down to round 310 apartments. In speaking to all those who expressed interest in the project in its original form at around that 450 to 500 dwellings, the interest had waned because the yield was not significant enough. That has allowed us to go back and reassess and we are in a position now where we believe the best outcome to generate most social housing on the site is through the sale of private dwellings on site.

The Hon. ROSE JACKSON: Minister, it is pretty disappointing. It has gone from 500 social, affordable, build-to-rent properties to 300 properties, 90 of which will be social housing. The only answer to that is the planning Gateway will determine whether or not we can have social and affordable housing.

Mrs MELINDA PAVEY: And the City of Sydney. I share the disappointment, Rose. I might ask Ms Fishburn to detail more of those challenges. We have a major community discussion at the moment about affordable housing and opportunity. When we have council saying no to an important uplift and important opportunities that does not work in the community's favour.

The Hon. ROSE JACKSON: I am not sure whether it is fair to blame council considering it said to you "On top of the 30 per cent social housing can we at least have 10 per cent affordable housing?" Land and Housing and your department came back and said no to that.

Mrs MELINDA PAVEY: Our plan was for 500 properties that was going to make that project viable and that was rejected. That is the basis of the issue.

The Hon. ROSE JACKSON: I appreciate that but they have come back to you and said, "Can we at least have 10 per cent affordable housing, on top of the 30 per cent social housing?" And you rejected that. I do not think the 10 per cent affordable housing is enough, but it is better than zero per cent, which seems to be your position.

Mrs MELINDA PAVEY: We have to be able to manage our stock and our agencies and how we do our future work.

The Hon. ROSE JACKSON: Ten per cent affordable housing—not even social housing—is too much for you?

Mrs MELINDA PAVEY: That is why we are getting on with the job and in regional New South Wales we are going to have 312 new properties coming on line in the next financial year because we have councils and communities that want the housing and these opportunities, whether it be in Newcastle, Maitland where I was on Wednesday, Kempsey, Wauchope, Talarm, Tweed Heads. We are getting on with the job but it is difficult to create a model that gives us the ability to provide the amount of housing that we want. We wanted to do 500.

The Hon. ROSE JACKSON: This is in the middle of the city. This is in the middle of Redfern. The value that you are going to get from the private build-to-sell on those apartments is massive. You know that. This is going to be a very sweet little earner—hundreds of properties coming on line in Redfern and you could not even say yes to 10 per cent affordable housing.

Mrs MELINDA PAVEY: What we want to do is to be able to manage our investments and get the support of the projects that we put forward.

The Hon. EMMA HURST: Minister, you recently announced an additional \$183 million dedicated to fast-track more than 1,400 new social and affordable homes in New South Wales. Given the ongoing issues that we have seen with people experiencing homelessness and struggling to find accommodation that is companion animal friendly, has your office ensured that these properties are designed to be companion animal friendly?

Mrs MELINDA PAVEY: It is a really great question. Whilst there have been some changes at a State level through planning allowing companion animals, a lot of tenants within social housing have pets. To be fair, Emma, some of those tenants and some of those bigger dogs and animals prove to be very challenging in the maintenance of our budgets and those types of issues. As you know, I am an animal lover, a dog lover, and so I believe that companion animals play a very big part in the wellbeing of people and that is the ability—

The Hon. EMMA HURST: I think there is a bigger issue here, Minister. We have held quite a few roundtables with domestic violence organisations and various other groups. The fact is that a lot of people will remain either in dangerous situations or homeless if they cannot take their animals with them.

Mrs MELINDA PAVEY: Ms Fishburn has some important issues.

Ms FISHBURN: I just wanted to add something to that, with your permission Minister. In another part of the portfolio of the department we have responsibility for the Companion Animals Act, as I am sure you are aware. This matter has been raised at the Responsible Pet Ownership Group, more broadly as a discussion about pets in apartments and looking at both strata controls and what planning controls in the council development control plans [DCPs] should be put into place. Some councils have actually done some quite positive work on that and those DCPs would obviously directly impact into Minister's Pavey's portfolio as well. I think you raise a very good point and, with the Minister's permission, I am happy to bring this up at the Responsible Pet Ownership Group as a topic for it to consider because, of course, there are challenges. But that is the right mechanism through government to have those types of discussions. Minister, if you are satisfied—

Mrs MELINDA PAVEY: Yes, absolutely. I think Mr Cassel has something to add as well in relation to some of the tenancy issues within Land and Housing.

Mr CASSEL: I should be really clear, thank you Minister. The management of the tenants is controlled by the Department of Communities and Justice. Land and Housing Corporation looks after the assets. Tenancy rules and the keeping of animals, et cetera, not only comes under the legislation but also is managed by them. I think the question of how many pets a tenant can have, et cetera, should be referred to the Department of Communities and Justice. On the design of the properties, our properties comply with all the latest design standards. We do take into account making sure that there is sufficient outdoor space and the properties are properly designed.

The Hon. EMMA HURST: Thank you. Further to that, I guess that is actually the crux of the question. At the roundtables that I have been having, every service group is saying that any kind of new housing that is being built needs to be designed to be animal friendly because this is an ongoing issue. It is not so much how

many pets people can have; that is not the issue. The issue is that people remain in dangerous situations or they remain homeless if they cannot take the animals with them. So when you say that the design standards are all being met, does that include the idea that the actual property would be animal friendly?

Mr CASSEL: I cannot speak to what has been said at the roundtables because I have not—

The Hon. EMMA HURST: No, sorry, the only thing that came out of the roundtables was that the organisations in this space are calling for that, to make sure that changes are put into place. So my question to you is: Are the design standards inclusive of that?

Mr CASSEL: I do not know specifically what they are referring to. All I can do is take that question on notice and be able to respond when I talk to the design teams around what that criteria is and [inaudible].

The Hon. EMMA HURST: Thank you. That question on notice would be: Do the design standards actually consider developing the property to be animal friendly? Thank you for taking that on notice. Minister, you recently announced a 30-kilometre exclusion fence in south-west New South Wales to stop wild pigs entering local farmland. Are you aware that RSPCA Australia has raised significant animal welfare concerns with exclusion fencing, including the fact that it can cause native animals injury, distress and prolong death through starvation first or exposure?

Mrs MELINDA PAVEY: Where was that fencing, Emma?

The Hon. EMMA HURST: It came off a press release from you—Dareton. Have I pronounced that correctly?

Mrs MELINDA PAVEY: Yes, you have. Dareton, yes.

The Hon. EMMA HURST: A 30-kilometre fence.

Mrs MELINDA PAVEY: Is that Crown Lands?

Ms HAWYES: Yes, Minister.

Mrs MELINDA PAVEY: This is our deputy secretary for Crown Lands, Mel Hawyes.

Ms HAWYES: The question was: Am I aware of RSPCA concerns about exclusion fencing generally?

The Hon. EMMA HURST: Yes, there are significant animal welfare concerns, and whether the views of experts were taken into account in determining the building of this fence.

Ms HAWYES: I will need to take on notice how the design specs were put together, but we exercise best practice. As you would appreciate, as a public land management agency we have responsibilities that include the management of feral animals and various landholder interests. I will take on notice and get to you the design specs and I would be happy if you refer your contact in the RSPCA to me to have a discussion.

The Hon. EMMA HURST: Thank you.

The CHAIR: Minister, just picking up on some of your comments in questioning from the Opposition, you mentioned Lee Shearer and that she was appointed roles under Labor. Can you on notice tell us what roles she was appointed to during that time? It is my understanding she was not appointed to any roles once she left the Cops.

Mrs MELINDA PAVEY: She was in a role then, was she not?

The CHAIR: Can you can clarify whether she was an assistant commissioner or a deputy commissioner?

Mrs MELINDA PAVEY: I thought it was deputy commissioner. I was told deputy commissioner. Actually, I do not even have to take it on notice, I have that information somewhere here. In 2005 she was the lead legal response for the Cronulla riots, appointed by Carl Scully. In 2005-06 she was the lead legal response for the Dianne Brimble death on the P&O cruise ship, appointed by Carl Scully and John Watkins. In 2005-06 she was the lead legal negotiations for the New South Wales police WorkCover investigation of the Redfern riots, appointed by Carl Scully and John Watkins. In 2008, Newcastle licensing intervention, appointed by David Campbell and Tony Kelly; review of development of a new use for a public school in Newcastle, by Jodi McKay. In 2012-13, reviews into Fair Trading, by Anthony Roberts; set-up as Resources Regulator under Anthony Roberts—I think you worked with her then, did you not, Mr Cassel? In 2017-19, Coordinator General, Central Coast, and Resources Regulator; the architect of the State environmental planning policy [SEPP] for the development of Aboriginal lands, under Anthony Roberts. She reviewed the riots at Frank Baxter Juvenile Justice Centre for Gareth Ward in 2019, and in 2020 she was appointed Recovery Coordinator for Wamberal by the Premier and the Minister for Police and Emergency Services.

The CHAIR: Okay, so her current role now with Crown Cemeteries, does that include clearing out the deadwood in CEOs? Because my understanding is they have lost four CEOs in 12 months. So there seems to be a bit of a toxic culture developing there where four CEOs—and I do not particularly wish to name them—have either been sacked or resigned.

Mrs MELINDA PAVEY: I think we would need to take that question on notice to establish the accuracy of that claim. In relation to the work that she is doing, essentially there were four boards that have been replaced by her administration. So that is going some way—

The CHAIR: That may be what it is.

Mrs MELINDA PAVEY: That is a very different thing and you have been told and briefed on, Mr Banasiak.

The CHAIR: I will allow you to take it on notice. I will move on. Through you, I might refer this to Ms Hawyes. This is a question that was taken on notice regarding the Yarrie Lake Flora and Fauna Trust. I asked some questions about why financials had not been presented in the past 10 years or longer. Ms Hawyes, in your response you said that Yarrie Lake Flora and Fauna Trust last presented financial statements in the year 2010-11 and the department is currently working with the land manager to meet its financial reporting requirements for 2019-20. Am I right in assuming from that statement that the department is essentially writing off the financials from 2012 to 2018 and any impropriety that may or may not have occurred during that period?

Ms HAWYES: No, not at all. What I will say is that a number of our community Crown land managers are volunteers and we have been progressively working with them for some time now to develop their capacity to provide annual returns on the contemporary kinds of standards. We have annual returns for the 2017-18 financial years from Yarrie and we are working with them on the current annual return, which is expected imminently. So since we spoke last time there has been some progress in improving the capacity of this particular Crown land manager to provide annual reports.

The CHAIR: One part of the other question was that the current board term expired on 22 September this year. Has a new board been elected and with that new board what oversight are you placing over that board to make sure that we do not get into the situation where we have 10 years' worth of financial reporting not happening?

Ms HAWYES: As I said before, some of those standards and requirements are fairly recent and we are working with volunteer-based community boards, some of which are very small and provide their time, along with aspects of a busy life, on a voluntary basis to provide this important function to report those. The board expired in September, as you are aware, and the new board has yet to be formally appointed.

The CHAIR: When will it be formally appointed, do you know? Do you have a rough date?

Ms HAWYES: I cannot really give a specific date here.

The CHAIR: Okay, sure.

Ms HAWYES: It is under assessment at the moment.

The CHAIR: Okay, thank you.

Mrs MELINDA PAVEY: That is around Narrabri, is it not?

Ms HAWYES: Yes.

The CHAIR: Minister, I might just quickly turn to Matrix Constructions. You are familiar with the situation that is happening there with Matrix Constructions; it has a contract to build some housing for Land and Housing Corporation in Wagga and it has not been paying its subcontractors.

Mrs MELINDA PAVEY: Yes, I have been briefed but I will go to Mick Cassel or to Kiersten Fishburn to go into more details about that.

Ms FISHBURN: No, I would have to ask Mr Cassel.

The CHAIR: Minister, I might just direct my questions through you, but feel free to jump in.

Mrs MELINDA PAVEY: Thank you.

The CHAIR: Mr Cassel, why has Land and Housing Corporation continued to pay Matrix when you have been advised that subcontractors are not being paid?

Mr CASSEL: Thank you. First of all, I want to say we are in the process of terminating the contract with the organisation for a breach of contract with us. There are a whole series of steps that we need to go through in assessing claims from a contractor and paying them, and that includes the Security of Payment Act. I believe in this case, though, the police are investigating. Because of that investigation I wish to leave any further comment until that investigation is completed.

The CHAIR: I might ask some follow-up question afterwards.

Mr DAVID SHOEBRIDGE: Minister, it is nice to see you.

Mrs MELINDA PAVEY: You too, as always.

Mr DAVID SHOEBRIDGE: We miss you in the upper House.

Mrs MELINDA PAVEY: I do not miss you.

The Hon. TAYLOR MARTIN: He is going; don't worry.

Mr DAVID SHOEBRIDGE: Are you still committed to the recommendations set out in the 11th Hour report?

Mrs MELINDA PAVEY: I am committed to finding a way forward with other members of my Government to ensure that we deal with the issue of perpetual funding, as well as future supply of cemeteries across Sydney.

Mr DAVID SHOEBRIDGE: The New South Wales Government has already approved, I think, the 42 recommendations in that report. Is that still the current status?

Mrs MELINDA PAVEY: As you know—and I listened to your questions to my ministerial colleague Minister Tudehope—it is currently a matter for Cabinet. Due to that we are, as I said, committed to reform and security for burials and crematorium space in Sydney in the future. It is certainly a challenge that our Government is dealing with and it will involve the views of all faiths in that process.

Mr DAVID SHOEBRIDGE: Do you join the Premier in making a commitment that any reform in this space will only be in accordance with ICAC's direct dealing guidelines?

Mrs MELINDA PAVEY: Absolutely.

Mr DAVID SHOEBRIDGE: Is it true that one of the proposals currently being considered by the Government is not consistent with ICAC direct dealing guidelines and, in fact, your department has provided you that advice?

Mrs MELINDA PAVEY: I am going to also add, having read the evidence from Wednesday—and this is the only detail I am prepared to go into—despite the claims that it was Minister Tudehope who brought forward that proposal to Cabinet, in fact, any proposal being put forward to Cabinet on this subject has been put forward by me as the responsible Minister. But I will limit my contribution to that to also point out that it is before Cabinet so, therefore, I am limited in what I can discuss. But I join the Premier in affirming and reaffirming that we will not do anything that goes outside our direct dealing guidelines and the rules established through DPC and within ICAC guidelines.

Mr DAVID SHOEBRIDGE: Minister, have you met with the Catholic Metropolitan Cemeteries Trust or the Catholic Cemeteries Board?

Mrs MELINDA PAVEY: I have over time and I am prepared on notice to provide you with the details of the meeting times over the past 2½ years. I will take that on notice.

