

PORTFOLIO COMMITTEE NO. 4 - INDUSTRY

Monday 30 August 2021

Examination of proposed expenditure for the portfolio area

REGIONAL NSW, INDUSTRY AND TRADE

CORRECTED

The Committee met at 9:30

MEMBERS

The Hon. Mark Banasiak (Chair)

Ms Abigail Boyd

Mr Justin Field

The Hon. John Graham

The Hon. Emma Hurst (Deputy Chair)

The Hon. Taylor Martin

The Hon. Adam Searle

The Hon. Penny Sharpe

Mr David Shoebridge

The Hon. Mick Veitch

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**

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The CHAIR: Welcome to the virtual hearing for the inquiry into budget estimates 2021-2022. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of the land on which the Parliament sits. I also pay respect to Elders past, present and emerging of the Eora nation, and extend that respect to other Aboriginals viewing this broadcast. Today the Committee will examine the proposed expenditure for the portfolios of Regional NSW, Industry and Trade. Today's hearing is being conducted as a fully virtual hearing, which enables the work of the Committee to continue during the COVID-19 pandemic without compromising the health and safety of members, witnesses and staff. As we break new ground with technology, I would ask for everyone's patience through any technical difficulties we may encounter today. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to rejoin the hearing by using the same link as provided by the Committee secretariat.

Before we commence I would like to make some brief comments about the procedures for today's hearing. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take questions on notice and provide an answer within 21 days. All witnesses in budget estimates have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. Today's proceedings are being broadcast live from Parliament's YouTube channel and the transcript will be placed on the Committee's website once it becomes available.

Finally, a few notes on virtual hearing etiquette to minimise disruptions and assist our Hansard reporters. I ask Committee members to clearly identify who questions are directed to and I ask everyone to please state their name when they begin speaking. Could everyone please mute their microphones when they are not speaking. Please remember to turn your microphones back on when you are getting ready to speak. If you start speaking while muted, please start your question or answer again so that it can be recorded in the transcript. Members and witnesses should avoid speaking over each other so that we can all be heard clearly. Also, to assist Hansard, may I remind members and witnesses to speak directly into the microphone and avoid making comments when your head is turned away. All witnesses will be sworn prior to giving evidence.

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GARY BARNES, Secretary, Department of Regional NSW, affirmed and examined

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

ANSHUL CHAUDHARY, Chief Executive Officer, Forestry Corporation of NSW, affirmed and examined

GEORGINA BEATTIE, Deputy Secretary, Mining, Exploration and Geoscience, Department of Regional NSW, affirmed and examined

The CHAIR: Today's hearing will be conducted from 9.30 a.m. to 11.00 a.m. and from 11.15 a.m. to 12.45 p.m. with questions from Opposition and crossbench members only. If required, an additional 15 minutes is allocated at the end of the hearing for Government questions. As there is no provision for any witness to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

The Hon. JOHN GRAHAM: Mr Barnes, I wanted to ask about the Australian Clay Target Association grant. This was a controversial grant. It was described in a parliamentary note from your agency as being "controversial" for this reason:

During the 2020 ICAC investigation ... it was stated that a company named G8way international may have been paid a commission to facilitate a furniture buying trip to China for the Australian Clay Target Association.

It was alleged during the ICAC investigation that Mr Maguire was the silent director of G8way International at the time. I might confirm firstly, Mr Barnes, that you are familiar with this project.

Mr BARNES: Yes, Mr Graham, I am familiar with the project.

The Hon. JOHN GRAHAM: It was originally assessed at a benefit-cost ratio [BCR] of 0.88. That was then upgraded to 1.10. When that news was communicated to Infrastructure NSW [iNSW], it was in a letter from Chris Hangar to Jim Betts. That letter was cc'ed to you and it included this statement, that the grant had been assessed following a request by the Premier. What was the nature of that request from the Premier?

Mr BARNES: Mr Graham, unfortunately—as you are no doubt aware, and you mentioned it—Operation Keppel is ongoing. We do know that the Australian clay pigeon shooting grant is something that the ICAC are looking at and therefore it would be inappropriate for me to talk about this matter today. And I believe that Kate Boyd, when this line of questioning came up during Department of Premier and Cabinet, gave similar advice.

The Hon. JOHN GRAHAM: Mr Barnes, you have obligations possibly elsewhere but you certainly have obligations to the Parliament and to budget estimates. I am asking a question about a document which is public in order to satisfy the Parliament's obligations to understand this. Your agency has written that this upgrade of the benefit-cost ratio occurred after a request from the Premier. I am asking you: What was the nature of that request?

Mr BARNES: Mr Graham, I am more than happy to talk about the Restart program, even the Regional Growth - Environment and Tourism Fund, but I will not be answering questions of the nature that you have put because there is an ongoing investigation and it would be inappropriate for me to do so.

The Hon. JOHN GRAHAM: Mr Barnes, how can you not explain to the public documents that are publicly available that relate to grants within your agency when you are asked by the Parliament?

Mr BARNES: Mr Graham, I believe I have answered that question.

The Hon. JOHN GRAHAM: Well, I do not believe you have answered it to the satisfaction of either the Parliament or the public, Mr Barnes. You have obligations here, why won't you fulfil them?

Mr BARNES: As I have previously stated, Mr Graham, I have answered the question.

The Hon. JOHN GRAHAM: So you will not indicate what the nature of that request from the Premier was, whether it was written or verbal?

Mr BARNES: As I said, Mr Graham, I have answered that question.

The Hon. JOHN GRAHAM: Or when you received that request?

Mr BARNES: Again, I have answered the question.

The Hon. JOHN GRAHAM: You would agree, though, Mr Barnes, in relation to this project that that move in the benefit-cost ratio from 0.88 to 1.10 was crucial to the progress of this project. It effectively moved it

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from a red light to a green light in the Infrastructure NSW funding process. Without that upgrade that documents from your agency say was requested by the Premier, this project could not have proceeded with Infrastructure NSW funding. Do you agree with that?

Mr BARNES: Mr Graham, if you are talking about Restart projects, and this was captured under Restart, iNSW are responsible for making sure that the four criteria that Restart projects have—and one of them is economic viability—are met, and then that is checked by the Treasury officials before a recommendation is made to the Minister responsible for Restart, and that is the Treasurer. My understanding around Restart projects is that the convention is that a benefit-cost ratio of one is preferred for Restart projects. I am sure that it is not legislated but it has become custom and practice. But those decisions around the final assessment of any Restart project should be directed to iNSW.

The Hon. JOHN GRAHAM: Thank you, Mr Barnes, for that answer. On 20 June 2017 you wrote to the deputy chief of staff in the Premier's office about this project, "Just wanted you in the loop given the Premier's interest." Mr Barnes, what was the Premier's interest in this program?

Mr BARNES: I have previously stated that I will not be answering questions of that nature given that there is an ongoing investigation, and this particular topic is on the public record as being a project of interest.

The Hon. JOHN GRAHAM: Mr Barnes, we know that on 7 June 2017 you wrote to the deputy chief of staff in the Premier's office indicating that this grant would be discussed, in your words, "later today". What was discussed?

Mr BARNES: I have answered that question.

The Hon. JOHN GRAHAM: It is a separate email but I take it you are giving the same answer, you are refusing to cooperate?

Mr BARNES: Correct.

The Hon. JOHN GRAHAM: In relation to this grant, on 23 May 2017 you wrote, cc'ing the deputy chief of staff in the Premier's office, to say, "The local member will be happy." That local member was Daryl Maguire, is that correct?

Mr BARNES: As I have previously stated, I am not answering questions in relation to the specifics around the project in question.

The Hon. JOHN GRAHAM: Mr Barnes, these are public documents related to a grant which has been very controversial. I do not understand how you can refuse to answer altogether in relation to these questions.

Mr BARNES: As I have stated, Mr Graham, I am more than happy to talk about broad conventions around grants administration. However, the advice I have received is that it would be inappropriate for me to engage in a conversation about the specifics of this particular project.

The Hon. JOHN GRAHAM: Mr Barnes, one of those public documents is this note, held by your agency. It is entitled "Confidential Chronology of Decisions Australian Clay Target Association". It was emailed to you on Wednesday 10 March 2021. It includes the timing and nature of the original approval in December 2016 by the expenditure review of Cabinet. It includes a note about the source of the funds from the Regional Growth - Environment and Tourism Fund. It also includes the information that this:

Was subject to the finalisation of a satisfactory business case, noting that this can be approved by the Treasurer following Infrastructure NSW assurance processes ...

Eventually, Mr Barnes, this project was approved by Treasurer Perrottet, but at the time the Treasurer was Ms Berejiklian. And you confirmed that at the end of that first approval for this grant not only was this Expenditure Review Committee being chaired by the Treasurer, but the Treasurer left that room as the final decision-maker for this grant.

Mr BARNES: Again, Mr Graham, I am not prepared to answer those questions given the nature of the investigation that is currently ongoing, nor am I prepared to breach Cabinet confidentiality.

The Hon. JOHN GRAHAM: Mr Barnes, I will ask you about the Regional Conservatorium of Music then. This project was due to have its business case finalised and was expected in the first quarter of 2021. Has that been submitted?

Mr BARNES: My understanding is that the Regional Conservatorium of Music stage one, which was an allocation of—

The Hon. JOHN GRAHAM: I am referring to stage two.

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Mr BARNES: My understanding is that the business case for stage two has been finalised.

The Hon. JOHN GRAHAM: Great. Thank you, Mr Barnes.

The Hon. ADAM SEARLE: Mr Barnes and Mr Hansen, you should have been provided with a couple of documents this morning. There are two documents, both of which have been produced to the Parliament by your department, Regional NSW. One is document 29 from the public return and one is document 38. Turning to the first document, it is an email from Kate Lorimer-Ward. Mr Barnes, she is the deputy director general in your department, isn't she?

Mr BARNES: Mr Searle, Kate Lorimer-Ward is the Deputy Director General in the Department of Primary Industries [DPI].

The Hon. ADAM SEARLE: Right, and that is part of Regional NSW?

Mr BARNES: Yes.

The Hon. ADAM SEARLE: This email from her says, "We have been directed by the Deputy Premier to provide them"—that is Monaro Farming Systems—" \$50,000 to provide certain services. They need to send us an invoice. I have nothing new I can send in terms of the schedule of work. You will need to keep it high level and vague." This email suggests that your Minister, the Deputy Premier, has just directed the conferral of a grant of money on a private company. What probity or tender arrangements were put in place around that?

Mr BARNES: That document was discovered as a part of a process through Standing Order [SO] 52, and I have not got that document in front of me. Was it emailed this morning?

The Hon. ADAM SEARLE: It was.

Mr BARNES: Okay, let me just check.

The Hon. ADAM SEARLE: While you are reflecting on that, I will start asking you some questions around the second document. It is an email dated 28 January 2021. Both the sender and recipient have had their names redacted. But what is significant in this document is it says, "John Barilaro visited Monaro Systems and promised money for extension services. Kate LW has to provide \$50,000. Monaro will provide an invoice. Putting a contract in place gives that invoice legitimacy." There is some discussion about "this looks like a grant; it looks like it is trying to avoid looking like a grant," and very much down the bottom the author says, "I'm concerned about the nature of this agreement. I'm concerned about the ethics. Is it favouritism? Is it bribery?" These two documents, Mr Barnes, raise some very serious issues about the way in which the Deputy Premier has directed the department to provide money to a private company. Can you advise what legal advice or what probity advice you got around this arrangement?

Mr BARNES: I am aware of both of those documents and only became aware of both of them at the time when the call for documents happened. Those documents, through Standing Order 52, go through my legal governance area. When they made me aware of those documents, I asked the head of governance and the head of my general counsel to undertake a fulsome investigation around the probity issues concerning the Monaro Farming Systems.

The Hon. ADAM SEARLE: Just pausing there, Mr Barnes. Roughly when did you do this? Was it before the return on 31 May to the Parliament or was it after that date?

Mr BARNES: I would have to consult my notes.

The Hon. ADAM SEARLE: Please take it on notice and come back. I want a precise time frame on this.

Mr BARNES: And I am sure I have notes that would give when that occurred.

The Hon. ADAM SEARLE: Have you received that advice that you commissioned?

Mr BARNES: Yes, I have received the advice, and that advice has come to me and the advice is clear with a number of recommendations. Firstly, I had to ask whether I had an obligation under section 11 as to report things forward to the ICAC as to whether there was any corrupt conduct, and the probity report ruled out the fact that there had been corrupt conduct and also ruled out that there had been a direction made by Minister Marshall for that to be funded. The Deputy Premier cannot provide that direction. He can lobby as a local member to the Minister, which I believe he did. And there were a number of things in the probity report when it finally came back, which was after the second call for papers, so it was not completed during the second call for papers. And I believe the third call for papers did not ask for a probity review to be furnished.

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So that probity review is with me. A number of actions are there. We are working on each of the actions that were recommended to me. Every single one of them I have accepted and I am more than happy, if you would like, to voluntarily provide that at some point.

The Hon. ADAM SEARLE: Yes, if you could table all probity advice as you have it, that you are able to provide.

Mr BARNES: I voluntarily will do that.

The Hon. ADAM SEARLE: Thank you.

Mr BARNES: I am not required during these meetings, but I am more than happy to do that. So I will come back to you with the dates around when I received that and I will look at that during the break today, if that is alright, Mr Searle.

The Hon. ADAM SEARLE: Of course. But these emails suggest that the Deputy Premier did not just lobby but did purport to direct the allocation of a sizeable amount of public money. Did the probity adviser get into the details about that kind of conduct by your Minister?

Mr BARNES: My understanding is that it was a fulsome investigation.

The Hon. ADAM SEARLE: Mr Barnes, "fulsome" actually has a very important meaning and it does not mean "full" or "complete". It actually means "dishonest" and "meretricious".

Mr BARNES: It was a thorough investigation, Mr Searle, and all of the relevant people were interviewed during the process of that. But, as I said, I am more than happy to voluntarily provide the Committee with a copy of that probity report on the basis that it is dealt with confidentially and I can arrange for that to occur.

