

**PORTFOLIO COMMITTEE NO. 1 – PREMIER AND
FINANCE**

Wednesday 11 September 2019

Examination of proposed expenditure for the portfolio areas

**JOBS, INVESTMENT, TOURISM AND
WESTERN SYDNEY**

UNCORRECTED

The Committee met at 9:30

MEMBERS

The Hon. Tara Moriarty (Chair)

Ms Abigail Boyd

The Hon. Courtney Houssos

The Hon. Rose Jackson

The Hon. Trevor Khan

The Hon. Taylor Martin

The Hon. Natalie Ward

PRESENT

The Hon. Stuart Ayres, *Minister for Jobs, Investment, Tourism and Western Sydney*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

The CHAIR: Welcome to the public hearing of the inquiry into budget estimates 2019-2020. Before I commence I would like to acknowledge the Gadigal people, who are traditional custodians of this land. I would also like to pay respect to the elders past and present of the Eora nation and extend that respect to other Aboriginals present. I welcome Minister Stuart Ayres and accompanying officials to the hearing today.

Today the Committee will examine the proposed expenditure for the portfolio of Jobs, Investment, Tourism and Western Sydney. I remind everybody that the proceedings today are broadcast on the Parliament's website. There are some broadcasting guidelines. In accordance with those guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat.

All witnesses in budget estimates have the right to procedural fairness in accordance with the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In those circumstances witnesses are advised that they can take the question on notice and provide an answer within 21 days. Any message from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you that you are able to engage and interact with the officers beside you and your staff behind you if you need to. Transcripts of the hearing will be available on the web from tomorrow morning. I remind everybody to switch mobile phones to silent. Some of our witnesses have participated in these hearings before and have already been sworn in. As a member of Parliament, the Minister does not need to be sworn in.

SANDRA CHIPCHASE, Chief Executive Officer, Destination NSW, sworn and examined

SAM SANGSTER, Chief Executive Officer, Western City & Aerotropolis Authority, affirmed and examined

SIMON DRAPER, Chief Executive Officer, Infrastructure NSW, on former oath

MICHAEL PRATT, Secretary, NSW Treasury, on former oath

KIM CURTAIN, Acting Deputy Secretary, Trade, Tourism, Investment and Precincts, NSW Treasury, on former oath

The CHAIR: I declare the proposed expenditure for the portfolio of Jobs, Investment, Tourism and Western Sydney open for examination. This session will go from 9.30 a.m. to 11.30 a.m. with the rotation of the Opposition and the crossbench for 20 minutes at a time. We will start with the Opposition. I have a couple of questions to start with. Minister, are you aware that there has been a long-running legal dispute between Destination NSW [DNSW] and *The Sydney Morning Herald*?

Mr STUART AYRES: What is your definition of long-running legal dispute? If you are referring to the NSW Civil and Administrative Tribunal [NCAT], it has probably been resolved.

The CHAIR: Four years is a fairly long-running dispute in relation to a freedom of information request.

Mr STUART AYRES: NCAT made rulings and Destination NSW adhered to all of those rulings.

The CHAIR: Sure, but I understand that there is a proposal that Destination NSW be referred to the Ombudsman. Has that happened in relation to this dispute?

Mr STUART AYRES: If it has been referred to the Ombudsman, the Ombudsman can investigate. We have said that we will comply with any requirements of NCAT, and continue to do so.

The CHAIR: How much has the legal battle cost taxpayers?

Mr STUART AYRES: I do not have that figure. I can happily take that on notice.

The CHAIR: Thank you.

The Hon. COURTNEY HOUSSOS: Minister, do you agree that Sydney needs a six-star hotel to be an internationally competitive city?

Mr STUART AYRES: I fundamentally believe that Sydney, as an international city, should continue to expand its high-quality tourism offerings. You can insert whatever star rating you like here. More hotels available in Sydney is good for our economy. We should be able to create opportunities where people want to invest in hotel capacity. There is space for every star rating, from early-entry product right through to the highest and most expensive product that attracts high-value visitors. We should be able to offer product to all of those people.

The Hon. COURTNEY HOUSSOS: Do you support the proposal to redevelop the existing Star casino?

Mr STUART AYRES: I am more than comfortable with developers across all of the tourism offerings, as long as they play by the rules like any other developer in New South Wales. We should be encouraging them. I will work every single day to encourage investment in New South Wales, but they have to adhere to the rules that the State conducts—whether it is development or legal activity. Whatever those rules are, come and play, but play by the rules.

The Hon. COURTNEY HOUSSOS: Would you characterise the proposed Ritz-Carlton redevelopment as not playing by the rules?

Mr STUART AYRES: That will be a determination for the Department of Planning, Industry and Environment. Ritz-Carlton has gone through a process over a long period of time. I understand it started that process under the old part 3A laws, and there have been a series of variations based on the legal framework that is before it. It is now currently before the Independent Planning Commission [IPC]. That is the framework in which we make those decisions at the moment in New South Wales. I am comfortable with that.

The Hon. COURTNEY HOUSSOS: Some of your Cabinet colleagues have come out and said that they support or are opposed to the proposal. Do you have a clear view?

Mr STUART AYRES: My view is that we encourage investment but play by the rules. If that is Star casino or a person developing a caravan park in regional New South Wales I view them exactly the same.

The Hon. ROSE JACKSON: But, Minister, what if those rules are consistently frustrating the development of high-quality tourism infrastructure—for example, hotels in the Sydney CBD? It has been quite some time, has it not, since we had a development of the scale of what The Star casino is proposing? You can say that they need to play by the rules, but what if those rules are not delivering the tourism infrastructure that we need?

The Hon. NATALIE WARD: Point of order: I appreciate that this is a topical issue, and we are all aware of it, but I am not entirely sure how it relates to the budget for this portfolio area. I ask that you ask members to contain their questions to the budget.

The CHAIR: I do not uphold the point of order. It is relevant.

Mr STUART AYRES: I am happy to answer. The first thing I would say is that the New South Wales Government has directly helped facilitate the delivery of over 2,000 new hotel rooms in Sydney. That is on top of what is developed in conjunction with direct engagement with local government. Planning laws will be frustrating in any city anywhere around the world because, invariably, what takes place is that people want to deploy capital as quickly as they can, but that needs to be balanced against the needs of individual communities. That, in itself, is the essence of having a clear and transparent framework. What the Government endeavours to do is to set a planning framework that allows everyone to play by the rules. In the case of The Star casino, it has walked down a path that it believes has been available to it, but ultimately the decision will be made by the Independent Planning Commission, because that is the framework we have set up.

The Hon. COURTNEY HOUSSOS: Minister, your colleague the Treasurer said that it will make a real difference to Sydney's international standing. As the tourism Minister, do you agree with that?

Mr STUART AYRES: I think a large-scale hotel of that quality will have an impact in New South Wales, and it will be a positive impact, yes. But for that hotel to be developed it has to be developed within the rules that are set out in the planning framework that everyone knows.

The Hon. COURTNEY HOUSSOS: I come back to the question that my colleague asked you. Do you think that the current proposals—the current restrictions on that site—are appropriate?

Mr STUART AYRES: The New South Wales Government has indicated that through the Greater Sydney Commission it is reviewing the planning conditions for the entire Pymont precinct. I would actively encourage the opportunity to make it easier to develop hotel and tourism infrastructure in the Sydney CBD, in Pymont, in Dubbo, in Coffs Harbour, in Penrith, in Albury. If you can facilitate and make it easier to invest in tourism infrastructure, from my portfolio perspective that is a good thing.

The Hon. ROSE JACKSON: Have you, as tourism Minister, or through Destination NSW, sought to engage in the review that the Greater Sydney Commission is doing, because there is a pretty clear tourism impact? Have you sought to have your voice, or the voice of Destination NSW, heard on the tourism impact of the Greater Sydney Commission review?

Mr STUART AYRES: Not at this stage, but if the Greater Sydney Commission asks for a Government submission, DNSW will participate like they have done—

The Hon. ROSE JACKSON: So you do not think that it would be useful for you to proactively ensure that they are conscious of the tourism impact; you will just sit and wait and see if they call you? You would not be interested in proactively engaging?

Mr STUART AYRES: No, I will engage with—

The Hon. TREVOR KHAN: There is a process.

The Hon. ROSE JACKSON: The Minister can answer the question.

Mr STUART AYRES: Yes, the Minister can answer the question. The Greater Sydney Commission has been given a role to play. We will participate in that. Make no mistake that I will advocate for tourism investment, and if there is a role for DNSW in the submission of data for that we will happily participate in that.

The Hon. COURTNEY HOUSSOS: In your capacity as the investment Minister, obviously there are significant implications there. The proponents of the development have said, "We misguidedly believed we had excellent support after four years and millions of dollars spent on architects, consultants' reports and public

consultation." Do you not think that the message that the Government has sent to investors is going to diminish that confidence?

Mr STUART AYRES: Ultimately Star Development knew that they would still have to appear before the IPC. It is important to note here that the New South Wales Government has not made a decision. The Department of Planning provided their view to the IPC. That view must be balanced against the investment, the jobs creation, the local amenity, all of the things that go into the complex decision-making framework that exists around planning. I am more than happy to support a six-star hotel in the Pymont precinct. I just want it to be consistent with what other investors will be able to achieve in exactly the same precinct.

The Hon. ROSE JACKSON: Did you meet with The Star in relation to their proposal, either in this term or previously in your term as tourism Minister?

Mr STUART AYRES: I have not met with them since I have become the tourism or investment Minister, so post the election. I have met with them in the past about their long-term position, their proposals for investments in hotel infrastructure and the redevelopment of their precinct. They have discussed what those benefits are and it is fair to say my message back then was exactly the same as it is now: As long as you play by the rules—

The Hon. ROSE JACKSON: It was not as a result of those meetings that they misguidedly thought that they had support? Did you indicate previously in those meetings that you were supportive of their proposal?

Mr STUART AYRES: No. I said I was supportive of investment in New South Wales but any developer will need to play by the rules that are set out.

The Hon. ROSE JACKSON: They have clearly indicated in that comment that my colleague the Hon. Courtney Houssos read out that they believed through dialogue that they had had with you and your colleagues that there was support.

Mr STUART AYRES: I am not sure they indicated me personally in those comments.

The Hon. ROSE JACKSON: No, they did not indicate that but I am asking you if it was as a result of meetings with you that they may have had the impression that the four years that they put into developing this proposal was on the right track?

Mr STUART AYRES: No, I think it would be pretty clear for me to say that post my discussions with Star that I encourage investment in New South Wales but those investments have to be undertaken consistent with the planning framework for all investors.

The Hon. COURTNEY HOUSSOS: I come back to the process. You said that the Government is a participant in the process. That is not accurate, is it, because the Government appoints the people who undertake the independent panel process?

Mr STUART AYRES: The NSW Department of Planning has made a recommendation. That is a participatory role in the process.

The Hon. COURTNEY HOUSSOS: There has also been a lot of public media speculation around the role that the Government had in appointing the people who undertook this independent process.

Mr STUART AYRES: The Independent Planning Commission makes those determinations. It is made up of representatives from the communities and people with expertise.

The Hon. COURTNEY HOUSSOS: I think it is a bit cute though for you to say "We are just participating in a process", when the decisions are being made by people who already have publicly expressed views on this.

Mr STUART AYRES: I am comfortable with the IPC framework for making decisions on planning developments in Sydney.

The Hon. COURTNEY HOUSSOS: You do not think that it is undermining investment decisions?

Mr STUART AYRES: I can actively say that we will continue to encourage, we will look to concierge wherever we can so people understand the framework around how decisions will be made. But we do not provide a rails run passage to one developer over another. This is about making sure the public has confidence in the way decisions are made. If the Government wants to change what the planning framework is in the Pymont precinct or anywhere else it should do so in a transparent fashion and that is exactly what the planning Minister and the Premier have announced with the Greater Sydney Commission review of Pymont.

The Hon. COURTNEY HOUSSOS: But, Minister, this is a decision that can fundamentally undermine investment in New South Wales at a time when there are concerns that the construction boom is slowing. Here is a company that has invested millions of dollars in a project with the understanding that it had Government support for it. Then they participated in a process and was told no, it does not. Subsequently a review was announced. It is not really an environment that is encouraging confidence for investors.

Mr STUART AYRES: The more transparent a process is for every investor, the more likely people are going to invest with confidence.

The Hon. COURTNEY HOUSSOS: But there is not a clear process in place when the Government makes a decision and then a couple of weeks later says, "Oh no, actually we are going to make a different one."

Mr STUART AYRES: Like I said before, the more transparent a process is for investment—whether it is in hotels and tourism infrastructure, minerals and resources or infrastructure delivery—the less the goalposts move, the better that will be for investment. That will always require the Government to be constantly refining the system, based on feedback that it receives from investors and from community members.

The Hon. ROSE JACKSON: Do you think that it encourages investor confidence when you have the Treasurer and the planning Minister openly trading barbs in the newspapers about things such as major hotel developments in the Sydney CBD? Does that encourage investor confidence?

Mr STUART AYRES: I definitely would not describe interactions or public comments by the Treasurer or the planning Minister as trading barbs. What I would say is that the Treasurer and I should consistently advocate for people to invest in New South Wales and I think that the public should have confidence that the planning Minister facilitates that investment in an appropriate way that balances the needs of economic development along with community interests. That will always be a conflict that exists in a planning system. The more transparent we can be with how we set out those rules, whether it is community members on one side or investors on the other side, if everyone knows the rules that they are playing by, that is good for investment.

The Hon. ROSE JACKSON: Moving on from the serious question mark that we have over the future of this particular proposal in Pyrmont to the other side of the CBD, how concerned are you about some of the evidence that we have heard in relation to the impact that Sydney's lockout laws have had on the tourism market in the Sydney CBD?

Mr STUART AYRES: We have consistently seen growth in visitor expenditure across New South Wales over the last eight years. That continues to grow. We are on trend for achieving doubling overnight visitor expenditure from 2009 to 2020, which is what our target was. This year we have tracked through, from both a day visitor expenditure to overnight visitor expenditure, the \$40 billion mark in a year, which says that macro conditions are solid. I think we should recognise that whilst macro numbers provide an overall picture, there is definitely a clear indication that business activity, particularly in the night-time, does not meet the opportunity that is presented. I think lockout laws have definitely had an impact on that. What we have to do here is make sure that we also provide a safe environment as well.

There has been a parliamentary inquiry to weigh up what has taken place since the lockout laws were introduced and provide recommendations to the Government and the Government can consider that report. It is right to say that whilst there have been reductions in presentations to hospitals, there have been reductions in violence, based on the NSW Bureau of Crime Statistics and Research figures, we have seen businesses close, we have seen a change to the night-time culture that exists in Sydney and we have definitely at least anecdotal discussions of people talking about Sydney not being as vibrant as it used to be. I think that warrants the Government looking at the current framework.

The Hon. ROSE JACKSON: Your description of what has happened or what should occur is not what has happened because the Premier has already announced a response to, as you say, the pretty overwhelming evidence that there has been a negative impact on Sydney's night-time economy, even though the parliamentary inquiry has not concluded and the recommendations have yet to be considered.

Mr STUART AYRES: I do not think the Premier has provided a Government response to the inquiry, no.

The Hon. ROSE JACKSON: You do not think that the announcement in the Sunday newspapers constituted a Government response, even though it pretty clearly outlined what the Government was intending to do in relation to this policy? You just think that was a thought bubble by the Premier?

Mr STUART AYRES: No, as well as being a Minister in this Government, I am also a voter in New South Wales and I am more than comfortable with knowing the views of the Premier. I think she has got every right to stand out there and tell people what she thinks.

The Hon. ROSE JACKSON: You anticipate that it is possible that the Government's response to the inquiry into Sydney's night-time economy and its recommendations is different to what the Premier outlined as her personal views in the weekend newspapers?

Mr STUART AYRES: I think we will respond to the inquiry when its report is submitted to the Parliament. The Government and Cabinet will consider each of those recommendations and it will provide a Government response. It is a pretty standard process. Sometimes I think we walk away from the institutions of this place. A joint select committee made up of members from all different types of political parties conducting an inquiry and submitting its report to the Parliament and the Government responding to that is a pretty good exercise.

The Hon. ROSE JACKSON: I agree with that, but that is not what has happened. The members of that inquiry did spend an inordinate amount of time—

Mr STUART AYRES: Probably continuing to do so.

The Hon. ROSE JACKSON: —receiving submissions in public hearings, doing site visits, walking the streets of Kings Cross—

The Hon. TREVOR KHAN: An inordinate amount of time? Are you being critical?

The Hon. ROSE JACKSON: An appropriately diligent amount of time. I believe we have the chair of the inquiry right here. I am not trying to suggest they did not do good work. In fact, I am suggesting they did do good work. I am suggesting that they have been frustrated, before their work has completed, to see the Premier coming out and saying, "Here's what we are going to do in the CBD. It's going to be different to what we are doing in Kings Cross." You are now suggesting that we should not read anything into that—

The Hon. NATALIE WARD: I am not frustrated at all.

The Hon. ROSE JACKSON: —other than it is just the Premier's personal views and that we are still waiting for what the Government thinks in relation to the future of Sydney's night-time economy.

Mr STUART AYRES: That would be because the Government has indicated that it will respond to the inquiry in the fashion that most joint select committee responses take place. I think the Premier is perfectly within her rights to be able to communicate to people that after five years since the lockout laws it is an appropriate time to review based on, obviously, conversations, engagements, listening to businesses. She is probably one of the most active politicians the State has ever seen. I think she is well within her rights to be able to stand in front of a camera or communicate to people that she thinks it might be time to relax the lockout laws and provide more opportunities for businesses to flourish in Sydney over a 24-hour economy.

The Hon. COURTNEY HOUSSOS: Are you actually saying that the Government response will not be characterised or will not be led by the Premier's comments?

Mr STUART AYRES: No, I am saying that the Government will respond to the inquiry in the usual way.

The Hon. COURTNEY HOUSSOS: But surely the Premier's comments will lead the Government's response. She is the leader of the Government.

Mr STUART AYRES: The Premier has indicated that she wants to see a vibrant, dynamic 24-hour economy in Sydney. What is wrong with that?

The Hon. ROSE JACKSON: As I said, I am not disagreeing with what the Premier has said. In fact, I am a supporter of winding back Sydney's lockout laws—

The Hon. NATALIE WARD: Hear, hear! Done. Let's go.

The Hon. ROSE JACKSON: —because of the impact that they have had on our night-time economy. What me and my colleague are trying to get to the bottom of is what is happening here. Again, what certainty can you give to people who are operating in the Sydney CBD and the night-time economy? They have picked up the weekend papers, read comments by the Premier about what is going to happen—

The Hon. NATALIE WARD: I do not think they are complaining. I think they are pretty happy.

The CHAIR: Order! We need to hear the question.

The Hon. ROSE JACKSON: —and now you are telling them, "That's just the Premier's personal point of view. You all need to wait and see what the Government is going to do." Where does that leave them?

Mr STUART AYRES: That is exactly how the Premier characterised it as well. It was her personal view. She made it very clear that the Government still has to see with the inquiry work the report that it will provide and the Government will provide a response. I have absolutely no problem with the Premier going out and saying in a very public fashion that she thinks Sydney is a global city and that it should operate over 24 hours, it should be a dynamic environment and it should be welcoming to people. That is what she said.

The Hon. NATALIE WARD: Better than Melbourne.

The Hon. ROSE JACKSON: How many of the Premier's public comments are just her personal opinion and how many represent policy of this Government?

The Hon. NATALIE WARD: This is beyond the pale of budget estimates.

The CHAIR: You have not taken a point of order. The question has been asked and the Minister is going to answer it.

The Hon. NATALIE WARD: I ask that you call the members to confine their questions to resolution 4 (2)—relevant to the Committee's inquiry.

Mr STUART AYRES: If you wanted to ask how many of her public views, you can ask her that pretty much any time she does a press conference, pretty much every day of the week.

The Hon. ROSE JACKSON: Minister, we have talked a little bit about and, in fact, agreed on the point that the cumulative impact of Sydney's lockout laws over a few years has been—one of the impacts has been a negative impact in terms of the micro-environment of tourism in Sydney's CBD. I wanted to draw you to concerns that you had more broadly about the projections for tourism in New South Wales. Do you share the concerns of NSW Treasury that a slump in tourism represents a threat to the New South Wales economy?

Mr STUART AYRES: I am confident about growth in New South Wales tourism, both from a domestic and an international perspective. We have seen consistent growth since 2011. Destination NSW has done a very, very strong job at prime pumping the tourism economy, whether that is through marketing, events strategies or familiarisation tours. What you can see is very, very strong domestic visitation from other States and particularly strong domestic visitation into regional New South Wales. We continue to lead the nation from a domestic visitor perspective. We still continue to lead the nation from an international visitor perspective. My observations around the international market are that as the global economy softens you will see less people invest money in travel. That will be something that we have to work hard to overcome.

At the moment that is being offset by a slightly weaker Australian dollar. As people have less money to spend, if the value of the Australian dollar presents a stronger opportunity, that is probably holding up our international visitor numbers reasonably well at the moment. That is consistent with the data that we have seen released from National Visitor Surveys and Tourism Research Australia. I am still confident about our ability to hit targets. I am still confident about our ability to continue to attract international visitation. I am still very confident about our ability to continue to attract domestic visitors. But I think it is right to say that in a weakening global environment we will need to continue to work hard and particularly to diversify where tourists are coming from. We have seen some good diversification over the last particularly two years. Just using Vivid international travel packages as an example of that, there are some good indications around strengthening tourism markets out of traditional markets like the United States, for instance.

The Hon. ROSE JACKSON: Your comments sound considerably more bullish than the comments from this document, the New South Wales *Budget Paper No. 1*, which states:

A more acute slump can be seen in overseas visitor arrivals, where growth has slowed.