Mr DAVID SHOEBRIDGE: I appreciate that, Minister. When was the last time you met with the Catholic Cemeteries Board?

Mrs MELINDA PAVEY: It would be four to five months ago, I think. I do not have a date in front of me but I will provide that on notice.

Mr DAVID SHOEBRIDGE: Mr Wright, are you able to indicate which, if any, of the 42 recommendations that were adopted by the Government in the 11th Hour report have been implemented?

Mr WRIGHT: In terms of what might happen with the Crown Cemeteries sector consolidation, as the Minister has indicated, that is a matter before Cabinet.

Mr DAVID SHOEBRIDGE: I am not asking about the future. I am asking you now: How many of the 42 recommendations have been implemented?

Mr WRIGHT: I will take that on notice.

Mr DAVID SHOEBRIDGE: Which of the 42 recommendations have been implemented?

Mr WRIGHT: I will also take that on notice.

Mr DAVID SHOEBRIDGE: Minister, do you stand by the conclusion in the 11th Hour report that sustainable reform in the sector requires immediate action in three key areas being: consolidation of the Crown sector operators; the acquisition of land for new cemeteries; and the strengthening of the industry regulator? Do you stand by that fundamental conclusion in the 11th Hour report?

Mrs MELINDA PAVEY: I think they are important principles that we should be looking towards in the future. We will continue to work with those recommendations, also acknowledging the work of the faith sector. I will highlight the work of the Catholic Church over the past 152 or so years in Sydney. It has been very much involved in burials at Liverpool and at Rookwood necropolis. It has been a very big part of how the cemeteries have run across this city. We have consolidated four of those trusts currently which is under the administration of Lee Shearer. We have seen significant savings already by that consolidation and it is a continuation of the reform that was started in 2014 by this Government. There were many trusts. What we are doing with those four trusts coming together is being able to see more clearly perpetual liabilities that may be there but also the opportunities for streamlining and working with each other. But it is an important decision that we are making and it is before Cabinet at this time.

Mr DAVID SHOEBRIDGE: Do you accept it would be a breach of the Ministerial Code of Conduct to seek to progress a proposal that was unlawful?

Mrs MELINDA PAVEY: Clearly I will be following the advice from DPC, our direct dealing guidelines, and we will continue to have conversations within government and we will do the right thing in ensuring that we have space for the future as well as the ability to manage the cemeteries across Sydney and the Sydney Basin.

Mr DAVID SHOEBRIDGE: Could you answer my question? Do you accept that it is a breach of the Ministerial Code of Conduct to direct officials to work on or advance a project that is unlawful? Do you accept that is a breach of the Ministerial Code of Conduct?

Mrs MELINDA PAVEY: I will not be breaching any codes in the fulfilment of my work in this important space.

The Hon. DANIEL MOOKHEY: Ms Fishburn, I congratulate you on your appointment as secretary. I especially thank all the agencies present for the work that they have done in the past 16 weeks.

Ms FISHBURN: Thank you.

The Hon. DANIEL MOOKHEY: Minister, do you have confidence in David Parker as Valuer General?

Mrs MELINDA PAVEY: Thank you, Mr Mookhey, for your question. As you know, the Valuer General is an independent statutory officer within the New South Wales Government. You probably have been involved in and have seen more information about the role because of some of the issues that you have raised in your position on the joint standing committee.

The Hon. DANIEL MOOKHEY: Former position, but yes.

Mrs MELINDA PAVEY: No, I think it is really important to acknowledge that you have also had an important responsibility—

The Hon. DANIEL MOOKHEY: Had, Minister, for that one month that I had to serve on that committee. You are dead right, Minister; I do have an important responsibility. But as the Minister, you do too. I cannot but help note that you so far have declined to express your confidence in David Parker as Valuer General. Just to be fair to you, and to be fair to him, I ask again: Do you have confidence in David Parker as Valuer General?

Mrs MELINDA PAVEY: From the feedback I am getting from industry and from other parts of New South Wales there is strong confidence in the work that he is doing but there have been some challenges. I will ask Michael Wright to address some of those challenges.

The Hon. DANIEL MOOKHEY: We will get to Mr Wright, I have no doubt, and I will ask Mr Wright some questions soon. Again Minister, I just cannot but help notice that you decline to express your confidence in him. The reason I am asking you is that he came before a parliamentary inquiry and said to us that he had a meeting

with you in which you expressed to him directly your confidence in him. Did you have a meeting with the Valuer General in which you expressed your confidence in him?

Mrs MELINDA PAVEY: I had a phone conversation with him when we discussed some of the challenges and I said that we needed to ensure that his good work from the office continues and that our staff feel valued, protected and supported. I was told there were some management processes in place, which I will have Michael Wright address.

The Hon. DANIEL MOOKHEY: We will get to them.

Mrs MELINDA PAVEY: But it is important to understand he is an independent statutory officer and a lot of the work, important work and good work, I might add, that you did on that committee was ensuring that we were not interfering in an independent statutory officer role. I can guarantee that we have not interfered and will not interfere. This is a management issue and the staff and the welfare of staff is the responsibility of the officials beside me here today and we will continue to work through that. There have been some challenging moments, there is no doubt, and there are some very good people working through those issues and I would like to refer to them to explain some of those issues.

The Hon. DANIEL MOOKHEY: I will get to them in a very short time, Minister. I have not got too many questions for you at this point in time on this specific issue because, as you rightly say, perhaps the evidence needs to come from the department officials and not necessarily the Minister. But this was evidence that the Valuer General provided directly to Parliament about a conversation that he had directly with you, for which you are the only person who can validate it. I cannot but help notice that there is a discrepancy in your account and his account because—

Mrs MELINDA PAVEY: No. I just agreed with you that I did speak with him.

The Hon. DANIEL MOOKHEY: Let me finish. He was very, very clear that you had expressed your confidence in him directly. The way you just described it was that you raised some concerns to do with his performance in respect to the office. Are you confident that the Valuer General at all times has treated all his staff with the adequate levels of respect that you would expect from what, as you described it, an independent statutory officer?

Mrs MELINDA PAVEY: And I am not involved in the management of staff on a day-to-day basis so I am not at liberty or able to give an assessment on that question.

The Hon. DANIEL MOOKHEY: I accept that, Minister. Can I now then turn to perhaps Ms Fishburn before we get to Mr Wright? Ms Fishburn, or Mr Wright—whoever knows this information—how many full-time equivalents [FTEs] are there at the Valuer General's office that are directly employed by the department?

Mr WRIGHT: I think it is about 120, but I can take that on notice and give you a more exact answer.

The Hon. DANIEL MOOKHEY: That accords with what he told us, so I presume that is correct, therefore, that it is 120. As I understand it, there are eight others who are not directly employed, or thereabouts. Is that fair?

Mr WRIGHT: We employ contractors; is that what you mean?

The Hon. DANIEL MOOKHEY: Perhaps on notice can you provide us with a full headcount as to how many people are working at the Valuer General's office—

Mr WRIGHT: I am happy to take that on notice.

The Hon. DANIEL MOOKHEY: —and how many of them are directly employed by the department and how many are directly employed under whatever arrangement?

Mr WRIGHT: Yes.

The Hon. DANIEL MOOKHEY: Ms Fishburn, has the department received any complaints from staff in relation to the Valuer General?

Ms FISHBURN: I can confirm that there are a number of investigations underway in relation to matters concerning staff and the Valuer General. These matters, as you know, have been the subject of both public and in-camera hearings by the Joint Standing Committee on the Office of the Valuer General. The joint standing committee has the role to provide oversight in these matters and its role is ongoing. The committee has been provided with significant material by both the Valuer General and the department and it is the department's intention to provide the committee with the outcome of the current investigations—

The Hon. DANIEL MOOKHEY: Thank you, but, Ms Fishburn—

Ms FISHBURN: —noting that it would not be appropriate for me to discuss it further.

The Hon. DANIEL MOOKHEY: Ms Fishburn, I accept that you think it is not appropriate to discuss it further, but you are the employer of these people and therefore you are here because this does not involve the operation of the Valuer General under the Act; it involves the treatment of the staff that you employ as well, and this is a budget estimates hearing. How many complaints have you received?

Ms FISHBURN: I would have to take on notice the number.

The Hon. DANIEL MOOKHEY: Over what period have you received complaints?

Ms FISHBURN: I would have to take that on notice.

The Hon. DANIEL MOOKHEY: What is the nature of the complaints?

Ms FISHBURN: I would have to take that on notice.

Mrs MELINDA PAVEY: Just acknowledging Ms Fishburn has been four days in the role.

The Hon. DANIEL MOOKHEY: Okay. Mr Wright, do you have this information?

Mr WRIGHT: I do not have this information at hand. We can take it on notice.

The Hon. DANIEL MOOKHEY: Does anyone here who is on the panel have any of this information?

Mr WRIGHT: No.

The Hon. DANIEL MOOKHEY: How do you know, Mr Wright?

Mr WRIGHT: Because I am aware of the witnesses and what information they have.

The Hon. DANIEL MOOKHEY: So you are honestly telling me coming here that no-one from the department knows how many of your own staff have put complaints in about the Valuer General? We are seriously having that as the evidence that has been put to us today.

Mr WRIGHT: I said I would take on notice the number of complaints we have received. I do not have the figure in front of me.

The Hon. DANIEL MOOKHEY: What about the nature of the complaints? Let us be honest; the Valuer General has been far more candid about what the view of the department's staff is. What is the nature of the complaints that have been received from your staff about the Valuer General?

Mr WRIGHT: All I would say is that the staff have raised complaints about their wellbeing and, as the secretary has indicated, there is an investigation into the nature of those concerns and we will await the conclusion of that report.

The Hon. DANIEL MOOKHEY: Who is doing the investigation?

Ms FISHBURN: The investigation is being undertaken by an independent investigator.

The Hon. DANIEL MOOKHEY: Who?

Ms FISHBURN: I would have to take that on notice, but I am happy to get the information for you.

The Hon. DANIEL MOOKHEY: Mr Wright, who is doing the investigation?

Mr WRIGHT: An independent investigator, as the secretary has indicated. I will take it on notice and we will provide you with the name of the investigator.

The Hon. DANIEL MOOKHEY: How much are you paying for this independent investigation that no-one here seems to be able to tell us about? How much are you paying for it?

Mr WRIGHT: I will take that on notice.

The Hon. DANIEL MOOKHEY: When did it start?

Ms FISHBURN: This particular investigation commenced approximately 2½ weeks ago. I am just trying to think back to that.

The Hon. DANIEL MOOKHEY: Who commissioned it?

Ms FISHBURN: It was commissioned by me in the role of acting secretary at that time, in consultation with my general counsel.

The Hon. DANIEL MOOKHEY: Was that the first time the department was made aware of these complaints?

Ms FISHBURN: No. As I detailed to you, there has been oversight and information provided through the joint standing committee, as is the right place to provide that information over time. This is looking at the specific—

The Hon. DANIEL MOOKHEY: No, the joint standing committee overlooks his conduct in respect to his statutory functions. These are about the employment functions of people who work for your department.

Ms FISHBURN: And the investigation that is underway, as I detailed, is in relation to the staff who are there. It is a staffing matter, it is a health and wellbeing matter—

The Hon. DANIEL MOOKHEY: Have you received complaints prior to the commencement of that investigation? Minister, that seems to be yes.

Mr WRIGHT: Before I commenced in this role there was a workplace health and safety [WHS] investigation conducted by the department in the—

The Hon. DANIEL MOOKHEY: So the Valuer General has now been subjected to two investigations at least.

Mr WRIGHT: —in mid-2020.

The Hon. DANIEL MOOKHEY: Mid-2020. The Valuer-General started in January 2020, is that correct?

Mr WRIGHT: That is my understanding. Again, before I commenced, but I think it was January 2020.

The Hon. DANIEL MOOKHEY: So between January 2020 and mid-2020—

Mrs MELINDA PAVEY: I think it might have been before that.

The Hon. DANIEL MOOKHEY: The evidence he gave us was I think he commenced in January 2020, but, Minister, I accept you might be right; it might be earlier.

Ms FISHBURN: No, you are correct, Minister. It was 23 October 2019 when the Governor, who is obviously the person who appoints, appointed Professor David Parker and he commenced in the office on 20 January 2020.

The Hon. DANIEL MOOKHEY: So between 23 October 2019 and mid-2020, a first set of complaints was made about the Valuer General, correct?

Mr WRIGHT: That is my understanding. I was not with the department at that time.

The Hon. DANIEL MOOKHEY: And that led to an investigation at that time.

Mr WRIGHT: That is my understanding, yes.

The Hon. DANIEL MOOKHEY: And who did that investigation?

Mr WRIGHT: My understanding is it was done by our internal legal department.

The Hon. DANIEL MOOKHEY: And what was the nature of the complaints that were received at that time that were investigated?

Mr WRIGHT: Again, we will have to take that on notice, but my understanding is it was general concerns about the wellbeing of the staff.

The Hon. DANIEL MOOKHEY: Was that then given to the then secretary Mr Betts?

Mr WRIGHT: I am quite sure that Mr Betts was given that report.

Ms FISHBURN: Yes, I can confirm Mr Betts was provided with that information.

The Hon. DANIEL MOOKHEY: Did that investigation uphold the complaints that were made by the Valuer General's staff or your staff attached to the VG's office?

Ms FISHBURN: I can confirm, and it is obviously on the record, that the then secretary of DPIE reviewed the investigation that had been undertaken and put in place new administrative functions to ensure the health and wellbeing of—

The Hon. DANIEL MOOKHEY: Was that a direction from Mr Betts to the Valuer General that restricted him to only talking to, at that time, four members of his office?

Ms FISHBURN: As I detailed, it was to put in place certain administrative arrangements.

The Hon. DANIEL MOOKHEY: Yes, and were those administrative arrangements an explicit instruction from Mr Betts to Mr Parker that he was only legally authorised to talk to four of the 120 people at that office?

Ms FISHBURN: It was an administrative arrangement put in place by the previous secretary.

The Hon. DANIEL MOOKHEY: Ms Fishburn, Mr Parker has said to us that he was ordered by Mr Betts to only speak to four out of 120 of his staff. He described this as an attack on his independence from government. So I want to put to you the first proposition: Did your department or your predecessor make an instruction to Mr Parker that restricted him to speaking to only four of his 120 staff?

Ms FISHBURN: I cannot confirm whether it was four or five, but I can say it was narrowing down the lines of communication as part of the administrative structure.

Mr WRIGHT: And also, I will just clarify, it was limited to a number of executives in VG NSW. So the intention was for the VG not to communicate with staff below the executive level.

The Hon. DANIEL MOOKHEY: And, Minister, the Valuer General described this as an attack on his independence from government, which I assume you reject.

Mrs MELINDA PAVEY: You assume right.