The Hon. ADAM SEARLE: Okay, thank you. So that is your probity advice. Your legal advice, was that separate advice that you sought and received?

Mr BARNES: They were, I believe, included in the probity report.

The Hon. ADAM SEARLE: Okay. So the probity report, was that provided by a lawyer or was it provided by a probity expert? Are you able to tell us the name of the entity that provided the advice?

Mr BARNES: It was all undertaken through my general counsel, Tim Holden, and he included governance and probity expertise from within his team.

The Hon. ADAM SEARLE: So it was his advice, was it?

Mr BARNES: Ultimately he made the recommendation through to me as the senior officer responsible for that team.

The Hon. ADAM SEARLE: And what findings did that advice furnish you with about the conduct of your Minister? Because it sounds like the Deputy Premier was playing pretty fast and loose with his conduct, trying to direct the allocation of sizeable amounts of public money to an outfit in his electorate.

Mr BARNES: There was no suggestion that the Deputy Premier did anything other than lobby his colleague in support of an industry that has been engaged with the Department of Primary Industries and Local Land Services [LLS] for a period of over 10 years. In fact, one of the reasons why getting all of the information back for the Standing Order 52 took so long was that there were literally thousands and thousands of emails over a long period because this group—and Mr Hansen might be able to tell you more—has had an ongoing and longstanding relationship with both LLS and DPI for many, many years.

The Hon. ADAM SEARLE: My question time is up. I may return to this subsequently.

Mr JUSTIN FIELD: Mr Barnes, thank you for your appearance here today. Is the Deputy Premier using any Department of Regional NSW resources in his defamation case against Jordan Shanks?

Mr BARNES: No, he is not. He, from time to time, will ask his department to produce documents and the like but, no, we are not providing departmental resources in relation to any case that he has.

Mr JUSTIN FIELD: Sorry, what are those documents that he, from time to time, requests?

Mr BARNES: Documents that are generated by the department that he may not have access to.

Mr JUSTIN FIELD: Okay. Are there any provisions for the Deputy Premier to be able to claim reimbursement from the department for any legal costs associated with that defamation action?

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Mr BARNES: Mr Field, that is a question that is best directed to, potentially, general counsel from DPC and/or to the Deputy Premier. I am not aware of those matters, and certainly he has not asked me for advice in relation to those matters.

Mr JUSTIN FIELD: I am sorry, I asked whether you have processes available within your department for reimbursement to be sought.

Mr BARNES: I am not aware that we have, but I am happy to take that on notice and see if I can get you an answer back at maybe the morning tea break.

Mr JUSTIN FIELD: Thank you, I appreciate that. Moving to Forestry, and I think in the first instance, Mr Barnes, this is still for you. When will the Natural Resources Commission's [NRC] report—the advice that it was asked to provide with regard to the Coastal Integrated Forestry Operations Approval and post-bushfire logging—be made public?

Mr BARNES: Again, I am not aware of a time frame. That might be something that Mr Hansen or Mr Chaudhary might have at their fingertips, but I certainly don't. Again, I can take that on notice. I know that it has been with the NRC for quite a bit of time now, and that we have been pressing them for updates around progress because it is an important piece of work that they are undertaking.

Mr JUSTIN FIELD: Can I stop you there, Mr Barnes? The media commentary from the Deputy Premier is that it was provided to the Government by the NRC in June and it is under consideration. So I am asking you when it is going to be released. It seems that it is in the hands of the Ministers now.

Mr BARNES: I will take that on notice and get back to you on that.

Mr HANSEN: Maybe I can help, if that is okay. Chair, Mr Field, the media commentary is correct, the NRC has completed its report and it is in the hands of the Ministers. And the timing of their consideration and response to that is something that I am not privy to or aware of.

Mr JUSTIN FIELD: Mr Hansen or Mr Barnes, this one is for you. Moving on from the NRC report, is it the case that the non-Boral wood supply agreements for the North Coast forests have been extended from their 31 December 2023 expiry date to 2028?

Mr BARNES: I think that one might be best directed to Mr Chaudhary, Mr Field.

Mr JUSTIN FIELD: I believe the Minister would have to sign off on any extension. This would not be a matter for Forestry Corporation. I am happy for Mr Chaudhary to answer but the Minister has ultimate responsibility here.

Mr BARNES: Again, I am happy to take that on notice and get that information back to you.

Mr JUSTIN FIELD: Mr Chaudhary, do you have an answer on that point?

Mr CHAUDHARY: There are no extensions that have been granted to any customers that are requesting extension for the wood supply agreements. We are considering that at the moment. We have certainly informed our customers that we are thinking about it but there is nothing that has been extended at this stage.

Mr JUSTIN FIELD: Okay, thank you for that. Recently Sweetman Renewables chairman John Halkett said in industry media:

... based on advice from the Forestry Corporation of New South Wales, Deputy Premier John Barilaro had formally approved the transfer of longer-term log supply agreements to the company.

Is this the case, Mr Chaudhary?

Mr CHAUDHARY: Mr Field, just to clarify that, Sweetman is an existing customer of hardwood. We have a sawlog contract with that customer. That customer has changed ownership, so there is a new customer that has bought them and is using part of the same name, and the assignment is of the sawlog contract to the new customer.

Mr JUSTIN FIELD: Has that assignment been made now?

Mr CHAUDHARY: I believe it has.

Mr JUSTIN FIELD: It seems to me that there has been no finalisation of the purchase of the sawmill. Could you confirm on notice if that assignment has actually been made?

Mr CHAUDHARY: I can take that on notice and check that for you.

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Mr JUSTIN FIELD: Thank you very much. This is a question for Mr Barnes in the first instance and then I might ask Mr Hansen and Mr Chaudhary as well. Have you had any meetings with Richard Poole in the last 12 months?

Mr BARNES: Not that I can recall. Who is Richard Poole?

Mr JUSTIN FIELD: He is the CEO of Verdant Earth Technologies.

Mr BARNES: Certainly it is not a name that rings a bell. Again, I am happy to take that on notice and I could quickly turn that around. But, as far as I understand, I have not.

Mr JUSTIN FIELD: Also if you could investigate whether you have had meetings with Mr Tim Sommers or Mr Sean Neylon from Liberty Energy Capital in the past 12 months. And Mr Chaudhary and Mr Hansen, if you would be prepared to take that on notice as well I would appreciate that.

Mr CHAUDHARY: I have not met with any of those people [inaudible].

Mr HANSEN: No, same here. I have not met with them but I can check that and confirm.

Mr JUSTIN FIELD: With regard to this assignment, Mr Chaudhary, of the Sweetman Renewables log supply contracts—or wood supply agreements—you are going to check on notice if the assignment has been made. Under the agreement, Forestry Corporation must make a recommendation to the Minister on the assignment of agreements. Will you provide some advice on notice as well?

Mr CHAUDHARY: Yes. So, just to be clear, you are looking for the advice?

Mr JUSTIN FIELD: Yes. Sorry, Mr Chaudhary. Did you hear that?

Mr CHAUDHARY: Yes, I did. Sorry. Yes, I have taken that on notice.

Mr JUSTIN FIELD: Mr Barnes, recently the lower House inquiry into the sustainability of energy supply and resources in New South Wales handed down its report. Recommendation one was that the New South Wales Government monitors changes in the coal export market to plan for the impact of declining coal exports, and especially its impact on affected regional communities. Have you read that report?

Mr BARNES: No, I have not read that report.

Mr JUSTIN FIELD: Does the Department of Regional NSW currently have a plan for dealing with the anticipated decline in coal exports?

Mr BARNES: Mr Field, I could get Ms Beattie, who is on the call at estimates today, to talk about the future of coal document that we have that does look at the transition away from coal in the medium term to different endeavours in those regional communities. Did you want Ms Beattie to talk about that future of coal document?

Mr JUSTIN FIELD: I have read those reports. In the context of the preliminary regional issues assessment that is being done for the Hawkins-Rumker coal exploration release, I am trying to understand how the Government is proceeding with considering new exploration for coal given the repeated warnings of the decline of coal and the need to prepare the New South Wales economy for this decline. How are those two issues being addressed within the department?

Mr BARNES: I might pass over to the head of our Mining, Exploration and Geoscience, Georgina Beattie.

Ms BEATTIE: Good morning, Mr Field. The Future of Coal Statement was released last year, and as part of that we did some modelling about the future demand for coal. The modelling suggests that there is transition of coal and there is obviously a change in the global market for coal, but in the medium term it suggests that the demand for New South Wales exported coal should continue to be stable—noting that there is a change in those markets, so particularly an increase in South-East Asian markets and continuing a strong demand from Japan.

In terms of new areas for exploration, that is all covered under our strategic release framework. There is a map related to that Future of Coal Statement which has areas identified that could be considered for future release for coal exploration, as well as any expansions of existing operations. So that statement really has a balanced approach to make sure that coalmining and future exploration only occurs in the areas that have gone through that strategic release framework.

Mr JUSTIN FIELD: Thank you. My time has expired but I might have some questions on notice on that point.

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The Hon. EMMA HURST: I have some questions for Mr Barnes. I would like to ask a couple of questions about the Standing Order 52 on animal research that was passed on 12 May, which still remains outstanding from the Department of Regional NSW. I know that obviously lockdowns have led to delays on most Standing Order 52s, and we obviously want to ensure that everything is done in a COVID-safe. However, my understanding is that, while there have been delays across the board, there have been a lot of Standing Order 52s returned to the Clerk every week. But this particular one on animal research is significantly more delayed than all the other Standing Order 52s. I want to ask if you could explain why this particular SO 52 is so extremely delayed.

Mr BARNES: Thanks for that, Ms Hurst. One of the reasons for that Standing Order 52, and maybe Mr Hansen in a minute can talk more about it—but the date range of the request for that standing order was from 1 January 2016, which was 5½ years ago. There have been multiple iterations of email systems that we used across, I think, five different machinery of government clusters. And, as a smaller agency, all of our searches are outsourced to DPIE. So the Department of Planning, Industry and Environment provide all of our back office services, and they would have been doing that in the context of their own searches. We do know that the request also included all documents. So there were literally tens of thousands of documents that had to be not only gathered but then looked at.

So I can assure you that, generally speaking, we have not treated this standing order any differently to any other one. We have had 24 Standing Order 52s to date. For this, in the last 12 months, approximately 4,000 staff hours have gone into it.

The Hon. EMMA HURST: For this particular SO 52 or across all those received?

Mr BARNES: No, across the board. In recent times your Standing Order 52s, of which there are four of them, make up about 50 per cent of the impacts mainly because of the broad scope and the extensive timescales. It is a logistical exercise that we take very seriously and work our way through and make sure that we go through all of the documents and redact things as appropriate. For example, the one that we talked about previously with Mr Graham on the Monaro Farming Systems, there are 125,000 emails that we had to go through.

The Hon. EMMA HURST: Mr Barnes, is there a priority process that is done at all for the SO 52s? How do you work out which ones to get through first?

Mr BARNES: Again, I would have to take that on notice. My understanding is that they work through them as they come in and try and meet the deadlines that have been determined. My understanding is that in preparation for budget estimates we went back and looked at all of the Standing Order 52s. And I think that Standing Order 52 is close now but I am happy to take some advice from the governance area and get that time frame to you immediately after.

The Hon. EMMA HURST: I think your letter on 17 September said that it would be 1 September. Is it still on track to be produced by then?

Mr BARNES: I will take that on notice and make sure that that is the case and let you know immediately following the morning tea break.

Mr HANSEN: I might be able to short cut that, if that is okay.

The Hon. EMMA HURST: Yes.

Mr HANSEN: The first tranche which was delivered, which you would have got a hold of, obviously has gone through. The second tranche, it was actually forwarded to DPC on Friday for presentation.

The Hon. EMMA HURST: Okay, so that will be coming ASAP?

Mr HANSEN: That is right.

The Hon. EMMA HURST: Thank you, Mr Hansen. In March 2021 the Environment Protection Agency issued a penalty notice to the Forestry Corporation of NSW after it was found that the Forestry Corporation of NSW did not properly take into account records of the critically endangered swift parrot and its habitat. What corrective action has been taken by the Forestry Corporation of NSW to ensure that this type of error does not happen again?

Mr CHAUDHARY: Just to give you an overview, our understanding is—particularly with the swift parrots—they are a migratory species which basically come from Tasmania and they travel all the way up to the eastern seaboard, up to Queensland and then across into South Australia. The available habitat is actually quite substantial, and therefore they are found obviously not only in State forests but in other land tenures as well. Our forestry operations are fully compliant with the approved rule set, which is the Coastal IFOA—the Integrated

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Forestry Operations Approvals. That carries with it hundreds of prescriptions that require the identification of various types of threatened and vulnerable species and habitat.

Bearing that in mind, what we are doing specifically for the swift parrots, we are involved in annual coordinated swift parrot surveys. We are also a participant of the NRC working groups that are developing monitoring programs specifically for swift parrots. I understand the NRC is working to develop those monitoring programs specifically for swift parrots. And, in line with our adaptive management principles, data from these monitoring programs will be used continually to assess the effectiveness of conditions and to inform future management of swift parrots.

The Hon. EMMA HURST: So those measures were brought in following these penalty notices. Is that what has been implemented since then?

Mr CHAUDHARY: We have an adaptive forest management practice. So as information comes to light and we understand the implications, Ms Hurst, we adopt that in our ongoing processes.

The Hon. EMMA HURST: It was also reported that a community of homeless people were camping in State forests in New South Wales, on the mid North Coast, and have been told to move out ASAP or otherwise their belongings and homes will be seized by the police because they have overstayed the Forestry Corporation of NSW limit of a four-week stay. Why did the Forestry Corporation take this action? And, given the current pandemic—as well as many people who are still rebuilding after bushfires—was any leniency given to these people during this time?