When you look at the chart, it appears that growth has, in fact, slowed to almost 0 per cent. That is identified as one of the major concerns and risks to the—

The Hon. NATALIE WARD: For procedural fairness, could you point out where you are referring to?

The Hon. ROSE JACKSON: Page 2-11. Apologies, Ms Ward. It is identified right up-front in the budget as a risk to the economic outlook: slump in tourism. You do not share that concern?

The Hon. NATALIE WARD: That is risk to the future.

The CHAIR: Order! We need to hear the question. The Minister needs to hear the question so he can answer it.

The Hon. NATALIE WARD: I am entitled to ask.

Mr STUART AYRES: I think my comments have indicated that it is a challenging tourism environment, particularly on the international front. There is no doubt that the global economy is weakening at the moment. That will impact the amount of people who choose to travel. That is one of the reasons why you continue to invest in international marketing. It is one of the reasons why you continue to run a strong events strategy. If you continue to do those things, I am confident that we will hit our 2020 target. We are above trend for that when it comes to overnight visitor expenditure in this financial year. I do not see any indication to say that we will not hit that target next year.

We have also announced last year, under the previous Minister, a renewed Visitor Economy Industry Action Plan out to 2030. Whilst we are at the very early stages of that trend, you would think that if the trend that we have been on continues—and you do have to work hard at that; it is not just completely reliant on international economic trends. If you continue to work hard, I think we can still hit those targets. The one thing we have always done in this space, I have to say, is we have always set stretch targets. The targets of New South Wales are bullish and more aggressive than what they are in Victoria and Queensland. I have a pretty strong philosophy in life here: Aim high, miss high. I would much rather set a bullish target and get close to it and just miss it than set a target that we can hit and comfortably surpass it.

The Hon. COURTNEY HOUSSOS: I appreciate your insights on personal development, Minister, but your own budget papers say that growth is slowing. You have talked consistently this morning about overnight visitor spend and increasing the amount that individual visitors spend, which is all well and good, but this says we are going to have less visitors coming.

The Hon. NATALIE WARD: It is across most countries. It says "broad-based across most countries".

The Hon. COURTNEY HOUSSOS: Point of order—

The Hon. NATALIE WARD: Most countries.

The CHAIR: Order! We are not having discussions across this estimates hearing. The Minister needs to be able to hear the question so that he can answer it.

The Hon. NATALIE WARD: I am entitled to speak.

The CHAIR: You are not allowed to heckle. I have just ruled on that.

The Hon. NATALIE WARD: You have allowed other members to, consistently throughout the week.

The CHAIR: Order! We need to be able to hear the questions.

Mr STUART AYRES: I have said consistently that we expect the global impact on tourism will have a dampening impact on tourism. But I am still confident. I see nothing out of the trend data, particularly this year where we have seen overnight visitor numbers increase by 7 per cent, we have seen overnight stays up by 5.9 per cent, so the actual number of nights, and we have seen the visitor expenditure increase by 9.9 per cent. I do not see anything in those numbers that says we will not be able to continue to hit our targets.

The Hon. ROSE JACKSON: Is this hard work you have described that the Government is doing to ensure that we are continuing to grow our tourism market, which is such an important part of the New South Wales economy? Does that include cutting \$35 million from Destination NSW?

Mr STUART AYRES: The New South Wales Government allocates a budget to everyone.

The Hon. ROSE JACKSON: Thank you.

Mr STUART AYRES: Yes. They gave our portfolio \$141 million to go away and do our job. That is what we will do.

The Hon. ROSE JACKSON: Thank you for that insightful commentary on how the budget works, but that was a \$35 million reduction on top the \$33 million cut last year, so how do you reconcile the comments you just made about the hard work you understand needs to be done to ensure that we are continuing to be competitive in a slumping international market with the cumulative over \$60 million you have cut from Destination NSW over the past two budgets? How does that possibly align?

Mr STUART AYRES: We invest \$141 million—it is in *Budget Paper No. 3*, chapter 8, page 24, if you want a reference—for our budget. We allocate that \$141 million to hit the targets that have been set for us through the Visitor Economy Industry Action Plan.

The Hon. ROSE JACKSON: Is that adequate in your view as Minister for Tourism?

Mr STUART AYRES: I think every Minister who sits before budget estimates will always say they could spend more money, but my job is to spend the dollars that are given to me by Treasury to deliver those targets.

The Hon. COURTNEY HOUSSOS: Minister, I wanted to come back to your characterisation of the budget that you are provided with a budget and you go away and spend it. Are you saying that as the Minister for Tourism you do not go into the budget process and say, "We need more money." Are you saying you just sit back and wait to see what you are given, and in this case it was a \$35 million cut coming off the back of a \$33 million cut the previous year?

Mr STUART AYRES: I think if you go back to last year's budget papers you will look at a number of infrastructure items that were included in the Destination NSW budget, so I do not know that comparing those two years reflects the actual outputs that are focused on event attraction—

The Hon. COURTNEY HOUSSOS: What was the infrastructure?

Mr STUART AYRES: It related to the Newcastle 500. You can go back and have a look at that. It is listed in the budget paper. My point here is that we are allocated \$141 million. We will focus that on major event attraction. It is a very good budget when you compare it to what happens in other States. We will supplement that across a number of other areas, including regional tourism and growth infrastructure funds. We also have our 10 in 10 World Cup Strategy as well.

The Hon. COURTNEY HOUSSOS: Sorry, Minister, you just said, "We spent the money on the Newcastle 500. Therefore, we don't need to worry." Are you saying that there are no other projects around New South Wales for the \$33 million or \$35 million to be spent on?

The Hon. NATALIE WARD: That is not what he said.

Mr STUART AYRES: No, I am saying that if you are characterising a \$65 million change in the budget, you are deliberately including a one-off capital expenditure in a particular year to reflect what is a consistent value, and that is just wrong.

The Hon. COURTNEY HOUSSOS: No. What we are seeing is a consistent downward trend in the tourism budget. What you are saying is because we spent one amount of money on one particular project, why can't other projects then have that \$33 million? Why don't you quarantine the money for tourism that is such a key part of the New South Wales economy at a time when global growth is, as you say, slumping, and why don't you then spend it on some other project?

Mr STUART AYRES: The entire budget process, as I am sure you guys are very familiar with, given you are here at budget estimates, is about balancing the priorities of government. We have received a \$141 million budget in this next financial year. We will invest that, consistent with the Visitor Economy Industry Action Plan that we have in place and that plan has continued to deliver consistent growth since 2011.

The Hon. ROSE JACKSON: You are in the Treasury super cluster now, is that correct?

Mr STUART AYRES: Yes.

The Hon. ROSE JACKSON: So the Treasurer is your lead cluster. Minister, that is accurate, is it not?

Mr STUART AYRES: Yes, we have clusters and there are three Ministers in that Treasury cluster.

The Hon. ROSE JACKSON: When you are developing the budget, these risks, as I said, are outlined. There were three risks listed right upfront—risks to the economic outlook, three listed only. One is the trade war with China and I accept that is not your responsibility.

Mr STUART AYRES: My household will be relieved to know that the New South Wales Legislative Council has confirmed that.

The Hon. ROSE JACKSON: We are here to be helpful, Minister. The other is international student enrolment and the third is a slump in tourism—one, two, three. One of those falls squarely in your ambit. The Treasurer has included that. What representations did you make to him when he handed you this \$144 million,

\$35 million less than last year, about the fact that his own document identified this as a major risk and yet on your characterisation when he is giving you an allocation it is \$35 million less than what it was last year? Did you hit the roof?

Mr STUART AYRES: As I said before, I think every Minister who manages a budget would always love to be able to invest more money, but we invest money across multiple portfolios. We balance the competing interests of Health, Education, Transport Infrastructure, Regional New South Wales, Tourism, Trade and Investment—all of those things. We create a budget. Ministers get allocated to that and I manage that budget to the allocation that is given to me.

The Hon. ROSE JACKSON: Sure, but my question was: What representations did you make on behalf of the New South Wales tourism industry to ensure that the allocation was sufficient to address this major economic risk of international tourism slump?

Mr STUART AYRES: We continue to advocate for where we would invest dollars. We have developed other programs outside of the Tourism portfolio. I mentioned a few moments ago the Regional Growth Tourism and Environment Fund, which has significantly improved the quality of infrastructure in regional New South Wales. We have developed the 10 in 10 strategy for 10 world cups over 10 years. Those two things alone will continue to increase investment across tourism offerings. I know that Minister Kean has also overseen significant investments in the national parks network. I think if you are talking about tourism as a driver for the New South Wales economy, it would be a fairly narrowly cast view to consider just the Destination NSW budget as the sole way in which we drive investment into tourism.

The Hon. COURTNEY HOUSSOS: How would you characterise the industry's response to your budget?

Mr STUART AYRES: It was clearly disappointed. It put out a number of press releases saying that it would like to see more money invested by the New South Wales Government.

The Hon. COURTNEY HOUSSOS: What did that prompt you to do as the tourism Minister?

Mr STUART AYRES: I indicated to the industry that we have clearly seen a change in our budget. What we need to do is sit down, work together, work where our priority investments should be and then consider opportunities for how we consider the next budget cycle.

The Hon. COURTNEY HOUSSOS: Sorry, Minister, you have characterised it as a change in the budget. Let us not be in an episode of *Utopia* here. It is actually a cut to the budget. There is less money being spent than the previous year.

Mr STUART AYRES: Yes.

The Hon. COURTNEY HOUSSOS: You would understand that that is a cut?

Mr STUART AYRES: Yes. It said \$176 million last year; it says \$141 million this year.

The Hon. ROSE JACKSON: As part of your response to the concerns raised and potentially concerns that you had yourself, your suggestion in *The Daily Telegraph*—I think it was on 2 August—that Australians should spend their tax returns on a bush getaway, is that an adequate response to a \$35 million cut in the Tourism budget, encouraging people to spend their tax returns on a regional holiday?

Mr STUART AYRES: I do not think my comments around encouraging visitor activity in regional New South Wales were a direct response. In fact, those inquiries were made specifically about: Do you have any suggestions on how people could spend the Morrison Government's tax cuts? And I said, "One of the best things that you could do is spend your tax return in regional New South Wales." I do not shy away from that. I would say it again today. If you have some spare dollars and you want to take your family on holiday, go to regional New South Wales.

The Hon. ROSE JACKSON: I agree with you. In some ways, you do that in your job. Encouraging people to take holidays in regional New South Wales is you doing your job as tourism Minister. What I am suggesting is you allowing the Treasurer, your lead Minister, to cut \$35 million when we are in an acute international tourism slump is you not doing your job.

The Hon. NATALIE WARD: It is not up to him.

Mr STUART AYRES: I am a member of a Government that has Ministers across multiple portfolios. I am more than happy with the allocations that have been given to us by the Government. We will go away and do our job. There is nothing that I see in the trend data that says we will not continue to hit our targets.

The Hon. COURTNEY HOUSSOS: Minister, I want to move on to a slightly different part of your portfolio.

The Hon. ROSE JACKSON: We may come back to this.

The Hon. COURTNEY HOUSSOS: Indeed.

Mr STUART AYRES: You are more than welcome to as well.

The Hon. COURTNEY HOUSSOS: Minister, residents in Mount Druitt, Rooty Hill and Ropes Crossing are forced to wait an extra two minutes for an ambulance in a life-threatening case and more than four minutes in an emergency case than those living in the inner city and the eastern suburbs. Is that correct?

Mr STUART AYRES: I could not accurately say whether that was correct or not. I would refer back to the health Minister for that particular data, but for the sake of the conversation I will take your summation.

The Hon. COURTNEY HOUSSOS: The fact is that people with life threatening cases and emergencies in the western suburbs wait longer for an ambulance than those in inner Sydney and the eastern suburbs.

The Hon. NATALIE WARD: Just for procedural fairness, can we know the provenance of those statistics?

The Hon. COURTNEY HOUSSOS: Is that a point of order?

The Hon. NATALIE WARD: Yes, it is.

The CHAIR: I do not uphold the point of order. The question is fine. The Minister can answer it.

The Hon. NATALIE WARD: For procedural fairness the Committee members are entitled—

The CHAIR: It is not a question of procedural fairness. The question has been asked and the Minister can answer it.

The Hon. NATALIE WARD: Can I finish?

The CHAIR: No, I have just ruled.

The Hon. NATALIE WARD: The statistics have been given with no basis.

The CHAIR: That is not a point of order.

The Hon. NATALIE WARD: Will you take a new point of order? I am entitled to take points of order all day long. I would like to know the provenance of those statistics.

Mr STUART AYRES: With regard to the provenance of the data, I will let the data stand, based on what NSW Health wished to say. I think there is a question coming and I am more than happy to answer it.

The Hon. COURTNEY HOUSSOS: My question is: Have you spoken to the health Minister in your capacity as the Minister responsible for western Sydney about the longer ambulance wait times that people in the western suburbs of Sydney face?

Mr STUART AYRES: Yes, I speak to the health Minister regularly about the investment in health infrastructure across western Sydney. That is one of the reasons there is a near \$8 billion investment in western Sydney health infrastructure, including a number of ambulance superstations to improve response times across the entire ambulance network. I do not have the data at hand and available to me now, but what I can tell you is that there is investment in Blacktown and Mount Druitt Hospital, investment in Westmead Hospital, investment in Liverpool Hospital, investment in Campbelltown Hospital and investment in Nepean Hospital. That investment includes \$1 billion for Nepean Hospital, over \$600 million for Liverpool Hospital, over \$700 million for Campbelltown and over \$700 million for Blacktown and Mount Druitt Hospital—

The Hon. COURTNEY HOUSSOS: They are all well across the forward estimates and are all well after the next election.

Mr STUART AYRES: If you want to come to Nepean Hospital tomorrow I can stand in front of the construction of the new clinical services tower. I would have loved if your previous Government had invested in that, but you did not.

The Hon. COURTNEY HOUSSOS: We can have a debate about health services in western Sydney, but I am going to move on to another area.

The Hon. ROSE JACKSON: Courtney and I were basically in high school then.

The Hon. COURTNEY HOUSSOS: Minister, you would be aware that many children are still waiting for air-conditioned classrooms across western Sydney. Have you asked the education Minister for a guaranteed time frame for when the second round of the Cooler Classrooms Fund will be announced?

Mr STUART AYRES: No, I have not asked for a particular time frame. We have made our delivery of stage one of the Cooler Classrooms Program public. I have got no doubt that the education Minister will announce the time frames for the remainder of that program. I am pretty comfortable with what I have seen thus far in western Sydney.

The Hon. COURTNEY HOUSSOS: We are on the verge of summer and we are 11 days into spring. We have already seen incredibly high temperatures for this time of year. That means that throughout summer children will be sweltering in unair-conditioned classrooms in western Sydney. The first round—you are right—of the Cooler Classrooms Program has been announced. That took four months. The second round is still being assessed. We are six months on and we are about to head into summer. Did you not think you needed to talk to the education Minister and say, "Listen, we need to get this underway before summer gets started"?

Mr STUART AYRES: I am very comfortable with our capacity to deliver on school infrastructure and with the longstanding capacity of this Government to continue to deliver on school infrastructure and the commitment to the Cooler Classrooms Program. The other thing I would say is that this is not an exercise of just turning up to a classroom and sticking an air conditioning unit next to the classroom. It is often about changing structures for schools, changing electrical fit-outs for schools and undertaking refurbishment works for schools. My view is that it is important that we get every stage of that rollout correct. We have rolled out stage one. I am more than comfortable with the education Minister's approach to stage two.

The Hon. COURTNEY HOUSSOS: It is a situation of having one approach before the election. With the election quickly approaching, you rolled the election commitments out the door. Then, after the election, when it is more important to get things moving so that they are ready for the next summer, this week during the budget estimate hearings—I am not sure if you are aware—we heard from Education bureaucrats who said, "It's alright, just wait; it's a five-year program." Do you think that is appropriate?

Mr STUART AYRES: You can roll out Cooler Classrooms into the schools that do not have air conditioning as fast as you possibly can—

The Hon. COURTNEY HOUSSOS: Do you think the Government is rolling it out as fast as it possibly can?

Mr STUART AYRES: I think the Department of Education and School Infrastructure are working with local school communities to deliver that, yes.

Ms ABIGAIL BOYD: I would like to pick up on the point about hotter temperatures. As I am sure you know, places like Penrith have been the hottest place on the planet at times in the last couple of years.

Mr STUART AYRES: Indeed, it has been.

Ms ABIGAIL BOYD: That is not only because they are further away from the ocean and do not get the sea breeze, but also because of global temperature rises. Something that we have a little bit more control over is the design of cities and the amount of tree coverage in cities, in particular. Given that the impacts of climate change will disproportionately impact the people of western Sydney, what is the Government doing to prepare the region?

Mr STUART AYRES: I would point you in the direction of the *Greater Sydney Region Plan, A Metropolis of Three Cities*, a Greater Sydney Commission plan. Western Sydney has definitely evolved over the last 20 years. That is starting to be reflected in the way that we strategically design Sydney. The metropolis of three cities plan is a very, very sound piece of work. I think that in time it will be viewed alongside the 1960s Cumberland plan in the way that we think differently about the city. With the third city, which is west of the M7 and which will take on substantial population growth, along with the eastern and central cities, we have clearly identified that city as a parkland city. It is critically important that we look to use what I often describe as green and blue grids for the riparian corridors and the creek lines, particularly in South Creek, which is an important source of water, in the way we design the city from the north in the Hawkesbury flood plains right through to those south-west growth corridors in and around Campbelltown and Camden.

That sits very naturally alongside the Government's plan to plant millions of extra trees. One of the ways to sustain that is to continue to utilise water effectively. We need to utilise those flood plains in the north and the tributary trees that exist through those creek areas. They form an important part of the way that we are designing the aerotropolis as well. The city design will take significant shape from the natural topography that exists there. Over time you will also want to be able to see the embracing, in a very practical sense, of the parkland city concept. Parks and green spaces will be designed into urban form. You would also definitely want to be able to see more public spaces and a much stronger tree canopy, particularly as more people move into western Sydney west of the M7. A lot of the work that the Greater Sydney Commission has published talks about heat reduction, reducing long-term transport requirements and designing a city that is cooler.

Ms ABIGAIL BOYD: It is good to hear that the future planning is taking into account the more sophisticated knowledge we have now in relation to the impacts of climate change.

Mr STUART AYRES: It also probably makes a difference when people from that community are part of it.

Ms ABIGAIL BOYD: Yes, absolutely. Given that the Government is planning to move—as I understand it—another one million residents to western Sydney in the next 20 years, and given that we have the airport and the aerotropolis planned, we are talking about a lot more roads and a lot more roofs. The urban heat island effect is apparently going to intensify. I understand what you are saying about making some plans to make sure that there is sufficient green space and canopies, particularly in the new cities, but what are you doing about the existing neighbourhoods? For example, what are you doing to educate people on the benefits of tree coverage? Also, what are the more concrete plans to prepare those communities for the extreme heat?

Mr STUART AYRES: I think saying one million people over 20 years is a little bit tight; it is a little bit longer than that. When you talk about concrete plans and the delivery of between 500,000 and one million people, what you are talking about is getting that strategic plan right. That is why the metropolis of three cities plan is so critical. What it starts to do is imbed into the strategic planning—which is then reflected in local environment plans across councils and development control plans—the concept of being able to minimise heat.

The other thing that you definitely need to do in western Sydney is to encourage different types of development. There is a lot of semi-detached dwellings in what you might describe as 1980s and 1990s traditional subdivisions. Suburbs like Oran Park and Glenmore Park are good examples of that. As this community continues to grow, what is often referred to as "the missing middle"—we are not talking high-rise here but being able to get greater densities per hectare, reducing the impacts on the capacity to deliver infrastructure and also opening up the opportunity for more green space to be embedded in the community will be fundamental to long-term success.

Ms ABIGAIL BOYD: Is that existing communities as well as new developments?

Mr STUART AYRES: Yes. A number of new developments or infill sites are looking at how they reduce their environmental impact, they make spaces more livable. Councils right across western Sydney already invest in additional tree coverage and tree canopies. The concept is reflected in the Western Sydney City Deal across all three tiers of government. But what I see in a practical sense, I think there is a strong desire to want to make sure that western Sydney is cooler.

Ms ABIGAIL BOYD: Is it a priority for your Government and your portfolio area to deal with?

Mr STUART AYRES: Absolutely it is.

Ms ABIGAIL BOYD: Are extra funds being put into climate change adaptation in western Sydney in particular?

Mr STUART AYRES: The difference here is rather than thinking purely about a direct allocation of funds, we are effectively talking about designing a city almost from scratch. Whilst existing transport corridors like the M4, the T1 Western line and the M5, which basically pick up communities like Campbelltown and towards Camden and in the north places from Blacktown through to Penrith, the areas between those are largely greenfield sites. What is most crucial here is that as those areas develop out into employment zones, the integration of the airport precinct into the city and residential locations that you embed those principles from the beginning, which is a hard-learned lesson from past planning decisions.

Ms ABIGAIL BOYD: Who in the Government takes that overall view of heat islands and different regions in our State and looks at the impact on climate degradation and ensures that as a whole—

Mr STUART AYRES: In the context of western Sydney, I strongly encourage you to look at the work that is being done by the Greater Sydney Commission. A fundamental component of its strategic planning for

western Sydney is reducing heat and heat island impacts. That is being developed at the strategic level, which is exactly what the Greater Sydney Commission was designed to do, and that is now being pushed down into local government local environmental plans and development control plans.

Ms ABIGAIL BOYD: Is anyone looking at the impact on cost of living for people in western Sydney as a result of climate change?