The Hon. DANIEL MOOKHEY: Indeed. And then thereafter, after you put these restrictions on only four, in your view did the Valuer General stick to the restrictions that were put on him?

Mr WRIGHT: I think that is a question you probably need to ask the Valuer General.

The Hon. DANIEL MOOKHEY: No, it is a question I am asking your department given that your staff—and, rest assured, if you really would like me to ask the Valuer General, we are happy to call him back and ask him too—

Mr WRIGHT: I would say, based on my intelligence, my understanding is that the instruction has been adhered to, based on my understanding.

The Hon. DANIEL MOOKHEY: So he followed the instruction in the period to which it still applied at that time—four. Is that correct, to the best of your knowledge?

Mr WRIGHT: To the best of my knowledge.

Ms FISHBURN: Executive level positions, as Mr Wright detailed.

The Hon. DANIEL MOOKHEY: But then thereafter, even though he was subject to these restrictions, additional complaints have been received by his staff—by your staff who were attached to the VG's office. Is that correct?

Ms FISHBURN: Yes, that is correct.

The Hon. DANIEL MOOKHEY: Are any of those complaints arising from the people with whom the Valuer General is directly authorised to communicate?

Ms FISHBURN: As I said, I do not have the full detail in front of me.

The Hon. DANIEL MOOKHEY: Given that you confirmed that you commissioned this 2½ weeks ago, is that because that is when you received these complaints?

Ms FISHBURN: There had been complaints received to my understanding. I do not have the exact dates. I do not want to give you a false—

The Hon. DANIEL MOOKHEY: Was it thereabouts?

Ms FISHBURN: Over a period of time, and it was deemed appropriate to undertake an investigation.

The Hon. DANIEL MOOKHEY: I do not dispute that it was appropriate for you to have ordered an investigation which, to be fair, is no criticism of you at all whatsoever, secretary. But I am assuming that you did not wait to commission this investigation.

Ms FISHBURN: Not from my perspective. I can only answer what I personally did.

The Hon. DANIEL MOOKHEY: Did this complaint come directly to the department or was it made through the Valuer General office or through structured administrative arrangements that were put in place?

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

The Hon. DANIEL MOOKHEY: The executive director is here. Did the complaints go to the executive director or did they go directly to the department?

Mr WRIGHT: Can I just clarify? Alison McLaren as an executive director is only looking after one part of the VG NSW which is the just terms teams. So we do have an executive director, VG NSW, Andrew Coffey, who has accountability for the broader organisation.

The Hon. DANIEL MOOKHEY: Feel free. Perhaps Ms McLaren can answer whether or not it came to her for the part for which she is responsible.

Ms McLAREN: Some complaints have come through me.

The Hon. DANIEL MOOKHEY: Some. So more complaints have come from the other aspect? Is that the implication of that evidence?

Ms McLAREN: I cannot answer what has gone through Mr Coffey.

The Hon. DANIEL MOOKHEY: Are you able to identify how many complaints have come through you?

Ms McLAREN: I would have to take that on notice.

Ms FISHBURN: May I clarify?

The Hon. DANIEL MOOKHEY: Just before you do, Ms McLaren, when did those complaints come to you?

Ms McLAREN: I have only been in this role since the end of August, so since that time.

The Hon. DANIEL MOOKHEY: From August this year you received them. Did you pass them on to the department?

Ms McLAREN: Yes.

The Hon. DANIEL MOOKHEY: Who in the department did you pass them on to—by title?

Ms McLAREN: I went through the processes and passed them on to the HR department.

The Hon. DANIEL MOOKHEY: I presume that is the policy?

Ms McLAREN: Yes.

The Hon. DANIEL MOOKHEY: So there is absolutely no criticism whatsoever of any of the department staff, just to be clear, about how this has been handled. We have just now established that this has come from August or September. Ms Fishburn, is that what led you to commission a review?

Ms FISHBURN: As you may be aware, I somewhat unexpectedly was acting in the role of secretary. This was one of the matters that was brought to my attention with very sound advice, making sure that you do not take any allegation lightly but, equally, people deserve natural justice and you investigate to make sure that that occurs as well. When this was brought to my attention and I got the advice from my general counsel and from Mr Wright that it would be a wise and sensible action to take to make sure we had investigated the claims, and that would give us some grounds, if needs be. And I am not speaking to the outcome of that. I still stick by my statement that the joint standing committee is the right place for these matters to be discussed. But should needs be, it will give me some guidance on where to go next.

The Hon. DANIEL MOOKHEY: Pray tell, when a person works for the Valuer General what policies are in place that permits them to make a direct complaint to the joint committee?

Ms FISHBURN: They would not be making a complaint to the joint committee. We will be tabling the investigative report. My staff are employed by me, ultimately, and I have responsibility for their health and wellbeing. I also have responsibility ultimately for their complaint handling as well.

The Hon. DANIEL MOOKHEY: I ask you again Ms Fishburn: Given that you commissioned a report and the report is to you, which again is entirely appropriate, do you have any expectations as to when you should expect to receive it?

Ms FISHBURN: Very soon. Ideally I would not want to be sitting in this chair having this conversation. If the report could have come sooner I would have appreciated that but it takes time to do this type of work in a way that is respectful of both complainants and those who have been complained against.

The Hon. DANIEL MOOKHEY: Minister, were you aware of the second set of complaints that came from August?

Mrs MELINDA PAVEY: I was aware of complaints last year but not the second set of complaints.

The Hon. DANIEL MOOKHEY: Is the first time you learnt about the second set of complaints when I asked these questions here today?

Mrs MELINDA PAVEY: To the best of my recollection that is the case.

The Hon. DANIEL MOOKHEY: Minister, again, I am not being critical because, as you rightly point out, this is a complicated matter with the statutory position of the Valuer General. No-one from the department told you that there was a second set of complaints that had come in about the Valuer General?

Mrs MELINDA PAVEY: I would have to take that on notice to be absolutely sure but I do not recall being briefed in the past 2½ weeks on the complaints that Ms McLaren has just pointed out.

Ms FISHBURN: I can confirm that I have not personally briefed the Minister on that, and it is my report that I commissioned.

The Hon. DANIEL MOOKHEY: I accept that these arrangements are very complicated, as you have described, Minister. Just to be clear, the Valuer General was your appointment, was he not?

Mrs MELINDA PAVEY: It was an appointment that was part of the transition of government. I took over responsibility of the agencies, and the Valuer General's office in April 2019. I recall meeting the Valuer General within a couple of months of my appointment here in an initial meeting at Parliament House. It was the recommendation of all that had been part of the recruitment process that he had come from South Australia, as I recall.

Ms FISHBURN: That is correct.

Mrs MELINDA PAVEY: And that he was a good appointment. It was a process that we needed to get to because I recall the previous Valuer General had been ill and there was some certainty and consistency that we needed to get to. I did not want to delay that appointment and there was no indication or reason to me why that should be delayed.

The Hon. DANIEL MOOKHEY: Broadly speaking, is the summation of your answer that you appointed him on advice?

Mrs MELINDA PAVEY: Yes.

The Hon. DANIEL MOOKHEY: And that advice came, presumably, from the department?

Mrs MELINDA PAVEY: Yes.

Ms FISHBURN: That is correct.

The Hon. DANIEL MOOKHEY: And you relied on the department to undertake due diligence?

Mrs MELINDA PAVEY: Yes.

The Hon. DANIEL MOOKHEY: And the department, as I think you just made some reference to, had a recruitment firm?

Mrs MELINDA PAVEY: Yes.

Ms FISHBURN: I can speak to that.

The Hon. DANIEL MOOKHEY: What was the name of the recruitment firm?

Ms FISHBURN: That I cannot actually speak to. I can tell you about the recruitment process that was undertaken.

The Hon. DANIEL MOOKHEY: On notice I am happy to, but the specific question I have, on notice as well—

Mrs MELINDA PAVEY: It is—

The Hon. DANIEL MOOKHEY: Do you know, Minister?

Mrs MELINDA PAVEY: No, I do not know who the recruitment firm was for certain. Do you, Mr Wright?

Mr WRIGHT: No, I do not. We do have that information on file though, of course.

The Hon. DANIEL MOOKHEY: In respect to the due diligence that they undertook on the Valuer General, do you recall receiving advice as to what due diligence was undertaken on the Valuer General at the time?

Mrs MELINDA PAVEY: I recall having a conversation with the group secretary at the time, who was not Mr Wright, that he had come well qualified with a good background and history in being a Valuer General. It is a skillset that is quite—

The Hon. DANIEL MOOKHEY: Complex.

Mrs MELINDA PAVEY: It is complex. There are not a lot of people out there capable to fulfil this role. I make the point that there has been trauma in the office of the Valuer General. This was an appointment I took on advice at a time when we needed to make a timely decision.

The Hon. DANIEL MOOKHEY: I appreciate that. I am not disputing that perhaps you did so with the best of intentions on advice. Minister, I just did a really basic Google search. To be honest, I did one this morning on this. It did not take me long to find an article from the Financial Review from 2006 in which it is clear that this particular Valuer General had to be moved on from a Commonwealth valuation office after complaints were made by their staff two decades ago about their wellbeing as well. I did not get paid. I am not the recruitment firm. Are we honestly suggesting that this was a proper due diligence process that was undertaken that led to the advice that caused you to appoint him? Surely we can agree that whoever gave you that advice did not check properly. Do you agree, Minister?

Mrs MELINDA PAVEY: Well, I do not know all that is involved in that article. If a googled history was to determine our forward history for all of us, it might not look very pretty.

The Hon. DANIEL MOOKHEY: True, but to be fair, tendency and coincidence here, Minister. It is just a little too close to the bone in that two decades ago the same issues were repeating in the Commonwealth office—

Mrs MELINDA PAVEY: And as I pointed out to you—

The Hon. DANIEL MOOKHEY: —and now, as a result of the appointment that the Government made, and you specifically on advice, this Valuer General has statutory independence which makes it very difficult for you and others to deal with. Hence the question: Before we gave the Valuer General 10 years of tenure in an independent statutory office—

Mrs MELINDA PAVEY: Seven.

The Hon. DANIEL MOOKHEY: Sorry, you are correct; seven years in a statutory office. We never did the proper due diligence, did we? The Government did not check properly, did it?

Mrs MELINDA PAVEY: I felt confident at the time the advice I was given was the appropriate advice. He had come very well accredited and I do not know the history or the circumstance behind the Google story that you have highlighted. I imagine that there may have been some work done on that.

The Hon. DANIEL MOOKHEY: I will happily table it. I will print it and table it and you can have it for free.

Mrs MELINDA PAVEY: I imagine that that would probably have been brought up in the consideration at the time.

The Hon. DANIEL MOOKHEY: So we appointed him knowing that he had this history?

Mrs MELINDA PAVEY: I do not know that. I am just making the point that I am assuming that the due diligence would have included that type of work. But the point is there has been some really good work coming out of the office, despite some of the challenges, relating to the wellbeing of some of the staff and the concerns that we have heard and are acting on. Let us also look at the record and at the ability of the committee that you have now removed yourself from to look at—

The Hon. DANIEL MOOKHEY: To be fair, I was removed in a nasty way. Sadly, I had to move on. I was only there for a little bit.

Mrs MELINDA PAVEY: Promotions, promotions.

The Hon. DANIEL MOOKHEY: Apparently I now have to move on as well.

The CHAIR: I might just throw back to Mr Cassel and pick up where we left off. Mr Cassel, when did your office first become aware of Matrix Group Co. Pty Ltd not paying subcontractors?

Mr CASSEL: So that I do not give you a misleading statement, I might just take that on notice. I know it was in the last couple of months, but the exact date I cannot be sure of.

The CHAIR: That is fine. I have a letter from a Peter Brackenreg, the Executive Director, Delivery South, of your office where he states that there was correspondence on 13 and 22 September and then since that correspondence your office received additional complaints but continued to pay Matrix Group Co. Pty Ltd in good faith. My question to you is: You received these complaints originally from Oasis Scaffolding, then you received additional complaints about other subcontractors not being paid but you still continued to pay Matrix Group Co. Pty Ltd in good faith. Why was that the case?

Mr CASSEL: I do not know—and I only have your word for the letter. The process of paying contractors is very clear and outlined in the Security of Payments Act. You cannot just not pay somebody because somebody has made a phone call to us and said, "He hasn't paid me." I know the Security of Payments Act requires a statutory declaration to be produced by the contractor and provided to the principal for payment made, and part of the project management role is to make sure the project is progressing and that the works that have been claimed are there. So I would need to do further investigation to suggest whether there was an opportunity for us not to pay him and there would be no legal way we could make payment to the subcontractor that I am aware of.

The CHAIR: You mentioned statutory declarations that were provided by Matrix. Given that clearly those stat decs are false, what recommendations are you making to police about those false stat decs, given that making a false stat dec carries a two-year penalty?

Mr CASSEL: I cannot determine whether the statutory declarations are false. I have read this in media articles that you have probably read and I have listened to those who have contacted me about the matter. We have put it in the hands of the legal team. I am advised that as of 5 November 2021 we terminated the contract with the Matrix Group. Whether those statutory declarations were false or not, that is a matter for the police to determine. We have reported the incident to the police and we need to let them do their work.

The CHAIR: This letter says that in December 2020 your office undertook a review including a financial check. What did that financial check include, given that this Matrix Group Co. Pty Ltd has clearly failed to pay the subcontractors?

Mr CASSEL: It sounds like they failed to pay them past when that financial check was taken. I do not know or do not have in front of me, and I do not want to comment on what they recall.

The CHAIR: Perhaps on notice—

Mr CASSEL: I will take it on notice.

The CHAIR: Thank you. Minister, given that Mr Cassel's evidence is that we are terminating this contract, will you give an undertaking that this Matrix Group Co. Pty Ltd will no longer receive contracts on behalf of Land and Housing Corporation and will it be put on a "Do not contract" list if such a list exists?

Mrs MELINDA PAVEY: We will—

Mr CASSEL: Minister, I can add some advice that you may not be aware of. I am advised that Matrix Co. has been put into administration. So the simple answer is it is highly unlikely that they will be around.

The CHAIR: Minister, will you undertake that no phoenix company rises from Matrix and gets given a contract?

Mrs MELINDA PAVEY: I will do everything in our powers to ensure that those that are involved in this company that have been part of this process no longer meet the prequalifications and that their history is recorded. I remember when I was roads Minister we dealt with many of these types of issues on the Pacific Highway and we put some really good safeguards in place with the Small Business Commissioner in New South Wales but, sadly, people sometimes run their businesses in a way that is not fair to those that are working for them. But we do have some better mechanisms in place through the Small Business Commissioner to protect the hardworking tradies and the good small business people of this State. I will do everything I can to ensure that those that do not look after those that are looking after us get punished or not rewarded.