Mr CHAUDHARY: Absolutely. In fact, this is quite a unique situation and it is really disturbing and concerning to see that people are finding themselves having to camp in the forest for a prolonged period of time. Forestry Corporation has been quite compassionate in this space. As you know, we do provide free camping areas in the State forests. Our regulations clearly state it is for a four-week period because we have to provide equal access to all public users of our State forests, but we do understand that people may be experiencing hardship, particularly in the current environment, and so we are doing our best here to engage with compassion by permitting extended stays of those campers facing those difficulties. We are also trying to work with some other charitable groups so that we can get them connected with these people to find more long-term suitable accommodation. Accommodation, obviously, in the forest, you would not want that to be prolonged for long periods of time. So we are trying to get those campers connected with those charitable organisations.

The Hon. EMMA HURST: Thank you.

The CHAIR: Mr Searle.

The Hon. ADAM SEARLE: [Inaudible]

The CHAIR: Mr Searle, you will need to unmute yourself.

The Hon. ADAM SEARLE: Sorry. Technology let me down. Mr Barnes, I want to ask some questions about the Resources Regulator, which I think your department administers. The Natural Resources Access Regulator [NRAR], which is administered by the Department of Planning, Industry and Environment [DPIE], the two agencies are quite similar sized but the Natural Resources Access Regulator in DPIE seems to be conducting far more activities and enforcement actions within its parameters than your Resources Regulator. For example, in the 2019-20 financial year both regulators received about 2,000 complaints; the NRAR conducted 1,367 investigations and nearly 500 enforcement actions, whereas the Resources Regulator conducted something like 60 per cent fewer enforcement actions. Can you step us through why the Resources Regulator is underperforming compared to the comparator regulator?

Mr BARNES: Thank you for the question, Mr Searle. I might flick in a moment to Georgina Beattie because the Resources Regulator sits within her area. I think it probably is unfair to compare the two regulators against one another. I think a fairer comparison would be resources regulators from other jurisdictions, and that typically might allow for some solid comparative data. The Resources Regulator has a very strong reputation across the sector and across the country. In fact, I know for a fact that other like regulators from around the country get together on a regular basis and would often see benefit in picking up the things that our regulator does because they do them so well. They are very proactive in heading off and there is a big tranche of the regulator that works proactively around issues of safety, and they are also a regulator that when they need to be very, very strong they can be. But I might flick to—

The Hon. ADAM SEARLE: Just before you do, I have a follow-up question about the proactivity. Looking at the Resources Regulator's most recent annual report, we can see there were nearly 800 desktop assessments, of which most were reactive: Only 27 were proactive; 765 reactive. There were 264 site assessments

CORRECTED

but most were proactive: 183 compared to 81. So why are there far fewer site visitations and why are they more proactive and why is the Resources Regulator so reactive when it comes to conducting desktop reviews?

Mr BARNES: I might flick to Georgina Beattie to answer that question, Mr Searle, thank you.

Ms BEATTIE: Thanks, Mr Barnes. Good morning, Mr Searle. Look, it is very difficult to compare. There is no real comparison between the Resources Regulator and other regulators. The NSW Resources Regulator is very proactive in its assessments. The advice I have been given is that since January this year we have conducted 817 proactive safety site assessments at mine sites, and 133 site assessments have been carried out to ensure compliance with the Mining Act. So the Resources Regulator covers compliance and enforcement under workplace health and safety laws as well as compliance under the Mining Act, and it has a very good reputation and is very proactive in its compliance and enforcement activities.

So it takes these proactive assessments but also it does respond to any reports or any safety incidents that it is made aware of. So I think to be able to compare apples with apples it is not really appropriate to be comparing those, but they have responded to 951 mine safety incident notifications; 62 potential allegations of noncompliance with the Mining Act.

The Hon. ADAM SEARLE: Over what time frames? What were the time frames?

Ms BEATTIE: That is since January this year, I believe.

The Hon. ADAM SEARLE: In July the Resources Regulator published an investigation into the death of an employee at the Snapper mine and found that there had been seven collisions and near misses at both Snapper and the nearby Ginkgo mines in the last five years. What sort of systemic and proactive enforcement measures have you taken in the wake of that report and what are you doing at a systemic level to make sure that mines really lift the standard when it comes to observing health and safety requirements in their mines?

Ms BEATTIE: The Resources Regulator—in terms of that particular incident I would have to take that on notice.

The Hon. ADAM SEARLE: Please do.

Ms BEATTIE: I am happy to do that and I can get back to you hopefully quite quickly. In terms of proactive effort, the Resources Regulator is regularly undertaking training and support activities for the industry to be sure they understand the requirements, and they are best practice when it comes to understanding and complying with the workplace health and safety laws. We have regular training, webinars. Obviously now in a COVID environment we are moving much more online to provide that support to the industry, but it is a very proactive approach to compliance and enforcement.

The Hon. ADAM SEARLE: Just to be clear, in the wake of that report the regulator has not done anything specific to lift the standard of health and safety enforcement in the industry beyond what it was already doing?

Mr BARNES: I think, Mr Searle, Ms Beattie said she would take that on notice and get back to you.

The Hon. ADAM SEARLE: Okay. I will ask a different question then about mining rehabilitation. Mr Barnes, you would be familiar with the 2017 Auditor-General's report about mining rehabilitation security deposits. I think in March of this year estimates heard that the department now holds something like \$3.3 billion in safety deposits to sort of rehabilitate mines at the end of life. In May of this year the Australia Institute produced the report entitled *Mind the gaps*, which showed there was a fairly big discrepancy between the bonds the department holds and the expected liabilities, which were estimated to be anywhere between \$11 billion and \$25 billion. For example, the published estimate for final voids and filling costs at Wambo I think is \$777 million, but the security deposit you hold is \$20 million. Mount Thorley-Warkworth, I think the estimated total cost is \$2 billion but you have got \$113 million in bonds. And there are a number of other examples that are given in that report. Do you maintain that your agency holds enough in bonds to make sure that these sites will be fully and finally rehabilitated at the end of their use as mines?

Mr BARNES: I will hand that over to Ms Beattie, thank you.

Ms BEATTIE: The New South Wales Government holds \$3.4 billion in security bonds to cover the full cost of rehabilitation in accordance with the development consent conditions that apply to mines that are operating in New South Wales. That report, *Mind the gaps*, estimated the cost of rehabilitation of filling in the final voids, which it acknowledges is the cost of filling in the final voids, which is beyond the development consent requirements for those mines. In relation to Mount Thorley-Warkworth, we got over \$135 million in security for that particular mine. I think the Department of Planning, Industry and Environment when they approve mines and the development consent conditions often have final voids as part of the final land use for those sites, so the

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security bonds that are held by the New South Wales Government relate to the cost of rehabilitating those sites in accordance with those development conditions.

It should be noted as well that the Resources Regulator has a range of measures available to ensure that rehabilitation occurs appropriately on those sites. We have recently introduced new rehabilitation requirements which ensure that rehab is progressively undertaken at those sites and the regulator can undertake compliance activities, issue penalty notices. So really accessing those security bonds is a last resort, but the Government holds that to make sure that all sites are effectively—

The Hon. ADAM SEARLE: Okay. I think I am running out of time here. In response to a supplementary question about the strategic statement on coal in estimates earlier this year it was stated that a cross-agency mine rehabilitation steering committee has been established to progress other key reforms focusing on post-mine closure, land use, final voids, residual risks and the like. Can you tell me which government agencies are on the committee, who are the specific committee members, how often does the committee meet and how does the committee intend to strengthen regulatory requirements around rehabilitation and closure planning, and have any reforms been proposed by that committee—assuming it has been put into place?

Ms BEATTIE: Look, Mr Searle, we are working across government frequently in all sorts of committees to support rehabilitation and looking at post-mining land use. We regularly work with the Department of Planning, Industry and Environment, both the planning side of that as well as the environmental side of that department. We have got a range of, I guess, various forums where we are regularly talking about post-mining land use and the rehabilitation measures. As I mentioned, just recently, a couple of months ago, we updated the mining regulations to have much stronger rules and compliance around rehabilitation. We have recently undertaken some work on post-mining land use; we are working with the Department of Planning, Industry and Environment on some work they are doing on final voids principles; and we are currently working on our care and maintenance policy and other policies related to what were referred to in that 2017 report that you mentioned.

The Hon. MICK VEITCH: It is Mick Veitch here. I am taking over from Adam now. Mr Barnes, I would like to ask some questions if I may about the Resources for Regions program, and I guess they are really directed to you. In the first instance I just want to clarify or make certain that your department administers or is jointly responsible for the Resources for Regions program with Infrastructure NSW. Is that correct?

Mr BARNES: Resources for Regions, we administer the program but, as you would be aware, I think, there are other government agencies that play a part in that as well.

The Hon. MICK VEITCH: Mr Barnes, which department is responsible then for assessing and approving the projects?

Mr BARNES: We do the preliminary assessments for those projects.

The Hon. MICK VEITCH: Mr Barnes, is it possible for you to provide a full list of the projects that were funded under round seven? I think there are about 80-odd.

Mr BARNES: I am happy to provide that.

The Hon. MICK VEITCH: Mr Barnes, there is an interactive map, so if people go to the interactive map they can see where the projects that have been funded under Resources for Regions are located, but unfortunately it does not say which round of the program they were funded under. Is it possible for that amendment to be made to that interactive map?

Mr BARNES: I am more than happy to take that on notice.

The Hon. MICK VEITCH: That would be good. I just think it would assist people in working out when these projects were funded and how. Mr Barnes, how many applications were received under round seven of Resources for Regions? Do you know?

Mr BARNES: My understanding in round seven was that 84 projects were announced. I am not sure how many projects were brought forward, but 84 projects under round seven totalling \$50 million, with all 24 eligible local government areas [LGAs] receiving their entire funding allocation. I would imagine there might have been a touch more than the 84 but, as you know, Resources for Regions has changed from being a statewide beauty contest to being an allocation of money per LGA based on the mining impactedness in those communities, which has been welcomed by those LGAs because it gives them certainty and then they can work on the projects that they really want. I am pretty sure that we also, following feedback from the community and councils, have been doing a different form of economic benefit in the assessment process because the BCR process made it quite difficult to get some of the community-initiated projects up. But I can get back to you. If there were more than 84 I can get back to you on that.

CORRECTED

The Hon. MICK VEITCH: And the list of who the recipients were, the projects. Mr Barnes, can I just ask then were all of the funds for Resources for Regions, the most recent round, allocated or have there been any funds left over?

Mr BARNES: No. "Fully allocated" it says on my briefing note, and that was round seven. As you would be aware, we are into round eight at the moment. The Deputy Premier announced that round eight would be \$75 million as opposed to previous rounds that were \$50 million.

The Hon. MICK VEITCH: Mr Barnes, there are no carryover funds though, is what I am getting to.

Mr BARNES: I have got it here that the full amount was allocated.

The Hon. MICK VEITCH: Mr Barnes, after rounds five and six of Resources for Regions the Department of Premier and Cabinet had sort of a report into the process of evaluation. Has that report and its recommendations formed the basis for evaluating the projects in round seven and will it form the basis for evaluating the projects in round eight?

Mr BARNES: Yes. My understanding is that the review was undertaken after round six and that review included a number of changes which were incorporated into round seven. Part of round six, I believe also we had some good projects that did not quite meet the round six criteria that we were able to incorporate in the 2019 drought stimulus package—I think four of those projects—so that we were able to make good on what were very good projects that were brought forward by those communities through their LGAs.

The Hon. MICK VEITCH: Mr Barnes, following on from that then, do any of the unsuccessful projects in the last round have to reapply for round eight or will their applications or their bids be automatically carried across to round eight for consideration?

Mr BARNES: That would be, given the new nature of the project or the program, a consideration that our folk would talk with the relevant LGAs about. If there were some projects that missed out but others came in that were of a higher priority it would be a negotiated outcome in consultation with the LGAs. There is no reason why good projects cannot flow through into the following round. If they were complying projects, that we had all the information, you would not need to go back and—

The Hon. MICK VEITCH: That is good, Mr Barnes. Just before my time cuts off, one last, quick question about compliance. As I understand it, these projects have to start within six months of funding being announced but they are completed within two years. How does your department go about ensuring compliance with those requirements?

Mr BARNES: Most of the projects that are awarded to not-for-profits, to organisations and mostly to LGAs are done through a funding deed. There will be milestone payments and we will be in regular contact about folk meeting those milestones. I would have to say to you that there is so much money being directed at LGAs at the moment for drought, for bushfire, for flood, which is coming, and for COVID as well as the regional growth funds, that we have had many, many LGAs come to us and request extensions on time frames. Where we can, we are very accommodating around that. We understand that they are struggling with project management at the moment and we have been giving them access to public works advisory. That is particularly evident with some of the smaller councils. But we are very mindful of the fact that we want the projects to be delivered but that we are okay in working alongside of our local government authorities to make sure that they can do that in a way that works for them.

The Hon. MICK VEITCH: Thank you, Mr Barnes. My time has expired and I will hand over to the crossbench.

The CHAIR: Thank you. It is the Chair here. My questions are to Mr Barnes initially. When did your department begin work on the *Future of Gas Statement*?

Mr BARNES: I might just pass that one over to Ms Beattie, who heads up that and led that work. Thanks, Ms Beattie.

Ms BEATTIE: Thanks, Mr Barnes. The *Future of Gas Statement*, in October last year the Government released the opportunities for gas and as part of that we committed to a *Future of Gas Statement* which would be released in the middle of 2021. We pretty much started work on that soon after October last year.

The CHAIR: In your view, when was your department's work finished on that?

Ms BEATTIE: The *Future of Gas Statement*?

The CHAIR: Yes. When did your department essentially hand it over to the Deputy Premier and say, "We have finished our work on this?"

CORRECTED

Ms BEATTIE: We were working on it right up until the middle of the year. There was a lot to get through that statement so we were working on it right up until it was released in July of 2021.

The CHAIR: Did the Deputy Premier ask you to assist in a submission to the inquiry of the Petroleum (Onshore) Amendment (Cancellation of Zombie Petroleum Exploration Licences) Bill and the Coal and Gas Legislation Amendment (Liverpool Plains Prohibition) Bill?