Mr STUART AYRES: I have not commissioned any reports or research into the direct impacts of climate change on cost of living. The primary focus for the way we want the three cities to work is to reduce the travel time in which people can find work in their own cities. That will have a material impact on cost of living and a material positive impact on the environment if people do not have to travel as far. It also encourages continued use of public transport, which is a core component of the way we are planning both the central and third cities.

Ms ABIGAIL BOYD: At temperatures over 35 degrees we know that pedestrian traffic is much reduced as people hop from air conditioning to air conditioning. That is why I mentioned the cost of living because, obviously, energy bills for people who are having to crank up the air conditioning all summer long are quite a burden. Also, car usage is increasing in places where there are really high temperatures. Is something being done in western Sydney to ensure that the waiting areas for public transport are cooler? Is there more shade being put in? Is there any strategy to ensure that those areas are more livable in extreme temperatures?

Mr STUART AYRES: There is a raft of multistorey car parks being developed at western Sydney train stations by this Government, whether in Penrith, Campbelltown or Leppington. But the key thing I point you towards here is the significant shift towards investing in public transport when it comes to both the central city western Metro and for the third city the North South Rail Line. I think those two transport projects are the two most important public transport projects in the country. Particularly for the central city, they will significantly shift the accessibility of public transport between places like Parramatta and the Sydney CBD.

The third city, which is fundamentally a north-south city, needs a north-south transport network. That is why the Government has committed to delivering the North South Rail Line and that is why through the City Deal arrangement the Commonwealth and the State Government have committed to delivering the first stage of that rail line as part of the delivery of the first airport in western Sydney.

Ms ABIGAIL BOYD: Do you have statistics on the average commute times for people in western Sydney?

Mr STUART AYRES: I do not have them off the top of my head. A lot of work has been done by the Greater Sydney Commission that talks about transport commute times, particularly from the Central River City and the Western Parkland City. There is a disproportionate number of people who live in the Central River City and the Western Parkland City who travel out of those locations to go to work. A recent number from my own local government area [LGA] was that that was well in excess of 60 per cent of people travel out of the Penrith LGA to access work. Some go to the central city, some go further.

If you look at the Greater Sydney Commission's report *A Metropolis of Three Cities*, something like 91 per cent of people who live in the Eastern Harbour City access work in that city. By the time you get to the third city, the Western Parkland City, that figure falls below 50 per cent. If you are looking to improve the social and economic prosperity of people in western Sydney, the single biggest thing you can do is facilitate the delivery of jobs closer to where people live.

Ms ABIGAIL BOYD: What do you think are the main concerns of people in western Sydney? Would jobs be one of the top three?

Mr STUART AYRES: The one thing that overrides social and economic benefit is the capacity to have a job. In New South Wales right now the unemployment rate is 4.4 per cent. If you look across western Sydney LGAs you see some quite substantial drops in unemployment. The data is not updated as frequently as the monthly jobs data. It takes a little longer to come out. Over the last eight years a substantial number of LGAs have had much lower unemployment rates. That has meant that the wealth created in those individual communities is stronger. The big challenge that still exists for western Sydney is that a lot of people who live there have to leave to go to work. So a primary focus of the Western Sydney City Deal, the aerotropolis authority, the three cities planned for western Sydney is about facilitating more jobs closer to where people live.

Ms ABIGAIL BOYD: Are you aware that to be counted as no longer unemployed a person only needs to work for one hour a week?

Mr STUART AYRES: I am not going to get into who decides what is "unemployment".

Ms ABIGAIL BOYD: I asked the Treasurer this question and—

Mr STUART AYRES: The Australian Bureau of Statistics determines what is "unemployed". We will continue to benchmark against that. There are a raft of other factors. Participation rate is also very strong. It is consistently strong in New South Wales, with the highest participation rates that we have seen. Importantly, the participation rate amongst women has reached an all-time high. The jobs market in New South Wales is strong. What we want to see though is the opportunity for investment to create more jobs closer to where people live.

Ms ABIGAIL BOYD: When the budget talks about creating 250,000 new jobs, is that full-time secure jobs or one-hour-a-week jobs?

Mr STUART AYRES: We are talking about 250,000 new jobs.

Ms ABIGAIL BOYD: Is there a plan for delivering those jobs? How is it going to happen? Is it another aspirational goal?

Mr STUART AYRES: Is that the budget paper?

Ms ABIGAIL BOYD: Yes, it is.

Mr STUART AYRES: That is the plan. It is investment in health, in infrastructure, in education, in transport, in the tourism portfolio, in investment attraction and in regional New South Wales. When you put all of those things together, when you manage the budget well and live within your means and when you invest in infrastructure and grow the asset base of the State, those things materialise in confidence in the private sector. The private sector generates a lot more jobs than the Government does.

Ms ABIGAIL BOYD: How many new jobs were created over the last four years?

Mr STUART AYRES: I think 462,502.

Ms ABIGAIL BOYD: So 462,502 new jobs were created in New South Wales in the last four years but the goal this year is only for 250,000 new jobs for the next four years.

Mr STUART AYRES: We set a target of 150,000 in the last four years. This year we set a target of 250,000.

Ms ABIGAIL BOYD: How many additional people seeking jobs or—I am sorry, the word escapes me for a description of people who are currently looking for jobs—how many additional participating workforce?

Mr STUART AYRES: The participation rate in New South Wales is now over—

Ms ABIGAIL BOYD: As the population grows, how many extra additional workers do we expect will be requiring jobs in the next four years?

Mr STUART AYRES: The participation rate right now is above 65 per cent, which is the highest on record—so more people are participating in work—and unemployment is at 4.4 per cent.

Ms ABIGAIL BOYD: But when we talk about 250,000 new jobs, is that matching the number of new people who will be looking for jobs or will that be giving jobs to people who are currently looking for jobs?

Mr STUART AYRES: No, we are talking about new jobs. If you think of it as a trend line, you take that and you try to increase that trend line by 250,000. If you do not do that the unemployment rate will go up.

Ms ABIGAIL BOYD: Understood. How many of those 250,000 are targeted to be created in western Sydney?

Mr STUART AYRES: We have not got an individual breakdown based on that 250,000. What we have done as part of the Western Sydney City Deal is create a target to generate an additional 200,000 jobs in the Western Parkland City over the next 20 years and that is primarily focused on trying to reduce that gap that exists with the amount of people that leave that third city to access their employment in either the central or eastern city.

Ms ABIGAIL BOYD: Again forgive me for not understanding. We have got a million people going to be directed towards living in western Sydney in the next 20 years and we have a plan for 200,000 jobs.

Mr STUART AYRES: About 27 per cent of the Sydney population lives in the Western Parkland City. We want to be able to get the amount of jobs available in the parkland city at a higher figure. We have set a target of an additional, so above the jobs that will be generated by normal economic activity—we want to close that gap

by 200,000 jobs. The growth that you are talking about, jobs will be generated in western Sydney. What we are trying to do is say above those jobs we want 200,000 additional jobs to close that gap.

Ms ABIGAIL BOYD: Is there a plan to move a certain number of jobs from Sydney? If we are taking into account the number of people commuting at the moment from western Sydney to Sydney for jobs, is there a plan to move some of those jobs out or are we relying on companies to want to move out to western Sydney?

Mr STUART AYRES: Whilst the New South Wales Government is the single largest employer of people in New South Wales it is a relatively small percentage of the total employment. The Government has for the last decade been participating in a public policy of the Decade of Decentralisation, which has seen substantial amounts of the New South Wales Government public service decentralised from the Sydney CBD. Parramatta is a very, very good example of the decentralisation of government agencies facilitating additional investment. You can walk into Parramatta Square and see one of the largest commercial buildings under construction in Australia right now. A lot of that is underpinned by the decentralisation of government activity. Sydney Water was one of the very first organisations to do so. We will continue to do that but, ultimately, if you are going to create more jobs closer to where people live, whether that be in the central city or the third city, you are going to have to encourage private sector investment to do so.

Ms ABIGAIL BOYD: How much reliance then in terms of the Jobs Action Plan is placed on the aerotropolis to create those jobs?

Mr STUART AYRES: The aerotropolis precinct gives us the game-changer opportunity to accelerate growth. We have got an opportunity to leverage substantial public infrastructure investment. We have \$5.3 billion from the Commonwealth Government invested into the Western Sydney International (Nancy Bird Walton) Airport. On top of that, the State and the Commonwealth have agreed to co-fund the first stage delivery of a metro rail line near St Marys on the T1 Western line to that airport; and you have got the Northern Road investment or the Western Sydney Infrastructure Plan, which includes Northern Road, Bringelly Road and Camden Valley Way. So you are talking, across the two governments, in excess of \$20 billion in public infrastructure. That public infrastructure is driving economic activity and allowing people to go to western Sydney and invest with confidence.

Ms ABIGAIL BOYD: Obviously there is a risk though in looking at that as a forecast and obviously that is the intention behind the project. How much reliance is placed on that in terms of numbers of jobs, and when we are looking at the numbers of people who have been incentivised to move to western Sydney how much reliance is placed on the aerotropolis to create these jobs?

Mr STUART AYRES: We are not relying on the aerotropolis to create those jobs. Jobs need to be created in Campbelltown, Camden, Narellan, Penrith, Hawkesbury, Blacktown, Fairfield. Jobs need to be created right across western Sydney. What the aerotropolis provides us is an opportunity given the greenfield nature, although substantially privately owned—the greenfield nature gives us the opportunity to plan the delivery of infrastructure over a longer period of time to ensure that we deliver land release that allows economic activity to be generated in western Sydney.

Ms ABIGAIL BOYD: How many jobs do you expect to be generated by the aerotropolis?

Mr STUART AYRES: Two-hundred thousand.

The Hon. ROSE JACKSON: On the Western Sydney Airport?

Mr STUART AYRES: Yes.

The Hon. ROSE JACKSON: Is the rezoning under stage one of the land use plan complete?

Mr STUART AYRES: No. It is due to be completed by the end of this year.

The Hon. ROSE JACKSON: And that is on track? You are going to give us a commitment that that time frame is going to be met?

Mr STUART AYRES: That is the rezoning. The master plan rezoning work is being done by the planning partnership through the Department of Planning and my discussions with them have only indicated that they are on track for delivery of that by the end of the year.

The Hon. ROSE JACKSON: What about stage two of the land use plan?

Mr STUART AYRES: Let us get stage one out of the way first and then we will move into stage two. One thing that I will not apologise for is making sure that we get the planning framework right here. I have just

had a discussion with Ms Boyd about how important this is for the long-term future of western Sydney. We are taking a 100-year horizon here. Making sure that we get the early-stage land use planning around the airport right is critically important. The airport size is about 1,700 hectares; the aerotropolis size is 11,000. This is a substantial piece of work. We have created a staged approach to land use infrastructure planning. The aerotropolis authority will develop a master plan for the precinct after we have moved through the staging arrangement. We have taken an approach around investment attraction. I am more than comfortable with making sure we take our time to get this right.

The Hon. ROSE JACKSON: Sure, although we are due to commence operation of the airport in 2026. It is now almost the end of 2019. It is, as you say, a major piece of infrastructure and a major development. Your Government has a history of delivering such major infrastructure pieces late and over budget and I suppose we are concerned that this is going to fall squarely in that category.

Mr STUART AYRES: I think it is important to first recognise that the delivery of the airport, and maybe for the sake of the Committee you can call that inside the fence line—that 1,700 hectares is not rezoned by the aerotropolis authority, or the planning partnership I should say. That zone is already in existence, it is the airport site. The Federal Government is delivering that; they have contracted stage one, civil works, and they have just contracted stage two, which will move about 25 million cubic metres of soil to flatten out the site. What happens in the land use planning areas around that airport will not impact the delivery of the airport itself. What we have to do is make sure that we do not allow for ad hoc planning to shape what happens around the airport and then we lose the opportunity to maximise the social and economic benefit of that initial investment.

I have been a member of Parliament for nearly 10 years and over that period of time we have gone from having a community that is opposed to the airport to one that supports it. There have been members of the community who have been market farmers and small landowners who have not supported an airport but now do want rezonings because the value of their land has increased. I think it would be a poor outcome for the people of New South Wales over multiple generations if we took an ad hoc approach now. That is one of the reasons why for stage one planning we have set a tight time frame for the end of this year to get stage one. Then we will move into stage two. The airport can be functional in 2026. It will take 50 years for the areas around the airport to fully materialise. What we have to do is set the planning conditions and the land use planning framework now to allow that to happen in an appropriate fashion.

The Hon. ROSE JACKSON: You will be up-front and transparent about any changes to the time frames that you have committed to in relation to delivery of the land use plan, if there are changes?

Mr STUART AYRES: Absolutely. We want to be able to bring the community with us. This will be a substantial change to the zoning arrangement that exists in this 11,000 hectares. We have taken a staged approach around identifying three precincts—Northern Gateway, the Southern Gateway, including the Aerotropolis Core, and the Kemps Creek corridor. The creek line corridor is fundamentally important for allowing tree canopy and water usage across western Sydney. So we have taken that approach to do those. There are other sections that will be included in stage two. I perfectly understand that everyone wants their particular parcel of land to be in the first stage of rezoning, but we have to take a mature approach to this—one that reflects the changes in land economics, the significant changes in land use, the delivery of infrastructure in an appropriate fashion that allows us to get the social and economic benefit out of an investment that is not one in a generation but once in a multi generation, and a substantial change to the way the city will function.

The Hon. ROSE JACKSON: Let's just stay inside the fence line of the airport, as you described it. Obviously you are going to reiterate your commitment that the western Sydney North South Rail Link is fully operational by the time the airport opens.

Mr STUART AYRES: Yes.

The Hon. ROSE JACKSON: That is on track.

Mr STUART AYRES: Yes.

The Hon. ROSE JACKSON: What about a southern rail link to Macarthur?

Mr STUART AYRES: I say quite regularly that my strong view is that the single most important transport project, I would argue, in Australia—I am probably being a little bit western Sydney focused there—is the north-south rail line. Eventually it will run from Tallawong, where the North West Rail Link finishes at the moment, through to St Marys, from St Marys through to what is currently North Bringelly, which is effectively where the Aerotropolis Core will be located, and from there it will travel to pick up the south-west line at Narellan.

The delivery of those stages needs to be done in a coordinated fashion. The first stage is linking the T1 Western line with the Aerotropolis Core, picking up the airport. You would naturally extend that to the north and the south. I think it is worthwhile putting some perspective here. For the North West Rail Link there was about an eight-year delivery to get to what we have seen this year. You are talking about doing three north-west rails. So those things are fundamentally important for the long-term prosperity of western Sydney. They need to be planned and budgeted for in an appropriate fashion. If you do not do that over an appropriate period of time then what you end up with, with all due respect, is what has happened in previous governments, where the budget does not meet reality because the time lines are not real.

The Hon. ROSE JACKSON: Sure, but what you end up with when these things are delivered years and years after the opening of the airport is no connection to the airport by rail for people who live in the Macarthur-Campbelltown region, and passengers having to catch three trains to get from Western Sydney Airport to Circular Quay. As tourism Minister, apart from anything else, do you think it is acceptable that international tourists coming in to the Western Sydney Airport will have to catch three trains to get into the CBD?

Mr STUART AYRES: They will not. They will be able to get a train from the airport to St Marys and then from St Marys to Central or to any station along the T1 line—so that is two. I perfectly accept that the delivery of train infrastructure across the north-south corridor will need to be staged. You will not be able to deliver the T1 to airport line at the same time as what you can deliver a line from the airport to Narellan. The capacity to do that—if money grew on trees and you could deliver it—from a constructability would take a period of time.

The Hon. ROSE JACKSON: The Premier was the one who said we could have it all. So why is it taking so long to deliver these essential rail corridors into the airport?

Mr STUART AYRES: I think this Government has a fairly strong track record of being able to deliver public infrastructure—

The Hon. COURTNEY HOUSSOS: Do you want to talk about light rail?

Mr STUART AYRES: Do you want to have a debate about train lines? Let's have a debate about train lines. When was the last time you guys opened one?

The Hon. ROSE JACKSON: We want to have a discussion.

Mr STUART AYRES: No-one in this Committee was alive when you guys opened a train line.

The Hon. ROSE JACKSON: We want to have a discussion about how we can make—

Mr STUART AYRES: Have you caught the Sydney Metro Northwest rail? It took us eight years. We will build another one in western Sydney. We will connect St Marys. We will do the same thing. The longer we are in government the better off people in western Sydney will be. There is an entire generation of people who did not understand what a train was in western Sydney because you guys did not build one.

The Hon. ROSE JACKSON: That is a ludicrous suggestion, Minister. Honestly, we are trying to talk about how people are going to get to and from the Western Sydney Airport. It opens in 2026, and the only rail infrastructure that you have committed to delivering on time, which considering your history of delivery is questionable in the least, is a connection north to St Marys—not into the central business district, and not south to the major growth area around Macarthur and Campbelltown. There are no direct rail connections, and you do not seem to be able to give us any time, other than not apologising for the fact that it presumably will not be open for years.

The Hon. NATALIE WARD: Once again, Madam Chair, this is not within the purview of this Committee.

The CHAIR: I am not interested in a discussion. Are you moving a point of order? What is it?

Mr STUART AYRES: I am more than happy. I can answer this. We have said really clearly that the first rail connection to the airport will be the first stage of the North South Rail Line. Let's be up-front and transparent with people, and do not try to tell them that you can click your fingers and deliver a metro rail line from the airport to Narellan, underneath Oran Park. If we are really having a discussion about long-term land use planning, the previous Government allowed that to be developed without a transport corridor, which will require us to now invest in a rail line that goes underneath Oran Park at substantially higher cost, which could have been invested in other forms of public transport.

That decision, which happened under the previous Labor Government, will be a cost that western Sydney residents have to pay for generations to come. So let's not kid ourselves about that. The Government will meet

that commitment, will meet that challenge and will deliver a North South Rail Line that runs from Tallawong in the north-west to Narellan in the south-west. The first stage of delivering that will be St Marys to the Aerotropolis Core or North Bringelly, and that line will be functional when the airport opens.

The Hon. ROSE JACKSON: Let's move on then to the fuel pipeline. Where is that project up to?

Mr STUART AYRES: The latest advice I have from Western Sydney Airport is that they do not believe that they will need a fuel pipeline for a substantial period of time.

The Hon. ROSE JACKSON: How many B-double trucks will be required to deliver fuel to the airport when it opens?

Mr STUART AYRES: I would be more than happy for you to ask that question of Western Sydney Airport—

The Hon. ROSE JACKSON: Is it 43 B-double tankers a day? Thankfully, I have a reference here, Minister—

The Hon. TREVOR KHAN: Point of order: Things have been going fairly well, but the Minister is entitled to answer a question before the Hon. Rose Jackson jumps in with a further interruption. I ask that she allow the Minister appropriate time to answer the question before she goes on.

The Hon. ROSE JACKSON: Apologies.

The CHAIR: I am sure Ms Jackson will do that.

Mr STUART AYRES: The demand for fuel will be driven by the volume of aircraft at the airport. The airports will determine what their fuel needs will be based on their patronage. If you want to know exactly the amount of fuel that will need to be delivered to the airport for a period of time, and whether the infrastructure required to deliver that is a fuel line or transportation via trucks, ask Western Sydney Airport that question. What we do know is that, over the long-term, as capacity for aircraft landings and passenger growth happens at that airport, you will need to connect the airport to an existing fuel pipeline. I think that is a project that we can plan for over a longer period of time. I do not believe—I can say it with absolute confidence—that we need a fuel line at the airport on day one. The patronage levels simply will not warrant that investment, but we should start the process for planning. I understand Transport and the Western Sydney Airport authority are looking into that.

The Hon. ROSE JACKSON: As western Sydney Minister, is it acceptable to you that Transport for NSW has stated that it will require 43 B-double tanker aviation fuel deliveries per day to keep the airport operational before the pipeline starts? That is a substantial number of trucks per day in that area. The traffic congestion, apart from anything else, is that acceptable to you?

Mr STUART AYRES: Ms Jackson, when was the last time you travelled on the M7?

The Hon. ROSE JACKSON: Just the other week, when I was coming back from Thredbo, if you want to know. I travel on the M7 regularly.

Mr STUART AYRES: That is good, because probably 43 B-double trucks passed you in the time that you were on the M7 for about 17 minutes.

The Hon. ROSE JACKSON: You have no concerns, as western Sydney Minister, about the impact of that on the community—that is completely fine from your point of view?

Mr STUART AYRES: You can walk in and say that 43 B-double trucks is a lot of trucks. Let us talk about the infrastructure that allows connectivity.

The Hon. COURTNEY HOUSSOS: Is your contention that it is not a lot of trucks?

The Hon. TREVOR KHAN: Point of order—

Mr STUART AYRES: Forty-three compared to what?

The CHAIR: I will hear the point of order.

The Hon. TREVOR KHAN: The point of order I take is, again, the Minister is answering a question and now the Hon. Courtney Houssos jumps in whilst the Minister is answering. In all fairness, members on this side are being told to be quiet. I think that is reasonable. Similarly with regard to Opposition questioners, they should allow the Minister appropriate time to answer the question without interruption.

The CHAIR: I am sure we will let the Minister answer the question.

Mr STUART AYRES: Let us be really clear here: The airport site is located between the M7 and the Northern Road, which is currently undertaking a \$1.6 billion upgrade. The connectivity between those two roads is Elizabeth Drive. The ability for you to travel on roads that have, I would conservatively estimate, tens of thousands of traffic movements every single day, I think 43 truck movements inside tens of thousands of movements on major arterial roads, like the Northern Road and the M7, would not be noticed by the public. If you guys want to try to use budget estimates to create a scare campaign about 48 trucks, then I think you are kidding yourselves.

The Hon. COURTNEY HOUSSOS: Minister, the reason for this significant investment in infrastructure is because there is going to be increased road traffic around that area. You have just spent the better part of budget estimates talking about the increase in jobs, the increase in focus in the aerotropolis, so it is natural that there will need to be increased road upgrades around it. The point that we are making is that this is unnecessary additional truck movements that will use this infrastructure.