The CHAIR: On notice, given that you did mention the Small Business Commissioner, can you tell us where the Small Business Commissioner may have fallen down or did not have the powers that he needed to deal with this situation?

Mrs MELINDA PAVEY: I will see what involvement the Small Business Commissioner has had in it. It is not in my delegated authority as Minister.

The CHAIR: I appreciate that.

Mrs MELINDA PAVEY: I know the Small Business Commissioner at the time when we were doing work on the Pacific Highway was very supportive and we did get payments for subbies and for contractors that had been left in the lurch.

The CHAIR: Thank you. I will throw to Ms Hurst.

The Hon. EMMA HURST: Just going back to the south-west New South Wales exclusion fence, I have a couple of questions to add on notice. I was talking to one of the departmental—

Mrs MELINDA PAVEY: Melanie Hawyes—the other Mel.

The Hon. EMMA HURST: Thank you. Sorry about that. I just have a couple of other questions to place on notice if that is all right. I wanted to know what is being done to address the issue of the risk of native animals being caught in the fence, whether there was any consideration of this issue in designing and building the fence, and also whether there is a plan to regularly check the fences for any animals that have been caught in the fence, particularly given that that is something that has been advised by the RSPCA Australia when such fences are erected?

Ms HAWYES: I am able to answer that now if that is okay and I have some further replies.

The Hon. EMMA HURST: Yes, definitely.

Ms HAWYES: The fence was designed against best practice principles with animal welfare considerations in mind and there were measures included in the design specs, such as installing mesh wire rather than netting, which allows smaller fauna to get through, and there is no barbed wire on the top of the fence, which prevents harm to larger animals that may move over the fence. So those considerations were taken into account. Thank you for the opportunity to add to that question.

The Hon. EMMA HURST: Thank you. Can I place the rest of those questions on notice that are outside of the scope of that answer?

Ms HAWYES: Absolutely, thanks.

The Hon. EMMA HURST: Minister, in regard to the wild pigs, I noticed on your media release on your website that you said that you will be introducing further control measures if required. Can you outline what those control measures would be?

Mrs MELINDA PAVEY: Analysing where they are and what damage they are doing to other native wildlife, that is always an important process in managing native pigs. It is one of the very tiny downsides of all this rain: pigs love wet areas and they do enormous damage to some of our rural land.

The Hon. EMMA HURST: Sorry, Minister, the question was just about what control measures would be used.

Mrs MELINDA PAVEY: It is about controlling and knowing where the numbers are and managing them and their impact on native habitat and wildlife.

The Hon. EMMA HURST: But do you have any information about what those management strategies would be outside of the fencing?

Mrs MELINDA PAVEY: I will refer to Mel Hawyes on that, on what are the control measures. But, yes, it is important that we understand where they are and what damage they are doing.

Ms HAWYES: Thanks, Minister. There is a network of public land managers in place across New South Wales and we consider controls based on a local context. So it is quite difficult to answer in that global way. We would look at exclusion fencing-type options using the best practice principles I have just described on a site-specific basis.

The Hon. EMMA HURST: Is any consideration given to things such as immunocontraceptives? I know that the CSIRO is working on fertility control measures in this space.

Ms HAWYES: Yes, there are always innovations in terms of more humane controls. I can take on notice specific research that we may become aware of or have within the department. But I would prefer to take that on notice.

Mrs MELINDA PAVEY: Have you asked Minister Marshall about native pig immunocontraceptives?

The Hon. EMMA HURST: No, I have not.

Mr DAVID SHOEBRIDGE: Minister, you keep saying "native" pig. I am not sure that is correct.

Mrs MELINDA PAVEY: I meant wild pig. You are absolutely right, Mr Shoebridge; they are not native, they are bad.

Mr DAVID SHOEBRIDGE: I am not sure of this species.

The Hon. EMMA HURST: I am quite happy to have native pigs.

Mrs MELINDA PAVEY: But we did not. That ship sailed but they came in on sailing ships. So the issue is in relation to whether the Department of Primary Industries might be doing some work on that. We will see what information we can find.

Mr DAVID SHOEBRIDGE: Mr Wright, it is true, is it not, that the Government rejected a proposal brought by the Catholic Cemeteries Board in August 2020 seeking the transfer of a substantial part of the public cemetery land to another archdiocese-owned company? The proposal was rejected in or about August 2020, was it not?

Mr WRIGHT: I was not with the department at the time but I am aware there was a proposal which was rejected.

Mr DAVID SHOEBRIDGE: The Catholic Metropolitan Cemeteries Trust [CMCT] is a publicly owned trust, and public funds are in that trust? Is that right?

Mr WRIGHT: That is my understanding.

Mr DAVID SHOEBRIDGE: Are you aware of concerns that a substantial amount of trust money was used for the development of that proposal by the Catholic Cemeteries Board for the 2020 proposal?

Mr WRIGHT: No, I am not aware of those concerns.

Mr DAVID SHOEBRIDGE: Minister, are you aware of concerns that of the order of \$1 million of public money was used to develop the proposal to transfer a substantial part of public land to an archdiocese-owned company?

Mrs MELINDA PAVEY: I am aware of some of the conversations that you had at budget estimates on Wednesday but I am also again reminding you that we have a decision before Cabinet in relation to the future operation and management of cemeteries. I am very much interested in ensuring full transparency of perpetual funds and a management process which gives us secure land in the future.

Mr DAVID SHOEBRIDGE: Minister, will you either take this question on notice or, if you have an answer now, provide an answer? Have funds from the publicly owned CMCT been used for the purpose of developing one or more proposals to transfer land to an archdiocese-owned company?

Mrs MELINDA PAVEY: I am not aware of the details of that but I will take the question on notice.

Mr DAVID SHOEBRIDGE: If so, how much public money has been used for that? Can you provide an answer as to whether that was an approved use of trust funds?

Mrs MELINDA PAVEY: If that is, in fact, the case I will provide the information that we received on that.

Mr DAVID SHOEBRIDGE: In providing those answers, will you advise the Committee whether this matter had been raised in writing—by that I include email communication—within the department last year?

Mrs MELINDA PAVEY: I will take that on notice. Ms Fishburn?

Ms FISHBURN: You do not have any information but the Minister would not be privy to departmental emails.

Mr DAVID SHOEBRIDGE: If the concerns were raised within the department last year, what, if any, action was taken by the department about the use of public money for such a purpose?

Mrs MELINDA PAVEY: We will take that on notice.

Mr DAVID SHOEBRIDGE: Minister, you would have read the Crown Land commissioner's evaluation of the Crown Land Management Act 2016?

Mrs MELINDA PAVEY: Yes, and we have also got our Crown Lands strategic review.

Mr DAVID SHOEBRIDGE: Two of the recommendations—27 and 28—were in relation to the western lands lease conversions. Will you indulge me with two minutes, because we are about to lose these officials? The first recommendation, 27, was that the department establish methodologies to assess whether the sale of western lands leases is achieving the intent of the legislation to stimulate productivity and growth whilst also ensuring western lands resources are sustained in perpetuity. Has the Government accepted that?

Mrs MELINDA PAVEY: There has not been, from my recollection, much actual take-up of the western lands lease conversion process. I am looking at Mel Hawyes to see whether she has something to add.

Mr DAVID SHOEBRIDGE: I might go to Mel Hawyes in a second just to do a bit of a mop up.

Mrs MELINDA PAVEY: Okay.

Mr DAVID SHOEBRIDGE: I am just asking whether you have you accepted recommendation 27?

Mrs MELINDA PAVEY: To the best of my recollection—

Ms HAWYES: Minister, we are currently reviewing the report in order to provide information to assist the Government response to that report to both yourself and Minister Stokes.

Mr DAVID SHOEBRIDGE: Ms Hawyes, I assume recommendation 28 is in the same position—which is requesting that the Valuer General review the western lands lease conversion program?

Ms HAWYES: Yes, it is the same response.

Mr DAVID SHOEBRIDGE: Will you provide on notice how many western lands lease conversions have happened, who the beneficiaries were, who the purchasers were and what was the value for each of those sales?

Ms HAWYES: Yes, we can take that on notice. Is there a particular time frame?

Mr DAVID SHOEBRIDGE: Since the commencement of the western lands lease conversion? It has only been happening for the last few years.

Mrs MELINDA PAVEY: Since 2018.

Mr DAVID SHOEBRIDGE: If you could provide that by financial year, including this year to date.

Ms HAWYES: Yes, we can take that on notice.

Mr DAVID SHOEBRIDGE: Minister, have you sought to satisfy yourself whether or not the current sales formula of 3 per cent of market value represents a reasonable return to the community?

Mrs MELINDA PAVEY: I have not looked into detail of the number of sales. I recall asking in the past 18 months or so what has been the take up. In that conversion of price to sale, no I have not sought any further details on that.

Mr DAVID SHOEBRIDGE: Can you advise on what basis the 3 per cent market value was created? How was that figure arrived at?

Mrs MELINDA PAVEY: There would be a big policy platform when that was introduced in 2018. We will provide you with those details.

Mr DAVID SHOEBRIDGE: Are any processes in place to determine whether purchasers—or however you want to describe it—the beneficiaries of the western lands lease conversion property owners go from leaseholders to freehold? Are there any provisions in place to determine whether they are donors to political parties? If so, what are those?

Mrs MELINDA PAVEY: I will take that on notice.

Mr DAVID SHOEBRIDGE: Are you aware whether any of the entities—people and/or corporations—who have benefited from a western lands lease conversion have made any political donations?

Mrs MELINDA PAVEY: I am not aware.

The CHAIR: I thank the housing component of the public servants who have taken some questions on notice. The Committee secretariat will be in touch and you will have 21 days to get back to us. We bid you farewell.

(Ms Fishburn, Mr Wright, Ms Hawyes, Mr Cassel, Mr Walker, Ms Hickey and Ms McLaren withdrew.)

(Short adjournment)

The CHAIR: Welcome back to this afternoon's session on budget estimates 2021-2022 for Water, Property and Housing. We welcome the public servants from Water. We will proceed with questions from the Opposition and the crossbench until 5.15 and, if needed, Government members will have the last 15 minutes.

The Hon. ROSE JACKSON: Thanks, Chair, and thanks, Minister and officials, for joining us. I want to start with these reports that I am sure you saw in *The Australian* headline, "Dominic Perrottet to bail out of NSW water projects", and in *The Guardian*, "NSW dam projects in doubt amid cost blowouts and environmental concerns". Can you give us clarity about the Dungowan, Mole River and Wyangala projects? What is happening with them?

Mrs MELINDA PAVEY: I thank you for the opportunity to address those media reports, Ms Jackson, and also acknowledge the contribution by the Premier yesterday at budget estimates where he reminded the Committee yesterday that these final business cases for Wyangala and Dungowan have not yet come to the Expenditure Review Committee [ERC] and that is because we are finishing our work on those final business cases and, as you would be aware, Mole River is a strategic business case to see whether we take the next step on that dam. So for that very reason no decision has been reached, but we are committed to those projects.

The Hon. ROSE JACKSON: Are you though? Because literally these articles, there are some pretty serious suggestions in here from within WaterNSW that you are not committed to them. So this is completely wrong? This has not come from nowhere. This is completely wrong?

Mrs MELINDA PAVEY: I do not think the suggestions have come from WaterNSW. I think the suggestions are unfair in that the final business cases have not been completed, but it is also fair, which I think some of the article in *The Australian* highlighted, that there are some cost pressures from the original commitments that we made, that we have talked to publicly in the past 12 months. But I will say that it has been an extraordinary turnaround in the past 12 months in the water outlook across New South Wales. Many thought it would never rain again, and sometimes, as I was the new water Minister, for the first two years I never thought it was going to rain. But it has shown that it has rained again; we are in a La Niña period after a very severe El Niño, which saw some of the most dreadful infalls into the Northern Basin that we have ever seen in the history of record keeping in New South Wales.

So we have some challenges with climate change, with what we are going to deal with as a society. We often talk about the harder, greater droughts, but I also need to reflect that during that same period we are going to have deeper, more sustained storm activity. We have seen that over the past few weeks and we have some pretty serious Bureau of Meteorology predictions for this weekend. So we are going to be challenged with water, and at the heart of managing water in the future with climate change, I believe, is more capacity for storage, and that is why our final business cases have taken a little longer than we first predicted. We have set up a new unit within the Department of Industry – Water, Water Infrastructure. Already we are working and have got projects out the door with about half a billion dollars, and that is headed by our witness Anissa Levy. It is a big job; we have not built dams, we have not built big dams in New South Wales for a very long time.

The Hon. ROSE JACKSON: According to this, you are not going to build dams: "Construction of a dam along the Mole River ... is earmarked not to go ahead, according to officials familiar with the matter." The Wyangala Dam is "likely to be 'indefinitely postponed'". So people in these communities are reading these reports—multiple reports this week in the newspapers—and you cannot give any certainty at all about whether there is any accuracy in this.

Mrs MELINDA PAVEY: That is a really fair question. I do not like what this uncertainty is doing to those communities. We have had hundreds of engagement sessions throughout the Lachlan Valley; we have 70 per cent support for the raising of the wall at Wyangala, which will give another 650 gigalitres of water, when we had, during the drought, our water levels at 9 per cent, putting the town water supplies of Cowra, Condobolin and Forbes at risk. I do not like that these headlines are creating this fear coupled with celebrations from Helen Dalton, representing the Shooters and Fishers Party, joining with Cate Faehrmann, also putting out into the community that there are going to be no dams—"We've won, we've won, we've won." I do not think you have won.

We are still doing our final business cases, we are still doing the work we need to do to ensure the appropriate expenditure of taxpayer dollars, but I can tell you I am committed to those projects. There is funding set aside for the projects Dungowan and Wyangala; Mole River, it was just funding for the strategic business case. But we need to investigate greater water security across this great State, whether it is in the Sydney Basin and whether it is inland. So water storage is very much at the heart of ensuring that we have the supply that we need in the future with the inevitability of climate change predictions of greater droughts but also greater storms.

The Hon. ROSE JACKSON: Can you at least give us then a sense of the time frame on these business cases because, as you say, they have been delayed; people are now reading multiple reports that run quite counter to the evidence that you are giving us here today. When are those business cases going to proceed to ERC?

Mrs MELINDA PAVEY: I hope in the next few months. I do not want to put a timetable on it but I do hope in the next few months. We will do that work and continue to do what we need to do within government. They are considerable investments and allocations have been put aside—the Snowy Hydro funds that we secured from the sale of Snowy Hydro to the Commonwealth. There is funding. The news article refers to areas of cost that have escalated in relation to biodiversity offsets and we will work through those issues and those problems. I have spoken to the Deputy Prime Minister Barnaby Joyce and his predecessor Michael McCormack. Our Federal Government is also committed to those projects. Let us not—

The Hon. ROSE JACKSON: I just want to ask about that because you mentioned the cost, it is in the article and in the Premier's evidence yesterday, as you acknowledged. He was very open about some of those increased costs. Has the Federal Government provided an assurance that if the cost does increase it will continue to provide 50 per cent of the funding for the projects, or does New South Wales bear all of the risk if the costs increase?