Ms BEATTIE: I believe we put in a submission to those inquiries.

The CHAIR: Yes. The committee received an email on 1 July from a Ms Harriet Whyte from your department declining the invitation to attend the hearing and then we received another set of correspondence requesting an extension to put in that submission. Did the Deputy Premier ask you to ask for the extension or did you do that of your own accord?

Mr BARNES: I made that call, Mr Banasiak.

The CHAIR: So, Mr Barnes, my question is to you. Why did you make that call?

Mr BARNES: It was a logistical decision that I made. We just could not get people at short notice to that hearing. We were more than happy to provide a comprehensive submission, but it was just logistical. I was not asked by anyone in the Deputy Premier's office to not send a representative to that—

The CHAIR: I am going to have to stop you there. My question was: Did the Deputy Premier ask you to seek an extension on putting in your submission or was that your decision, Mr Barnes?

Mr BARNES: No, that was my decision.

The CHAIR: What did you base that decision on?

Mr BARNES: It was logistical and workload. I went to my people and asked them if they could meet the time frames and they suggested that if they were forced to meet the time frame the quality of the submission would not be of a sufficient nature to do it justice, so we asked for an extension.

Ms BEATTIE: I am happy to jump in here as well. The original request for a submission actually went to the Department of Planning, Industry and Environment rather than to the Department of Regional NSW, so by the time we got the invitation it was a little bit late. As Mr Barnes said, the logistics of having to prepare a submission to a parliamentary inquiry means it needs to go through various approval processes. That takes some time and there are set time frames set by the Department of Premier and Cabinet. So that was also a reason why the timing.

The CHAIR: Just picking up something in your comments, Mr Barnes, you say that it was a robust submission, but given that both submissions to the first separate bills were barely a page and merely essentially regurgitated the press release on the *Future of Gas Statement*, can you see it is easy for the Committee to draw the conclusion that the Deputy Premier's office actually asked you to delay your submission, to essentially waste the Committee's time and allow him to make the announcement of the *Future of Gas Statement*? Can you see how we would make that conclusion?

Mr BARNES: I am not going to respond to inferences. As Ms Beattie pointed out, this came to us very late in the piece via another agency. There are conventions around bringing things forward that have to go through DPC for any agency submission that goes into an upper House inquiry. We needed to be quite careful around the things that we put into that submission because some of the content and policy propositions that were to be brought forward had not yet gone forward to Cabinet. So as an agency—we put forward policy options, the Government decides policy—we needed to be quite circumspect about what came forward.

The CHAIR: Picking up on that comment about the time frames, when did you finish the submission and when did you hand it up to DPC for their approval?

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

The CHAIR: Thank you. With those questions being taken on notice, I will pass to Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Ms Boyd is going to have first go in this round.

Ms ABIGAIL BOYD: Thanks very much. Just quickly—and good morning to everybody—I wanted to ask some questions of you, Ms Beattie, before you leave us this morning. I just wanted to pick up on some questions that Mr Field was asking earlier in relation to the Hawkins and Rumker areas being released for exploration. I understand your answer in relation to the declining market for thermal coal, identifying the risk to the market of thermal coal export. However, given that I think it is just over only half of all approved coal

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extraction in the Hunter is currently being used, why would we be approving more coalmines instead of looking to the excess capacity already existing in those approved mines?

Ms BEATTIE: Thanks for the question, and good morning, Ms Boyd. The Hawkins Rumker area is one of the areas that was identified in the *Future of Coal Statement* which was released last year. As you mentioned, the Department of Planning, Industry and Environment is undertaking a preliminary regional issues assessment of that area. That is to consider the area for potential release for future exploration. So this is just for exploration; it is not related to mining. Should the Government decide to release the area for exploration, there is a very long process in terms of a public tender and then exploration, which takes many years, and then, of course, to move forward to any actual mine it would need to go through the full assessment under the Environmental Planning and Assessment Act. So I think it is many, many years away if any mine were to be considered in that area. As I mentioned earlier, the *Future of Coal Statement* talks about sustained demand in the medium term for coal. Really the assessment of that Hawkins Rumker area is very preliminary just to determine the suitability for that site for exploration.

Ms ABIGAIL BOYD: Thank you, Ms Beattie. I understand that process and I understand that this is really at the very beginning and that it may take many, many years. However, suggesting that this area be opened for exploration obviously has a huge impact on the local community—on house prices and on future plans. Given that we already have a huge amount of capacity in the existing Hunter Valley thermal mines, why would the department be suggesting that a whole new area be opened up for exploration and potential mining many, many years in the future, when we know that the demand for thermal coal is declining and the impact that it has on the community?

Ms BEATTIE: The department is not suggesting that that area be opened up. At this stage that Preliminary Regional Issues Assessment undertaken by the Department of Planning, Industry and Environment is looking at the opportunities and constraints, both economic, environment and social. I understand the community has been engaged—the community consultation closed a few weeks ago—but I think this process, if anything, will give greater certainty to that community once that process is complete. So the Preliminary Regional Issues Assessment when it is complete will be handed to the Advisory Body for Strategic Release, which will then make recommendations to the Deputy Premier and the Government.

Ms ABIGAIL BOYD: Thank you. We might have to respectfully disagree with each other on that. I will put some more questions in on supplementary questions. I will hand over to my colleague David Shoebridge.

Mr DAVID SHOEBRIDGE: Thanks, Ms Boyd; thanks, Chair. It is nice to see you all here today. Mr Chaudhary, my first question might go to you. As a State-owned corporation you are obliged to approach your operations with a commercial eye—is that right?

Mr CHAUDHARY: Yes, Mr Shoebridge; good morning. Part of our objective is to apply a commercial focus as well.

Mr DAVID SHOEBRIDGE: Thanks, Mr Chaudhary. There is a bit of feedback. I think some people are probably not on mute. Mr Chaudhary, in that regard, when it comes to the logging of publicly owned State native forests can you tell me what the net return per hectare to Forestry Corporation is for the logging and destruction of publicly owned State forests?

Mr CHAUDHARY: For native forests, let me explain it in this way: We operate in about two million hectares of forest and most of that is native forest and then we have got the softwood division as well. Your interest is probably in the native forests, if I am correct.

Mr DAVID SHOEBRIDGE: This question, Mr Chaudhary, is in relation to native forests. I am sure you have a very strong interest in the expansion of plantation forests, but this question is very clear: What is the net profit per hectare of each hectare of native forest logged and destroyed on your watch?

Mr CHAUDHARY: First of all, our operations are conducted in accordance with the approved ruleset, which is the Coastal Integrated Forestry Operations Approvals, which carries with it several prescriptions to make sure that we are complying with the law. Can I just also inform the Committee, the IFOA is government policy and it underwent substantial consultation to get to the point where it is. So we are operating within the law. In terms of your question around the finances, the native forest division is a division that is cost neutral. Our intent is to produce a cost neutrality out of that business, and that is because it has got, as I was saying, two million hectares of forest that we are managing on behalf of the Crown.

Out of the two million, we are operating in less than 30,000 hectares per annum. So out of two million, a million hectares is set aside for environmental conservation and of the remaining million we operate, at most,

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30,000 hectares per annum. So the vast majority of the land is managed for a variety of uses including weed control, animal control, recreation, tourism, fire management and multiple-use values for the forest.

Mr DAVID SHOEBRIDGE: Mr Chaudhary, the question is quite specific. If you do not know, because you are not asking, that is fine, but the question is quite specific: What is the net profit per hectare of native public forest destroyed on your watch by Forestry Corporation?

Mr CHAUDHARY: I can take the question on notice, Mr Shoebridge, but the insinuation that it is destroyed on my watch I think is what I [disorder].

Mr DAVID SHOEBRIDGE: I am happy to have it rephrased as [disorder].

Mr CHAUDHARY: As I said, we are operating within the legal framework and we are managing sustainable forest management. We have been doing so for the last hundred years, but I am happy to work out per hectare. That is not how we actually measure our organisation, but I am happy to take that away and see what we can do.

Mr DAVID SHOEBRIDGE: Thank you, Mr Chaudhary, and feel free to treat the question as, instead of "destroyed", "logged", because I think that may avoid pointless disputes. Mr Chaudhary, in 2019-20, which is the last year for which I can find detailed figures, Forestry Corporation logged 14,271 hectares of native public forest—is that right?

Mr CHAUDHARY: I do not have the figures on hand, but it is on our website, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Well, actually, it is very, very hard to find. It is hidden deep down in a sustainability report. It is extremely hard to find, but I can tell you that is the figure—14,271 hectares—and the net profit for that division was some \$400,000. When we do the calculations that works out at a net "profit" of about 20c per tree. Do you think that is at all justifiable, the destruction of 50-, 60-, 80-year-old trees for a net 20c return?

Mr CHAUDHARY: There are a couple of things there. First of all, I think that sort of analysis may be a bit misleading because we do not clear hectares. There is no clear-falling that goes on in native forests; we do what we call selective tree harvesting, and by that what I mean is that in a forest you would select a number of trees but the majority of the trees would remain. So that opens up the canopy and allows regeneration to occur in the forest. So to apply that sort of analysis that you have just described can be misleading because it does not take into account the fact that we are only harvesting a few trees, not the whole hectare.

Mr DAVID SHOEBRIDGE: Mr Chaudhary, you know it is plainly wrong to say that when Forestry does what you term "selective harvesting" that a majority of trees remain. That is plainly wrong, isn't it? You have got to be careful about the evidence you give to the Committee, and that is plainly wrong.

Mr CHAUDHARY: I am sorry, Mr Shoebridge, we do not clear-fall native forest; we selectively harvest. So it is not clear-falling. I am not sure why you are saying it is plainly wrong.

Mr DAVID SHOEBRIDGE: Mr Chaudhary, you leave a very small proportion of the trees. For example, if there are about 156 trees per hectare, under your basic operations about 140 would be logged using selective logging. It is not true to say that the majority of trees are left after a logging operation. Mr Chaudhary, I am giving you the opportunity to correct the record here.

Mr CHAUDHARY: Mr Shoebridge, if you have got a specific example like that, if you can give me the specific forest I can take a look at that. In fact, my recollection is that in most of the operations we have 50 per cent of the area set aside. I am happy to take your specific example away and take a look at that, but it is certainly not the majority as you are describing it; that is my understanding.

Mr DAVID SHOEBRIDGE: Mr Chaudhary, have you been into a forest that has been logged under your watch [disorder]?

Mr CHAUDHARY: I have.

Mr DAVID SHOEBRIDGE: Let me finish. Are you seriously telling me that those open patches of bare dirt and broken trees in any way represent a majority of the trees being left behind? Because I have been in plenty of them and I can tell you, Mr Chaudhary, what you are telling this Committee has no resonance in reality, does it?

Mr CHAUDHARY: Well, Mr Shoebridge, I have been in many forests as well. I have been in forest that has been logged immediately; I have been in forest that has regenerated over time as well. Like I said, if you have got specific examples I am happy to take them away and take a look at them. But we don't clear-fall [disorder].

CORRECTED

Mr DAVID SHOEBRIDGE: I will give you examples. Every single State forest that has been logged by Forestry Corporation in the last 10 years that I have been out and about in those forests—they are the examples—it is plainly untrue to say that the majority of trees are left. You know that it is untrue, Mr Chaudhary, and I am giving you the opportunity to correct your evidence.

Mr CHAUDHARY: Mr Shoebridge, we have been operating in native forests for over 100 years. It is sustainable, renewable forestry. We do selective harvesting and the forest generates and regenerates and we continue going back to the same forests and harvesting.

Mr DAVID SHOEBRIDGE: How many current investigations are you aware of that the Environment Protection Authority [EPA] has in terms of forestry operations, ones that have not yet been completed? How many have you been alerted to?

Mr CHAUDHARY: Mr Shoebridge, there are a number of investigations at any time the EPA would have going on. It is part of our checks and balances process. I do not have the exact number on hand right now but I am happy to get that for you.

Mr DAVID SHOEBRIDGE: Mr Chaudhary, is it a policy of Forestry Corporation to have a conversion of mixed native forest into plantation?

Mr CHAUDHARY: No, we are not converting any native forest into plantations.

Mr DAVID SHOEBRIDGE: What about Wild Cattle Creek State Forest or Conglomerate State Forest? Is Forestry Corporation engaging in a conversion of those State forests to plantations?

Mr CHAUDHARY: No, we are not. There are forests that have both native forest and plantations coexisting or neighbouring, but we are not expanding any native forest into plantations. Plantation estates are managed under a separate regulation—it is authorised under the Plantations Reafforestation Regulation—and native forest, as you know, is under the Coastal IFOA.

Mr DAVID SHOEBRIDGE: Are you direct drilling blackbutt into those State forests following harvesting operations? I am asking you specifically about Wild Cattle Creek and Conglomerate State Forest. Are you direct drilling blackbutt into those forests following the most recent logging operations there?

Mr CHAUDHARY: You said "direct drilling". You might have to explain what you mean by that.

Mr DAVID SHOEBRIDGE: Are you planting blackbutt following the harvesting operations?

Mr CHAUDHARY: In the Wild Cattle Creek forest?

Mr DAVID SHOEBRIDGE: And Conglomerate.

Mr CHAUDHARY: I will have to take that away. There are different species that we plant in the hardwood plantations. That depends on a whole variety of reasons such as soil, weather et cetera. So whether we [disorder].

Mr DAVID SHOEBRIDGE: Mr Chaudhary, replacing a mixed native forest with one that is plainly blackbutt—

The Hon. TAYLOR MARTIN: He's answering the question.

Mr DAVID SHOEBRIDGE: —is converting it to plantation, isn't it? That is what you are doing.

Mr CHAUDHARY: Mr Shoebridge, you got cut off there. Can you repeat that question for me?

Mr DAVID SHOEBRIDGE: Mr Chaudhary, converting a mixed native forest to one that is overwhelmingly blackbutt through selectively replacing it with blackbutt is a conversion to plantation. You know that is happening. Can you tell me how many forests it is happening in?