Mr STUART AYRES: Forty-three.

The Hon. COURTNEY HOUSSOS: When you are not going to have—

Mr STUART AYRES: You did say 43, right?

The Hon. COURTNEY HOUSSOS: You have spent all of budget estimates talking about how you are planning—

Mr STUART AYRES: I am answering your questions.

The Hon. COURTNEY HOUSSOS: —how you are planning the aerotropolis appropriately and we are drawing to your attention the capacity that is already going to be taken up when, if you plan this project properly, you would not need to do it.

The Hon. NATALIE WARD: Is that a question?

Mr STUART AYRES: Please get realistic here. We are talking about the M7 corridor, we are talking about the Northern Road corridor, we are talking about roads that have already been upgraded, like Bringelly Road. You are talking about long-term east-west connections between the Northern Road and the M7. You have stated, I think it was 48 or 43 truck movements. Forty-eight and 43 truck movements if they were going down a local street in Camden or a local street in Penrith might make a difference. But 43 truck movements on the largest freight route in Australia, along the M7 or along the Northern Road, on a major arterial road is not something that we should be trying to scare people about.

It is standard freight movement. It is a relatively small number against the tens, if not hundreds of thousands, of movements that happen on any given day. I know it is really easy to say, "Oh my God, there is going to be 48 trucks driving down Elizabeth Drive" or "There is going to be 48 trucks on the M7". Forty-eight trucks would be on the M7 every five minutes.

The Hon. ROSE JACKSON: What we are concerned about is not so much the M7, it is as you approach the airport we are going to have, as you have just acknowledged, the only rail connection that will be open is north-south.

Mr STUART AYRES: Yes.

The Hon. ROSE JACKSON: So you are going to have people driving into the airport from all over western Sydney—hundreds and thousands of people, hopefully—using this new massive piece of infrastructure, driving in from the south, driving in from the south-west, on top of the natural population growth that we are going to see in this part of Sydney, the increased movements that occur. This is not necessary. If you just planned it properly and built the pipeline we could start taking cars and trucks off the road. Sure, you can just—

The Hon. TREVOR KHAN: Point of order—

The Hon. ROSE JACKSON: The question was dragging on, I apologise.

Mr STUART AYRES: Being realistic—

The Hon. ROSE JACKSON: One more question then—actual question. You have mentioned—

Mr STUART AYRES: I love those actual questions.

The Hon. ROSE JACKSON: —the development of the Northern Road. Will your Government rule out installing tolls on the Northern Road?

Mr STUART AYRES: Yes.

The Hon. ROSE JACKSON: Will you guarantee home owners who live along the Northern Road, who are already being impacted by the noise of the development that you have just outlined and who are likely to be even more adversely impacted once the airport opens and there are increased traffic movements and 43 B-double trucks a day, that they will have some kind of noise abatement or compensation for the impact on their houses?

Mr STUART AYRES: The delivery program for the Northern Road is in place where noise mitigation is part of the planning conditions. I will make an assumption here—if you needed to ask the transport Minister, you could do so—but my view is that the Northern Road is being delivered based on the planning conditions that have been set out for it by the planning department.

The Hon. ROSE JACKSON: If they request noise abatement and a noise wall will you be an advocate for them?

Mr STUART AYRES: It will be based on the planning conditions that have been set out on that road.

The Hon. ROSE JACKSON: Good luck to them then.

Ms ABIGAIL BOYD: A few additional questions picking up from where we were before my colleagues asked their questions. We were talking about the one million additional residents expected to move to western Sydney and the plan for 200,000 jobs over the next 20 years.

Mr STUART AYRES: Additional.

Ms ABIGAIL BOYD: Additional.

Mr STUART AYRES: On top of growth.

Ms ABIGAIL BOYD: On top of. And we got to the point where the number of jobs expected from the aerotropolis was 200,000. That is where that number comes from. Are you aware that in the area around Melbourne Airport there are only 30,000 jobs?

Mr STUART AYRES: No, I am not, but I would like to think that we probably do a better job than what they will do in Victoria. Just to clarify, the 200,000 jobs is 200,000 additional jobs as part of the city deal. A core component, a core delivery, of the city deal is the creation of the aerotropolis authority.

Ms ABIGAIL BOYD: How do you plan to do a better job than Melbourne Airport?

Mr STUART AYRES: One of the key focuses that we have had is, rather than just taking a land-use approach to the creation of the aerotropolis authority, we have also brought into that a strong investment attraction focus. The Government has established 17 memorandums of understanding with foundation partners for long-term investment into the aerotropolis. There is a strong focus around creating jobs that have strong prospects for sustaining themselves well into the future—focus around defence, aviation space, advanced manufacturing, as well as freight logistics.

There is a renewed focus around agriculture, where there is the opportunity to create an agri-precinct on the western side of the airport where both intensive agriculture can take place as well as reduce supply chain opportunities that allow for the movement of food and produce from regional New South Wales to an airport that has fantastic international access. That creates jobs not just in western Sydney but also in regional New South Wales.

Ms ABIGAIL BOYD: If we compare the new Western Sydney International (Nancy-Bird Walton) Airport to Melbourne Airport, Melbourne Airport has the second busiest flight route in the world between Sydney and Melbourne.

Mr STUART AYRES: Yes.

Ms ABIGAIL BOYD: It is very close to Melbourne itself.

The Hon. TREVOR KHAN: Really? Tullamarine?

Ms ABIGAIL BOYD: Twenty kilometres, 22 kilometres.

The Hon. TREVOR KHAN: It is a shocker to get into town.

Ms ABIGAIL BOYD: It has also been established for 50 years. Fifty years on, there is a region around it where there are 30,000 existing jobs. What makes you so confident that the Western Sydney Airport will create 200,000 jobs?

Mr STUART AYRES: The airport itself will not create 200,000 jobs. The Commonwealth is forecasting a combination of construction and onsite jobs of around 26,000. I think, from memory, that is the Commonwealth's figure. The airport itself is not going to—

Ms ABIGAIL BOYD: The area around it—the aerotropolis?

Mr STUART AYRES: Yes. But what the airport does is it catalyses investment and accelerates investment into a region that on current trend or pre-airport trends would not have received the Western Sydney Infrastructure Plan, would not have received a north-south rail line. I mentioned in my previous remarks to you that there is about \$20 billion of public infrastructure being planned in that precinct. Those two things have also then led to a much stronger focus around land use planning and how we start to think about the delivery of what you might describe as trunk infrastructure—water, sewerage, electricity. That allows land to be brought to market and that then allows us to have very direct conversations about where people live and where people work. That will happen, I think, over a faster period of time than what would have happened had the airport not been in existence.

Ms ABIGAIL BOYD: Where did the 200,000 jobs figure come from?

Mr STUART AYRES: We identified it as a growth target. It was a figure which we recognised would close the gap on the amount of people who live in the third city—the Western Parkland City—and leave that city to travel east. We knew that if—

Ms ABIGAIL BOYD: So it is the 200,000 that you need in western Sydney, as opposed to the 200,000—

Mr STUART AYRES: Yes, you have to close the gap.

Ms ABIGAIL BOYD: It is kind of looking at it backwards. It is saying, "We need 200,000 jobs, so we're going to do something now with the intention that that will fill the 200,000 jobs need in the future"—

Mr STUART AYRES: Yes.

Ms ABIGAIL BOYD: —rather than it being, "Here is this particular aspect, and that's going to create 100,000 jobs. Here is another aspect, and that will create"—it is not being planned in that way.

Mr STUART AYRES: No. There is not a cumulative individual business figure that gets you to 200,000. We have set a target of 200,000 as part of the city deal because we know—"we" being the Federal Government, the State Government and the eight local councils that represent the city deal councils—the single biggest challenge that exists for our communities is that, whilst there is relatively low unemployment in western Sydney at the moment, the location of the jobs where people work is not close to where they live. That puts a significant burden on transport. It puts burdens on families. It puts burdens on social infrastructure. If you want to reduce that, if you want to capture more of that economic activity in western Sydney, then you have to create more jobs in those locations.

Ms ABIGAIL BOYD: Sure, and we are all on board with that aspiration. We want more jobs. We want more local jobs for people in western Sydney.

Mr STUART AYRES: That is the plan.

Ms ABIGAIL BOYD: What I am concerned about, though—and, to be fair to you, I have come from a bunch of estimates hearings where I keep asking Ministers what their plans are to reach their targets, and there are no actual plans.

Mr STUART AYRES: We have got the Greater Sydney Commission's three cities plan, the Western Sydney Aerotropolis plan, the North South Rail—

Ms ABIGAIL BOYD: But when we are talking about these 200,000 jobs, how is that anything but another aspirational goal? If we are looking at Melbourne Airport, 50 years it has been around and it is well connected; it is a bustling airport. The area around that has 30,000 jobs. Yet we are saying, "It's okay. We need 200,000 jobs in the future, but it is alright because the western airport area is going to create those 200,000"—not being based on any independent figures but just saying "because that is what we need it to do".

Mr STUART AYRES: I do not particularly like the reference point to Melbourne, and I will explain why. I think Melbourne functions very differently as a city to the way Sydney functions. I come back to a remark I have said over and over again: The shift in the way that we think about strategically planning Sydney is absolutely critical here. The third city—the Western Parkland City—is a north-south structured city that links the council

areas of Hawkesbury and Penrith in the north through to the council areas in the south that pick up Liverpool, Camden and Campbelltown. The way we have traditionally connected those communities is pretty much along the triple Ms: the M2, the M4 and the M5. They travel east to west.

You only have to look at a map of Sydney: All of the urban formation that exists west of the M7 is along the south-west rail line and along the Western T1 line, which alongside of that sits the M5 and the M4. In between those two areas is very little development at all because there is no transport connectivity there. The change is the airport. What the airport has allowed everyone to shift towards is how do you create much stronger public transport connectivity between those communities. If you go with an infrastructure-led approach to this, then you give the private sector the confidence to invest in land from a residential but primarily from a commercial perspective because their workforces will be able to access those locations.

When you ask about what is the plan, we have never had a transport plan that connected the north-west of Sydney to the south-west of Sydney. We did not have a plan for the delivery of the airport. We did not have a plan for connecting St Marys to a jobs hub around an airport. We did not have a plan to connect the airport to south-west Sydney. We did not have a Northern Road investment. None of those things existed, but now they do. Our job is to make sure that, as that publicly led infrastructure piece comes in, we get the land use planning right and we deliver the trunk infrastructure with developers to ensure that that land can be activated. But, most importantly, we plan it so jobs are located close to where people live.

Ms ABIGAIL BOYD: Some plan is great. It is great that there is some plan and there are aspects of the plan that are connecting and trying to reduce people's commute times; that is great. But when we say that the Western Sydney Aerotropolis is going to create 200,000 jobs, we have got nothing to base that on other than we hope it does.

Mr STUART AYRES: There is no doubt that it is an aspirational target. In fact, I would love to say that we will crash through that target.

Ms ABIGAIL BOYD: But it is not just aspirational. When you look at Melbourne—30,000. From your own admission, we only get 200,000 because that is what we need it to be, rather than it being based on any actual calculations or analysis.

Mr STUART AYRES: I do not know exactly where you are making a comparison. But if you do 11,000 hectares around Melbourne Airport—

Ms ABIGAIL BOYD: What is that in kilometres?

Mr SANGSTER: Twelve.

Mr STUART AYRES: It is 12 square kilometres, so you are coming a substantial way back into Melbourne; hence the reason why I do not think the comparison is entirely accurate. The work that we are trying to do is leverage this area around a massive piece of infrastructure to be the key jobs hub. We have identified advanced manufacturing, education, defence, space and aerospace—self-evidently, there is an airport there—to be the areas that we want to focus on.

Ms ABIGAIL BOYD: If Melbourne is not the comparison, what was the comparison used in order to work out how many jobs it would actually create, as opposed to the number that we want it to create?

Mr STUART AYRES: It is not about what it will create. If you want to do that, you can look at Incheon in Korea. You can look at Schiphol in the Netherlands. You can look at Dallas-Fort Worth.

Ms ABIGAIL BOYD: If it does not create the 200,000, what is the backup plan?

Mr STUART AYRES: I do not know that it is a backup plan.

Ms ABIGAIL BOYD: If we say that we need 200,000 and we are saying we are going to invest in this thing that we think—or we hope—will get us to the 200,000 but we have got no real basis for, what are you going to do for the 170,000 jobs that are—

Mr STUART AYRES: But you are not just investing in the airport. The Western Sydney City Deal is made up of eight councils. This is about generating growth opportunities in CBDs like Liverpool, Camden, Campbelltown and Penrith. Those satellite cities across western Sydney will play a fundamental role in jobs generation across western Sydney. It is not an all-in play on 11,000 hectares around the airport. I keep coming back to connectivity, whether it is Northern Road, the North South Rail Link or east-west connectivity back towards Liverpool. If you create a massive economic generator like an airport, you have got to connect it to the locations where you want the benefit.

This is one of the reasons why the North South Rail Link, in my view, is so much more important than direct connectivity back to Sydney CBD. The North South Rail Link allows the economic benefit of that airport to be captured in western Sydney for western Sydney residents. Having an airport where people land and then immediately leave that economy and go straight back to the east will deliver some economic benefit, but not nearly as much as if we grow the western Sydney economy to benefit from that. Hence the reason why I often refer to it as western Sydney's first airport. If you thought about western Sydney as a standalone city based on OECD standards—if you took central and western cities and called it three million people—it would be the largest city in the OECD without an airport.

So it is not just about delivering the airport. It is not just about the 11,000 hectares around the airport, which we have an unbelievably unique opportunity to master-plan. If we get that right, we will get jobs density in western Sydney and that will help get towards that 200,000 target of additional jobs. But it is about creating much, much stronger connectivity to the already existing and traditional economic centres of western Sydney, like Liverpool, Campbelltown, Camden and Penrith. They are the areas that are going to substantially benefit from the airport.

Ms ABIGAIL BOYD: Has an analysis been done to look at the numbers of jobs that are expected to be created over the next 20 years in western Sydney?

Mr STUART AYRES: Yes. In fact, it has been done by us. It has been done by the Deloitte economics report, which was at the forefront of the arguments around why an airport is required in western Sydney.

Ms ABIGAIL BOYD: Say we are wrong about the Western Sydney Aerotropolis creating 200,000 jobs. Where are the other jobs coming from?

Mr STUART AYRES: Just to be really clear and correct, the \$200,000 target was part of the Western Sydney City Deal across eight councils. It is not \$200,000 in the 11,000 hectares of the aerotropolis.

Ms ABIGAIL BOYD: How many is it in the 11,000?

Mr STUART AYRES: We have not set a target for that. What we have said is that that area, though, gives us the best chance to land use plan, leveraging the airport and the massive amount of public infrastructure, with a really strong focus around job creation. One of the things that creates that is that you have to restrict land use in the immediate proximity to the airport for various types of land uses. There are a lot of areas around the airport that are not appropriate for residential development. Whilst we have only recently made the final decision to invest in an airport in 2013 from the Commonwealth Government, somehow, I must say, given the history of land use planning in New South Wales, we managed to exclude development from most of the high noise Australian noise exposure forecast [ANEF] contours that would exist around the airport.

That, I think, is a reflection of the fact that whilst we have not always agreed on land use planning, enough planners for the better part of 40 years did not allow development of a residential nature to happen under what would be the high noise ANEF contours. We still want to activate that land but that land is perfectly good for employment land, industrial activities, advanced manufacturing, freight and logistics, which will be the competitive advantages for western Sydney well into the future—and agriculture. There is a bit of what is old is new again. As technology changes traditional industries, western Sydney will benefit from that.

Ms ABIGAIL BOYD: I think I am done for now. Thank you.

The Hon. COURTNEY HOUSSOS: Minister, I want to ask you about Sydney Olympic Park. Next year ANZ Stadium will close for 30 months for the redevelopment. We are seeing a dramatic decrease in the demand for apartment purchases in that particular part of western Sydney. Not so long ago the Commonwealth Bank moved its major headquarters back to Redfern, taking significant demand away from retailers there. What is the New South Wales Government and specifically what are you doing, as the Minister whose portfolio includes Sydney, to alleviate this situation in Sydney Olympic Park?

Mr STUART AYRES: I will make some what I might describe as macro-observations, but the Sydney Olympic Park Authority is no longer managed by me. It was when I was the sports Minister.

The Hon. COURTNEY HOUSSOS: I know.

Mr STUART AYRES: It now falls under the remit of the Minister for Planning and Public Spaces. As far as Sydney Olympic Park goes, you have seen a substantial growth in residential population there. It is been part of a planned precinct for some time. The 2030 master plan has been publicly released. It is guiding investment into that community. It is one of the strongest commercial and residential investment precincts in New South Wales. It is still by far and away the largest tourism destination that exists in western Sydney. I often refer to

Sydney Olympic Park as the gateway—it is probably as far east as I would come before I claimed western Sydney—but I think there is quite strong growth that will continue to come out of Sydney Olympic Park.

The work that is going to happen at the stadium will have an impact on event day demand, but I think it is also important to recognise that there are investments in a new roof at Ken Rosewall Arena, which will open up opportunities for new events to go into there. The showground stadium, or what is currently known as GIANTS Stadium, will continue to host a substantial number of events. The show itself continues to run. It probably has one of the best concentrated volumes of hotel capacity. There are major event centres right through the showground precinct that are available. I know that Sydney Olympic Park is already starting to work with the showground association, society, around how it leverages content and events there to supplement the lack of content that would be in the stadium during its construction.

The Hon. COURTNEY HOUSSOS: What new projects, what new events, are you seeking as Minister for Jobs, Investment, Tourism and Western Sydney to encourage growth into that area?

Mr STUART AYRES: We have provided funds to the Western Sydney Business Connection around developing Western Sydney Event. I do not think that will land in Sydney Olympic Park; it is more likely to be focused in Parramatta. As far as Sydney Olympic Park goes, it already runs a substantial number of events. If event promoters wish to propose new events to us, they can do so in the same way that they have been doing since we created Destination NSW. Guidelines are on our website. We will continue to look at driving activity into Sydney Olympic Park based on the facilities that we have.

Probably the best example of that is the Association of Tennis Professionals [ATP] men's world cup, which is coming to Sydney in January and will be here, I think, for the substantial future. It is a fantastic event. We worked with the ATP around developing a new event. It will bring the top 24 male tennis players to Sydney in the lead-up to the Australian Open. It will significantly change the tourism offering and the way tennis is viewed in Sydney. Largely the summer of tennis has been heavily focused on Melbourne. We have had a pretty solid event in Sydney International, but this ATP Cup is on a completely different level. That event was only secured in combination with both Destination NSW as well as the Government's commitment to put a roof structure on top of Ken Rosewall Arena. We did that in partnership with tennis and netball—

The Hon. COURTNEY HOUSSOS: Minister, we are running out of time. I am a tennis fan as well and I am excited to hear about that—

Mr STUART AYRES: You did ask me which events we are getting.

The Hon. COURTNEY HOUSSOS: I know, but that is one event and one period of the year. You would understand that National Rugby League [NRL] games attract regular traffic to the area.

Mr STUART AYRES: We have also got rugby sevens coming to the showgrounds.

The Hon. COURTNEY HOUSSOS: Retailers in that area are understandably concerned that whilst it is being redeveloped—

The Hon. TREVOR KHAN: Point of order: The purpose of budget estimates is to ask questions not make speeches to the Minister. I ask that you direct the member to ask a question.

The CHAIR: I think she was getting to the question.

The Hon. TREVOR KHAN: It is a long time coming.

The CHAIR: Sure.

The Hon. COURTNEY HOUSSOS: What are the other events, Minister?

Mr STUART AYRES: My response to you is that there is both the Sydney Olympic Park Authority and Destination NSW. If there is a need to run other events in that location and Sydney Olympic Park has either an event promoter or a proposal for an event, we and Destination NSW are more than happy to consider that against the guidelines for which we make investments.

The Hon. COURTNEY HOUSSOS: You recently returned from overseas with the Premier. She publicly said she wants to turn New South Wales into the manufacturing capital of Australia, yet your own Government's predictions say that it will continue to decline as a proportion of the New South Wales economy from 10 per cent down to 7 per cent over the next 12 years, 13 years perhaps. What do you say to the people in Ingleburn after the closure of the Kimberly-Clark factory only three weeks before you went on your trip overseas?

Mr STUART AYRES: Fundamentally, if you want to be able to generate manufacturing jobs, particularly in western Sydney—and I mentioned before the use of technology in traditional forms of employment—whether it is agriculture or manufacturing, you have to shift further up the value chain. You have to adopt advanced manufacturing principles, you have to move technology in to reflect the ideals of Industry 4.0. This is fundamentally what the aerotropolis is focused on. If we want to be able to compete in low cost, low grade manufacturing solutions—that is not to say that those jobs are not important to people—in a globalised world, you are not going to be able to sustain manufacturing, particularly from an export focus, which is where I suspect the job growth will continue to come from.

We have to shift our manufacturing expertise into the advanced manufacturing space. We want to leverage global connectivity through the airport and aerotropolis to do that. We think that what exists around the airport site gives us a really unique opportunity to concentrate advanced manufacturing, research and skills. That is one of the reasons why, on that trip that you asked about, we signed memorandum of understanding with the University of Sheffield and the Advanced Manufacturing Research Centre that exists at Sheffield in the northern part of the United Kingdom and why we signed an MOU partnership with GE Additive, which is the additive manufacturing 3D metal printing side of the GE business.

The Hon. COURTNEY HOUSSOS: I read those reports as well. But I am interested in what you are saying to the 220 people who lost their jobs in manufacturing in Ingleburn just before you jetted off overseas. It is all very well to talk about the aerotropolis and the future opportunities, but there are 220 people who have lost their jobs in western Sydney right now. What are you doing for them?