Mrs MELINDA PAVEY: We are working through those costings with the Federal Government. Our expectation would be we would hope that they reach 50 per cent of the total cost—

The Hon. ROSE JACKSON: If they do not, though, you seem to be very committed to proceeding, so, yes, sure. I hope they are listening today and, Deputy Prime Minister, you can hear the Minister wants you to cough up. If they do not, are we going to end up paying all the difference?

Mrs MELINDA PAVEY: Ms Jackson, I do not like to deal in the world of hypotheticals. We will deal in the world of negotiation.

The Hon. ROSE JACKSON: We know the costs will increase. You have acknowledged it and the Premier acknowledged that on the record yesterday. We do not have an assurance from the Federal Government that its contribution will increase. So it is not really hypothetical—there is a gap there. How is it going to be filled?

Mrs MELINDA PAVEY: We will have those negotiations and discussions with the Federal Government as we present it with a final business case.

The Hon. ROSE JACKSON: As you know, the dams were included as part of the critical needs water infrastructure legislation. Now that is about to expire. Does the fact that the projects have not commenced affect their status as critical State significant infrastructure or will you need to re-legislate in order for them to continue to have that status?

Mrs MELINDA PAVEY: In cooperation and coordination with the Federal Government we do have a pathway of fast-tracking and ensuring that we work together through our environmental impact statement [EIS] processes at a Federal and a State level and that they are given priority. I might refer to Ms Anissa Levy to discuss some of those conversations that we have had with the Commonwealth in ensuring—

The Hon. ROSE JACKSON: I am not asking about your conversations with the Commonwealth. This is a State piece of legislation that has scheduled these projects under our laws as critical water infrastructure. That piece of legislation is about to expire. These projects have not commenced. In fact, they have been delayed again. Does that affect their status under our law? Will you need to re-legislate in order to keep them as critical needs water infrastructure?

Mrs MELINDA PAVEY: They are critical projects to the Government. We have planning pathways that are ensuring that they have the priority and the attention they deserve.

The Hon. ROSE JACKSON: So I am taking this as a yes. Is there no question in your mind as to whether they continue to have that legal designation? It is not whether you think they are important, this is a legal designation.

Mrs MELINDA PAVEY: I think it is important to appreciate that the infrastructure laws that we had put in place was in the middle of the drought which gave us capacity, for example, where we were needing to construct urgent pipelines around Chaffey Dam, Tamworth—a city that was under great stress. That was to ensure we could get into those projects in a really quick manner. That was the designation, in the middle of the drought, having that critical State water infrastructure.

The Hon. ROSE JACKSON: I appreciate that but you specifically scheduled these projects under the Act. I am wondering whether you need to re-legislate if you wish to keep them in that status.

Ms LEVY: Minister, may I jump in, if that is alright with you?

Mrs MELINDA PAVEY: Yes.

Ms LEVY: When the Water Supply (Critical Needs) Act expires in November, the projects will default to being State significant infrastructure [SSI]. It is then a matter for the planning Minister to determine whether he would like to declare those projects as critical State significant infrastructure [CSSI]. We already have advice from the Department of Planning that it would automatically resort to SSI and that the Secretary's Environmental Assessment Requirements [SEARS] for the projects would be the same and we would continue along the same path to have these projects assessed. There will be no delay if the projects are assessed under SSI. However, it is the prerogative of the planning Minister to declare the projects CSSI once the Water Supply (Critical Needs) Act expires.

The Hon. ROSE JACKSON: Thank you Ms Levy, that is really useful. That is happening on 21 November this year. Have you spoken to the planning Minister about this at all? Have you said to him, "Rob, this is important to me. Are you going to do it?"

Ms LEVY: We have spoken to his office.

The Hon. ROSE JACKSON: Minister Pavey, have you spoken to the Minister?

Mrs MELINDA PAVEY: We are having the appropriate conversations that we need to have to meet our election commitments and what we want to do. It is incumbent on my team for us to finalise that final business case and go through the next stages. But I guarantee you that it is a priority and a commitment of our Government to meet our election commitments and obligations. We will continue to work through those. If we need to go under the State significant legislation we will be having those conversations with Minister Stokes once we get through the final business case and ERC considerations.

The Hon. ROSE JACKSON: I appreciate they are important to you, Minister, and you have made it clear that they are priorities of yours. You have also made a range of other public comments recently about mistakes that you accept have been made in relation to water policy.

Mrs MELINDA PAVEY: If you are referring to the Menindee lakes projects and the savings, those are mistakes that I think even the New South Wales upper House, on your hearings out there, have listened to. You have spoken to the communities and you saw what happened in January 2019 when those lakes were dry after being full to the brim only three years earlier. I think New South Wales is joined in the belief that it was a mistake. And even Vertessy who did the report post the fish kills said that the emptying out of the lakes in such a way did have a detrimental impact. We need to have those conversations as a State. I am happy to be having those because I think the people, certainly of Menindee and the lower Darling, appreciate those conversations need to be had. I will continue to have them. The recommendations and the findings of your own upper House committees have highlighted that.

The Hon. ROSE JACKSON: Sure Minister, but you were on the front page of the *Daily Telegraph* saying that the New South Wales Government, after 10 years in government, had stuffed up water policy.

Mrs MELINDA PAVEY: No, I did not say that at all. That is a really unfair, outrageous thing to say.

The Hon. ROSE JACKSON: It was literally in the headline, Minister. I am not even verballing you.

Mrs MELINDA PAVEY: I do not write the headlines, Ms Jackson, as you would know. You have had a long experience with the media. I do not write the headlines. If you look at my commentary and my comments in that article—

The Hon. ROSE JACKSON: The headline—

The Hon. TAYLOR MARTIN: Point of order: The point of order is the Minister is trying to clarify what was said and I would like to hear the answer.

Mrs MELINDA PAVEY: The issue was a decision was made in 2012 that was put to government by Tony Burke that we had to find 106 gegalitres of savings at the Menindee lakes to go towards our sustainable diversion limit. Now it became very clear over time that that was an unrealistic saving that was going to have a detrimental impact on the cultural perspectives of that community as well as tourism and recreation. It is the lifeblood, it is the tourism and it is the recreation for the people of Broken Hill. What we saw smack bang in the middle of our faces in January 2019 was a policy that was just not going to work. So I had an obligation to call that out because our agencies had spent many millions of dollars—the Murray Darling Basin Authority as well as our own people—and they spent enormous amounts of time trying to consult with a community that was telling us that this was not on.

The Hon. ROSE JACKSON: I do not necessarily disagree with your assessment—

Mrs MELINDA PAVEY: That is good.

The Hon. ROSE JACKSON: But this decision was made in 2012, as you say, and in 2019 it became as obvious as it possibly could—

Mrs MELINDA PAVEY: And clear; it is impossible.

The Hon. ROSE JACKSON: It is now 2021. You were the one, after 10 years in government, who said, "We finally realise we have to start consulting with the community on water policy." Will you apologise to those communities who have been trying to have their voices heard for almost 10 years now when we finally have an acknowledgement that you stuffed it up?

Mrs MELINDA PAVEY: I am happy to acknowledge for the people out there that governments of all persuasions have not been listening properly and we are re-setting it.

The Hon. ROSE JACKSON: That is a good acknowledgement. Will you be in a position to deliver that into the next election? Are you going to stay the water Minister until March 2023?

Mrs MELINDA PAVEY: That is not my decision to make. I hope that I do because I love this portfolio. I love the work that we are doing. I love the way we are changing the narrative. I love the way that we are actually getting better environmental outcomes through the Murray-Darling Basin. I love the fact that I have got \$330 million out of the Murray-Darling Basin Authority [MDBA] to help in water security and river overflows around Deniliquin and Narrandera that we inspected the other day. I love the work that I am doing with the Federal Minister, Keith Pitt, to ensure our communities have a voice that they deserve. And I love the work that I am doing with Victoria—a government of another political persuasion—ensuring that the Murray-Darling Basin Plan listens to communities and has the respect again of communities, because it had lost that respect and we need to get it back because we can do good work, we can improve river health, we can continue to support our communities in the way they deserve.

The Hon. ROSE JACKSON: Have you had a conversation with the new Premier or Deputy Premier about continuing in the Water portfolio?

Mrs MELINDA PAVEY: I have many conversations with all members of Government and of Cabinet and I am not going to reveal all of those conversations with you, Ms Jackson, with the greatest of respect.

The Hon. ROSE JACKSON: That is fair enough. I probably would not either. When is the next ministerial council meeting on water?

Mrs MELINDA PAVEY: I think it is May next year. Is that right, Jim?

Dr BENTLEY: The date has not firmly been set but it will be sometime around then.

The Hon. ROSE JACKSON: The reason I ask is that a little bit of your language there has been about reset, new direction—that sort of thing. My understanding is that positions in relation to things like the management of the waterways of the Murray-Darling Basin that are discussed at ministerial council meetings are subject to Cabinet approval. So is this reset, new direction that you are talking about, is that something that has been approved by Cabinet, or is that just your personal opinion or personal view?

Mrs MELINDA PAVEY: I have had the support of the New South Wales Government to get the best outcomes for New South Wales at all times. With respect, I have also had conversations with other Basin States to say essentially there is \$4 billion in funding to improve infrastructure and river health and outcomes; let us try to make this conversation about better environmental outcomes, not just a water target. We can deliver more water, but if we give the power to our communities to develop better options, like we saw in Deniliquin the other week where you have a farmer using water through irrigation channels on his property to feed into his own wetland—land he is sacrificing for better native fish habitat—then that is the type of change we can make. And that is the big conversation where the Murray-Darling Basin Authority wants a lot of change in respect to constraints. Constraints scare a lot of farmers, but if you can start showing how you can do that, working with farmers, giving them better bridge access on their own properties so you do not impact their ability to farm their land but also at the same time allow overflow events to happen, we can achieve all the things that we need to do.

One of the great things that I want to do with the reimagining of Menindee Lakes and the savings there is also to get rid of the concrete fixed-crest weirs so that the native fish can go up and down our riverways in a better way. We are in detailed design work and an environmental impact statement [EIS] for the new Wilcannia weir, which is going to give that community not just four months of water but up to 16 months of water, and we want to do the same work in Collarenebri and Bourke in that way. I am proud of the work I have done engaging

with the environment agencies on Toorale Station. We bought Toorale Station in 2012—Penny Wong did—for \$23 million, yet barely a moment of water has gone over from Toorale to ensure the connectivity of the Darling. That is a big conversation our communities need to have. There is much we can do if we can do it together and be respectful of what the communities are putting forward. I am very proud to be working on that with all Basin States, including South Australia.

The CHAIR: Thank you. Ms Hurst.

The Hon. EMMA HURST: Minister, in previous estimates hearings I have asked you about the terrible situation of wombat mange in Bendeela Recreation Area. The last time that we spoke you said that the Bravecto trial was going to be underway in April/May this year. Can you give an update on this trial and if it has been further affected by lockdowns?

Mrs MELINDA PAVEY: I understand it has with the professor and the scientists working on it from Tasmania, but I am just surface drawing here, Emma. I will pass over to Andrew George, who is right across this issue, and be sure, I made sure he was for today's budget estimates for you.

The Hon. EMMA HURST: Thank you.

Mrs MELINDA PAVEY: But I am sure he was anyway.

Mr GEORGE: Thank you, Minister and thank you, Emma. Yes, those trials were impacted by COVID, obviously. Earlier this year we were able to complete the groundwork that we had committed to do with the University of Tasmania to understand those baseline surveys. The University of Tasmania though has reached agreement with Sydney university to enable some work to commence this year. I understand some of those trials will be commencing in the next month, if not later this month. But certainly the program will be starting in earnest now this year and moving into next year for the three-year program.

The Hon. EMMA HURST: Thank you. Obviously I understand that there would be delays, but I am wondering if there have been any interim measures to at least treat some of these wombats, given the amount of suffering that they would be experiencing while there are these delays going on with the trial.

Mr GEORGE: No treatment to date, as I understand it. We did further baseline surveys though; so in undertaking those surveys, which were undertaken in December last year as well as April, May and June this year, we did come across four wombats that had mange. I understand one of those wombats was euthanised during that inspection, but no treatments were made during that period, as I understand it. That program will commence, however, this month with that partnership between the University of Tasmania and Sydney university.¹

The Hon. EMMA HURST: Will the populations need to be reassessed? I am assuming that there could be a significant number of wombats in this period that have died from the mange. Will that affect the trial and research or is there a plan to reassess the numbers of wombats in the area?

Mr GEORGE: One of the findings from the University of Tasmania was that they generally observed that there is actually a large and healthy wombat population at Bendeela, with a small number with mange. It also needs to be recognised obviously that the land we manage at Bendeela does neighbour other land where wombats are present and which treatment is not necessarily able to be done directly. So the treatment program that is being implemented will be using Bravecto, which has a greater chance of improving the health and the condition of those wombats.

The Hon. EMMA HURST: Sorry, I understand that there would obviously be a healthy population but I assume they would not be part of the trial. The question was really in regard to the wombats that were originally going to be treated as part of this trial. Many of them may have died. Are you expecting the same number of wombats to still be affected with mange now as when this was originally planned to have been undertaken?

Mr GEORGE: That is my understanding, but I can certainly take it on notice and check that with the University of Tasmania.

The Hon. EMMA HURST: I assume the Bendeela Recreation Area will be opening up over the summer holidays. Will that create further delays?

Mr GEORGE: It will be opening up; it is open now. No, it will not be causing any delays.

¹ In [correspondence](#) to the committee dated 8 December 2021, Mr Andrew George, Chief Executive Officer, WaterNSW clarified his evidence.

The Hon. EMMA HURST: And will you be releasing any preliminary findings from the research trial to the public and, if so, when would we expect to see them?

Mr GEORGE: Certainly, we are happy to make that information publicly available, particularly for the use of the wildlife bodies that will be working with us in an ongoing fashion to look after that wombat population. Sorry, I do not have at hand the time frames for providing that information or when it will be complete, but again I can take that on notice.

The Hon. EMMA HURST: If you could take it on notice that would be fantastic, thank you. Minister, last month it was reported that the New South Wales Government has been dropping 1080 baits within the Warragamba Special Area, which is part of Sydney's main drinking water catchment. In 2007 a New Zealand study found that there were major gaps in knowledge around the long-term impacts of human health due to chronic low dose of 1080 exposure. Has WaterNSW looked into the risk of potential 1080 microdosing in Sydney's water supply?