Mr CHAUDHARY: Again, I repeat my answer there: We are not converting any native forest to plantations. Plantations, they may be coexisting with native forests but we are not extending the native forest estate into plantations.

The CHAIR: The time has expired, Mr Shoebridge. That concludes our morning session, so we bid farewell to Ms Beattie and Mr Chaudhary. I believe both of you took some questions on notice. You will have 21 days to get back to us on those. We will recommence at 11.15 a.m. I remind everyone to put their video and audio on mute and stop.

(Ms Beattie and Mr Chaudhary withdrew.)

(Short adjournment)

CORRECTED

AMY BROWN, Chief Executive Officer, Investment NSW, sworn and examined

REBECCA FOX, Deputy Secretary, Regional Precincts, Department of Regional NSW, affirmed and examined

The CHAIR: We begin our second part of the session today, and we have Ms Brown and Ms Fox joining us now. We will pass over to the Opposition. I believe Mr Searle has some questions first.

The Hon. ADAM SEARLE: I have one question to Mr Barnes. Mr Barnes, I asked a question in the last round about the establishment of the steering committee, and I just was not sure from the answer given by your colleague whether that steering committee has actually been established—that is the mine rehabilitation steering committee. Can you just tell me if it is up and running—yes or no?

Mr BARNES: Mr Searle, I will need to take that on notice and I will try to find that out during the course of the next couple of hours and get back to you. I can let you know that the probity report, which did include legal advice to me, was furnished to my office on 25 May in relation to the issues that came out of the document search for Monaro Farming Systems. So 25 May.

The Hon. ADAM SEARLE: Thank you, Mr Barnes.

Mr BARNES: If Mr Veitch is there as well, I can confirm that the review into Resources for Regions is published on the website. It is publicly available and I will send him a link from my office so that he has got access to that as well.

The Hon. ADAM SEARLE: It is over to Mr Veitch.

The Hon. MICK VEITCH: It is Penny Sharpe actually, Chair.

The Hon. PENNY SHARPE: Thank you to everyone for attending today. I have only got a couple of questions. The first one [audio malfunction] firstly deals with the special activation precinct [SAP]. My first question is has the conservation assessment been done in relation to the proposal that surrounds Kosciuszko National Park? This is the assessment under 72AA of the National Parks and Wildlife Act. Has that been completed?

Mr BARNES: Sorry, Ms Sharpe. I could not get all of that.

The Hon. PENNY SHARPE: Sorry. I will speak up. I am having technical difficulties today. With the plans around Kosciuszko National Park and surrounds, the special activation precinct, the requirement under the National Parks and Wildlife Act, section 72AA, is that there is a conservation assessment completed. Can you please tell me whether that has been done?

Mr BARNES: I will start, and then I will then hand over to Ms Fox to complete the question. Obviously we are working very closely with the Department of Planning and also with National Parks and Wildlife Service to make sure that we are ticking all of the correct boxes in relation to the process that we are engaging with all of our SAPs. Of course, the SAP up on the Snowy Mountains is a unique SAP. It is a bit different from most of the other ones that we are doing. It needs to be done in a measured, balanced and a very thorough way. Ms Fox, did you hear that question?

Ms FOX: I think I heard the gist of it, Mr Secretary.

The Hon. PENNY SHARPE: It is very straightforward. Has the conservation assessment as required under the National Parks and Wildlife Act been completed?

Ms FOX: We will have to take that on notice and get the answer from the DPIE, who are responsible for those technical studies.

The Hon. PENNY SHARPE: But the special activation precinct sits under your department, does it not?

Mr BARNES: Ms Sharpe, we outsource all of the up-front planning work—and we pay for it—from the Department of Planning, Industry and Environment. As Ms Fox is saying, they would fully appreciate all of the requirements that they would need to go through before they can take something forward to Minister Stokes for his sign-off on the various component parts of the planning requirements. We can turn that around quickly and I can ask Secretary Betts to get an answer back on that.

The Hon. PENNY SHARPE: If you could also get information in relation to who has conducted that conservation assessment, I would welcome that. There are 23 items. To be honest, I am quite shocked that there is a plan out for public consultation that does not clearly and explicitly deal with this issue. The proposal is within

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a national park, which makes it unique. It is not just a box-ticking exercise; it is actually required under our laws. I am concerned that you cannot tell me whether that has been completed, but I am happy for you to take that on notice. If you could also tell me who did and who has done the conservation assessment and whether it is available, that would also be very useful. Thank you.

Mr BARNES: Yes. I will try and get that back to you before the Committee rises today.

The Hon. PENNY SHARPE: Terrific. Thank you. Can I just check—is my sound better now?

Mr BARNES: Much better.

The Hon. PENNY SHARPE: Great. Thank you for staying with me. I have one question. I think maybe this is to you, Mr Hansen. There is considerable community concern in the Clarence Valley in relation to catchment management issues and mining exploration licences. That is not an issue that I want to go into today, but I am very concerned about the lack of community consultation. It is my understanding that the community group, which has got over 11,000 signatures for debate in the Parliament, which has of course been delayed, has written to many of your Ministers seeking meetings and discussions. All of those have been forwarded to the Deputy Premier. He has written back to that community and said he is too busy to meet with them. My question to you is what, if any, consultation and discussion are staff in your department having in relation to this with the local community? There are significant concerns from fishers and farmers, tourism operators and others.

Mr HANSEN: Thanks for the question. I will have to take that on notice. The conversations actually have been led by others, not by the Department of Primary Industries, and it will only be whether those conversations have come up in our regular forum of consultations and engagement with those industries and the industry groups up there that we would actually be hearing any of that. I will have to take on notice which of those groups we have been meeting with and get back to you with that one.

The Hon. PENNY SHARPE: Thank you. I am not sure whether Mr Barnes has any input to that question either?

Mr BARNES: Sorry, Ms Sharpe. I will do a follow-up on that one.

The Hon. PENNY SHARPE: Thank you. That is it from me.

The Hon. MICK VEITCH: So it is my turn. Thank you for your patience. It is an interesting process, these virtual hearings. Mr Barnes, I just want to very quickly clarify something arising from my last round of questions. Round six of Resources for Regions was underspent. Is that correct?

Mr BARNES: I will confirm that but from the note that I have got in front of me from Mr Hanger, it would appear that it may have been underspent.

The Hon. MICK VEITCH: Those underspent funds, were they rolled over to round seven? Were they included as a part of round seven's funds?

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

The Hon. MICK VEITCH: Thank you. I just want to ask some questions around the agent-general program that has become a bit topical in today's media. Can I just ask with regard to this are the roles advertised for our agent-generals?

Ms BROWN: I will take this question. Amy Brown from Investment NSW. Yes, you are absolutely correct. Expanding our international trade and investment network is critical for New South Wales' economic recovery. So we are very much putting all of our efforts to getting more boots on the ground across the globe. Each of our hub locations that will lead each region where there is economic opportunity, both for trade and investment, will be headed up by a senior trade and investment commissioner [disorder].

The Hon. MICK VEITCH: If I could, Ms Brown, are the positions advertised?

Ms BROWN: Every position was advertised in *The Australian Financial Review*, yes, and a full process was undertaken for that recruitment.

The Hon. MICK VEITCH: Are there key performance indicators, performance measures in place for these positions?

Ms BROWN: That is correct. We are currently in the process of bedding down key performance indicators for each of these individuals who are leading each region. They will include things such as driving foreign direct investment into New South Wales.

The Hon. MICK VEITCH: With these positions, what is the tenure period?

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Ms BROWN: The tenure period is three years.

The Hon. MICK VEITCH: Three years? So they will then be readvertised, or will people just be automatically rolled over into the positions?

Ms BROWN: I will have to take that on notice, but I would expect that they would be readvertised or re-examined in terms of whether the representatives were still appropriate and delivering on our mandate.

The Hon. MICK VEITCH: With regard to the KPIs, the key performance indicators, are you able to provide those to the Committee on notice, please?

Ms BROWN: They are set by a performance agreement between me and the individual, who is a public servant subject to the control and direction of the CEO of Investment NSW. So it would not be appropriate for me to provide that on an individual level but we are determining KPIs for the agency as a whole, which includes things such as [disorder].

The Hon. MICK VEITCH: Ms Brown, with all due respect, this is a parliamentary inquiry, a parliamentary committee. You can provide those in confidence to the Committee; there is a process for that. So I would ask that you table the KPIs to this Committee.

Ms BROWN: With the caveat that they have not been bedded down yet because we are examining the opportunities globally coming out of COVID and we wanted to be as accurate as possible, I will still take the question on notice to see what I can provide you.

The Hon. MICK VEITCH: How were the locations for these hubs, these offices, determined? What was the process for that?

Ms BROWN: The hubs—and indeed the spokes—are set out in government's policy, which is Global NSW, which was determined by the Government at the time and sets out precisely where we see the opportunities are globally for New South Wales, what the hub locations will be and what the spoke locations will be to make sure that we have adequate representation to drive investment into key industries.

The Hon. MICK VEITCH: The article in the Financial Review this morning mentions a number of the locations that are yet to have someone appointed. Is that all of the remaining locations or are there others?

Ms BROWN: That is correct. There are 55 positions across 21 cities in 15 countries. I believe most of the new locations were reflected in today's media. We have 10 new locations; I think eight of those might have been reflected because we are just examining, for example, whether or not a spoke office in Beijing, for example, is something that we want to press forward with at this time. Again, that depends on the economic climate coming out of COVID, amongst other things.

The Hon. MICK VEITCH: Are you able to provide to the Committee then, on notice, all of the locations, please, just so we have got an understanding of where all of these offices are actually going to be located?

Ms BROWN: Of course. Would you like me to do that now?

The Hon. MICK VEITCH: You can take it on notice and lodge it with the Committee secretariat when they get in touch.

Ms BROWN: Okay.

The Hon. MICK VEITCH: Clearly there was a degree of secrecy around the salaries being paid to these individuals. Are these individuals going to receive bonuses?

Ms BROWN: There is no provision for bonuses for individuals, no.

The Hon. MICK VEITCH: So there will be no bonuses paid to whoever is appointed to these quite lucrative roles, I would suggest—no bonuses?

Ms BROWN: No. The senior trade and investment commissioners are remunerated as band 3s under the Statutory and Other Offices Remuneration Act. I believe that you have already been provided with the range for band 3s. Is that correct?

The Hon. MICK VEITCH: Yes. It is also in the Act.

Ms BROWN: And there is no bonus related to performance.

The Hon. MICK VEITCH: Why was there a degree of secrecy around the remuneration for these quite important roles?

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Ms BROWN: I am not sure that there was a degree of secrecy. All roles were advertised and anyone who made inquiries with the global search firm who were conducting the recruitment with us was given all the information that they needed to make a decision as to whether they wanted to apply. I expect—well, that would have included salary ranges and the like or else they would not have known whether it was a worthwhile opportunity for them.

The Hon. MICK VEITCH: With regard to the locations that have been identified, obviously there is going to be office accommodation required. Have we already signed rental agreements? What are the accommodation arrangements? Is it going to be different in each of the locations?

Ms BROWN: That is correct. It is slightly different on the locations. Using the hubs as an example, we already have a presence in five out of the six hubs, with the exception of New York. In most instances, we are signing lease agreements for independent New South Wales Government offices rather than sharing with Austrade, for example, which is what tends to happen in the spoke locations in order to save costs and assist with collaboration. We are currently in negotiation or real estate searches to make sure that the locations are the most appropriate, but with respect to our upcoming offices we are in the process of signing leases.

The Hon. MICK VEITCH: Could you maybe just give us an indication as to which ones are which so we have a better idea of what the arrangements are at each of these locations? I just want to know who is with Austrade, who is independent, that sort of stuff.

Ms BROWN: Absolutely. I will just focus on the hubs or else it will take a while for me to run through 21.

The Hon. MICK VEITCH: Just the hubs.

Ms BROWN: The hub based in Tokyo is already operational. We are currently sharing office accommodation with Tokyo, but we would like to open an independent office by January 2022. I believe that we are in the process of signing a lease for that arrangement now. With respect to London, we already have an independent hub office that is operational, with a number of staff already there. With respect to Singapore, we have an office there at the present time but we are sharing with Austrade, so we expect to enter into an independent office by the end of this year. With respect to New York, we do not currently have an office in New York but we are expecting to be able to lease a space within the consulate. With respect to Mumbai, we have an independent office about to open; we have already entered into a lease with respect to that property. With respect to Shanghai, we already have an independent hub office operational and that is home to not just Investment NSW staff but we also have a bit of a shared experience with Destination NSW staff as well, for example, so that is quite a strong hub presence for us in New South Wales.

The Hon. MICK VEITCH: Can I ask that you table the Global NSW report for the Committee, please.

Ms BROWN: I will table it for the Committee, yes.

The Hon. MICK VEITCH: The other question that arises out of the locations is what is the process we put in place to ensure that we are not duplicating the work of the Department of Foreign Affairs and Trade?

Ms BROWN: When we designed the Global NSW Strategy, we did so with strong consultation and collaboration with Austrade. As you say, we do not want to be duplicating but we also want to be sharing knowledge and best practice. Different levers are available to the Commonwealth Government as opposed to the State Government in terms of attracting investment. Obviously things like visas are more of an issue at the Commonwealth level but at the State level, for example, we can give things like payroll tax exemptions or co-funding of infrastructure or skills or concierging the New South Wales Government planning or regulatory approvals process. So there is a lot that we can do in collaboration with Austrade and we have been very purposeful in the way that we have designed the global rollout in that respect.

The Hon. MICK VEITCH: Is there going to be an annual review of this program to make sure that it is actually meeting the macro KPIs that have been established by government, and will that report be public?

Ms BROWN: Any program of this size we would be continuing to examine to make sure that we are achieving the objectives that we have undertaken to the general public, but there is no provision for a formal review or report that will be made public unless, of course, the Auditor-General gives notice that they will be conducting a review. But that is not a matter for me to speculate on.

The Hon. MICK VEITCH: I do believe my time may well be up, so I will be handing over to the crossbench. Thank you very much.