Mr STUART AYRES: I am saying that we have to create an environment across western Sydney where advanced manufacturing takes place so that organisations that compete in a global economy can continue to employ people in western Sydney. If we take an attitude that we can isolate western Sydney from the global economy then you will see more businesses pulling out of western Sydney. We have to be able to make sure—

The Hon. COURTNEY HOUSSOS: Let me be clear: I am not saying that you need to isolate. I am saying there were 220 manufacturing jobs that were lost. MOUs are great and the future aerotropolis is great. What jobs are you providing for these people in western Sydney?

Mr STUART AYRES: The unemployment rate in western Sydney continues to decline. The unemployment rate in New South Wales continues to decline. If there are job losses because companies cannot compete internationally, what we are seeing is that job displacement is being sucked up into the rest of the economy. Clearly there are more jobs being created than jobs being lost, or the unemployment rate would not be going down. The capacity for the economy to absorb changes like that—the most important thing here is that a decision that is made by a company to shut down a factory is often made because it is no longer financially viable in a global economy. What we have to do if we want more people manufacturing things in western Sydney is create an environment and develop the long-term skills for a workforce that allows us to employ people at the end of the value chain or further up the value chain. That is why the concepts of Industry 4.0 and advanced manufacturing are absolutely critical. If you do not do that it will be inevitable—

The Hon. COURTNEY HOUSSOS: Minister, we are running out of time.

The Hon. TREVOR KHAN: Point of order: The Minister is clearly being directly relevant and should be allowed to answer the question without interruption.

The Hon. COURTNEY HOUSSOS: To the point of order: He was repeating the answer he gave me earlier about Industry 4.0 and advanced manufacturing. I have already heard that answer. We need to move on to other areas.

The Hon. TREVOR KHAN: To the point of order: It is not a question of whether the member is satisfied with the answer. The evidence that is given by the witness is given to the Committee as a whole. The Minister is entitled to answer the question as he sits fit, subject to the issue of relevance. He is being relevant. If a member asks a question she is not entitled to interrupt him when he is providing that answer.

The CHAIR: The member who has the call, which is the Opposition member, is also entitled to move on to other questions, particularly given the short time frames. That is what she is trying to do.

The Hon. NATALIE WARD: That is not what she was trying to do. She was asking the same questions.

The Hon. COURTNEY HOUSSOS: No, I am moving on.

The Hon. ROSE JACKSON: Minister, is the GO NSW Equity Fund being wound up?

Mr STUART AYRES: The GO NSW Equity Fund was established through Jobs for NSW. Post the machinery of government changes that led to the creation of the portfolio that I have now, we have instituted a review of Jobs for NSW. Included in that will be GO NSW Equity Fund.

The Hon. ROSE JACKSON: So maybe?

Mr STUART AYRES: It is pending the review.

The Hon. ROSE JACKSON: Has the fund made any new investments since the two that were made?

Mr STUART AYRES: Not that I am aware of.

The Hon. ROSE JACKSON: Is ROC Partners still partnering with the New South Wales Government in the GO NSW Equity Fund?

Mr STUART AYRES: Yes, it manages the investment with First State Super.

The Hon. ROSE JACKSON: Has it changed its name? Is it still called ROC Partners?

Mr STUART AYRES: If it has, I am not aware of it. It may have. I do not know.

The Hon. ROSE JACKSON: Are there any plans to sell the Government's stake in the two existing investments that the GO NSW Equity Fund has made?

Mr STUART AYRES: That will be pending the review that we do of Jobs for NSW.

The Hon. ROSE JACKSON: When those investments were made, what were the Government's projections in relation to the profit or the dividend that would have been made from those partnerships?

Mr STUART AYRES: I do not know off the top of my head whether there was an individual projection that was made, but the principle—

The Hon. ROSE JACKSON: It was for a profit, was it not?

Mr STUART AYRES: Yes. The First State Super and Jobs for NSW combined fund—the GO NSW Equity Fund—was set up to invest equity into businesses and take an equity position. It was not a grant. It did so on the basis that those businesses had opportunities to create jobs with a particular focus around export industries. It did so on the basis that there were strong prospects for growth.

The Hon. ROSE JACKSON: Minister, are you familiar with the phrase "Barra's goldmine"?

Mr STUART AYRES: No, I am not.

The Hon. ROSE JACKSON: You have not heard that phrase used in relation to the GO NSW Equity Fund?

Mr STUART AYRES: No.

The Hon. ROSE JACKSON: Is it not the case that, as you said earlier in relation to The Star development, it is not the role of government to "rail run passage one developer over another"? Is it not the case that the GO NSW Equity Fund was just a massive government exercise in picking winners?

Mr STUART AYRES: No, I do not agree with that at all. I think the principle around the GO NSW Equity Fund was to be able to make a portion of funds available by the Government, in conjunction with First State Super, to invest equity injections into businesses. There are a number of businesses that would love to have equity partners. We created a vehicle to do that. We put in place an appropriate fund manager that has significant experience doing that—

The Hon. ROSE JACKSON: Was it appropriate that the fund manager that you selected—out of all the many businesses that, as you say, would love equity investment—selected a business in which it had a majority shareholding? Was that appropriate?

Mr STUART AYRES: Are you saying that ROC Partners had a majority shareholding in one?

The Hon. ROSE JACKSON: Yes, I am. It is on the public record that it had a majority shareholding in Stone Axe Pastoral. Was that appropriate?

Mr STUART AYRES: I am going to correct you. I will think you find that ROC Partners does not have a majority shareholding. It manages other investors' shareholdings in Stone Axe. It is not the investor itself. It is doing the same function for other investors as what it is doing for the GO NSW Equity Fund. I would say at this

point that if you really wanted to ask what would disturb me, it would be if it made recommendations to the GO NSW Equity Fund with the New South Wales Government and First State Super equity but then did not make that recommendation to other partners. That would disturb me more. But the fact that it has made a recommendation to other investments and made the same recommendation to the GO NSW Equity Fund, I have to say that that sounds like a fairly standard practice for an equity fund manager.

The Hon. ROSE JACKSON: Do you reject the assertion that ROC Partners had become the majority shareholder of the company Stone Axe Pastoral months before it made the recommendation to the GO NSW Equity Fund to invest in Stone Axe Pastoral?

Mr STUART AYRES: My understanding is that it is not the principle equity investor. It is managing investments on behalf of other investors—

The Hon. ROSE JACKSON: So you have no concerns?

The Hon. TREVOR KHAN: Point of order: The Minister was answering the question and he was again run over the top of by the Hon. Rose Jackson. She should allow the Minister to answer the question.

The CHAIR: I am sure she will allow the Minister to answer. But in fairness they were having a dialogue. The Minister should also let the member finish her question.

The Hon. ROSE JACKSON: So you have no concerns in relation to the advice that was given to the GO NSW Equity Fund in relation to that investment? There is nothing that concerns you about what occurred?

Mr STUART AYRES: With everything that I have seen, the assessment that has taken place here and the other tier of oversight to ensure that it met the conditions for the Government, we were comfortable with that. It has invested in what it believes is a growth business with strong export potential, which reflects the guidelines of the GO NSW Equity Fund. The GO NSW Equity Fund works in partnership with First State Super. What fills me with confidence is that it made that recommendation to other investments.

The Hon. ROSE JACKSON: If you are so filled with confidence in relation to the fund and its investments, why on earth has it not made any additional investments since those two? It was \$50 million. It invested \$3 million in Stone Axe Pastoral—a company in which I have it reported that ROC Partners had a majority shareholding—\$3 million in Australia's Oyster Coast, much to the concern of other players in the oyster industry, and then nothing else. If it is such a great fund then why have we not seen an investment from it in over 12 months? Why is it under review?

Mr STUART AYRES: To be really clear here, I am responding to your question about the investment. My response to the question about the fund is the same response as it is to Jobs for NSW and all of its functions. We have instituted a review post the machinery of government changes around the role of Jobs for NSW. The decision to create the GO NSW Equity Fund was made by Jobs for NSW, its former board. I think it is appropriate, given that I have taken a new entity on board and that it has moved its position in government—it is now under the auspices of Treasury—for me to say, "Have we got everything right? Is Jobs for NSW doing all the things we want it to do? Are we investing our dollars the way we should invest them?" I have asked for that to be reviewed. With regard to the decisions around those two investments, if you are asking me whether those two investments were sound based on, first, the guidelines for the GO NSW Equity Fund and, second, questions about whether ROC Partners did its role, I am comfortable with those two things.

The Hon. ROSE JACKSON: The only reason why the fund has been put on hold, the whole of Jobs for NSW is under review, the board and the CEO have gone, is it is just a machinery of government change? That is it? There are no other reasons that Treasury may have identified as to the operation of the GO NSW Equity Fund and Jobs for NSW have led you to initiate this review?

Mr STUART AYRES: I cannot speak for decisions that were made before I became the Minister.

The Hon. ROSE JACKSON: But you initiated the review.

Mr STUART AYRES: Yes.

The Hon. TREVOR KHAN: Point of order: The Minister is answering and should be allowed to answer.

The Hon. ROSE JACKSON: He does not need your help, Mr Khan.

Mr STUART AYRES: Why an investment did not take place between those two investments and the point—

The Hon. ROSE JACKSON: Why the review?

The Hon. TREVOR KHAN: Point of order: I take the same point of order. The member must stop interrupting.

Mr STUART AYRES: The period of time between the second investment and when I became the Minister, I do not know why they did not make any investments. Maybe there was nothing that met the guidelines. But from the moment I took over and as part of the machinery of government we gave an indication that Jobs for NSW would come back into Treasury. The external members of the board have stepped down. The quorum for the Jobs for NSW board is established by public servants to allow the continuation of that operation until the review is concluded. Then the Government will make a decision about what it wants to do with Jobs for NSW going forward. Inevitably, things will come out of the Jobs for NSW review that show it worked really well. Without pre-empting the review—so you do not accuse me of that—I suspect that the review will say that the Sydney Startup Hub works really well, that it has strong support from the start-up community and that is something that we should continue.

The Hon. COURTNEY HOUSSOS: Minister, you made a \$3.3 million investment in each. What has the return on the investment been?

Mr STUART AYRES: We have not concluded the investment. It is still active.

The Hon. COURTNEY HOUSSOS: You are not receiving any returns on your investment?

Mr STUART AYRES: We are an equity partner, so the GO NSW Equity Fund has an equity position.

The Hon. COURTNEY HOUSSOS: And no plans to sell?

Mr STUART AYRES: If there is, it will come out of the review.

The Hon. ROSE JACKSON: Minister, just to be clear, I am not asking you about why investments were not made when you were not the Minister. I am asking you why you initiated this review. Is it not the case that Treasury suggested that the review should begin because it is not the role of government to pick winners. This is not about machinery of government change. It is about fundamental issues with the operation of Jobs for NSW and the GO NSW Equity Fund. That is the reason it is under review. It is not a mere procedural change.

The Hon. TREVOR KHAN: Point of order: The member started off asking a question and then launched into a diatribe.

The Hon. ROSE JACKSON: That is my style.

The Hon. TREVOR KHAN: I would ask her to limit herself to the question.

The CHAIR: We will hear the answer and then it will be the end of the session. We are out of time but there is time for the answer.

Mr STUART AYRES: We are not only reviewing the GO NSW Equity Fund. We are reviewing everything that Jobs for NSW does.

The CHAIR: Thank you for your attendance, Minister. Your time in this session has concluded. All of the other witnesses will be required back for the next session at 2.00 p.m.

(The Minister for Jobs, Investment, Tourism and Western Sydney withdrew.)

(Luncheon adjournment)

The CHAIR: Welcome back everybody. Thank you for coming back this afternoon. I indicate at the beginning that we resolved this morning to rotate questions between the Opposition and the crossbench. At the moment it is the Opposition and we will use our time accordingly unless something changes. Mr Pratt, you wanted to provide some information from this morning?

Mr PRATT: It was a couple of questions to clarify around overseas tourists travel and also the issue on the pipeline. I just got data today for the latest 12 months on overseas visitors to New South Wales. It is broadly tracked sideways at 1.3 per cent for the year to July. Overall that was 3.5 million visitors to New South Wales and that is equivalent to around 37 per cent of total visitors to Australia. That is the overseas visitors piece. On the pipeline, I have just pulled out the Deloitte report, the opening at 2026, the Deloitte report states five fuel trucks per day, increasing, in the absence of a pipeline, to 2033 to 41 trucks. I just wanted to clarify that number as well.

The Hon. ROSE JACKSON: Mr Pratt, I wanted to ask you about Jobs for NSW. Why was it moved to Treasury?

Mr PRATT: As the broader machinery of government changes, Treasury now has responsibility for the full economic portfolio of government. Previously, as you no doubt would be aware, it was spread around a number of departments, including the old Department of Industry, and some in the Department of Finance as well. There was a decision made by Government that they would like to bring that together in one portfolio. As part of the whole economic portfolio it made sense to clearly bring Jobs for NSW into that, including Trade and Investment. So Treasury has the Trade and Investment portfolio as well. So it has brought all that together as a result of those changes.

The Hon. ROSE JACKSON: Having had a bit of a look at it now that it is in your department, what is your view on how the fund was set up and how the project was set up?

Mr PRATT: Are you talking jobs overall or are you going back to the Go NSW Equity Fund?

The Hon. ROSE JACKSON: We can start with your view on Jobs for NSW and then we can go to your view on the Go NSW Equity Fund.

The Hon. TREVOR KHAN: You are asking a public servant these questions? That was a matter for the Minister, not for these gentlemen.

The Hon. ROSE JACKSON: Is that a point of order, Mr Khan?

Mr PRATT: I can talk to the policy if you wish me to. I cannot give an opinion.

The Hon. ROSE JACKSON: I am asking any preliminary views you have formed on the way that Jobs for NSW and the Go NSW Equity Fund are operating in terms of their capacity to deliver on the policy that they are seeking to deliver.

Mr PRATT: I will answer your question as best I can without expressing an opinion, as you would understand.

The Hon. ROSE JACKSON: I do understand.

Mr PRATT: As part of the machinery of government changes that you referred to, we brought in Destination NSW; we brought in, obviously, Jobs for NSW; we brought in the Small Business Commission as part of that economic portfolio as well. What I wanted to do as part of all of that change was to do a review of each of these units, as standard good practice, to say, "Let's hand back Poor's and review what has been done and what are the learnings." That review—in fact, all three reviews are still going on, not complete yet, and in due course that will go to the Ministers, Treasurer, Cabinet for consideration.

The Hon. ROSE JACKSON: Who is doing the review into Jobs for NSW? Who is conducting that review?

Mr PRATT: I will take on notice the names, but what I would say to you is we have drawn people from our direct knowledge of Jobs for NSW.

The Hon. ROSE JACKSON: Are they external to Treasury or are they internal members of your department?

Mr PRATT: There is a mixture. Some are external, some are subject matter experts and then I think we have had one or two Treasury people. I will just defer to Ms Curtain on that. Do we have a list?

Ms CURTAIN: I do not have a list of the names here but it was led by our economics group. The review team was brought from a number of different parts within Treasury.

The Hon. ROSE JACKSON: How many people, roughly, were on the review team? Was it five or 15 or—

Mr PRATT: No, certainly not 15; it would have been a smaller number. Again, we could check for you, but it would have been around six or seven.

The Hon. ROSE JACKSON: You mentioned in due course that review and its findings will be presented to the Minister. Can you give us any additional information about when we might expect that information to be made available?

Mr PRATT: I would expect fairly soon. As secretary I am now accountable for these areas and clearly I want to get a strategy refresh and have decisions made by Government to take forward. My expectation, to answer your question directly, would be in the next month or so or thereabouts.

The Hon. ROSE JACKSON: When the machinery of government changes were happening, were you involved in discussions about moving Jobs for NSW into Treasury or were you just told as a fait accompli this is what is going to happen?

Mr PRATT: No, I was involved directly with the Treasurer and Premier.

The Hon. ROSE JACKSON: Did you have a view about whether it would be preferable to move Jobs for NSW into Treasury?

Mr PRATT: If we had not made the overall change around the economic portfolio then I probably would have questioned the logic of that but given the broader change that I have talked about, in my opinion, yes, it did make sense to do that. But that was a decision of the Government, clearly.

The Hon. ROSE JACKSON: Understood. Was the decision to disband the board and have the former CEO move on from the organisation made at the same time as the decision to move Jobs for NSW into Treasury or did you make the decision to move the organisation into Treasury and then subsequently realise this is actually the preferable way to proceed?

Mr PRATT: It was shortly thereafter and the context of that was that Jobs for NSW had a four-year funding envelope that had come to an end at 30 June, so there was actually no funding beyond that date. In addition to that, it was moving to Treasury and, as I have indicated, it was appropriate to do a full review. An early call on that was that we did not see the necessity for a board going forward. But having said that, this was no reflection on the individual members or the board itself—it was made up of very capable people—but we just did not see a need for that to go forward.

The Hon. ROSE JACKSON: You mentioned that the initial funding allocation was essentially approaching the end of the four-year period for which that was allocated. But the funding that was initially allocated was not entirely spent in that period, was it? There is or was funding remaining—

Mr PRATT: That is correct.

The Hon. ROSE JACKSON: —both in Jobs for NSW and the Go NSW Equity Fund, unspent.

Mr PRATT: That is correct.

The Hon. ROSE JACKSON: What is the status of that funding at this time?

Mr PRATT: What we did, as we discussed this morning around the Go NSW Equity component, there were two investments around \$3.3 million each. There are also quite a number of loans and there are a number of grants that have been given. There is still balance available though in the overall jobs fund, which we can get numbers on if you wish. But given that we had the review kicked off and underway, our view was that it is appropriate to put that on hold for now and let us do the review and then see where we go from here.

The Hon. ROSE JACKSON: Have you given any consideration to ensuring that the money that was allocated for the purpose of jobs creation through the vehicle previously of Jobs for NSW and the Go NSW Equity Fund continues to be earmarked for that purpose or is it, in fact, likely that it will just be potentially swallowed back up into consolidated revenue?

Mr PRATT: My strong recommendation to the Government will be the former. I would say that it would be wrong to misinterpret the way we have put this on hold to be any less a commitment—as I understand it from the Government—on job creation. It has been made very clear to me that we need to progress that strongly.

The Hon. ROSE JACKSON: I want to draw your attention to some comments that I mentioned to the Minister this morning. He was suggesting that the decision to review Jobs for NSW was a relatively straightforward and standard part of the machinery of government changes. You also mentioned that other elements of the machinery of government changes that had been brought into Treasury were also subject to some sort of review. But there has been media reports in relation to Treasury briefing documents that suggest that, for example, the two investments of the GO NSW Equity Fund are attracting negative publicity, and many parliamentary questions have also featured in the consideration that is underway in Treasury, and that it is Treasury's starting hypothesis that it is not the role of Government to pick winners. Were they also significant factors in your decision to review Jobs for NSW and the GO NSW Equity Fund?

Mr PRATT: There are two things I would say. As you would well appreciate, you do not believe everything you read in the media.

The Hon. ROSE JACKSON: Indeed.

Mr PRATT: Be that as it may, equally, I rightly encourage getting a lot of views within Treasury, given what we do, around these key issues. So it would be wrong of me not to say to you that this has had a lot of debate within Treasury, as it should. We are inputting a lot of that into this review that we have underway.

The Hon. ROSE JACKSON: Is it the view of Treasury that the work that Jobs for NSW and the GO NSW Equity Fund is doing—the policy framework that it is operating in—is rightly the role of government? Is that your view that the right role of government is the policy settings that those two projects, one a subsidiary of the other, are undertaking?

Mr PRATT: Certainly where there is market failure, government should look at some form of intervention. Drought is an example right now.

The Hon. TREVOR KHAN: I agree with that; what about you?

Mr PRATT: But these are elements that we are pulling together with the review, that we will be looking at in some detail—about what is the next way to create significant numbers of jobs that we talked about this morning. In due course that will be issued.

The Hon. ROSE JACKSON: How are the two existing investments that the GO NSW Equity Fund have made—the \$3.3 million into Stone Axe Pastoral and Australia's Oyster Coast—being accounted for within Treasury? In your internal accounting are you assuming that there will be positive returns on those investments, or is that also not the case, considering the status of the funding review?

Mr PRATT: Can I take that on notice? I would assume that they are held at book value in terms of the equity investment, but I am more than happy to come back to you on the actual numbers and the accounting treatment of that.

The Hon. ROSE JACKSON: That would be useful, thank you. I want to ask about the departure of Nicole Cook as chief executive officer. Did she resign from that position, or was it made clear to her that there was no ongoing prospect for a separate CEO of Jobs for NSW as a result of the machinery of government changes?

Mr PRATT: It is difficult to talk about individuals in this Committee, Chair. What I would say is that there was a lot of discussion about her role going forward. Ms Curtain can probably give you more detail around this, but my understanding is that there was a joint agreement that this role was not what she came in to do, potentially, and therefore it might be an appropriate time for her to leave. Ms Curtain, did you want to clarify anything around that? I would not want to talk specifically in more detail about that issue, to be fair to her.

The Hon. ROSE JACKSON: I understand.

Ms CURTAIN: I think the only thing to clarify is that Jobs for NSW has come into Treasury along with Trade and Investment and some other groups as well. In looking, along with Nicole, at what the structure of the group was going forward, we had a number of discussions with her about what she wanted in terms of her role going forward.

The Hon. ROSE JACKSON: In terms of any investment loans, grants—the full suite of products that Jobs for NSW was offering—will we have detailed information available on 2018-19, because Jobs for NSW, as a separate entity, released quite a detailed annual report for 2017-18 that listed all of the organisations? It did not necessarily list all of the specific funding, although at least a funding envelope in some instances, but we have not had that for the 2018-19 financial year, and now that the project is under review I suppose I am interested to know what, if any, information will be forthcoming about expenditure in that period.