Mrs MELINDA PAVEY: I am not aware of what studies or what they have followed. Mr George, are you in a position to be able to add some more detail to that? Given that we had 250,000 hectares around Warragamba Dam damaged during the bushfires, environmental recovery of that area has been challenged and I am sure this has something to do with some of those issues. Mr George?

Mr GEORGE: Thank you, Minister. Yes, it certainly connects to this question. The comment on the area, we do manage—

The Hon. EMMA HURST: Sorry, I only really want to know whether WaterNSW has looked into the risk of a potential 1080 microdosing in Sydney' water supply. I am not interested in why the 1080 is being used, just to clarify.

Mr GEORGE : Yes, risk assessments are undertaken in conjunction with National Parks and Wildlife which is also responsible for managing that land. Those risk assessments concluded that it is actually a low risk, noting also that reduced concentrations restricting baiting to areas away from waterways and also having a high rate of decay of 1080 in the environment.

The Hon. EMMA HURST: Will they continue monitoring to ensure that water contamination from 1080 does not occur?

Mr GEORGE : We undertake quite a comprehensive water quality monitoring program in the declared catchments but there is no specific test for 1080 itself if it is in the waterways.

Mrs MELINDA PAVEY: There are about 70 technical tests during a water filtration process. A lot of testing is done of Sydney's water at any one time. Be assured the water quality we have here, despite the challenges that we have had recently of drought and fires, is very strong and well monitored.

Ms CATE FAEHRMANN: Minister, you mentioned earlier the fact that the department is looking at getting a strategic business case done for Mole River Dam. Has a strategic business case been done for Wyangala and Dungowan?

Mrs MELINDA PAVEY: That is the first part of those processes. The next stage is the final business case and we are working on those two at the moment.

Ms CATE FAEHRMANN: Yes, but a strategic business case has not been done for Wyangala Dam.

Mrs MELINDA PAVEY: Yes.

Ms CATE FAEHRMANN: It has been done?

Mrs MELINDA PAVEY: Strategic is first and then final.

Ms CATE FAEHRMANN: Just to be clear, a strategic business case has been done for Wyangala Dam? Has that been publicly released?

Mrs MELINDA PAVEY: I am not sure of its release.

Dr BENTLEY: No.

Ms CATE FAEHRMANN: Has a strategic business case been done for Dungowan Dam?

Mrs MELINDA PAVEY: Yes.

Ms CATE FAEHRMANN: When I asked Treasury officials about this the other day they said that one of the purposes of doing a strategic business case is to investigate all options and to put all options on the table.

Did that happen with Wyangala Dam in that strategic business case, and Dungowan Dam? Were options considered other than a dam?

Mrs MELINDA PAVEY: Yes, as part of those processes other options are considered through the strategic and final business cases.

Ms CATE FAEHRMANN: So non-dam alternatives have been considered as part of the strategic business case?

Mrs MELINDA PAVEY: I know they are as part of the final business case. I might take advice.

Ms LEVY: We have broadened the work that has been done subsequent to the strategic business case to include a much broader range of options in the assessment that we are completing for the final business case considering both a range of alternative infrastructure and non-infrastructure options which are being designated as part for the completion of the final business case.

Ms CATE FAEHRMANN: I think that is good to hear. I want to ask some questions about the Macquarie Floodplain Management Plan. I understand that the final version of this was gazetted on 20 September this year. There is a discrepancy, however. I have been given a figure of 73,600 hectares of mapped area that are protected by flood works between the Draft Macquarie Floodplain Management Plan of 2018 and the final one of 2021. The draft floodplain management plan of 2018 had 106,200 hectares protected by flood works but the final plan only mapped 32,600 hectares of area protected by approved or authorised flood works. What is the process for sorting out the unauthorised 73,600 hectares in the Macquarie Floodplain Management Plan? What happens now?

Mrs MELINDA PAVEY: I will ask Dr Bentley to talk about that. I suspect we will have to take this question on notice.

Dr BENTLEY: Yes, we will have to take the detail of that on notice. It may well come through while we are here this afternoon in which case we will share it.

Ms CATE FAEHRMANN: Who is on the Healthy Floodplains Review Committee? What is the membership of that committee?

Dr BENTLEY: There are four members: an independent chair, a representative of Nature Conservation Council, a representative of NSW Irrigators Council and a representative of NSW Farmers.

Ms CATE FAEHRMANN: Is the independent chair independent of all the interests and has to declare that?

Dr BENTLEY: Indeed. The probity checks into how decision-making has been made has just been finalised and published and has cleared the decision-making processes through that committee.

Ms CATE FAEHRMANN: Firstly every member of that review committee has to sign a confidentiality agreement. Is that correct? They cannot disclose anything that happens within that committee to anyone?

Dr BENTLEY: I would expect that to be the case.

Ms CATE FAEHRMANN: You would know that, surely Dr Bentley?

Dr BENTLEY: I imagine that is the case. Off the top of my head I do not know 100 per cent. I do not want to mislead you but I will confirm. It is not a point of detail I have in my head but I would expect that is the case.

Ms CATE FAEHRMANN: What was the purpose of that committee?

Dr BENTLEY: It is not to set policy; it is to ensure that policy is being applied appropriately. If individual users disagree with the assessment of the department it can be put to that committee so that the committee can assess whether the policy is appropriately being applied.

Ms CATE FAEHRMANN: When you say "the policy is appropriately being applied" can you expand on what that means? Minister, are you aware of this committee and what it does?

Mrs MELINDA PAVEY: Yes, with many other committees in the purview of my agency. But what is the question?

Ms CATE FAEHRMANN: When Dr Bentley says "so the committee can assess whether the policy is appropriately being applied", what does that mean in practice?

Mrs MELINDA PAVEY: Policy decisions. If we make a decision in the water sharing plan and someone raises a concern in relation to floodplain management, that is the committee that could assess that. So you have stakeholders available to assess, in a genuine way, what may be of concern or may be raised.

Dr BENTLEY: Part of the complexity of this is trying to understand when limits were set what volume of floodplain harvesting was occurring and you have to use various techniques to work out—

Ms CATE FAEHRMANN: Just to simplify it for you, is it correct that the Natural Resources Access Regulator [NRAR] has gone onto a range of different properties, say, for example, in the Border Rivers-Gwydir area, as well as Department of Planning, Industry and Environment [DPIE] officials to work out flood works and basically to assess the scale or quantity of flood works to be approved. Landholders get a letter that states, "This is what we have assessed on your property." If landholders or irrigators want to challenge that they go to this committee.

Dr BENTLEY: Mr Barnes may just have to confirm whether NRAR actually has a role in that which is brought to the committee or whether that is more of a compliance function. Mr Barnes, do you have a response to that?

Mr BARNES: For a few years some NRAR staff were working within the healthy waterways project that is administered by the department. Those staff undertook inspections on-farm to determine the eligibility of flood works for the purpose of floodplain harvesting. They recorded details. They met those works. They also interviewed irrigators about floodplain harvesting practices and that information from the interviews was used to build the modelling. Our work has now ceased in that regard and we await changes in the policy settings before coming back with any advice and enforcement actions that are required.

Mrs MELINDA PAVEY: Do you mean licensing floodplain harvesting?

Mr BARNES: I think that is right, Minister.

The Hon. ROSE JACKSON: We ask the questions.

The Hon. MARK LATHAM: Minister, in September 2015 Sydney Water commented on the Sydney Science Park rezoning proposal at Luddenham and said the subject site is the proponent [inaudible] at no cost to the government planning proposal. It said that to go ahead the proponent had to show that the servicing of the project will be at no cost to the New South Wales Government including Sydney Water. Why then in December last year did you, with Minister Ayers, announce a funding deal for water facilities at the Sydney Science Park that was described to your office by Vernon Jackson of Sydney Water as, "Sydney Water is investing around \$200 million over the next 30 years to build an integrated water cycle system and associated infrastructure at Sydney Science Park"?

Mrs MELINDA PAVEY: Mr Latham, much has changed, I am sure, between 2015 and 2021 in the delivery of water in a holistic way to the growth areas of Sydney. As you know, there is a plan for seven million trees to be planted in the new parts of Sydney so that we keep it cool, and that will require a lot of water. I have listened with interest and with some concern to your questions relating to this issue and I sought advice from Dr Bentley and I will seek the input of Roch Cheroux, the Managing Director of Sydney Water, to answer some of the specific concerns that you have surrounding this issue. There is investment by all parties in this project and I get a very strong sense that you are concerned about some probity in some areas of this and I will have Mr Cheroux deal with this. As you know, Sydney Water is a State-owned corporation [SOC] and is independently managed. I will have Mr Cheroux answer more detail in the questions that I am expecting from you, Mr Latham.

The Hon. MARK LATHAM: Thank you. Perhaps on notice, Mr Cheroux, the terms, conditions and monetary amounts of the Sydney Science Park funding?

Mr CHEROUX: Sorry, can you repeat the question please?

The Hon. MARK LATHAM: I am happy for you to do this on notice but I am after the terms, conditions and monetary amounts of the Sydney Science Park funding from Sydney Water.

Mr CHEROUX: Yes, this is something I can take on notice. Just to answer your question about the change of position, back in 2016 the area was rezoned by Penrith council and that was B4 and B7 zones for employment, education, residential and retail. Following that, in May 2017, the Western Sydney Airport construction was announced and that is what technically changed the situation for the Sydney Science Park.

The Hon. MARK LATHAM: But it is still an out-of-sequence development. It is a long way from the airport site and there is no contiguous urban or industrial development out there [inaudible]. They are dusty, open fields, is that not correct?

Mr CHEROUX: What happens in this sort of situation is very standard, and this is something that is completely explained very transparently on our website. When these sorts of developments happen we ask the developers to contribute for the bulk of the development that is in advance of the lack of development in the area. So obviously at the end of the day, when everything has been constructed we would reimburse the developers for this investment, but at the start we would not take the risk for development that is far from the rest of the developed area. We would ask the developer to approve funds for construction, and this is exactly what happened in that case where Celestino approved funding for that construction that is currently ongoing.

The Hon. MARK LATHAM: In May 2019 Sydney Water employed Chris Gantt as its Head of City Growth and Development. Mr Gantt's previous job was as Celestino's development manager. Was he involved at all in putting together this funding deal announced at the end of last year?

Mr CHEROUX: Not at all. Mr Gantt was, yes, employed in May 2019 and, as it is the case for all the employees that are in that situation, there is always a conflict of interest management plan that is put in place and that is one of the policies that we have inside the business, that a conflict of interest management plan is put in place and the person is not associated at all with any business, any transaction with their former employer. Mr Gantt was not involved in the discussion with Celestino.

The Hon. MARK LATHAM: But in his job as Head of City Growth and Development would he have been involved in this growth and development proposal at Sydney Science Park?

Mr CHEROUX: Not completely. That would be another business you need, and it has been the case where another business you need for this sort of transaction would be involved.

The Hon. MARK LATHAM: So Mr Gantt declared a written conflict of interest and his manager ensured that he had no involvement in this Celestino funding deal?

Mr CHEROUX: Absolutely. This is something that we have double-checked following your allegations and it has been double-checked by the audit department and this is confirmed. The documents have been produced and evidence has been produced that he was not involved in any of the discussion.

The CHAIR: Thank you. I will throw to the Opposition.

The Hon. MARK LATHAM: If I could ask a question—

The CHAIR: Sorry, Mr Latham, your time has elapsed. I realise that people cannot hear the bell on Webex. I will throw to the Opposition.

The Hon. ROSE JACKSON: I want to ask Mr Cheroux first, I understand that Sydney Water recently met with builders in south-western Sydney specifically around Austral, to indicate that no more sewerage or stormwater facilities could come online until maybe 2022 or 2023 in those growth suburbs. Is that correct?

Mr CHEROUX: That is not exactly correct. We have discussion with developers and local council in the Austral-Leppington area. We are having discussion for a long time. The discussion that we have is about building the interim stage one of Austral-Leppington and the discussion that we currently have is about the timing of the delivery of this stage of construction. The discussion that we have had with the developers was about the fact that the procurement of the construction activity for this stage of development has come out with a price that was exceeding the price that we had in our budget and we needed a few weeks to assess our position on the situation, on the best option to move forward, and this may have an impact of the three- to six-months delay of the construction delivery.

The Hon. ROSE JACKSON: So there will be a delay. At the moment you think it will be of the order of three to six months only?

Mr CHEROUX: That is our estimation at the moment and we are currently assessing the position following the outcome of this procurement phase.

The Hon. ROSE JACKSON: And how long is that going to take?

Mr CHEROUX: I would expect that to take a few weeks.

The Hon. ROSE JACKSON: As you would presumably be aware, council cannot issue any DAs until this matter is resolved if it does not know whether stormwater and sewerage facilities will be available to be provided by Sydney Water or when they may be available.

Mr CHEROUX: Absolutely. That is why we keep in very, very close contact with the developers and the local councils. What we are discussing is the possibility to provide some flexibility on what we call section 73, which would give the developers the possibility to start construction—to get their DA and start construction

before the wastewater infrastructure is in place. So this is the discussion that we have ongoing because we do not want to delay the development of the—

The Hon. ROSE JACKSON: I am sure you do not want to. I understand it is not intentional but, Minister, this land was rezoned in 2013-14. Builders have taken deposits from local families. This is the growth area of Sydney out in south-west Sydney and now Sydney Water has come in and said there is a delay of potentially three to six months and, depending on how their conversation about the procurement goes, it could be more. How has this been allowed to happen, considering the land rezoning was almost a decade ago, and we know that is where growth is occurring?

Mrs MELINDA PAVEY: One of the challenges we have with growth is that we have targets set with councils and some councils are meeting that demand and others are not. Getting that absolute carriage of construction perfect is a challenge. We have just heard from Mr Cheroux that we are working through that. Ms Fishburn will have some important information to add about the Government's energy in getting that pathway right. I will hand to Ms Fishburn.

Ms FISHBURN: Thank you very much, Minister. I can assure everyone I am deeply familiar with the issues of Austral as the ex-council general manager. The example of Austral is one that I regularly use to talk about the challenges in making sure that housing supply and infrastructure are aligned. This is not the fault of Sydney Water. Sydney Water knows what it needs to do and it has been planning for this for the future. There have been a number of what I really think in the case of Austral are perfect storms that have contributed to the position we are currently in now. Lot sizes were changed so that there is greater push to get residential into the Austral area. I think Liverpool council changed its lot sizes, if I remember correctly, in 2016 and that obviously has an impact.