Ms BROWN: Thank you for your questions.

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Mr BARNES: Mr Veitch, just before you hand over, I can confirm that the money was rolled over from round six into round seven.

The Hon. MICK VEITCH: Yes. Thank you.

Mr BARNES: I can also confirm for Mr Searle that the committee to which he referred does exist and does meet.

The CHAIR: Thank you. We will now pass to Ms Hurst.

The Hon. EMMA HURST: I have got a few more questions for Mr Barnes. Under the koala State environmental planning policy [SEPP] 2021, the Planning Secretary may approve local councils to protect koala habitat but they must first obtain concurrence from the Secretary of Regional NSW. Has the Planning Secretary asked you to approve any koala plans of management [KPoMs] yet?

Mr BARNES: No, he has not, Ms Hurst, but there was an agreement when the two Ministers agreed to a way forward for a number of KPoMs to be made at that point. As a courtesy, there was consultation between the two secretaries in agreement that those KPoMs should be made.

The Hon. EMMA HURST: What will some of the major considerations be when a koala plan of management does come to you for approval?

Mr BARNES: We are still in the process of finalising both the new SEPP and its guidelines as well as the codes that we are working on in relation to private native forests and land use management. As soon as we are in a position to share that, we will.

The Hon. EMMA HURST: Will those guidelines be open for public consultation at any point?

Mr BARNES: The guidelines for the SEPP, that would be a matter to be directed to Mr Betts.

The Hon. EMMA HURST: You are not aware yourself if it will go out for public consultation?

Mr BARNES: I am not. That would be a matter to talk to Mr Betts about.

The Hon. EMMA HURST: When do you expect them to be published? Do you have any kind of time line?

Mr BARNES: Not at the moment but the work is ongoing and there is very good and productive work happening between Mr Betts' department and our department. Hopefully, those things can be resolved in very short notice.

The Hon. EMMA HURST: I also understand that the Department of Regional NSW is working with the Department of Planning, Industry and Environment on the Snowy Mountains Special Activation Precinct. The draft master plan is 71 pages but it only mentions animals once. This is despite the significant number of threatened animals and sensitive native habitat in Kosciuszko. How will the plans for the development of Kosciuszko take into account the impact on animals and the environment?

Mr BARNES: I might pass over to Ms Fox, who is the responsible deputy secretary, to talk about the master plan.

Ms FOX: Thanks, Mr Barnes. I think the questions about the management of the national parks certainly need to be referred to the Department of Planning, Industry and Environment, and National Parks, but I can talk at a high level about the master planning. That process is a 40-year vision and the first time that that sort of significant strategic planning has been done for that location. As Mr Barnes said earlier, it has been done very differently from some of our more industrial special activation precincts like Parkes or Wagga, and there are three parts to the master plan. In Parkes, for example, which is industrial, we only have one part and the management of that and the vision and the master planning is done in one way.

In Snowy Mountains, we have got three different parts of the master plans and three different types of precincts, or sub-precincts. The catalyst precinct has a State environmental planning policy. Then we have got some growth precincts that have a different planning pathway, and then the alpine precincts have been dealt with very differently and remain under the alpine State environmental planning policy. That has been set up very deliberately to make sure that those issues that you are mentioning are managed appropriately.

The Hon. EMMA HURST: So that will be included in that section of the planning?

Ms FOX: That is right, yes. The master plan is the high-level strategic vision and it is out for exhibition now.

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The Hon. EMMA HURST: I understand that obviously there is a crossover with the environment department as well around this, and we have also got a very outstanding report on the wild horse management plan. That is outside of your department, but how will those plans interact with the master plans and which will prevail if there are inconsistencies between the two?

Ms FOX: Again, I think that is a question that is best referred to the Department of Planning, Industry and Environment. I refer sort of to my earlier comment that this is the high-level strategic vision for the area, and the next level of detail comes as we move forward with the different levels of planning pathways and documents that support that master plan and high-level vision.

Mr BARNES: I think it is fair to say that there will be three planning instruments that—well, maybe four planning instruments because not all of, for example, Jindabyne will in its footprint be a part of the special activation precinct. There will be some parts of that town that remain under the existing planning arrangements that are administered by local government. As Ms Fox said, there will be the master planning instrument that defines the SAP and that will apply to Jindabyne and some of the resort-type locations. There will be the alpine SEPP, which will remain in place, and it will define what happens in the alpine region. That is currently what happens and that is the one that will be of most interest to you because most of our native flora and fauna exist and are protected under that SEPP.

Then the other planning instrument is the national parks plan of management for the resorts. They are the landlords of those resorts, and in conjunction with the draft master plan that we released for the SAP, at the same time National Parks and Wildlife Service released an updated draft of their planning instruments, which are the plans of management for [disorder]—

The Hon. EMMA HURST: Sorry. Can I just confirm the master plan will not consider how some of the other Acts interact underneath it and whether there will be conflicts within them?

Mr BARNES: They will all pay attention to one another and that is why the best group to oversee how all of this fits together—because it is complex; it is special. The biggest attractor is to preserve the natural endowment of that footprint, so we are very careful to make sure that all planning instruments work together. The best group to do that are the Department of Planning, Industry and Environment. We have got a dedicated executive director that Mr Betts has made available to us who is full time on this work and making sure that all of those instruments work in conjunction with each other. I think Anthea Sargeant, who sits in Mr Betts' department, will no doubt be working on a response to some of the questions that we have taken on notice.

The Hon. EMMA HURST: Thank you. I have got a couple of questions for Mr Hansen. At a previous budget estimates hearing back in March 2020, the Deputy Premier said that we need to find alternative proteins and "should look at more investment going forward"—and that is an actual quote from him. Are you able to tell me about any investments that have been made in the alternative protein space since the comment in March 2020 in either plant- or cell-based meats?

Mr HANSEN: Yes, I can. I guess we have seen significant growth since that hearing in investments in both research and also commercialisation of alternative proteins. We have continued to significantly increase our work in the cropping and, in particular, in the pulse side of our research around genetics, around breeding and quality attributes, disease resistance. That continues to see that industry grow off the back of strong demand. We were also conscious of the fact that some of the industry have actively started investing themselves in technologies that already exist and in building them into the commercial supply chains. I guess a good case in point has been the work of the dairy industry in looking at alternative proteins supplies rather than just milk.

Meat & Livestock Australia have been involved in looking at what is available in the space around alternative meats or synthetic meats, and obviously CSIRO have been really leading the research space in that cell-based meat research area. But we continue to have a really strong research portfolio in the production side for those horticultural or—sorry, the grains-based alternative proteins where we already have a strong footprint, a strong research capability and a track record of being able to deliver in that space, and to make sure that our growers and farmers continue to capitalise on that growing market opportunity by being able to turn their grubbing systems to producing the kind of crops, pulses and so forth that are required to fill that niche market.

The Hon. EMMA HURST: Thank you.

The CHAIR: I think that hands us to Ms Boyd.

Ms ABIGAIL BOYD: I will just ask a few questions before handing over to my colleague Mr Shoebridge. The first question I think is probably to you, Mr Hansen. Last week we saw a judgement from the Land and Environment Court in relation to the Environment Protection Authority. Obviously I am shortening the judgement slightly, but the takeaway is that the obligation of the EPA to protect the environment is obviously a

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role that involves considering greenhouse gas emissions and other impacts on climate change. Has that prompted any soul-searching within your department, and are you going to make any changes to law or procedure following that?

Mr HANSEN: I might address that in two ways. The first way is we will continue to watch closely as the EPA takes and now looks at how to interpret the court's finding into how they apply that and how they give life or bring implementation to that effect. I would say it does not trigger as much soul-searching as in the department has been a strong advocate for quite a while about the opportunity for agriculture to play a lead role in climate change. We have a significant investment portfolio looking in both mitigation, abatement and response capacity in climate change.

When you look at the numbers for New South Wales, agriculture is roughly a net 20 million tonnes of CO2 equivalents, which means that if we are building our research programs going forward to try to achieve a net zero target by 2050—bearing in mind that a number of the industries that we work with, such as the livestock industry, have set themselves that target for 2030—we are looking at what are the opportunities across the landscape for a 20 million CO2 equivalent reduction just purely in managing carbon and soil. That is things like pasture and grazing management, reduced tillage and stubble retention, incorporating legumes into perennial pastures—I mean, the calculations that we have done is that that alone, that suite of activities across the landscape in New South Wales, gives us a 20 million-tonne CO2 equivalent reduction.

We think that it is not only possible and doable, it is really both beneficial from a production perspective as well as from a market perspective as well as the environmental perspective to be continuing down this path. How the EPA will now interpret the court's finding, or ruling, we will be closely monitoring but it is not as if we have been inactive in this space around mitigation of climate impacts on the environment.

Ms ABIGAIL BOYD: Could I perhaps ask the same question of Mr Barnes then. Given the recent debates over the territorial limits bill and the idea that we should be looking at climate change impacts when assessing the environmental impact of mining applications, does this recent judgement lead your department to think differently about its obligations and particularly those provisions of the Mining Act that refer to protecting the environment?

Mr BARNES: Sorry. I forgot to unmute myself. Look, as always, when we are developing policy options for government across all of our areas within our portfolio, climate change is an important consideration. We have worked hard in glove with DPIE around renewable energy zones. All of our business propositions—no matter whether it be mining, other parts of regional development, land use management et cetera—all need to take climate change into consideration and have it front of mind when we look at putting forward those policy options to government. You do have a government that is not scared to take on board new ideas and balance things up. So, yes, that ruling last week will cause us to sit down and factor that in as an additional piece of information around the advice that we bring forward to government around policy options going forward—including in the mining space.

Ms ABIGAIL BOYD: Thank you. Is there a current plan to review and modernise the Mining Act to take into account some of these things?

Mr BARNES: I probably would defer that to—we had Georgina Beattie, who is the head of Mining, Exploration and Geoscience, here for the morning session. She is undertaking a legislative reform agenda at the moment. I might, if you like, take that one on notice so that I can allow Ms Beattie the opportunity to respond to you.

Ms ABIGAIL BOYD: Thank you. I will hand over to Mr Shoebridge.

Mr DAVID SHOEBRIDGE: Mr Barnes, on 23 May 2017 you sent an email to Fiona Dewar, the chief of staff of the Office of the Deputy Premier, where you said, "Fiona, please note the attached with extra info now over BCR1. Chris is now completing paperwork for iNSW. Local member will be happy." Mr Barnes, that was an email in relation to the \$5.5 million grant for the Australian Clay Target Association. Do you remember sending that email?

Mr BARNES: Mr Shoebridge, you were not here for the earlier part of the sittings. Mr Graham put a number of questions in relation to the Australian clay target grant to me this morning. My response was that, given that matter is subject to work that ICAC is currently doing and that is ongoing, the advice I have received is that it would be inappropriate for me to respond to details in relation to that grant. So I will not be making a response.

Mr DAVID SHOEBRIDGE: Mr Barnes, what advice have you received? Is this advice you have received personally?

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Mr BARNES: It is advice I have received from Ms Boyd, who is the general counsel for DPC, and my own general counsel.

Mr DAVID SHOEBRIDGE: Ms Boyd, who is the general counsel for the Department of Premier and Cabinet, has given you advice. Is that right?

Mr BARNES: And my own general counsel.

Mr DAVID SHOEBRIDGE: So the senior legal officer at the Premier's department has given you advice that you should not speak to the Parliament, that you should not answer questions to the Parliament about your role—or potentially the Premier's role—in this grant. Is that right?

Mr BARNES: I believe that Ms Boyd gave evidence at the first sittings of budget estimates—maybe Wednesday week ago—and, consistent with the advice that she gave at the time, I am happy to talk about the Restart program. I am happy to talk about the processes around that program that at the time we administered Infrastructure NSW—

Mr DAVID SHOEBRIDGE: Mr Barnes, it is difficult to interrupt you on an online hearing, but you are not responding to the question. The head of legal of the Premier's own department has given you advice that you should not answer questions that relate to either the Premier's involvement or your involvement in this highly controversial grant. Is that your evidence?

Mr BARNES: My evidence is that I have received advice primarily from my legal counsel, my general counsel, in relation to how I should respond to questions on matters that are clearly on foot and ongoing with ICAC.

Mr DAVID SHOEBRIDGE: Mr Barnes, are you a witness in ICAC? Is this why you cannot give us the evidence—that you have actually been required to give evidence to ICAC? Is that why you got the advice?

Mr BARNES: I am not prepared to answer the questions. I have already referred that I can't and I won't make comments, based on advice.

Mr DAVID SHOEBRIDGE: Mr Barnes, not only did you write that email on 23 May 2017, on 20 June 2017 you actively sent an email to the Premier's office, advising the Premier's office about the progress for the grant. To quote from that, you sent it because you "just wanted you in the loop, given the Premier's interest". What was the Premier's interest in this \$5.5 million grant in Wagga Wagga?

Mr BARNES: Again, I think I have answered the question previously that I will not be making commentary or responding to the specifics in relation to that particular grant.

The CHAIR: That is your—

Mr DAVID SHOEBRIDGE: Mr Barnes—

The CHAIR: Sorry, Mr Shoebridge. I have to cut you off. That is your time for this round. I now need to pass to the Opposition. I am looking to guidance—I think it is Mr Veitch.

The Hon. MICK VEITCH: Yes, that is correct, Chair. Thank you very much. Just two very quick follow-up questions from my most recent round of questioning, which relates to the agent-generals. On notice, can you provide the total budget or the global budget for that program and how much has been spent year to date—so as at today's date—if that is possible, Ms Brown? Then the second thing, if you can take it on notice: This recruitment decision, is there a recruitment panel and, if so, who makes up the recruitment panel? Who are the members of that panel?

Ms BROWN: Yes, I will start with the latter question if I may. There is a lengthy selection process, as I said, managed by external recruitment firm NGS Global. The most suitable short list of candidates are interviewed by a four-member panel, including senior public servants and independent specialists. I commenced in this role on 29 March and, for example, since that time we have had—I always sit on the panel, but we usually have secretary-level representation on that panel as well, and then, as I said, they are employed as public servants under the Government Sector Employment Act henceforth.