Ms CURTAIN: An annual report, in a similar light to 2017-18 is being prepared currently for 2019-20, and will be released.

The Hon. ROSE JACKSON: When might that be released?

Ms CURTAIN: I do not have the exact date but I believe it is—

Mr PRATT: That will likely be around the end of October. That is the timing for when most annual reports are issued. Could I just clarify your earlier question about the make-up of the review committee?

The Hon. ROSE JACKSON: Yes.

Mr PRATT: They were all Treasury, but post machinery of government. So some of those people would have come in as part of the machinery of government changes, but when we kicked off the review they were all technically part of Treasury.

The Hon. ROSE JACKSON: So there were no external corporate or business—

Mr PRATT: No, there was not. There were five involved in that review.

The Hon. ROSE JACKSON: In the 2017-18 annual review that Jobs for NSW did, it talked about the value that it felt that its external board brought to the organisation and talked about the value to the Government of having a diverse board that brought in corporate experience. This was, in their view, a significant part of what their value-add was. Was there no consideration given to having an element of that reflected in the review of the organisation, Jobs for NSW?

Ms CURTAIN: Just to clarify, the review was led by an internal team, but they did extensive consultation with board members, ex-board members and the entities that Jobs for NSW were working with in industry. So it was not just an internal review, it was just led by an internal team.

The Hon. ROSE JACKSON: Okay.

The Hon. COURTNEY HOUSSOS: Mr Draper, I want to ask you a couple of questions. Thanks very much for your time today, we do not want it to be vain.

Mr DRAPER: Thank you.

The Hon. COURTNEY HOUSSOS: We heard quite a lot from the Minister this morning around manufacturing. I referred to your State Infrastructure Strategy 2018 to 2038. According to that the manufacturing sector is projected to decrease from 10 per cent to 7 per cent. Will you be revising those figures off the back of any of the announcements the Government has made since then?

Mr DRAPER: The State Infrastructure Strategy [SIS] is produced every five years. The last one was produced in around 2017-18 and actually released in March 2018, I think. That would bring us around to about 2022 or 2023 before the next one would be done. I think we will have a lot more information available at that time about the progress of the work that has been done, taking in the aerotropolis in western Sydney. I am aware of the scale of the work that has been done and that there are dedicated entities that have been established.

There is quite a different strategy. I am aware of all the things that you referred to this morning, with the Premier and Mr Ayres travelling overseas and visiting Sheffield. So, yes, there could be quite a lot more information that we will take into account when we get to the next SIS, which is a few years away yet.

The Hon. COURTNEY HOUSSOS: Fair enough. How much advanced manufacturing is currently within New South Wales manufacturing sector?

Mr DRAPER: I cannot answer that. I do not have that data with me. Perhaps I can get some assistance from my colleagues who work in that space.

The Hon. COURTNEY HOUSSOS: That would be great, or take it on notice if you do not have it here this afternoon. Could you talk about what that is made up of, and if you are providing any modelling or any advice about how it can be improved as part of the aerotropolis process?

Mr DRAPER: That is probably not really a question for Infrastructure NSW. It is getting very specific. That work in the aerotropolis, I think, is probably—

The Hon. COURTNEY HOUSSOS: I was about to refer it to Mr Sangster.

Mr DRAPER: I do not want to dump on my friend here but he is much more in a position to answer that.

The Hon. COURTNEY HOUSSOS: I want to make sure everybody gets a turn. Mr Sangster, did you want to provide a reflection on that?

Mr SANGSTER: Can I be very clear about the question you are asking is about the sorts of manufacturing that we are looking at?

The Hon. COURTNEY HOUSSOS: That is right, the sorts of manufacturing that you are planning for within the aerotropolis.

Mr SANGSTER: There has been a fair bit of work done looking, particularly in the aerospace and defence sectors, at two perspectives. One is the technology manufacturing areas that defence, particularly, is looking at growing in Australia. There are nine of those defence industry network sectors. Then we map those against the current research and development and university skill base in New South Wales. The four universities that are part of the group that has agreed to establish a new multi-university in the aerotropolis actually have skills in about seven of those. That has formed some of the analysis work.

There is quite a bit of work that has gone on behind that that has looked at which industries supplement that. Things like additive manufacturing is a good example. New South Wales is privileged to have a number of the best quantum physicists in the world, so we are looking at quantum computing capability as well. Yes, it has been done off the back of understanding where we think growth is going to be required, but not doing that without understanding have we got some basis to attract industry particularly around that.

The Hon. COURTNEY HOUSSOS: Which are those four universities?

Mr SANGSTER: The four universities are the NUW Alliance, which is the University of Newcastle, the University of New South Wales, the University of Wollongong and Western Sydney University.

The Hon. COURTNEY HOUSSOS: Mr Draper, are you aware of any new manufacturing factories or opportunities that have opened in the past three to five years in western Sydney?

Mr DRAPER: Again, that is not really within the scope of what we do in Infrastructure NSW. We really work across a couple of different areas. We do the NSW State Infrastructure Strategy every five years. We do assurance across the State major projects, so we provide assurance across there. We do deliver some projects ourselves. We provide some assistance on the Restart NSW Fund and we run the Hawkesbury-Nepean Valley Flood Risk Management Strategy.

The Hon. COURTNEY HOUSSOS: On the question of assurance across infrastructure projects, where is the Sydney Metro West up to in terms of its assessments within Infrastructure NSW?

Mr DRAPER: That is probably a question you should put to the Secretary of Transport for NSW. The reason I say that is because all the information we get in relation to those projects is through the assurance process. That whole assurance process is established for providing advice up to the Government to Cabinet. Everything we produce in that area, all the information we get is considered Cabinet-in-confidence. But I am sure the transport secretary could provide you with an update on that.

The Hon. COURTNEY HOUSSOS: Could you perhaps take that on notice and come back to us?

Mr DRAPER: Sure.

The Hon. COURTNEY HOUSSOS: And seek some advice. That would be useful in terms of our considerations. One more question, Mr Draper, around the infrastructure pipeline, which I notice is on your website as well. In 2015 New South Wales bought its trains and for the first time they were totally manufactured overseas. A key part of that was obviously the delay in awarding the contract. As a result a number of the local providers were forced to lay off their workforce. Did you provide any analysis or any advice to the Government at the time or did they seek any from you around any delays in awarding that contract?

Mr DRAPER: Obviously it precedes my time at Infrastructure NSW, but I guess the observations that I would make are that the vehicle through which we would normally have any involvement in something like that is through our assurance program. Our assurance program was not established until late 2015, early 2016. It is very unlikely we would have played a role like that at that time. Those decisions or the recommendations and the implementation would have been generated within Transport for NSW, rather than Infrastructure NSW. I do not think I can add anything to that, sorry.

The Hon. COURTNEY HOUSSOS: Have you been asked by the Government to do any modelling around the multiplier effects of local content in future infrastructure projects? Sorry, I should not say future infrastructure projects—future infrastructure contracts?

Mr DRAPER: The multiplier effect of local content? No, I do not believe we have been asked but I can confirm that and come back to you.

The Hon. COURTNEY HOUSSOS: That would be really helpful. Thank you very much.

The Hon. ROSE JACKSON: I have a few more questions. I am going to stay on Jobs for NSW. How much was spent on the Sydney Startup Hub?

Mr PRATT: Let me see if I can get that for you: \$4.4 million in 2018-19.

The Hon. ROSE JACKSON: How many jobs has the Sydney Startup Hub created?

Mr PRATT: There are over 440 start-ups involved in the hub. The numbers I have—as at 30 June it has created over 1,000 jobs.

The Hon. ROSE JACKSON: The Sydney Startup Hub has accommodation for 2,500 people. How many people are currently using that space, are accommodated in that space?

Mr PRATT: I am sorry, we will have to come back to you on that. We do not have that number.

The Hon. ROSE JACKSON: The Sydney Startup Hub, the Minister mentioned it this morning, was obviously a signature project for Jobs for NSW and there is some evidence that it has been successful. What is the western Sydney equivalent of the Sydney Startup Hub? What has Jobs for NSW done in western Sydney that is the equivalent contribution to the local economy there?

Ms CURTAIN: There is an intention to have a start-up hub in Parramatta but work is ongoing on that. It has not opened yet. That is something that we are currently working on with Government. We are also speaking with Mr Sangster about the longer term vision for the aerotropolis when it is up and running. Plus, more broadly, there are landing pads that the Sydney Startup Hub has regionally to allow a connection to the start-ups that are more broadly around New South Wales.

The Hon. COURTNEY HOUSSOS: In terms of the western Sydney start-up hub, are you doing that in consultation or in alliance with any universities?

Ms CURTAIN: No, not specifically at the moment but working closely with Health and the Department of Premier and Cabinet, because there is obviously a lot of work going on around the Westmead precinct and we are working with those teams in terms of how the start-up space fits with the rest of the plan for the area.

The Hon. COURTNEY HOUSSOS: Would it be part of the Westmead precinct?

Ms CURTAIN: It is looking at that broader area but the exact location, I am not sure if it has been confirmed yet.

The Hon. COURTNEY HOUSSOS: Have you got any time line for us?

Ms CURTAIN: Not specifically. It is certainly something that we are working on now and Government was committed to look at getting open as soon as we can. There are obviously a lot of pieces of the puzzle to work through. We do not have a specific time line.

The Hon. ROSE JACKSON: You mentioned the regional landing pads. There are six of those, is that correct?

Ms CURTAIN: Yes. I do not have the exact number.

The Hon. ROSE JACKSON: Five or six. Obviously regional New South Wales is massive. The distance for plenty of people and local businesses in regional New South Wales from those landing pads is still quite substantial. What is the approach of Jobs for NSW other than saying we have these regional landing pads that are variously located? What is the approach for jobs growth in regional New South Wales?

Ms CURTAIN: There are a number of local innovation centres around regional New South Wales. There is a lot of work that Jobs for NSW has been doing in conjunction with industry. I think it was just last week they had a Regional Pitchfest that had its finals where a number of people from regional New South Wales were invited to pitch their ideas to potential funders. Jobs for NSW has been working with industry and with some of the incubators to look at how we can help regional start-ups connect in with some of the organisations the Sydney Startup Hub has connections with. There is also a space in the Sydney Startup Hub for any regional start-ups to come. If they need to come to the city for meetings and to meet up with other people, either at the Startup Hub or broadly in the city, there is some space there they can use to do their work out of whilst they are here.

The Hon. ROSE JACKSON: Is there any particular work being done on youth employment specifically because, as we know, there is a particular challenge with youth unemployment in regional New South Wales?

Ms CURTAIN: I do not have any specific details on that.

The Hon. ROSE JACKSON: Mr Pratt, in terms of the jobs strategy for New South Wales, as the Minister mentioned this morning, the headline figures are positive. But when you compare areas, for example, like Coffs Harbour-Grafton to the rest of the State and particularly to the metro areas, the figures are considerably

less rosy, particularly for young people. Is the department doing any work to try and ensure that there are opportunities available for young people in those areas?

Mr PRATT: I guess a couple of comments: Firstly, I would say if you look at the macro numbers, unemployment in regional New South Wales is only 10 basis points worse than the State overall. That is at 4.5 per cent today. However, to your point, if you look at specific regional areas then it is significantly higher than that—although youth unemployment in this State is below every other State, but overall it is sitting around 10 per cent as a number, so clearly not what we want it to be. I would expect part of that is the hub work that you have spoken about now with the start-up hubs. But more broadly I know that regional folk are looking at establishing some very clear precincts around which to create jobs: Parkes being one, Albury-Wodonga being another one. I would think part of the outcome of the review that I have spoken about today will not only be Sydney but the State of New South Wales in terms of broader job creation. So that work is coming through at the moment.

The Hon. ROSE JACKSON: How many of the start-ups, for want of a better word, that received, for example, Minimum Viable Product funding from Jobs for NSW were regionally based in 2018-19?

Mr PRATT: I will see if we can get that for you. While we are getting that, back on the Parramatta hub, there is a \$6.6 million budget allocation for the establishment of that by 1 July year. That work is just commencing, but that is in the budget.

Ms CURTAIN: I am not sure if we have got the split by regional—I am just trying to see if we have got it.

Mr PRATT: Can we take that on notice? We will come back to you with the split.

The Hon. ROSE JACKSON: That is fine. In the Jobs for NSW 2017-18 Annual Report, it mentions a survey that Jobs for NSW did on start-ups receiving Minimum Viable Product and Building Partnerships grants. Is that survey available? Would the Committee be able to get a copy of that?

Mr PRATT: Could I just check what page you are on in the report, please?

The Hon. ROSE JACKSON: Apologies, Secretary: page 8 of the 2017-18 annual report. There are a couple of dot points about how happy everyone was. I do not imagine you have it with you.

Mr PRATT: I do not see any reason why we could not make that available.

The Hon. ROSE JACKSON: That would be useful.

Mr PRATT: Let me take that on notice and I will go away and check that.

The Hon. ROSE JACKSON: Thank you. Hypothesise with me a little bit, but it is on an issue that I think you have probably turned your mind to. The reason that the GO NSW Equity Fund was established, problematic as it is—that is obviously my opinion, I respect not yours necessarily—was that there is a bit of a venture capital crisis in Australia. We know that venture capital investment is very low in Australia compared to other OECD countries. In fact, that is mentioned in the Jobs for NSW annual report and there has been various coverage of that. So the Government moves to respond to this challenge by setting up, specifically, the GO NSW Equity Fund.

Apologies—it was Jobs for NSW, not necessarily the Government, because it was independent under the independent board to set up the GO NSW Equity Fund to try to create more opportunities for investment. Multimillion dollar fund, two investments were made, no more investments were made, and now the whole project is under review. What assurances can we give start-ups, the small to medium businesses that would be in the market for venture capital? We are going to go back to having pretty limited opportunities in New South Wales, are we not, for venture capital investment?

Mr PRATT: I think more broadly around job creation, it has been made very clear to me this Government has, as we discussed this morning, clear targets now for the next phase of growth. The last targets were significantly exceeded, as you are well aware, in terms of jobs growth. The 200,000 number—unless we look at a range of options, I think it is going to be very difficult to achieve. So the challenge is back to us in Treasury to look at the opportunity more broadly.

To the point you make, if you look at Jobs for NSW as a whole, the minimum viable product [MVP] piece and the Startup Hub has been very successful. My intention is to make sure that we do not lose what has gone really well and build on that. Hence you would have seen the announcement in the last day also about a MVP round again in terms of opening up that opportunity for start-ups with a good value proposition to prove up.

It is too early for me yet; I cannot talk about where the Government clearly will land on this. But it has been made clear to me that there is a big commitment for that going forward. The exact form that will take—whether that is equity or lending or what—I really cannot say at the moment.

The Hon. ROSE JACKSON: Is there any other work being done in Treasury, separate to the review of these projects, about the availability of private sector venture capital in Australia or in New South Wales and—other than the Government stepping into that space in some form or another—to try to generate opportunities for private sector venture capital to grow in New South Wales?

Mr PRATT: Not to my knowledge at this point, no.

The Hon. ROSE JACKSON: I want to draw you to the reflections that were in the budget that I asked the Minister about this morning on tourism because they were included in the general commentary that was contained in the budget in relation to the economic outlook for New South Wales. You obviously mentioned in your opening comments that we have some up-to-date figures. I suppose it is obviously good that we have not slumped further but 1.3 per cent growth is considerably lower than some of the annual averages that we had seen in recent years. That is the case, is it not, Secretary?

Mr PRATT: Yes, that is the case.

The Hon. ROSE JACKSON: Do you still consider an acute slump—that is the language that is used in the budget paper—in overseas visitors to be a serious threat to New South Wales' economic outlook?

Mr PRATT: If you look at some of the things we discussed this morning, clearly the impact of global events here is impacting Australia in totality. Key to this, I think, is, if you look at the numbers that I gave you earlier, the Chinese visitor numbers grew by 1.1 per cent to July. That is the equal slowest rate of growth since 2010. That is having a big impact on the numbers given—

The Hon. COURTNEY HOUSSOS: What was the figure for the year before, Mr Secretary?

Mr PRATT: I will just see if I have got that for you. No, I have only got year to date, I am sorry.

The Hon. COURTNEY HOUSSOS: Could you provide us for the two previous years on notice?

Mr PRATT: I could get that to you, yes.

The Hon. COURTNEY HOUSSOS: That would be useful. Thank you.

Mr PRATT: The China numbers are clearly impacting overall results. But as we have said in that risk assessment, I think in the heading we have got the word "temporarily". So it is a concern, to answer your question, yes. I would also say to you, in terms of investment we have broader risk also to look at, particularly drought and the investment going into drought and into housing, although we are seeing the market start to turn a little. There are some shoots of green coming through. But there are a number of risks that we are trying to balance up, including this one.

The Hon. ROSE JACKSON: One of the potential risks specifically mentioned China, in an attempt to manage its current account deficit, curtailing outbound tourism. That is also specifically mentioned as a major economic risk. Obviously that may not happen but is that something that is under more active consideration in terms of the likelihood of that eventuality and the impact that that would have on New South Wales' tourism market and economy more broadly?

Mr PRATT: Yes, definitely. These are the sorts of issues that should be on our radar constantly. I am sure Ms Chipchase can talk about the Destination numbers, but despite those challenges the numbers that I have seen year on year have gone up again.

Ms CHIPCHASE: That is correct.

Mr PRATT: The overall challenge is there, but we seem to be doing pretty well in this area considering.

The Hon. ROSE JACKSON: What is plan B if the worst case scenario happens in relation to the Chinese market in particular?

Mr PRATT: I would like to know what plan B is for the world, frankly, to answer your question.

The Hon. ROSE JACKSON: We can get to that, we have some time, but right now we are on the New South Wales tourism market.

Mr PRATT: Yes. I am very happy to talk about that. I might ask Ms Chipchase to talk specifically about that.

The Hon. ROSE JACKSON: Perhaps Ms Chipchase might want to jump in here?

Ms CHIPCHASE: Yes, certainly. In New South Wales, although China is the number one international inbound market, we have a pretty good spread of inbound markets, so we did not put all of our eggs into one basket. Some States did; New South Wales did not. We have a pretty good spread of inbound markets. Let us just say that for whatever reason the government of China decided to curtail some visas or implement some sort of policy that might restrict outbound visitors to our country. Because we have 13 international offices and representation around the world, we can move the levers pretty quickly. We have 22 international airline agreements. We work with 150 wholesalers around the world, so it gives us an opportunity, if we need to dial something up or down, we can do it reasonably quickly. And some markets are in a growth phase.

The Hon. ROSE JACKSON: What markets are they?

Ms CHIPCHASE: The United States. To give you just an example: Recently Minister Ayres announced the numbers for Vivid. Last year we had 6,500 Vivid Sydney travel packages sold in the US. This year it was 17,000—so from 6,500 to 17,000. Because we had new airline services and partners to work with, it gives us an opportunity to adjust.

The Hon. ROSE JACKSON: Whilst we are talking, Ms Chipchase, I wanted to ask you about the impact of the budget cuts, and my colleague might have some questions on this too. What are the types of things that Destination NSW is no longer going to be able to do because of the \$35 million cut to your budget?

Ms CHIPCHASE: That so-called cut—actually back in 2015 we had an additional \$127 million given to Destination NSW, if you like, to future-proof some of the activity, so the bulk of that money was event investments and many of those event investments were multiyear and tourism programs. With the current budget that we have, we will not have clearly as much money to invest in events as we did. However, we also have a pipeline of events that are locked in and we are also part of the 10 world cups in 10 years activity. It is not like we do not have any events coming.

We have secured events—in the case of musicals, *Frozen* the musical is coming. We beat Melbourne to the pip for that. *Hamilton*, the hottest musical in the world, is coming to Sydney. So if you want to see that, Sydney is the place to be. Those are just some examples. We have le Tour de France cycling classic in the Snowy Mountains. There are a number of events that we have got locked and loaded multiyear. Clearly for us, we have to operate within our budget. We were aware of this when the budget was brought down and we have been having a look at what can we do to continue to deliver the targets because we have got not only the 2020 target; we now have a 2030 target as well.

The Hon. ROSE JACKSON: So primarily it is event funding that is a substantial bulk of the reduction?

Ms CHIPCHASE: Correct.

The Hon. ROSE JACKSON: Just briefly on the targets, I think the Minister mentioned this morning this is the Visitor Economy Industry Action Plan, is that right?

Ms CHIPCHASE: That is correct.

The Hon. ROSE JACKSON: He mentioned 2030. I am just trying to get my head around these targets. On the website I think it is \$20 billion in regional overnight visitor expenditure by 2025?

Ms CHIPCHASE: That is right.

The Hon. ROSE JACKSON: And \$25 billion by 2030, but in the Minister's media release on 29 August it said \$20 billion by 2020 and \$25 billion by 2030. What are the targets?

Ms CHIPCHASE: Sure. The target was set in 2009 to double overnight visitor expenditure to New South Wales by the year 2020. That is the first tranche. But of course 2020 is just around the corner, next year.

The Hon. ROSE JACKSON: And we are on track for that target?

Ms CHIPCHASE: Yes, we are. That was always a stretch target. Other States took the lower level. We took the higher level because we have great confidence

The Hon. ROSE JACKSON: Aim high, fail high?

Ms CHIPCHASE: Aim high, reach high, I think is what we would be looking for.

The Hon. ROSE JACKSON: Apologies, Ms Chipchase.

Ms CHIPCHASE: That is okay. Because that is almost over, and it was a national target set by Tourism Australia and the States all agreed on this: We thought, "All right. We have to think about the future. What are we going to do?" Then it was, "What should the targets be for 2030 and how do we set those?" So we set those and our Minister at the time, Adam Marshall, said he would like to see some regional targets set, so those were also set for 2025 and 2030.