Then, of course, we have had the situation that I think I discussed at the planning Minister's budget estimates where the demand for residential subdivision in greenfields areas has completely outstripped anybody's predictions. It really has come about as a consequence of COVID and the fact that people do not need to commute in every single day. That particular housing typology has become quite attractive at this point in time. You have got greater demand than anticipated in terms of buying pattern; greater demand than anticipated in terms of the original lot layout that everybody planned towards; and then of course a need to align the infrastructure there. This is frankly a challenge. I am sure I spoke about it with Minister Stokes as well. It does not just happen in Austral; it is always a challenge in greenfields areas.

Wearing the planning part of my department's hat, there has been a lot of work that has been going on to try to make sure we do better infrastructure alignment with housing release, including working exceptionally collaboratively with Sydney Water through the planning delivery unit area—my old baby—to establish a greenfields coordination committee so that we make sure we do get these types of things right. I understand the frustrations of the developers in Austral. I was probably the loudest voice to Sydney Water about this less than two years ago. But I do think there has been a confluence of factors that have led to this particular issue as well.

The Hon. ROSE JACKSON: I am sure that is true. Minister, the land was rezoned in 2013-14. As Ms Fishburn said, the lot sizes were changed in 2016. Again, that is five years ago. Surely it is not news to the Government that families are buying houses and that there is growth out in south-western Sydney. That is not something that has just crept up on anyone. Now these families who have paid deposits for their dream House and who are finally trying to get into the market are being told "No, delays. There is no sewerage. Sydney Water has hit capacity; has hit the wall." That is not an acceptable situation, is it, Minister?

Mrs MELINDA PAVEY: Sydney Water has not hit the wall or capacity. We have \$5.5 billion worth of infrastructure work planned over the next four years to deal with growth and where we need to maintain, fix and grow our infrastructure like Kemps Creek and our sewerage facilities there. I think Ms Fishburn has hit the nail on the head. The predictions around the growth out there were not accurate.

The Hon. ROSE JACKSON: Are you at least confident that you have got your modelling better now because we do not want this situation occurring again? If predictions were not accurate, has that been resolved?

Mrs MELINDA PAVEY: Ms Fishburn will deal with planning modelling.

Ms FISHBURN: Yes, I do feel a lot more confident. We have a number of other factors available now to help us understand the pattern of greenfields development and delivery of infrastructure. We have the Urban Development Program which gives real-time data about land rezoning, development applications under assessment and development application completion analyses. So we are able to actually use that to look at where there might be a spike in interest that we had not predicted and, therefore, work to get towards just in time. We have also got significantly better cross-government relationships to try to manage these things.

I mentioned the greenfields coordination committee but that is not the only one. There is also a cross-government aerotropolis committee as well. We are getting the right people in the room to have these discussions to make sure it is not just water; it is other forms of infrastructure as well. It is your energy providers, it is 5G infrastructure—making sure that we are really planning this out rigorously and using what is fairly new to government, that level of data—using actual data analytics rather than apocryphal development statements to really look at what is happening. What are the underlying tensions and what are the underlying opportunities in our greenfields areas?

The Hon. ROSE JACKSON: One of the other things that is occurring in south-western Sydney, Minister, is people who already have properties there. This is particularly the case in areas around Camden, for example, where they were basically living in semi-rural areas. The growth has come in around them. They previously had septic or other sewerage systems. Sydney Water has come into the suburb and they have been told to connect to the sewerage, which I would consider to be a pretty basic right if you are living in the city. It will cost you up to \$80,000 per property. Is that acceptable to you that pensioners are being charged \$80,000 to access sewerage?

Mrs MELINDA PAVEY: I would need to see the details of those invoices because this is an issue that also happens in the country and I have never seen an invoice or a cost around that figure. There are connection charges and there are benefits when you do get onto the mains, rather than having to have someone come and empty your sewer every 12 months. The danger is a lot of people do not do that and that has a detrimental impact on environment, riverways, groundwater, et cetera.

The Hon. ROSE JACKSON: They are much less likely to do it if it is going to cost them tens of thousands of dollars.

Mrs MELINDA PAVEY: I would like to see the details of that. Mr Cheroux, I am sure that we are not individually billing customers \$80,000?

The Hon. ROSE JACKSON: Mr Cheroux, people in Spring Farm were quoted up to \$80,000 to connect their property to the sewerage. Is that acceptable to you?

Mr CHEROUX: That is something else I would like to take on notice. I am surprised. There are always very strict rules about development and new development. When a new area is developed the connection will be provided and the cost that the customers would have to bear will be the cost inside their property. In areas where this is a remote connection where it is not part of a development area—a village or a small area that would like to connect to our network—in that case they will need to fund the connection to the network. I would like to see the number and the area that you are quoting here so I can exactly respond to your question.

The Hon. ROSE JACKSON: Even in that latter example that you gave where people in smaller villages or smaller areas on the orbital might want to connect, my understanding is that that is not the case here. But even where that is the case we have a situation where people living in south-western Sydney want to be connected to sewerage. This is something that was rolled out in the 1970s—Premier Wran, Prime Minister Whitlam—basic right. Sydney Water is giving hundreds of millions of dollars to some people who are doing developments in south-western Sydney yet charging pensioners \$20,000, \$30,000, \$40,000—up to \$80,000—to get connected to sewerage. Does that seem like the right priorities to you?

Mr CHEROUX: The rule is exactly the same for all our customers.

The Hon. ROSE JACKSON: Well, the rule is unfair.

Mr CHEROUX: Well the fact is that the connection to the network is the growth, and the money that we invest into the development is paid by all our customers. Therefore, that is why we have a situation where when the city grows, Sydney Water and the entire customer base can't fund the development. The people that have decided at some point to live far away from the developed area and have no water and sewerage systems who have not connected to the Sydney Water network will have to wait for the rest of the development of the city to be able to connect at no cost. If they want to connect ahead of growth then they would have to fund the development themselves.

The Hon. ROSE JACKSON: I want to ask a couple of quick questions about the chair of WaterNSW. I understand that when Anne McDonald, I think it was, resigned this year, Kaye Dalton was appointed as an interim chair?

Mrs MELINDA PAVEY: No relation to Helen.

The Hon. ROSE JACKSON: In the consideration of how you are going to proceed with that, were alternative candidates considered for chair of WaterNSW after Ms McDonald resigned?

Mrs MELINDA PAVEY: I am not aware of the details of other candidates. Whilst I am the water Minister I am not the shareholder Minister responsible for board appointments. It is the finance Minister and the Treasurer. You would need to put those questions to them.

The Hon. ROSE JACKSON: Did you not propose Mark Vaile as a potential chair of WaterNSW?

Mrs MELINDA PAVEY: I did not propose Mark Vaile, no.

The Hon. ROSE JACKSON: You did not raise with anyone the possibility that Mark Vaile would be a suitable chair of WaterNSW?

Mrs MELINDA PAVEY: I did not raise Mark Vaile at all.

The Hon. ROSE JACKSON: Mr George, when the drought broke in early 2020 I understand there was a conversation about the lifting of water restrictions. I think WaterNSW suggested that because of potential contamination after the bushfires it might be advisable to continue water restrictions for some time in early 2020. Is that correct?

Mr GEORGE : I do not recall the specifics of the discussion that you are referring to, no.

The Hon. ROSE JACKSON: Perhaps someone else might be able to assist?

Dr BENTLEY: It is certainly true that restrictions were kept in place because of concerns following drought, bushfire, heavy rain. Restrictions were kept in place, not based on how much water was in the dam but—

The Hon. ROSE JACKSON: No, absolutely, because ash, et cetera, had run into the dam—

Dr BENTLEY: Correct.

Mrs MELINDA PAVEY: Which led to our decision also to keep the desalination plant operating so that there was another water source in case things got complicated. It was quite a serious issue and one that I have got to commend my agencies for managing. There were really big concerns with the damage from the ash and the debris from that 250,000 hectares around. I have to say that the team, led by Mr George and Mr Cheroux and our own agencies, was concerned. It is one of those things; they managed it well and we got through it.

The Hon. ROSE JACKSON: Minister, did senior members of the Government suggest that it would be preferable to them not to continue with water restrictions in those contexts because they wanted water use to increase because this provided more dividends via Sydney Water?

Mrs MELINDA PAVEY: That was never a conversation I had with anyone.

The Hon. ROSE JACKSON: You do not recall former Premier Berejiklian suggesting that perhaps it would be better to lift water restrictions at that time so that water—

Mrs MELINDA PAVEY: She never had a conversation or requested that—

The Hon. ROSE JACKSON: You do not recall anyone from her office suggesting an alternative approach to the one that was adopted to continue water restrictions at that time?

Mrs MELINDA PAVEY: I think to be fair, it became a point that the dam had moved so quickly. We got down to 42 per cent. It was a very difficult situation. It never got as low as the Millennium drought in 2007. There were some very good questions from Ms Cate Faehrmann in last few budget estimates. Our water use in Sydney has gone from on average 220 litres per person down to 180 litres per person. Dr Bentley is obsessed with fixing leaks and we are bringing down the leaks across the system to a very good level. We had been through quite a challenging period.

The Hon. ROSE JACKSON: I do not need the history of water restrictions. I am asking specifically about conversations that occurred in early 2020—the drought had broken but the bushfires had occurred—about what was happening with water restrictions. Did the former Premier or anyone from her office suggest that perhaps it would be preferable to lift water restrictions because that meant more water would be used and that would improve the bottom line at Sydney Water?

Mrs MELINDA PAVEY: No, that was never a premise put forward to me by the former Premier. I would speak to her about those issues. I am not sure—and I cannot speak for any of her staff—but that is certainly not the sort of order that would come from the Premier's office.

The Hon. ROSE JACKSON: Not an order, but a contribution to the conversation that was occurring in relation to water restrictions at that time.

Dr BENTLEY: Nothing was ever discussed with me or in my knowledge that was in any way related to dividends. There were discussions, and rightly so, about how long should you keep restrictions in place. It seems a bit strange to have storage levels suddenly way over 80 per cent and yet you are restricting what people can do with water. I think those are very healthy, sensible conversations to have. The fact is Sydney Water decided to keep the desalination plant running—that is within its purview—and between us we decided the restrictions should stay in place for quite some time. And that was about slowing the rate of water going through filters so that we do not have any treatment issues. We managed that pretty well. But yes, of course, they would challenge about how long should you restrict what the public can do? Those conversations they definitely had and they should have had. They should have been held.

Mrs MELINDA PAVEY: The other part of that conversation is that we did not want to forget all the good habits we had just learnt.

Dr BENTLEY: Correct.

Mrs MELINDA PAVEY: And that is very much to the point of being water wise, fixing leaks, putting whatever we can in our own properties and having good water habits to ensure the longevity of supply.

The Hon. ROSE JACKSON: Mr Cheroux, was there any conversation in which you were involved in early 2020 about Sydney Water's position on water restrictions, and the relationship between the impact that water restrictions have on water use, and the dividends that Sydney Water was providing to the New South Wales Government?

Mr CHEROUX: Not at all.

The Hon. MICK VEITCH: Mr Barnes, I am fascinated by the use of drones in your compliance activity, or the potential for drones to be a tool in your agency's compliance activities. Are you using drones? If so, do you have a plan to increase the size of the drone fleet?

Mr BARNES: We use drones as part of our suite of intelligence tools. Drones allow us to cover territory in a short space of time and when equipped with photographic technology we are able to take account of the particulars of storages, dams on property, how water moves from the off-take around the farm and applied to crops. This information captured digitally forms a useful basis for our investigations. We have staff who are qualified as drone pilots and we have a suite of drones that we deploy on a regular basis.

The Hon. MICK VEITCH: Will you take on notice how many you have? Do you have a plan to increase the size of the fleet? That would be really good.

The CHAIR: I turn to the non-urban water metering reforms. Has the telemetry system been fully integrated into government agencies?

Mrs MELINDA PAVEY: It is funny you should mention that. I was in a meeting yesterday with some landowners and they were detailing some of the issues they are having with joining up—actually getting the telemetry workforce out onto their properties. There are many different angles and facets to that question.

The CHAIR: Specifically, has the telemetry been integrated with New South Wales gbilling access it yet?

Dr BENTLEY: WaterNSW, yes. The data acquisition system which was developed in the department has been transferred to WaterNSW and we have protocols between us about how we use that. Related to your question, not every meter is currently relaying its data to that system.

Mrs MELINDA PAVEY: The Measuring and Control Equipment [MACE] 3 ones—

Dr BENTLEY: Yes, the MACE meters which are accurate and therefore under policy do not need to be replaced, but do need to be telemetered to be fully compliant. We are still working through some remaining technical issues on those and we expect to have that resolved in the first few months of next year.

The CHAIR: On notice, can you give us an indication of the number of those that need to be compliant by 1 December and are connecting to the—

Dr BENTLEY: So the tranche 2?

The CHAIR: Yes.

Dr BENTLEY: We will take that on notice and come back to you. I can tell you tranche 1, 55 per cent are fully compliant which includes being connected to the system and 90 per cent of those tranche 1 now have an accurate meter in place, which is outstandingly good compared with where we were.

The CHAIR: Minister, I might just turn to another matter. When did the New South Wales Government approve a New South Wales water licence for a Chinese government-owned subsidiary called Unibale Pty Ltd?

Mrs MELINDA PAVEY: I will take that on notice.

The CHAIR: Would that be something that would come across your desk or would it be way down the food chain?

Mrs MELINDA PAVEY: It would not say it is down the food chain. It is important in my chain.

The CHAIR: Well down the ladder? How far down the ladder would that go?

Dr BENTLEY: It would not come across my desk. Licencing is either applied by WaterNSW or by NRAR, depending on the type of licence application, but it would be within those agencies.

The CHAIR: What sort of screening does the New South Wales Government do in vetting these foreign government-owned companies acquiring water licences?

Mrs MELINDA PAVEY: Given that the water stays in Australia and that it is part of the productive cycle—I think the United States is the largest water licence holder in Australia, not the Chinese, I think, followed by the United Kingdom and then maybe Japan—we export to the rest of the world. If a company has got through the Federal Government's gateways in terms of foreign ownership, I do not think my officials within WaterNSW or in any part of our agencies would be looking at it saying, "That is not our purview in foreign investment guidelines and review." That is the Federal Government.

The CHAIR: Are you aware that the Foreign Investment Review Board's 2019 register of foreign water entitlements states that they do not screen for the purchase of water acquisitions? It seems like you are putting it on the Federal Government, and the Feds are saying, "Well, we do not really do it", so no-one really does it.

Mrs MELINDA PAVEY: But they manage the properties that are bought but, yes, there is a separation of licence and property—

The CHAIR: Property is being separated from water.

Mrs MELINDA PAVEY: That is right, but generally that water would be staying within New South Wales to be watering paddocks across New South Wales.

Mr JUSTIN FIELD: How many of the 20 New South Wales water resource plans have been accredited by the Commonwealth?