The Hon. MICK VEITCH: On notice, can you provide to the Committee the make-up of members of those respective panels, please? That would be handy. Take that on notice. If I could, I would like to go to Mr Barnes—although it is probably Mr Hansen more appropriately. It is to do with the mice bait availability in New South Wales coming into the spring. Do we actually have enough mouse baits in supply in New South Wales right now to meet demand, seeing as Western Australia is already certainly drawing heavily on its supply?

Mr BARNES: Mr Hansen, do you want to take that one, please?

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Mr HANSEN: Thanks, yes. Good question—and a bit of context here. This time last year, CSIRO's monitoring report had mice at a moderate level in the Liverpool Plains but low everywhere else and there was nil activity, for example, in the Central West where I am. If you jump forward to this year—the end of winter coming into spring—we have got mice in the CSIRO report at a moderate-to-high level, patchy in the Central West and highly bearable in northern New South Wales. That is a real concern for us at this time of year coming out of winter into spring.

There are a couple of things that have been done to try to shore up the supply chains. One of those was an announcement and an assistance package that was put in play by the Government—a \$5 million package to assist the supply chain, so the five major importers of the active ingredients from manufacturing of the baits. That was an assistance package to help defray and offset costs for them to bring forward purchases in anticipation that we may need bulk active ingredient here in New South Wales at the start of spring. Obviously a number of those companies would have preferred to have hedged their bets if it had been unsubsidised in terms of whether they needed to pre-order significant amounts of active ingredient. But we have been working and I think, as of last week, four of the five companies have now taken up the assistance to ensure that they have suitable stocks on hand. Those stocks in return for the assistance that is provided are prioritised for use within New South Wales.

The Hon. MICK VEITCH: Mr Hansen, can you guarantee that we have sufficient supply for this spring?

Mr HANSEN: If you can tell me what you think the final mouse numbers per hectare will be across what parts of the State, I can probably have a better go at providing guarantees about whether we have enough active ingredient in storage. But we are in a much better position than we were this time last year in terms of the supply chains. We need to highlight the fact that there is probably still a risk of some of the local supply tightness that we saw last year in terms of getting products out into areas when needed. I guess the key message would be that we need to have our industries acting early and acting in advance in terms of ordering, talking to their stockists, talking to their supplier and making sure they have got themselves locked in for that supply to be able to make its way to the regional areas.

The Hon. MICK VEITCH: Mr Hansen, are you assuming the worst? Is that the premise upon which the department is operating? Can you guarantee, for instance, a supply from India?

Mr HANSEN: All of the international supply chain components—and we have been working not only with our own assistance but also with the Federal Government assistance for assisting with incoming airfreight. We have done everything we can to make sure that the supply chain is fully stocked with the active ingredients that need to get from overseas. We are starting this spring in a much worse position than we started last spring, but obviously that will then be predicated a little bit by what happens in the next couple of weeks in terms of temperatures and rainfall as to what continues to happen in terms of the breeding season. There are a couple of additional pieces that we are starting with this year that we were not starting with last year. They are things like the double strength zinc phosphide formulation for baited grain for in-crop treatment, which is much more effective than the rates that we started with last spring. Subsequently, the Australian Pesticides and Veterinary Medicines Authority granted a new permit for increasing that concentration.

The Hon. MICK VEITCH: Mr Hansen, has the \$5 million for the supply chain been fully expended? Or maybe, can you take it on notice and provide us with how much has been expended as of this day?

Mr HANSEN: Happy to do that.

The Hon. MICK VEITCH: Okay, thank you. I would like to go on to our seasonal agricultural workforce issues. Last year, as you know, because of the international border closures we ran into a bit of an issue about being able to shear our sheep, harvest our crop and pick our fruit and veg. I see the Minister has been putting out releases just recently, patting himself on the back, around bringing in some foreign labour to assist. What has been done, Mr Hansen, within your department? What has the Minister asked you to do to ensure that we have sufficient agricultural domestic workforce to shear our sheep, harvest our grain and pick our fruit and vegetables?

Mr HANSEN: Thanks for that. As you note, the agricultural labour supply issue is not unique to COVID; it has just been exacerbated and brought forward by COVID. In fact, in the financial year before COVID struck—the 2018-19 year—New South Wales agriculture relied on just over 9,400 offshore casual and contract workers to carry out jobs that we could not fill with the domestic workforce across our primary industries sector. This has always been an issue that the sector has grappled with for a long time, as you know, in terms of building the domestic capability or the automation and robotics capacity to be able to reduce that reliance on those offshore workers or overseas workers coming in.

To date we have been able to facilitate only 1,905 overseas workers, predominantly under the Pacific mobility schemes, which means that we are really conscious of concerns around blueberries in Coffs Harbour,

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oranges in the Riverina, table grapes in the Murray, tomatoes up in New England and cherries and pome fruit here in the Central West, as well as the meat processors that employ about 16,000 staff across the State. The majority of those are actually Pacific labourers who come in under the Pacific Mobility Scheme. There have been a couple of things that we have been doing.

The first one is that we participate in a Commonwealth-led, all-State and all-Territory working group around agricultural labour. As you would be aware, Minister Littleproud commissioned a report that was presented to him about two months ago, I think—I will have to take that on notice—about the medium- and long-term plan for agricultural labour within the country. We have been trying to make sure we have got us joined up as much as we can be and across the Commonwealth's activities because they are the final approval body for all of these incoming workers, as well as making sure that across the States we are joined up as well as we can be in terms of allowing workers to move across the States to follow the harvest season.

We have gone a step further with that at the moment because ourselves, Queensland, Victoria and Tasmania are all very conscious of the fact that the workers that we are bringing into our individual States will end up needing to actually move across those State boundaries really easily if we are going to have any chance of trying putting the right people in the right districts at the right time to offset the shortages that would otherwise occur. Every fortnight, I and my counterparts in each of those States are actually sharing data about all the approved employers that we have, the workers that they have available, when those workers are due to finish on the task that they are on at the moment and where they are meant to move to next. What rules and regulations each of us are applying—and when I say each of us, it is largely our health departments in each of these States and jurisdictions. We are keeping each other informed about what is changing and coming up with solutions about how we keep the workforce as mobile but as safe as possible as well.

We have been able to make sure on the incoming worker front that we secure the fact that the incoming workers are outside of the passenger cap, and therefore our only limitation in terms of numbers is really around logistics of both accommodation facilities and staff to manage them. We have also been able to defray the cost for the sector. Currently we provide a 50 per cent subsidy to all the quarantining workers who have been brought in under these schemes, which actually means at the moment that New South Wales is the cheapest. We are about \$1,500 for incoming workers to be quarantined, as opposed to, say, \$2,800 in Queensland or \$2,500 in Western Australia.

The Hon. MICK VEITCH: Mr Hansen, I am going to come back to some of those questions if I do not run out of time. Of the 1,905 incoming workers, where are they going? What is the predominant industry? Is it horticulture or are they going into the meat processing plants? Clearly you cannot put them into shearing sheds because they are not skilled to be shearers, for instance. Unless they have been trained to operate contract harvesters machinery, I am not sure that they are going to do that. The 1,905 workers is not a lot; GrainCorp needs about 3,000 people on its own. Where are they going and is the department concerned that this is a critical issue coming into what will be, hopefully, a very good harvest season?

Mr HANSEN: The short answer to your last question is, yes, we are concerned about it. The answer to the first part of your question is that of the 1,900, say, about 1,200 have gone into the meat sector and about 700 have gone into the horticultural sector. In addition to the incoming labour, however, we have also been using Tocal College and our AgSkilled program, which is a \$15 million investment to upskill and prepare an agricultural workforce. It is focused at the moment on the plant-based industries, so largely the grains industry, the cotton industry and the horticultural industries. So far this year we have delivered 107 courses to over 1,000 participants at 46 different locations across New South Wales to upskill people so they can be deployed into those plant-based industries in this coming harvest period.

The Hon. MICK VEITCH: I do not know if it is happening for everyone else, but you are sort of breaking up a bit. Essentially where I am going is that if we do not get our fruit and veg and grain in during harvest, there is a real chance that it will lie on the ground for the mice to eat. Surely, if that occurs, that is going to drive the domestic price for fruit and veg through the roof.

Mr HANSEN: A couple of things there. You are exactly right about the fact that we are looking at an absolute bumper harvest across the country at the moment—a bumper harvest on the eastern seaboard for our crops and our horticultural sector. If stuff is not picked, it will end up becoming feed for the mice population that is coming into this spring. That will be an exacerbation of the issue that we have with mice. The issue about food security, however, is that you have got to remember we still have record harvest and, therefore, what will be coming off the trees and out of the paddocks will be coming off at probably a greater level than what we had last year in terms of the availability of grains and horticultural product.

The issue is, first and foremost, around the fact that we are talking about producers and industries that require these bumper years off the back of the worst drought in living memory to actually replenish capital reserves

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and rebuild their business. Ensuring that they get access to the labour to be able to make sure that happens is critical. Secondly, anything that we can do to minimise the amount of feed available to build that mice plague that we are going to get coming into this summer is going to be saving us money in the long run as well.

The Hon. MICK VEITCH: But there is a real risk that domestic food prices will go up leading into Christmas if we do not get this right.

Mr HANSEN: There is so much action along the supply chain in terms of the supply-and-demand equilibrium. I would be hesitant to predict whether we are going to see food price increases, purely off the back of whether the labour was available to pick it because, again, we have a significant crop that is there. We are trying to minimise the disruption in terms of the labour, but there will be some disruption without a doubt; you are right.

The Hon. MICK VEITCH: Mr Hansen, I will move to COVID. There are a couple of aspects to these questions. One is that I am pretty concerned about the impact on a shearing team outside of Wilcannia a couple of weeks ago. Clearly there is a COVID issue caused by the mobility of the itinerant workforce. By its very nature, shearing and fruit picking are itinerant. What is the department doing to make sure that everyone is aware of the COVID industry plans, that they are being put in place and that the website is working? Last week I checked the DPI website and it had a technical issue sign on it. What is DPI doing to make sure that everyone who works in agriculture is safe and that everyone understands their COVID obligations?

Mr HANSEN: That shearing team out at Wilcannia, we actually reached out and gave them a call. We spoke to the manager out there and to a number of the staff in the team to check and make sure that they were doing okay with the detections last week. The team at DPI reached out to make sure that they were okay. We have got a series of things. We are conscious of the fact that the website alone is not going to be the only vehicle. We do send out a regular newsletter to all the industry groups, which then disseminate it through their networks, of all updates, all new changes, as well as providing links to all the templates and plans that they need to be able to assist and any resources.

We are convening regular taskforces in a virtual world of the industry groups and any industry participants who want to participate in those to make sure that we are keeping on top of any emerging issues, any new issues and providing them with a vehicle to ask questions that we then answer and then bring back and disseminate out through that industry. In addition to that, we are running a COVID hotline which is manned by staff to be able to take individual's calls. If you are not in an industry group or you are not part of an industry network and you need to call and ask questions, they chase down answers and get back to people on that front as well.

We have got a whole range of ways in which we are trying to get out there. We are trying to maximise the use of our industry networks and our industry connections to get information out and around. It appears as though every day we have a new series of questions or a new series of issues which pop up and we are trying to move as quickly on all of those as we can to provide solutions to the industry to make it both easier for them to continue to do what they need to do but doing it in a way that minimises the COVID risk and that they are aware of what that COVID risk is.

The Hon. MICK VEITCH: Mr Hansen, I have probably only got time for one more question—maybe for Mr Barnes as well. What are the Department of Regional NSW and the Department of Primary Industries roles in working on the COVID issue in regional New South Wales? How are you supporting people in their tasks? Clearly you have resources that you could deploy—whether it be staff on the ground at Local Land Services, laboratories, for instance, or possibly accommodation. What are you doing to assist Health with the COVID matters in regional New South Wales?

Mr BARNES: I might start, Mr Veitch, and then Mr Hansen can complement. Mr Hansen can talk further about it, but his staff have been made available to Health to assist with contract tracing. Also, staff in one of his laboratories have been diverted to help process COVID tests so that we can get quicker turnarounds. Staff in Public Works Advisory and Regional Development who are based in the regions are all sitting on local emergency management committees—LEOCONs if you want. In fact, the weekend before last when the issue emerged with the cook at Wilcannia, we had folk who were assisting Health with logistics to make arrangements to have that person relocated into a caravan park just over the river.

We are obviously playing a fairly significant role in cross-border issues. Yesterday James McTavish and I were talking to the deputy commissioner in Queensland because the new rules in Queensland have very tight properties at the moment around what constitutes an essential worker, which makes it difficult for the flow of agricultural workers across those borders in both directions, which are incredibly important. Mr McTavish has been leading that work, but we were certainly engaged in meetings over the weekend and further meetings to come in that regard. Last week we worked with Mr Hansen and public health to make sure that agricultural

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workers could carpool to get to their work. There will be some conditions that will be discussed about how we can make that a reality—I think an exemption for the next three weeks and then they will need to line up to get a single dose of vaccine.

We will leave no stone unturned. Obviously we are providing regular advice through to Minister Marshall and the Deputy Premier about the intelligence that we have on the ground. We have got 4,500 staff. As I previously told the Committee, 76 per cent of them actually live in the bush and they understand what is happening on the ground. They are the ones who can give information back to police and to public health. Anything we can do to help, we will. In fact, the other day Mr Hansen talked to me about diverting his own staff to help when harvest came around, and I am sure that some of his colleagues in my department would fully support downing tools and helping, where possible, the effort to get crops off and fruit picked so that we can optimise things for the bush. Mr Hansen, did you want to add anything to that?

Mr HANSEN: Just a couple of quick things if I can. Firstly, [audio malfunction] the number I gave you about 1,905 workers who have entered. It is actually now 2,145 as of today. Secondly, further to what Mr Barnes was saying—

The Hon. MICK VEITCH: Mr Hansen, my time has actually run out and it would be unfair to the crossbench if I chewed up their time. Thank you very much. I would like to hear what you had to say; maybe you can provide it to us on notice.