The Hon. ROSE JACKSON: So there is the doubling of the overnight visitor expenditure by 2020?

Ms CHIPCHASE: Visitor expenditure, that is correct.

The Hon. ROSE JACKSON: And \$20 billion in regional overnight expenditure by 2025?

Ms CHIPCHASE: Correct.

The Hon. ROSE JACKSON: And \$25 billion by 2030?

Ms CHIPCHASE: That is correct.

The Hon. ROSE JACKSON: Is that regional?

Ms CHIPCHASE: Those are regional.

The Hon. ROSE JACKSON: That is a regional goal too?

Ms CHIPCHASE: Yes.

The Hon. ROSE JACKSON: What then is the New South Wales-wide 2030 target?

Ms CHIPCHASE: It is \$55 billion by 2030.

The Hon. ROSE JACKSON: And those are stretch targets as well? Is that also how you would characterise those targets?

Ms CHIPCHASE: Yes, I would.

The Hon. ROSE JACKSON: What is Destination NSW doing about the fact that, as you have acknowledged, it is event funding that is going to hit the chopping block of the funding cuts? How is that impacting on the capacity to achieve those stretch goals, because as you have said, right in the middle of that first target to 2020 you had the multimillion dollar event expenditure. That is great, that has come in, which has presumably helped us to be on track to reach that 2020 goal, but now we have new targets and the funding has gone backwards. Do you see my concern?

Ms CHIPCHASE: I understand, but I would also say to you that there are still other mechanisms for us to apply for additional funding that is available through government. We have a number of partners who have come to us and said, "Well, how can we assist?" We are having discussions with them. I would also say that we have a pipeline of events that are multiyear. It is not as if there are no events happening. We have a very healthy pipeline of events. Business Events Sydney, of which we are the major funder, has again a very impressive pipeline of international conventions that are coming to Sydney, which will assist. Its funding is remaining the same.

The Hon. ROSE JACKSON: A number of those events that you have mentioned and the Minister mentioned, whether it is the ATP or *Frozen*, they are in Sydney?

Ms CHIPCHASE: Yes.

The Hon. ROSE JACKSON: As you said, Minister Marshall requested that there be a regional target?

Ms CHIPCHASE: Yes.

The Hon. ROSE JACKSON: And this is something that Minister Ayres has continued. So how are we going to ensure that we have that level of tourism growth in regional New South Wales when the money that is left is all substantially going to be big ticket items in Sydney and there is much less to go around for other events, presumably some of which include regional New South Wales? I think we already have some festivals that have indicated that they were previously regional festivals—

Ms CHIPCHASE: Yes.

The Hon. ROSE JACKSON: —that were previously in receipt of government funding—

Ms CHIPCHASE: Correct.

The Hon. ROSE JACKSON: —that is no longer available.

Ms CHIPCHASE: Those events are under the Regional Tourism Fund [RTF]. We have got, if you like, the major events, and then we have got the Regional Tourism Fund. Again, there is a system of grants there for small events. We incubate new events and we encourage an entrepreneurial spirit. That is at \$20,000 each. Then there is the regional flagship events. They are bigger events that need additional assistance with marketing. Then we also have the major events. For events and festivals, the grant programs still exist. They have not been abolished. They are still there.

The Hon. ROSE JACKSON: When you announced the Regional Tourism Fund you suggested that unlike the previous Regional Visitor Economy Fund, the RTF would be open year round. My understanding is that if you go to the website it states that applications for the fund have now closed.

Ms CHIPCHASE: That is right. The Regional Tourism Fund—just to give us time to be able to assess the applications—was done in a couple of tranches. We are looking at making that available year round. But you may also be aware that currently Treasury is undertaking a review of Destination NSW, although we have programs in place and we have some funding activities that are going to happen in this first quarter. They were approved last year and they have to be delivered, basically between now and Christmas. But we will again be reviewing the delivery of those programs.

The Hon. ROSE JACKSON: Is it the case that like with Jobs for NSW, Destination NSW is essentially on hold during the review? Other than, as you say, meeting the commitments you have already given, are you able to do any substantial new work while the review is ongoing?

Ms CHIPCHASE: Yes, we are. If there is a major strategic shift—and we have no indication yet that there will be—as I mentioned to you earlier, we can respond pretty quickly. We have a series of Destination Networks that are throughout regional New South Wales and they are continuing to take applications and assess them for regional funds.

The Hon. ROSE JACKSON: On the Regional Tourism Fund, is it the case that in fact the fund has been underspent?

Ms CHIPCHASE: No, what has happened is that in this financial year there were a number of projects that had not been completed. They were commenced but not completed. We have transferred those funds into this financial year to allow those to be completed.

The Hon. ROSE JACKSON: The information that I have suggests that there was \$13 million in the Regional Tourism Fund between January 2016 and the current time. But on the website there is only just over \$7 million listed in terms of money that has been granted through the fund. Where is the other—

Ms CHIPCHASE: Over how many years though? What is the time frame?

The Hon. ROSE JACKSON: A number of them are multi-year commitments, are they?

Ms CHIPCHASE: Some are, particularly if they are for a flagship event, because that can be three years. I can take that question on notice and come back to you with the exact spends.

The Hon. ROSE JACKSON: I might ask my colleague Ms Moriarty to ask a few questions while I check that.

The CHAIR: This morning I touched on an issue with the Minister in relation to a long-running legal dispute between your organisation and *The Sydney Morning Herald*. You are no doubt aware of that?

Ms CHIPCHASE: Yes.

The CHAIR: Has that matter now been resolved?

Ms CHIPCHASE: Firstly, it is not a legal dispute. It is a dispute regarding a Government Information (Public Access) Act [GIPAA] application. If you give me a moment I will find the information on that.

Mr PRATT: While Ms Chipchase is finding that information, I will answer a couple of questions Ms Jackson asked me earlier about how we hold the value of those two equity investments. As I mentioned, they are held at fair value in the accounts. The other question she asked me was about regional MVPs. There are 21 of those and that is 20 per cent of the overall total.

Mr DRAPER: While there is a break in the play, I can do the same thing and give an update. I think Ms Houssos asked me earlier about whether there was a study on the multiplier effect. There is nothing in particular that we are doing within our organisation on that subject. Perhaps the reason I looked a bit perplexed was that it is not usually the sort of thing we would get asked to do in any case. But I am aware that in consideration or evaluation of individual projects and their business cases, that is the sort of thing that might get picked up for an individual project or investment. That is probably the more likely place where that would happen.

Related to that—and this goes to a question Ms Jackson asked earlier as well—there is a program in government called the Infrastructure Skills Legacy Program. It has targets around employing young people on infrastructure projects. It has a target of 20 per cent for learning work, as it is called—so anyone in any sort of training program. It has a target of 25 per cent for the number of people under the age of 25 working on those projects. It also has targets around diversity and doubling the number of women on infrastructure projects. It is, unfortunately, at an extremely low level at the moment. That is something that we would like to see some progress on, and Aboriginal people as well. That goes to both young people and employment in regions through the infrastructure program. Again, that is not administered by Infrastructure NSW, although we are very supportive of it. That is administered through the Department of Education, particularly through the vocational education and training group.

Ms CHIPCHASE: I will go back to your original question. This morning you asked about Destination NSW being referred to the Ombudsman. Destination NSW has not been referred to the NSW Ombudsman or the Information and Privacy Commissioner. In August of this year the tribunal made an order that both parties file submissions on whether Destination NSW should be referred. The outcome of that hearing and the decision of the referral is expected shortly. We do not know yet.

The CHAIR: Thank you. First of all, I acknowledge that we are waiting for that decision in terms of a referral to the Ombudsman. But in terms of the original decision that you are required to produce the information that was originally requested, has that information been produced to *The Sydney Morning Herald*?

Ms CHIPCHASE: Yes, it has—79 documents.

The CHAIR: So all of the information that was required to be produced has been provided to *The Sydney Morning Herald*?

Ms CHIPCHASE: Absolutely.

The CHAIR: How much did this four-year battle cost taxpayers?

Ms CHIPCHASE: We responded to an additional GIPAA request by *The Sydney Morning Herald* asking us how much we had spent. At that time it was \$100,000. That represents 0.00286 per cent of the \$3.5 billion in visitor expenditure that the events portfolio has delivered.

The CHAIR: My question was not about how you had responded to *The Sydney Morning Herald* GIPAA. I am asking, on behalf of New South Wales taxpayers, how much in total has been spent fighting this matter?

Ms CHIPCHASE: The matter is not finished yet. I cannot give you the figure until the matter is—

The CHAIR: To date?

Ms CHIPCHASE: I would have to take that question on notice.

The CHAIR: But it would be more than \$100,000?

Ms CHIPCHASE: At that stage, yes.

The CHAIR: At which stage? At which stage was it \$100,000?

Ms CHIPCHASE: At the stage that Mr Taylor made the additional GIPAA application.

The CHAIR: I am not aware of that.

Ms CHIPCHASE: He published the figure in the paper.

The CHAIR: That is great, but I am not aware of it. I am asking you how much this has cost. I am here on behalf of the taxpayers. How much has it cost?

Ms CHIPCHASE: I cannot give you that figure yet because the matter is still underway. I cannot give you the final figure.

The CHAIR: That is fine. You can take it on notice or provide us with the final figure once that matter is finalised. But you referred to a figure of \$100,000. What was the timing of that?

Ms CHIPCHASE: I believe the request was made towards the end of 2017.

The CHAIR: There have been a number of proceedings since 2017.

Ms CHIPCHASE: You also have to keep in mind that we have had mediation. We had several mediation meetings to try to resolve and refine the request. This was one of the largest and most complex GIPAA requests that we have ever received. It was over multiple years and multiple events. The original request had everything—"We want copies of every contract, every event assessment, every post of every event, every bit of correspondence, every email and every bit of due diligence." It was huge. It took a lot of time to sit down and go over, "Exactly what is it you need? Is there a faster way for us to be able to give you that information?" That is one the reasons it has taken so long. But we have always complied with the time frames.

The CHAIR: There is a faster way to provide the information—you just provide it. The argument was about what documents you were prepared to provide.

Ms CHIPCHASE: And also what we could provide, given that a lot of that was confidential information from event owners. So we had to seek approvals from them as well.

The CHAIR: Sure, but that was rejected in the legal proceedings. You were ordered to produce it. I understand that you argued that it was in confidence but it was found not to be.

Ms CHIPCHASE: And so we complied with NCAT's directions.

The CHAIR: Sure. So the spend up until 2017 was \$100,000.

Ms CHIPCHASE: Yes.

The CHAIR: It has been two years since then. Presumably, in running the organisation you must keep budgets on your internal legal spend. I understand that the matter is not finalised but you must have a figure of what you have spent between 2017 and now.

Ms CHIPCHASE: Not handy, but I can get that for you as a question on notice.

The CHAIR: If you can take that on notice and provide it, that would be fantastic. Thank you.

The CHAIR: Can I ask a couple of questions about the Destination NSW People Matter surveys?

Ms CHIPCHASE: Yes.

The CHAIR: I know a recent one has been finalised that has much improved figures from the last one. I want to ask some questions about the last one, the 2018 survey. I acknowledge there have been improvements in the recently provided report but it is still, according to this survey, one of the worst performing agencies across government. Can you talk to us about what is going on?

Ms CHIPCHASE: No. That is incorrect. If you have a look at the survey results for this year, it is one of the best performing. In fact, under staff engagement, of the seven criteria that are listed, Destination NSW is number one in five of them, number two in one of them and equal number one in the third.

The CHAIR: Sure. We can go through the survey line by line, if you like, and we can pick apart the good bits and the bad bits. I am acknowledging that there have been improvements in this year's survey. I am happy to acknowledge that but it is still not equal to other agencies across government in many areas.

Ms CHIPCHASE: Could you nominate?

The CHAIR: I am asking more about 2018. Acknowledging that there have been improvements, what was happening for the results to be very poor in the last survey?

Ms CHIPCHASE: A few things, I think. There was a restructure and I also think we had some staff who were leaving the organisation who were unhappy and, obviously, wanted to create a few issues. But we sat with staff and went through those results. We spent a lot of time and effort looking at what areas of improvement they wanted to see, what they were unhappy about. Look at the survey results this year. You are asking about something that happened over a year ago—in fact, about 18 months ago.

The CHAIR: The results were not released 18 months ago. It was much more recent than that. Again, I acknowledge the improvements but it is still below par compared to other agencies. That is why I am interested in knowing what the issue was.

Ms CHIPCHASE: I think those were the key areas of concern and, clearly, as the results show for this year, we have addressed them and we are one of the best performing agencies in the New South Wales public service.

The CHAIR: I do not know that that is the case but I am happy to hand over to my colleagues.

The Hon. COURTNEY HOUSSOS: Mr Sangster, I think these questions will be for you because they are about the aerotropolis. It says that the Western City & Aerotropolis Authority was established to facilitate the design and delivery of the Western Sydney Aerotropolis and support the growth of Western Parkland Sydney. Is that correct?

Mr SANGSTER: Yes.

The Hon. COURTNEY HOUSSOS: How much funding do you currently have?

Mr SANGSTER: We have had initial funding last year and we are working through the exact overall ask we have for the next four years. That will be finally determined once we have agreed with Government the program of work over the next four years.

The Hon. COURTNEY HOUSSOS: What is your current operating budget?

Mr SANGSTER: We have an operating budget of just over \$30 million.

The Hon. COURTNEY HOUSSOS: How many employees have you got for that?

Mr SANGSTER: We have 30 people at the moment.

The Hon. COURTNEY HOUSSOS: That is 30 staff. When did you start in the role, Mr Sangster?

Mr SANGSTER: December.

The Hon. COURTNEY HOUSSOS: December last year. And you were the first one?

Mr SANGSTER: That is right.

The Hon. COURTNEY HOUSSOS: Excellent.

Mr SANGSTER: On 30 June last year we did not exist.

The Hon. COURTNEY HOUSSOS: Okay. You said you started in December 2018?

Mr SANGSTER: Correct.

The Hon. COURTNEY HOUSSOS: And they have all been recruited since then? You have been busy.

Mr SANGSTER: Absolutely.

The Hon. COURTNEY HOUSSOS: What do you consider your capacity? What are you working towards?

Mr SANGSTER: Maybe you could clarify your question. That is a fairly broad question.

The Hon. COURTNEY HOUSSOS: Have you formulated to say, "Over the next 12 months we are going to employ another 30 staff and we are going to—?" What are your growth projections for the next five years?

Mr SANGSTER: It depends on a number of things. Some of that relates to the market and how successful we are in attracting some of the business. Most importantly, the strategy and the ambition that we are working through right now needs to be endorsed by Government. Our strategy has not yet been endorsed in that level of detail but that will obviously give us an opportunity then to forecast exactly what those numbers will look like. So it is really too early to speculate on what that is. It is up to future decisions of Government.

The Hon. COURTNEY HOUSSOS: Your organisation is responsible for the land use strategy that my colleague spoke about earlier?

Mr SANGSTER: No. The Land Use and Infrastructure Implementation Plan, the LUIP, was commenced last year, originally by the Department of Planning, as it was then, but is now being run by an organisation called the planning partnership office which is actually a very important part of the City Deal. I think it is worth reflecting on how important it is that this reflects the multiple layers of government. State Government, Federal Government, plus a number of the councils in the Western Parkland City are working collaboratively, together with colleagues from the Department of Transport, Health and Education and all the other entities. They

are actually working in the same office together in working through this planning approach. It is quite a novel approach for New South Wales and, we think, represents best practice in how it will do its task.

The Hon. COURTNEY HOUSSOS: Is there legislation establishing your organisation?

Mr SANGSTER: There is. You passed that in November.

The Hon. COURTNEY HOUSSOS: Excellent. Good to know. Thank you for the reminder. Is there legislation establishing this innovative partnership program?

Mr SANGSTER: No. It is auspiced under the planning Minister.

The Hon. COURTNEY HOUSSOS: Your target is 200,000 jobs? There was a bit of discussion this morning around that.

Mr SANGSTER: The City Deal commitment between all three layers of government, which as part of the exercise all three layers of government will work on collaboratively, is that there will be 200,000 jobs in the Western Parkland City. I think the Minister made it pretty clear that it was not just the aerotropolis. It is actually across all local government areas in that area that those 200,000 jobs would be delivered over 20 years. I think it is a very important piece that we understand—that there are some good existing cities in that area. We think about Penrith, we think about Liverpool, we think about Campbelltown. It is about how we really grow those economies and grow those CBDs. In just the same way, the Minister earlier this morning was talking about the way Parramatta has grown. You only need to look at what happened over in Parramatta over the last six years to indicate that with the right settings you can drive significant uplifts in employment and activity in a CBD across this town.

The Hon. COURTNEY HOUSSOS: Obviously you have responsibility for the aerotropolis itself and the surrounding areas. Do you have responsibility for the agribusiness? I am using the wrong terminology.

Mr SANGSTER: That is fine. Let me be very clear. Within our legislation we are responsible for the overarching planning within the Western Parkland City. That means we need to work with all eight local governments and the Federal Government around ensuring that we do deliver on that overarching target about bringing in jobs, employment and all the other opportunities that are going on there. A critical part of what has happened within the City Deal is the liveability fund. Each of the councils has received money under the liveability fund and they are undertaking some fantastic local projects within each of the areas.

The Hon. COURTNEY HOUSSOS: How much is in the liveability fund?

Mr SANGSTER: There was \$60 million allocated. That has been split between the councils. They are all benefiting from funding that has been allocated to them. There is a little bit to go but most of that funding has been allocated already.

The Hon. COURTNEY HOUSSOS: Is that the fund that was giving a bus from Liverpool or a bridge or something—

Mr SANGSTER: Fabulous projects like the Billabong. It is a shame Ms Boyd is not here. We were talking about tree cover in Campbelltown.

The Hon. TREVOR KHAN: It is a shame.

The Hon. ROSE JACKSON: Tell me about it.

The Hon. TREVOR KHAN: Let's just all chant "She does not care about western Sydney."

The Hon. COURTNEY HOUSSOS: Now, now, we are being very courteous.

Mr SANGSTER: There is a fabulous project in Campbelltown that is creating an urban billabong in the centre of Campbelltown, lots of trees creating a watercourse—a real community benefit and dividend. It is really important that we actually work with councils to bring that on. Within schedule 1 to our Act there is an area specifically defined within which the section 13 powers under our Act have specific force. That is the 11,000 hectare area that basically runs from Northern Road at its northern boundary down to Badgerys Creek and surrounds the airport.

That is the area that is about 12 by 12 square kilometres that we were talking about this morning. Without a map and geography, it is a little hard to describe it in words. But it is that area within which our specific master planning and all the other powers within our Act are in force, and that area is defined in schedule 1 of our Act. Councils can ask us to do things in their areas on top of that and there are other opportunities to do those powers

that we have under section 13 and other areas into the future. So the Act has been set up to be dynamic to allow things to happen over the 20-year period as areas develop.

The Hon. COURTNEY HOUSSOS: In terms of determining the land use and dividing the land, obviously there is some conflict around residential, agribusiness and the different competing interests. Is that within your remit or is that purely still within the Department of Planning and this new innovative partnering plan?

Mr SANGSTER: That is right. Those determinations, as the Minister committed this morning, are expected that that overarching land use determination, which was put on draft in September last year, will be determined by the planning partnership and that outcome will then provide the overarching zonings for each of those areas. Certainly those communities that are in that area have been in long communication, as have the councils, with the planning partnership. We obviously have some views too but we are at arm's length from them.

The Hon. COURTNEY HOUSSOS: Mr Pratt, this is probably most appropriate for you but direct me if I need to go somewhere else about this pilot program at Westmead precinct and the Liverpool health and education cluster. Can I ask some questions to you from a Treasury perspective and you can tell me if you need to take these on notice?

Mr PRATT: If I can answer, yes I will.

The Hon. COURTNEY HOUSSOS: It was designed to support accelerating high-value knowledge job creation. Do you have a total cost for the budget for the pilot project?

Mr PRATT: We will check if we have got that.

Ms CHIPCHASE: Perhaps, if I may, while that is happening, just go back to Ms Jackson to make sure that I have been clear. There is a regional events fund and a Regional Tourism Fund. The Regional Tourism Fund is for marketing programs and product development. So just a slight differentiation, but those are the three.

The Hon. COURTNEY HOUSSOS: I have got a few questions about the pilot cluster at Westmead and at Liverpool. Perhaps if you do not have the information you can take it on notice and come back.

Mr PRATT: I might have to, I am sorry. We cannot find any data on it.

The Hon. COURTNEY HOUSSOS: That is fine. I am interested to know in the budget how much has been spent on each site at Liverpool and at Westmead, who you are partnering with at each particular location and how many jobs have been created in science and research, education, health care, biotechnology, manufacturing—any kind of breakdown that you can give of the jobs. How many students will be there by 2050, how many staff and what are you forecasting that it will be projecting into the economy by 2050, is the number here, but if you have got any other projections that would be useful as well.

Mr PRATT: We will come back to you on all the data that we can.

The Hon. COURTNEY HOUSSOS: Thank you very much.

Ms CURTAIN: Can we just clarify, at Westmead which particular project are you thinking of?

The Hon. COURTNEY HOUSSOS: I have just got listed the Westmead precinct and the Liverpool health and education cluster. Am I using the right terminology?

Ms CURTAIN: Yes. Around Westmead there are a number of different things happening at the same time.

The Hon. COURTNEY HOUSSOS: Maybe you can just explain to me and clear up for me because obviously there is the Sydney university project out there, Health are doing things out there. What role does Treasury have in working with those organisations?

Mr PRATT: We overview the business cases as they come forward. I will need to check, but I sense what you are asking about is Health and Education, not us. But if we take that on notice we can come back to you.