Mrs MELINDA PAVEY: We are in a very similar situation to all the other States—Victoria, South Australia, Queensland—our first draft being sent back and we are going through the negotiations. I expect that will be done in the not too distant future.

Mr JUSTIN FIELD: They were due to be accredited by 1 July 2019 but they were not submitted until between 9 April and 30 June 2020 to the MDBA. Do you know if all 20 were inconsistent with the requirements of the plan? Have any been resubmitted to the MDBA for accreditation?

Mrs MELINDA PAVEY: We are going through the process of negotiation. As you understand too, Mr Field, a lot of those issues that the Murray-Darling Basin Authority raised were matters of procedure and punctuation at times and there were other issues as well, to be fair. The agency is working through those with the Murray-Darling Basin Authority but just like the other States, our first lot of plans were rejected and we will come back to them.

Mr JUSTIN FIELD: Have any been resubmitted to the MDBA for accreditation?

Mrs MELINDA PAVEY: Not at this point.

Mr JUSTIN FIELD: I would like to table the comments of the MDBA on eight of the water resource plans that were provided to the Minister between November 2020 and May 2021, if the secretary has the documents there. Minister, my quick analysis of these responses by the MDBA—and I note there are extensive comments to some of the water resource plans which run to plus 30 pages—on average the resource plans only satisfactorily addressed about 50 per cent of the requirements set out in the Murray-Darling Basin Plan. That is a pretty dismal effort, is it not?

Mrs MELINDA PAVEY: Just like the other States, this is part of the process and the negotiation. We are no different from the other States in having our first set of plans rejected. We will continue to negotiate with the Murray-Darling Basin Authority and the Federal water Minister.

Mr JUSTIN FIELD: All of the other States have had all of their water resource plans accredited now. Is that correct?

Mrs MELINDA PAVEY: I am not sure of the detail of that but I do know that, like us, their first ones were rejected.

Mr JUSTIN FIELD: When will you submit all 20 for accreditation again?

Mrs MELINDA PAVEY: In the foreseeable future.

Mr JUSTIN FIELD: You are not prepared to put a date on it? This year?

Mrs MELINDA PAVEY: No, I am not.

Mr JUSTIN FIELD: The NRC review of the metropolitan water sharing plan recommended that environmental flow regimes in the Shoalhaven River be reviewed at some point in the near future. Your department has just put out a new metropolitan water strategy and one of the options is to bring forward the transfer of water from the Shoalhaven system to the Sydney system—from 75 per cent of Sydney's catchment being full to 85 per cent. That is a big take from the Shoalhaven system. Will you commit to Shoalhaven residents that you will review, as per the recommendation of the NRC, the environmental water regime for the Shoalhaven River?

Mrs MELINDA PAVEY: I do recall, Mr Field, that at the beginning of the drought when we were going into the situation—I had just become a Minister—you started to raise some concerns which were quite misleading to the Shoalhaven community about the transfers and about the responsibilities of that water. I can guarantee the people of the Shoalhaven that we will continue to do whatever we need to do to keep them in water. We will continue to do that in a thorough and proper way. I am very proud of our metropolitan Sydney water strategy which encourages and has included, for the first time, conversations in Sydney and right across New South Wales—regional water strategies that will look at historic water flows and the needs of all communities.

I can give the people of the Shoalhaven a guarantee that we will not short-change them. I am very alive to the fact that there are a lot of people in the Shoalhaven and the Illawarra who are very keen for future water infrastructure projects, like a desalination plant to be built in the Illawarra around Wollongong. We will continue to do that work and ensure that the people of the Illawarra, the Shoalhaven and Sydney continue to have water in the future.

The CHAIR: I think Mr Field was trying to say something but we could not hear him.

Mrs MELINDA PAVEY: Sorry, I could not hear him.

Mr JUSTIN FIELD: Taking advantage of the online system. Good job, Minister. Whilst the Shoalhaven was on water restrictions during the last drought and Sydney was not, you would taking billions of litres from the Shoalhaven River and transferring them to Sydney, and you are now proposing to take yet more before you have done a review of the environmental needs of the Shoalhaven River.

Mrs MELINDA PAVEY: I do not agree with your proposition. We will always continue to ensure the supply of water. As soon as I became Minister we were on water restrictions. That is a fact. I do not agree with your proposition. We will protect the people of the Shoalhaven and the Illawarra and all people through the Sydney catchment to continue with water as we plan for future water supplies.

Mr JUSTIN FIELD: Will you do the review as recommended by the NRC of the environmental water regime of the Shoalhaven River?

Mrs MELINDA PAVEY: I will take that on notice and seek some advice in relation to the timing of that. I have just been given by my official Dr Bentley, "The Greater Sydney Water Strategy proposes options for securing Sydney's water supply including modifying environmental flows and transfers from the Shoalhaven catchment." We will continue to do the work. If the Natural Resources Commission has suggested we do some work, we will do that as well and feed that into our Sydney Water Regional Strategy.

Ms JONES: We are consulting with the community and the Shoalhaven community, in particular, as the NRC has recommended. The Greater Sydney Water Sharing Plans are up for review currently and we have some consultation early in the New Year.

Mr JUSTIN FIELD: Minister, Sydney Water in leaked documents has shown the legislative change required before the Warragamba Dam could be operated as a flood mitigation dam. WaterNSW was seeking indemnity from liability if the management of the dam as a flood mitigation dam goes wrong. Is it still the case that the dam cannot be operated as a flood mitigation dam until the legislation is changed?

Mrs MELINDA PAVEY: That is the situation. It is not a flood mitigation dam; it is a water supply dam. That is why the Government is exploring the options through Minister Ayres and WaterNSW raising Warragamba Dam levels by 14 metres to give us the capacity for flood mitigation. We need the water in Warragamba for drinking supply. It is managed at a 1 metre below capacity so that we can maintain it. We did do some work in the lead-up to the end of last year in relation to canvassing those options but, given the need for the water that we have, our intention is to keep operating as a water supply, not flood mitigation. But the work that Minister Ayres is doing with WaterNSW in raising Warragamba Dam wall would then give the dam the capacity, if approved, the ability to become a flood mitigation dam to protect those in the Hawkesbury-Nepean and Blacktown areas.

Dr BENTLEY: Could I just add—

Mr JUSTIN FIELD: If you are happy, Mr Bentley, beforehand: Minister, that was not what the document suggested; it suggested WaterNSW was seeking an indemnity from liabilities and that includes damage to downstream residents' properties as a result of negligence or problems in the operating of the dam. The suggestion here is that the Government is seeking to indemnify itself in case this goes horribly wrong. You are putting that risk on residents downstream, are you not? That is what you are required to do to operate this dam as a flood mitigation dam. That is what—

Mrs MELINDA PAVEY: The law states it must be operated as a water supply dam, not a flood mitigation dam, and I am going to now refer to Dr Bentley.

Dr BENTLEY: Thank you, Minister. We asked WaterNSW and Sydney Water what would need to be done if we were to consider using the current Warragamba Dam for flood mitigation. Quite correctly, WaterNSW drew our attention to their responsibilities and their legal obligations. Them asking for an indemnity does not mean where the Government would seek to cover itself, as it were. We were asking WaterNSW, "You, as a State-owned corporation, what is your situation?" When we did the modelling it actually showed that in that last event, if we had operated the dam five metres below full supply level it would have made a 0.6 metre difference to the level of the flood. We concluded from that work—there are other stats I will not bore you with—that it is so immaterial we would have to drop the water supply level by 18 per cent to just get a 0.6 metre difference. It was the right question for WaterNSW to raise with us; we considered it in the business case and we rejected the business case, which was a unanimous decision of all the water sector leaders.

The CHAIR: Thank you. I will throw to Ms Faehrmann.

Ms CATE FAEHRMANN: Thank you, Chair. Minister, I just want to go back to my previous line of questioning, which we had just heard from Mr Barnes from NRAR that their staff had gone out and assessed flood supply works. Going back to the Healthy Floodplains Review Committee, are you aware that the main task of that committee was if landholders had an issue with the assessment done by NRAR they could appeal to this review committee—with a representative of NCC, a representative of NSW Farmers, a representative of NSW Irrigators and a chair—and have the whole thing reviewed and a decision made. Are you aware that that was the purpose of that committee?

Mrs MELINDA PAVEY: They could appeal to the committee for further clarification and advice.

Ms CATE FAEHRMANN: Who made the decision?

Mrs MELINDA PAVEY: In what respect?

Ms CATE FAEHRMANN: If they were suggesting that NRAR assess their property and they wanted to challenge that, if they suggested potentially that they wanted to receive more entitlements, they could then approach the Healthy Floodplains Review Committee and get a review of that. Who made the decision in that situation?

Mrs MELINDA PAVEY: What decision?

Ms CATE FAEHRMANN: That committee adjudicated the differences between NRAR and the individual property owner; it was the committee that did that. So who made the decision?

Mrs MELINDA PAVEY: Who on the committee? But what particular case?

Ms CATE FAEHRMANN: So are you not aware of what the Healthy Floodplains Review Committee did and what it was tasked to do?

Mrs MELINDA PAVEY: Yes, you have explained, but it sounds like you are talking about a particular case.

Ms CATE FAEHRMANN: No, I am not; I am not talking about a particular case. This is the entire function of this committee, according to the transcript of one of the members that indeed spoke to the Healthy Floodplains Review Committee—and this is public—that basically the purpose of the committee is nothing to do with the health of floodplains; it is giving retrospective approval to structures and works while granting new floodplain harvesting entitlements that are far too large. Are you aware that that was the role of the committee?

Mrs MELINDA PAVEY: No. The role of the committee is to ensure procedural fairness for landholders seeking to participate in the rollout of floodplain harvesting access licences and works approvals. It is another process in place to give procedural fairness to participants about work on their property.

Ms CATE FAEHRMANN: So let me get this straight. We have NRAR who has departmental staff who have the expertise, who go out and do on-ground assessment in the valleys, like Gwydir Valley and the Border Rivers region. They make an assessment and then landholders are told they can appeal to a four-person committee with representatives of the irrigation industry, the farmers, the environmentalists and an independent chair. They can appeal to that committee and have NRAR's decision completely overturned.

Mrs MELINDA PAVEY: It is about procedural fairness.

Ms CATE FAEHRMANN: Procedural fairness. Who makes the decision though?

Dr BENTLEY: The committee.

Ms CATE FAEHRMANN: This committee makes the decision. What we have also heard is that in most of the situations there was no decrease in allocation. We are talking about hundreds of appeals—you know that, do you not, Minister?—not one or two cases. Are you aware of this?

Mrs MELINDA PAVEY: I am aware of a process in place to give procedural fairness with an independent committee with oversight. This is a very—

Ms CATE FAEHRMANN: Would you not think NRAR is more independent than this four-member committee—

Mrs MELINDA PAVEY: I think what we are doing is giving procedural fairness—

Ms CATE FAEHRMANN: —which has signed confidentiality agreements? Are you aware it has signed confidentiality agreements?

Dr BENTLEY: I can confirm they have now.

Ms CATE FAEHRMANN: They have. So what we have here—I will just read out some of it. Basically the task of the committee was to adjudicate the differences between what NRAR has said is on-farm and what these landholders suggest. That is the task of the committee. Do you think that it is fair for a four-member committee with representatives of the irrigators, farmers, plus a chair—who, I understand, has interests in irrigators—plus a representative of the NCC, to adjudicate the differences? How are they skilled to do this? And, by the way, what they are doing is giving retrospect approval to flood works that may be decommissioned, that will be compensable. What kind of a committee is this? It is secretive, you seem to almost not know what it is doing, so it is kind of being revealed that this is in fact what is going on. It is extraordinary. They could be making decisions that will cost your Government hundreds of millions, if not billions of dollars, and you do not know what is going on in that committee.

Mrs MELINDA PAVEY: Cate, I hear your passion and your statements and your ferocity of wanting it all changed, but this is a process that is in place to give procedural fairness to all participants.

Ms CATE FAEHRMANN: How is it procedural fairness?

Mrs MELINDA PAVEY: Because it is. Just because you say it is not does not mean it is not.

Ms CATE FAEHRMANN: Hang on; so the works are not approved by NRAR, right? Let us get this straight. They may need to be modified or decommissioned; you have this little group of people kind of approving this based on landholders who, I understand, can come back quite a few times and want their allocation increased and want an increase. Why are they wanting that? Because you are issuing compensable water licences. So this group, I understand, can agree to this and if there are any discrepancies or if one of the members has an issue, they send you a dissenting report, Dr Bentley. Do those reports go to the Minister?

Dr BENTLEY: No.

Ms CATE FAEHRMANN: So how much does the Minister know about this committee and the work that it undertakes?

Mrs MELINDA PAVEY: I might just point out that there have been two probity reviews of the floodplains review committee work, two probity reviews by independent assessors—lawyers—the first in early 2019 and the second in October 2021. In both reviews it was found that the department's licensing processes were lawful and well documented and that procedural fairness was afforded to applicants. If you have information that is other than that, please let us know because all I am hearing from you is suggestions and allegations without facts. But I will refer back now to Dr Bentley, who has oversight.

Dr BENTLEY: Just quickly, the role of this review committee was in the policy that was published in 2013. This is not something that we secretly slipped under the table; this is something in the published policy, and they do not rule on what the policy should be; it is just a place that people can apply to. If they say, "I want someone else independent to—"

Ms CATE FAEHRMANN: A lot of people are applying, are they not?

Dr BENTLEY: Yes, and very few get referred to me because the committee actually agree on the case. If you want us to, we can provide those numbers on notice, but most of them are settled by the committee. Formally speaking, it is the department—me—that finally approves those things, but a small number do come to me for resolution because the committee could not agree.

Ms CATE FAEHRMANN: I would take a close look, if I were you, Minister.

The CHAIR: That concludes Opposition and crossbench time. I am now looking to Mr Martin.

Mrs MELINDA PAVEY: If they do, they are in trouble.

The CHAIR: Minister, I saw you pass him a note, so I assumed that was some Dorothy Dixers. If there are no questions from the Government—

The Hon. TAYLOR MARTIN: Minister, I would like to ask you if there is anything that has been raised this afternoon that you would like to clarify?

Mrs MELINDA PAVEY: No.

The Hon. TAYLOR MARTIN: There you go. That is us done.

Mrs MELINDA PAVEY: And thank you to my team. That was very nice of Mr Mookhey to acknowledge the work all the officials did during COVID and the difficulties, and the opportunities we have now got to see Anissa's pretty lounge room. I thank them all too. I am blessed to work with a great bunch of public servants, so thank you.

The CHAIR: Thank you, Minister. That concludes today's hearing. You did take some questions on notice. The Committee secretariat will be in touch and you will have 21 days to respond.

(The Minister withdrew.)

(The witnesses withdrew.)

The Committee proceeded to deliberate.