The Hon. EMMA HURST: Mr Hansen, I have got a couple more quick questions. Back in 2019 a cell-based protein producer in New South Wales received a grant of \$25,000 from the New South Wales Government—that was Vow Food. I know you mentioned in your previous answer that the CSIRO is doing a lot of work on cell-based meats, but I was wondering if any other producers are receiving government grants or support at the moment in that space of cell-based meat production.

Mr HANSEN: Not that I am aware of, Ms Hurst, but I am happy to take that on notice and see what we can find out. One of the key things that we do try to do is not duplicate where work is already being done. We are conscious of the fact that our critical mass across the agriculture and food landscape means that we quite often divvy up between States, Territories, CSIRO and universities to work out who will be the lead and who will be the lead investor in certain areas of research so that we can ensure that we are not wasting money by duplicating each other's work. I am not aware of any other grants, but I am happy to take that on notice and see if I can find out. There are not any through our DPI but there might well be somewhere else in the Government.

The Hon. EMMA HURST: I would appreciate that.

Ms BROWN: Ms Hurst, Investment NSW also has some grants available that we have deployed with respect to alternative protein production. For example, North Parramatta-based startup Vow Food was awarded a \$25,000 Minimum Viable Product [MVP] grant to produce lab-grown meat for human consumption and a Bankstown-based food manufacture Unigreen Food was granted a tech voucher to work with Macquarie University to develop new protein foods from soy by-products, which would otherwise be wasted. We have levers that we pull for emerging industries as well, and I completely agree with you as to the huge opportunity that there is in sectors such as this. We have our own strategies to assist.

The Hon. EMMA HURST: Thank you, Ms Brown. The \$25,000 was still that 2019 grant for Vow. Is that correct? Or was that another—

Ms BROWN: Yes.

The Hon. EMMA HURST: Okay, thanks for that. Mr Hansen, I have just got one more question. It might be something to take on notice, particularly if it is quite extensive. In your last answer in the last round, you mentioned that the dairy industry was also looking at alternative proteins to cow's milk. I was wondering if you could provide more details of that. Again, that might be something to take on notice to provide us some more details about what they are actually looking into in regards to alternative proteins in the dairy industry.

Mr HANSEN: Yes, I am very happy to do that.

Mr DAVID SHOEBRIDGE: Mr Barnes, you indicated in one of your answers when I was asking you questions about the Australian Clay Target Association that you received advice from both the head of legal of the Department of Premier and Cabinet and the legal department of your own department to not provide answers to this Committee. Is that right?

Mr BARNES: Sorry, Mr Shoebridge, I was just on mute. I worked through my general counsel and also had regard to the responses that Ms Boyd made through her testimony to the committee in the evidence she provided a week last Wednesday.

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Mr DAVID SHOEBRIDGE: Mr Barnes, you are now suggesting something different. You are saying that it was the evidence that Ms Barnes gave to a budget estimates hearing that you relied upon and not separate advice from Ms Barnes. Is that what you are now saying?

Mr BARNES: No, Ms Boyd.

Mr DAVID SHOEBRIDGE: Sorry, Mr Barnes, I will ask it again so there is no ambiguity. Are you now saying that it is the evidence that Ms Boyd, being the chief legal counsel for the Department of Premier and Cabinet, gave at a prior estimates hearing that you relied upon and not direct communication between Ms Boyd and you in relation to your evidence?

Mr BARNES: What I am saying is that Ms Boyd gave evidence to the committee hearing. I was aware that she gave evidence to the committee hearing and I sought to make sure that I understood the nature of the evidence that was given, and I did that with Ms Boyd and with my general counsel. But my general counsel was the one that provided me with the advice about how to answer questions that went to the specifics of projects on the public record that are part of Operation Keppel's considerations.

Mr DAVID SHOEBRIDGE: So, Ms Boyd gave advice to you directly to not answer questions such as the ones that I put to you earlier in this estimates hearing. Is that right?

Mr BARNES: No, that is not correct. Let me explain it again. I sought out a meeting with Ms Boyd with my general counsel to understand the evidence that she had given to the committee because I believed that the clay target project was raised in DPC hearings. I wanted to understand the nature of the evidence that was given. I sought out a meeting with Ms Boyd and my general counsel. I then took advice from my general counsel about what was appropriate for me to respond to with reference to all of the things concerned.

Mr DAVID SHOEBRIDGE: Did Ms Boyd advise you about the potential that she had for a conflict of interest, given that the Premier's interests and your interests may well be very divergent in this matter? Did Ms Boyd indicate she may have a conflict of interest in giving you any advice or guidance?

Mr BARNES: She may have; I cannot recall all of the things that were traversed. But she would have made it clear that the evidence that I give at budget estimates and any other committee hearing for that matter needs to be—I need to determine the evidence that I give and take the necessary advice.

Mr DAVID SHOEBRIDGE: Mr Barnes, your earlier evidence was that you had received advice from both Ms Boyd and your own general counsel to not answer questions in relation to this matter. You now seem to be suggesting that the advice from Ms Boyd was not to that effect. I am having difficulty following your evidence so I am going to give you a chance to clarify it.

Mr BARNES: I have clarified and qualified that. I told you exactly what has happened and I have got nothing further to say on the matter.

Mr DAVID SHOEBRIDGE: Mr Barnes, is there anybody in the room with you assisting you in the evidence that you are referring to when you are giving answers?

Mr BARNES: No, there is no-one in the room.

Mr DAVID SHOEBRIDGE: Mr Barnes, you were asked some questions about a fairly extraordinary file note of 28 January 2021 in relation to the \$50,000 contract with Monaro Farming Systems. Do you remember those questions?

Mr BARNES: Yes, I do remember them from earlier today.

Mr DAVID SHOEBRIDGE: You must have been astounded when you saw the content of that file note including reference to "is it favouritism?" and "is it bribery?" I assume it would have been very unusual to see those sorts of concerns about actions within your department coming across your desk, wouldn't it?

Mr BARNES: It certainly triggered me to have an immediate conversation with my governance and legal general counsel about the next steps that I should take as the accountable officer in relation to obligations that I have in respect to being a secretary. I needed to make sure that I looked at the substance of things that were raised by those documents being discovered. I took a course of action, which I explained this morning, that led to a probity review—independent of those two agencies—to be urgently undertaken, which did occur.

Mr DAVID SHOEBRIDGE: Mr Barnes, you said "when the documents were discovered". Do you mean this was only brought to your attention because the upper House ordered the production of these papers and it was only in the SO52 process that you became aware of this?

Mr BARNES: I had not been aware of those two documents up until that point.

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Mr DAVID SHOEBRIDGE: How is it that as secretary of the department you were not advised of the potential of favouritism and/or bribery in relation to a \$50,000 contract, given that there is such notoriety around these kinds of issues at the moment? How is it you only found out about that through the discovery process in the upper House?

Mr BARNES: I was generally aware that there was interest in this but I had not seen those two documents, as I have answered.

Mr DAVID SHOEBRIDGE: What do you mean "generally aware that there was interest in this"? Are you saying that you knew there were concerns about the contract but you just put your head in the sand and made no inquiries? Is that your evidence?

Mr BARNES: No, that is not my evidence at all. I think the matter of the Deputy Premier writing to the Minister for Agriculture and Western New South Wales to endorse something that was happening in his electorate I was aware of, generally, but I had not seen at the time—until these documents were discovered—either of the documents in question that were forwarded to me at that time, whereupon I undertook to immediately action a probity review of what happened and to take legal advice.

Mr DAVID SHOEBRIDGE: Mr Barnes, the staff member who raised these concerns is clearly a public servant of genuine integrity. What protections are there in place to ensure that the staff member's employment is protected and what steps have you taken to ensure that their employment is protected and they are being supported?

Mr BARNES: I might hand over to Mr Hansen to answer that question.

Mr HANSEN: Thanks, Mr Barnes, and thanks for the question. The person who made the file note did so having received a briefing from someone who had received the initial emails. There are three emails you are talking about here. The first one, which was referenced before, was actually the trigger and that was a shorthand message that had been sent through a Teams chat, as people nowadays are prone to shorthand across chat systems rather than water cooler conversations or as you walk down corridors. That was someone advising and picking up on the fact that this was an action that they were wanting to progress quickly. They inappropriately referenced the Deputy Premier in that, and that was the evidence that they gave to the general counsel, to try to fast track and get a sense of urgency from staff that this was something that needed to be done—the meeting with Monaro Farming Systems.

The person who made that file note was actually the one who was trying to work out whether this was actually a contract for the provision of services or the contract for a grant, because we have two different contract templates for those two different pieces. What that person did was totally appropriate in terms of making notes about their concerns and their issues. However, the missing part here was the fact that upon realising that it was to be used as a contract for the provision of services, it was passed on to another part of our legal team and that legal team did their further investigations, got to the bottom of what this was and picked up on the fact that this is a long-standing delivering relationship that we have with Monaro Farming Systems that goes back over 10 years. In fact, in one year we spent \$82,000—in 2012-13—with Monaro Farming Systems because it has growers on the ground who can actually provide farm management strategies and measure the effect of the [disorder].

Mr DAVID SHOEBRIDGE: Mr Hansen, my time is limited. My question was about protections for the public servant who raised these concerns. I have not yet heard of any actions taken to protect them. Can you tell me what has been done?

Mr HANSEN: I guess what I am getting to, Mr Shoebridge, is that there is no need to protect them because they have done exactly what they needed to do, exactly what they were asked to do and therefore there is no need for any special protections. The person has done their job, they have done it diligently and as such they continue to go about doing their job diligently.

Mr DAVID SHOEBRIDGE: How much money has Monaro Farming Systems been given by the New South Wales Government? If you can only provide advice through your department, Mr Barnes, how much have they been given since 2011?

Mr BARNES: Yes, I am happy to take that on notice.

Mr DAVID SHOEBRIDGE: Is it usual for there to be so little detail in a contract and avoidance of a grants process simply because somebody has previously received a substantial amount of money from the New South Wales taxpayers? Is that normal practice, Mr Barnes?

Mr BARNES: That was a question that was canvassed in the probity report. I have indicated today that I am happy to voluntarily make a copy of that report available to the Committee on a confidential basis. There are

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some business process improvements that are included in that report, including standardising the level of detail about describing pay points for the delivery of work. As I said earlier today to, I think, Mr Searle, I am prepared to make a copy of the probity report voluntarily available to the Committee on a confidential basis and will do so.

Mr DAVID SHOEBRIDGE: Mr Barnes, moving to another matter, how many active investigations are there for the purposes of seeking to prosecute people by your department under section 55A of the Game and Feral Animal Control Act for alleged interference with hunting?

Mr BARNES: Mr Hansen? You might be on mute, Mr Hansen.

Mr HANSEN: [Audio malfunction] the safest way. Could you just repeat that question again, sorry, Mr Shoebridge?

Mr DAVID SHOEBRIDGE: What is the number of active investigations for prosecution under section 55A of the Game and Feral Animal Control Act for alleged interference with hunting on public land?

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

Mr DAVID SHOEBRIDGE: Mr Hansen, when people are concerned about hunting occurring on neighbouring properties and make complaints to police, is there a practice in your department that when you become aware of that you then seek to investigate and prosecute those concerned landholders for an alleged offence under section 55A? Is that a practice in your department?

Mr HANSEN: Not that I am aware of, but I am happy to take that on notice.

Mr DAVID SHOEBRIDGE: Without disclosing the name of the person who has had this experience with your department, a neighbour of Forestry Corporation in Bago State Forest in the south of the State has had that exact circumstance where having gone to the police concerned about hunters being right on her boundary fence and made complaints about it, she has become the target of an investigation for an alleged breach under section 55A of the Game and Feral Animal Control Act. Is that usual?

Mr HANSEN: No, and I am not aware of that case. I am taking you at face value that that is what has happened, but that is not usual.

Mr DAVID SHOEBRIDGE: Do you see how deeply troubling that would be if somebody went to the police with concerns about people being right on their boundary fence, armed and in camouflage gear, and complains to the police about the conduct of somebody, that they then become targeted by your department for a prosecution under section 55A? Do you see how problematic that is, Mr Hansen?

Mr HANSEN: I would have to actually know the full details to know whether the synopsis you are painting is actually the accurate one. If it is accurate, then that obviously is problematic. If it is not accurate or if there are mitigating factors around that, then I would have to look at those as well.

Mr DAVID SHOEBRIDGE: Mr Hansen, I invite you to respond on notice. If in doing that you require any additional information from me, I am very happy to provide it to you. Will you take that opportunity up?

Mr HANSEN: Yes, if you can provide me those further details, I am happy to come back to you on those.

Mr DAVID SHOEBRIDGE: Thank you, Mr Hansen. How many prosecutions has your department brought against forestry activists for alleged interference with forestry activities over the past 12 months?

Mr HANSEN: None.

Mr DAVID SHOEBRIDGE: How many prosecutions have you been involved with against forestry activists for alleged interference with forestry activities, Mr Hansen? Has your department been involved with any over the past 12 months?

Mr HANSEN: We do not have responsibility for the enforcement of crimes around trespass or interference with forestry activities. That is not within our purview and therefore I do not have that number for you.

Mr DAVID SHOEBRIDGE: Have any members of your staff—

The CHAIR: Mr Shoebridge, I have to stop you there. Your crossbench time has expired. If members have further questions, I invite them to put them as supplementary questions when the transcript is available. I thank all government officers for their attendance today. The Committee secretariat will be in touch in the near future regarding any questions taken on notice and any supplementary questions. I ask the Committee to stay online as we discuss documents that were tabled by Mr Searle.

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Mr DAVID SHOEBRIDGE: Mr Chair, could I just ask before we go out of this session that we have, unambiguously, the situation that those documents have been tabled by Mr Searle? Are we all of the same opinion that those documents have been tabled so there is no ambiguity?

The CHAIR: Yes. I again thank all government officers for their time.

(The witnesses withdrew.)