The Hon. COURTNEY HOUSSOS: That would be very helpful. I am interested to see, if you can provide it on notice, the way that the New South Wales Government is overseeing it. Is it being run through Treasury as a jobs project or is it being run through Health as their project, and obviously there are flow-on effects for jobs?

Mr PRATT: Individual initiatives are run through the various agencies, in this case potentially Health, but Treasury will have a view about an overall precinct investment, to answer your questions more broadly about job creation and so on. We will take that lens on these projects.

The Hon. COURTNEY HOUSSOS: Just one final question. There was a media story a couple of years ago now around a requirement for firms to offshore their IT within government contracts. Are you aware of any current arrangements or structuring within government contracts to require jobs to be sent overseas?

Mr PRATT: No, I am not.

The Hon. COURTNEY HOUSSOS: I am happy for you to take it on notice if you would like to.

Mr PRATT: We will come back to you on that. That would be a question for the IT function within Customer Service, but we will check with them and come back.

The Hon. COURTNEY HOUSSOS: That would be excellent, thank you. That will save me putting it on notice for them tomorrow.

The Hon. ROSE JACKSON: I have a couple more questions. I will start with Ms Chipchase. As you mentioned, there are various different pools of funding available. I am talking specifically about the Regional Tourism Fund, which was announced in December 2016 as a \$13 million fund available to 2019. That is taken directly from the announcement made by the Government in December 2016—\$13 million to boost regional tourism through the Regional Tourism Fund. On the website where the successful funding is listed there is just over \$7 million that has been distributed to programs.

Ms CHIPCHASE: Give me one minute. Yes, I have got it.

The Hon. ROSE JACKSON: I am asking what happened to the remainder of the money, because the Government committed \$13 million to boost regional tourism, available to 2019. It is 2019 and when you look on the website there is only just over \$7 million that has been allocated.

Ms CHIPCHASE: Yes, and there has been a carry forward.

The Hon. ROSE JACKSON: So there were no other projects—

Ms CHIPCHASE: If I can go through these. There were multiple projects during that time, everything from caravan sites, and they ranged in funding amounts from 150, which was the sort of average—

The Hon. COURTNEY HOUSSOS: Ms Chipchase, if you are just reading from a document are you able to table that for us?

Ms CHIPCHASE: I can give you a list of the funds that were successful and what the projects were for.

The Hon. COURTNEY HOUSSOS: But you can just table that for us if you like.

Ms CHIPCHASE: I will take it on notice and give you the full list.

The Hon. ROSE JACKSON: If it is the list that is available on the website, obviously we have seen that, but I just want to know if there is anything more to it other than you just could not find any more projects. I accept that there is a carry forward. In some ways it is good that the money is not being lost to regional tourism operators, but the money was intended to be spent by 2019 and I am just asking if there were no other eligible applications for regional tourism that could have been funded to ensure that the \$13 million was spent by 2019.

Ms CHIPCHASE: Sure. Sometimes it takes applicants a while to work out exactly how much it is. We have had some that the funding was approved for but for various reasons it was delayed. In some cases they might have wanted to build a particular structure—it could have been a cooking school or a conference centre—and it has been delayed so we have not been able to advance those moneys, clearly, because they have not delivered the project yet. That is why there are carry forwards.

The Hon. ROSE JACKSON: But you are at least confirming that as a result of the review that is happening—and there seems to be some uncertainty—again that money is not going to be lost back into consolidated revenue.

Ms CHIPCHASE: Absolutely not, no. It is locked in—it was an election commitment and we have to deliver it.

The Hon. ROSE JACKSON: Obviously, as we mentioned before, applications on the website at least are now closed. For regional tourism operators that might be interested in applying for some of the remainder of the roughly \$5.7 million that is still going to be dedicated to regional tourism—

Ms CHIPCHASE: Yes, it will.

The Hon. ROSE JACKSON: —when might they be able to re-engage with Destination NSW about getting access to that money?

Ms CHIPCHASE: I would say very soon. Keep in mind that the Destination Networks, as well as our own teams here, are in constant contact with applicants because some people have never applied for a regional grant before. There is a lot of hand-holding, to explain to people what it is, to give them examples and to try to help them to be successful.

The Hon. ROSE JACKSON: Do you have a product development officer within the Regional Tourism Product Development program at present?

Ms CHIPCHASE: We have a team of people who are there to give advice. We have Regional Tourism Development Managers. We have one assigned for every Destination Network. It is really the Destination Networks—because they are the people on the ground—who are sitting with applicants to explain the process and to talk to them if they have, perhaps, made an application that did not quite get there, to go through the feedback with them and to get them from a no to a yes.

The Hon. ROSE JACKSON: So it is not the case—

Ms CHIPCHASE: It is not one person; there are six.

The Hon. ROSE JACKSON: —that some applicants have put in applications, as you say, previously that were unsuccessful and maybe were given some advice about what tweaking they might do, have resubmitted applications and have not heard anything back? We have had reports that people have perhaps not heard anything back for periods of up to 12 months. That is news to you?

Ms CHIPCHASE: Yes, it is, because we give people the opportunity to reapply. We like to give feedback because we want people to be successful. We want to see more new product in regional New South Wales. We certainly want to see more campaigns. We want more visitation.

The Hon. ROSE JACKSON: Even if that 12-month figure is unfamiliar to you, you would accept that at least right now, whilst there is uncertainty because Destination NSW has been brought into Treasury and there is a review, you are not able to progress new rounds of grants until that is resolved. Do you accept that there is some frustration for some operators?

Ms CHIPCHASE: Yes.

The Hon. ROSE JACKSON: Have you expressed that to the Minister? Have you been clear with him about the fact that operators would like this resolved as quickly as possible?

Ms CHIPCHASE: He is aware of it because people tell him directly. So what he has asked us to do is to spend time with applicants to try to ensure that when the go button goes their applications are all filled in, they have as good an opportunity as possible to be successful.

The Hon. ROSE JACKSON: Mr Pratt, are you conscious, as the head of the department that is conducting the review into Destination NSW, of this issue that there are regional tourism operators who are waiting, in a way, on the outcome of your review, and ensuring that everything is being done to expedite that?

Mr PRATT: Yes, we are. The arrangement with Ms Chipchase, in the interim, is that if there are particular issues around budget that need approvals that she bring those forward. I am facilitating that.

The Hon. ROSE JACKSON: That is occurring?

Mr PRATT: That is occurring; yes.

The Hon. ROSE JACKSON: The Destination NSW review generally—I think you said it was five people for Jobs for NSW from Treasury but they previously had been drawn from other departments.

Mr PRATT: Yes.

The Hon. ROSE JACKSON: What does the Destination NSW review look like?

Mr PRATT: The numbers? I will get that for you. It is very similar.

The Hon. ROSE JACKSON: Not the same people, though? Is that the case, or is it the same team?

Mr PRATT: We will get the exact number for you. But there is a similar approach, yes.

The Hon. ROSE JACKSON: That would be useful. Whilst that is happening I might ask a couple of questions about western Sydney. I am not really sure that these are aerotropolis questions so you will have to bear with me a little bit about who is the right person to respond. I am particularly conscious about the growth in western Sydney and the planning that is being done, presumably by Treasury generally, and perhaps also by Infrastructure NSW, to ensure that there is service infrastructure available, because we have, in the Western Sydney Parklands in particular, a massive growth area—200,000 jobs in that part of Sydney. The population growth projections are quite significant. What infrastructure planning in relation to schools and hospitals is being done to ensure that that massive growth area of western Sydney is going to be properly serviced?

Mr PRATT: I might start that, and then I will get Mr Sangster to talk specifically around the airport. The importance of this is, as you have raised, very significant for us in planning. It started with the budget process. You may recall that in the budget papers we actually issued a separate budget book on regions and western Sydney. That paper really brings together a lot of the investment that is going on in western Sydney in one booklet.

The process about coordinating and getting planning and other associated issues right happens through a committee of Cabinet called the delivery and performance committee. That is a relatively new committee; it came out of the machinery of government changes recently. The intention of that committee is to be the coordinating point to monitor and to actively be engaged around the delivery and performance on all these key investments. That committee is chaired by Minister Dominello and attendance is with Premier and Treasurer also in that committee. So that is the overall forum, if you like, that coordinates this.

Below that there is a various range of committees that are represented across government, as appropriate—be they Health, Education. Treasury usually sits on most of those, so we have a coordinating point. Where it is a big infrastructure, often one of Simon Draper's team will sit on that committee as well. So that is the approach that is being taken now. You might talk specifically around Western City District [WCD].

Mr SANGSTER: One of the important things is always to come back to the Greater Sydney Commission plan and for the Western City District as a whole. Not only are there Western City District commissioners but, more importantly, there is a coordinator general at the moment. There is a coordination exercise where all of those agencies you just outlined actually come together and there is an overarching conversation about what is actually happening in the west to ensure that the infrastructure is being aligned with development. So it is driven by the Greater Sydney Commission in their role as the overarching planning entity for the city as a whole.

That is very much how they are driving. They just released a scorecard about how things are going in that regard. That demonstrates a number of significant pieces of progress. More specifically, if you zoom into our area, that is exactly part of the purpose of our role—to ensure that appropriate infrastructure is delivered in the right order of sequence and at the right scale to allow development to happen in an orderly fashion so that we do not get infrastructure too far ahead or too far behind development. That is a very important role that we are playing specifically within that 11,000 hectare area.

The Hon. ROSE JACKSON: Is there any public health infrastructure in your order of delivery?

Mr SANGSTER: We are working through that right now. As with anything, it is an area where, within the 11,000 hectares we will make some reservations probably, at this point. I think it is important that the 11,000 hectares is primarily a jobs location, not an awful lot of residential locations.

The Hon. ROSE JACKSON: I appreciate that.

Mr SANGSTER: The importance, I guess, is the surrounding hospitals in the Western Parkland City. The Minister mentioned more than \$1 billion going into the Nepean right now. There is more than \$720 million going into Liverpool. Campbelltown is getting a \$632 million upgrade. So the major acute facilities are being upgraded, and the clinical services planning that the Ministry of Health leads on is being driven through some of that same population data that you were just referring to. So it is actually quite joined up in terms of how that is now done.

Mr DRAPER: Perhaps I could add that—this is from a general level—last year, when we produced the plan for three cities through the Greater Sydney Commission, we also produced the State Infrastructure Strategy and Transport for NSW produced our future transport plan, all at the same time. Those three things were developed together. I totally agree with what underlies your question, which is that land use planning and infrastructure

planning need to go hand in hand, and that is the philosophy that is being brought to it, including the LUIP that Mr Sangster was referring to earlier—using common population figures, making sure that decisions on release of land and land use is matched to the infrastructure plans that go with it.

The Greater Sydney Commission and Infrastructure NSW have also worked quite closely together on what the GSC calls growth infrastructure compacts—looking across different portfolios of infrastructure and making sure that when areas or precincts are being planned that all of those types of infrastructure that you referred to are being considered in the plan.

The Hon. ROSE JACKSON: I think the answer to this is probably the delivery and performance committee, but I just want to confirm it from my own point of view. The plans, in a way, are good. I am not here to pick apart the plans. What I am concerned about is the delivery, because we know that the growth projections are there. From the Western Parkland City vision it is clear that the numbers are there. As I said, I respect that the planning is being done, but it is happening now. We are not starting to build a new hospital now, to build the schools now, to build the transport modes now.

Mr SANGSTER: I am not sure that is quite accurate.

Mr DRAPER: They are being built now.

Mr SANGSTER: They are being built now. All of those hospitals are under construction right now. Schools has a number of investments that are being made in this area already.

The Hon. ROSE JACKSON: I was referring—apologies—to the potential—

The Hon. TREVOR KHAN: Point of order—

The Hon. ROSE JACKSON: Apologies. I do not know why I am cutting you off because we have plenty of time. Please continue. I just cannot help myself. I apologise, Mr Sangster.

The CHAIR: I uphold the point of order for that reason.

Mr PRATT: What I would say, Ms Jackson, is that there are many moving parts here, as you would appreciate, and I would not pretend for a moment that we have solved all of it. But what I would say is in my time in government we are collaborating more efficiently and effectively than I have seen before. These topics are, rightly, regularly at secretaries board for conversations about joining the dots between agencies and so on. As I have said, that all comes together at the delivery and performance committee.

Mr SANGSTER: The only other one I was going to add was the TAFE budget that was allocated in this year's budget. Again, another city deal commitment. There is actual money being allocated against a number of those significant pieces of infrastructure beyond the roads, beyond the rail that the Minister talked about earlier. All that social infrastructure is funded and being delivered right now. The planning and the data that sits behind it is in accord with the document you are pointing to. That growth data is the same basis, which is what Mr Draper has been saying. We are using the same common data to actually plan.

The Hon. ROSE JACKSON: These two questions may be difficult for you to answer, but I will put them to you anyway. The document specifically refers to a potential new east-west mass transit corridor. How important is that potential corridor to the capacity of this new development area to be successful?

Mr SANGSTER: I think one of the documents Mr Draper just highlighted was the transport strategy out to 2057, and I forget the exact number off the top of my head, but it is several hundred kilometres of new rail line would be needed if all of the growth projections across the whole of the Sydney Basin came to fruition. Mr Pratt just highlighted the important role that the delivery and performance committee in Cabinet plays in actually balancing those items. Obviously we cannot do all of that rail in one go, but certainly that would be done as the population piece actually makes that a necessity as required.

The Hon. ROSE JACKSON: The second one is, as I referred to before, how important or essential is the delivery of a new public hospital in this area of Sydney? I know that you have mentioned the upgrades that are occurring to the existing hospitals, but if we are looking at projections to well over 1.5 million, albeit that is the 2056 time frame, that is a capacity that is potentially beyond even the redeveloped existing hospitals, is it not?

Mr SANGSTER: I think you would need to ask Health that.

The Hon. ROSE JACKSON: I suspected that I may get fobbed off on that one.

The Hon. COURTNEY HOSSOS: It is Mr Sangster's previous role, not his new one.

Mr SANGSTER: I may have had some knowledge about that in my previous role but I have not been there for a while.

The Hon. TREVOR KHAN: It is not a fob off. It is beyond his expertise.

The Hon. ROSE JACKSON: Again, apologies.

The Hon. COURTNEY HOUSSOS: Beyond his current expertise.

The Hon. ROSE JACKSON: A fair redirection.

Mr PRATT: Can I refer to your earlier question, the Destination NSW review team?

The Hon. ROSE JACKSON: Yes.

Mr PRATT: The same answer as Jobs for NSW, same number of people, five people from pre and post machinery of government teams.

The CHAIR: For the record, we can keep going with this but the allocated time for the Opposition, as per our resolution this morning, is finished. We are able to continue if there are more questions. I just flag that for the record.

The Hon. TREVOR KHAN: Can I say from my position, whether we need it by way of a resolution, I do not object to us continuing on. But I will also put on the record that I recognise that the crossbench not being here has placed an added demand on Opposition members. I am happy for them to keep going until 5.00 p.m. as long as they want to, but at the same time I am happy to put on the record that they should not feel the need to do it just simply to fill in the time. I am not being rude in that regard.

The Hon. ROSE JACKSON: I have a few more questions. I ask about the delivery of some other infrastructure projects in western Sydney. The first is the western Sydney metro. The Hon. Courtney Houssos may have some questions on this as well. It is the case, is it not, that the western metro project is not viable without Federal government funding?

Mr DRAPER: If you are looking at me, I am not sure if I am in a position to answer that in any case. Are you referring to the Sydney Metro West or the Sydney Metro Greater West, which is the one out near Sydney airport?

The Hon. ROSE JACKSON: The west metro.

Mr DRAPER: I do not think we are in a position to answer it. I think that is a question for the Transport department. That will be contained in their business case and their benefit-cost ratio [BCR] calculation, but I do not think we can respond to that any further here today.

The Hon. ROSE JACKSON: Again, perhaps you are not able to respond, in terms of the growth and development of western Sydney, it seems to be a reasonably significant piece of infrastructure and has been touted as central to the delivery of the jobs that we have been promised and the livability that we have been promised in western Sydney.

Mr PRATT: It is absolutely a key piece of infrastructure, but it is very early days yet. We have tagged \$6.4 billion in the budget but no business case has been done, so it is very hard for me to answer your question at the moment on that until that work is done.

The Hon. ROSE JACKSON: I understand. I will have to chase down Transport on that one. The other piece I want to ask about is the redevelopment of ANZ Stadium. The original completion date was 2021. Is that still the completion date, mid-2021?

Mr DRAPER: There were different completion dates that refer to different times. The year 2021 was the date that was referred to in March 2018. That is correct. The actual completion date that the Government has I believe been clear about in public is that it will be completed in early 2023. That is a program that we have developed. We are currently only in the process of submitting the planning consent for Stadium Australia. We are expecting to get the planning consent by mid next year and also have completed the procurement process by mid next year. We expect to commence construction there in mid-2020 after a final game, which might be a final State of Origin match or a major club match at the ground in mid-2020.

The Hon. ROSE JACKSON: What happened there? What happened from March 2018, when, as you say, there was a commitment given to mid-2021 for completion, and now, as you say, it is not new information, that is no longer the case? I am interested in a little bit more information as to why that completion date changed.

Mr DRAPER: There are a couple of things. In terms of the work that Infrastructure NSW focused on through 2018 and the first part of 2019, Sydney Football Stadium was clearly the priority. We have got a staggered delivery of stadiums. We completed the Western Sydney Stadium in I think it was March or April this year. We opened it in April. That is complete. Another one, Sydney Football Stadium, is in the process of early works, demolition, and construction will commence towards the end of this year, early next year. Then Stadium Australia is sitting behind that.

We have an approach of a staggered delivery, which I think makes quite good sense. In terms of approaching the construction market to deliver those projects, that works out best. Our focus has been on getting Western Sydney Stadium completed, then Sydney Football Stadium commenced. There were a number of things which we had not anticipated with Sydney Football Stadium and not the least of which was a parliamentary inquiry, then a challenge to the planning consent that we had to deal with. That absorbed a lot more of our attention than perhaps we had planned when the Government first announced those timetables.

The Hon. TREVOR KHAN: It was a very informative parliamentary inquiry though.

Mr DRAPER: Sure. I have no—

The Hon. TREVOR KHAN: It strengthened the case for it, as opposed to the opposite.

Mr DRAPER: It was certainly not a complaint. I think it actually works quite well in our favour that we will be going to the market for construction of Stadium Australia after we have appointed a builder for the Sydney Football Stadium. In fact, that is part of our philosophy and the 10-point commitment we have made the construction industry is to stagger the way we approach the market for these sorts of things so that the builders can participate in each of those tenders. It is very difficult for them to put everything in the market at the same time and to respond. There are only a limited number of people who can prepare those bids and then deliver the projects. I think the staggered approach has worked out very well for the State.

The Hon. ROSE JACKSON: Who sets those priorities? Are they independently determined by Infrastructure NSW, or are you receiving instructions from the Government in relation to what comes when?

Mr DRAPER: I think it is the standard process for the public service. The public service gives advice to Ministers and to Cabinet, and seeks authorisation to proceed on that basis. Either you receive the authorisation or you do not. This process has been no different to the normal course of Government.

The Hon. ROSE JACKSON: Was this your advice? Was it the independent advice of the public servants at Infrastructure NSW to proceed in the way that the Government is proceeding with the Western Sydney Stadium—

Mr DRAPER: Yes. We are very supportive of this approach and this timetable.

The Hon. ROSE JACKSON: Is it the case that the Western Sydney Stadium was completed in two stages: demolition and then a separate development application?

Mr DRAPER: It precedes my time. I think that was a single-stage contract. All contracts have different stages in them, but I think that was a single design-and-construct contract.

The Hon. COURTNEY HOUSSOS: And a single provider?

Mr DRAPER: Single provider. That was Lendlease, yes.

The Hon. ROSE JACKSON: As I recall, it was to cost \$300 million. What was the actual cost of delivery of the Western Sydney Stadium?

Mr DRAPER: No, the budget was \$360 million and it was delivered for a little under \$330 million, so it came in under budget.

The Hon. ROSE JACKSON: I will check my reference to \$300 million, but I will take your word for it.

Mr DRAPER: It is hard to hold those figures in your head, I can assure you.

The Hon. ROSE JACKSON: What completion date was given by Lendlease in its works offer for the Sydney Football Stadium?

Mr DRAPER: The Sydney Football Stadium proceeded through—as you have alluded to earlier—a two-stage program. The contract that was awarded at the end of 2018 was a two-stage contract. The first stage works were what we call early works, and this is a fairly normal thing to do. Before you get in and do the

construction, you do demolition, you remove utilities, and you do some of the excavation and civil works that can be done. They are kind of "no regrets" type works and that is what is currently underway. The second stage was the construction works.

During the course of stage one, the agreement with Lendlease is it would take the reference design that we had and it would develop that design further to the point that it could propose a guaranteed maximum price. That was built into the contract process, so there is a mechanism to do that. It provided the guaranteed maximum price and program on 30 May this year and that was in line with the provisions of the contract. We had a period of about six weeks to consider that. We could either accept that proposal or there was an option in the contract to not accept that proposal, get Lendlease to finish the stage one works and go back to market for the stage two works. As it eventuates, we decided to take that second option. We thought that was better value for the New South Wales taxpayer, particularly in terms of the price that Lendlease had proposed.

The Hon. ROSE JACKSON: The price was too high? Is that what you are getting at?

Mr DRAPER: The price was higher than we thought was possible to get in the market. Of course, that is to be proven through a tender process that is underway right now with two other builders.

The Hon. ROSE JACKSON: Sorry, you are saying that has been proven?

Mr DRAPER: No, I said we are in the process of re-tendering right now with John Holland and Multiplex. The assessment we made at the time was based on the advice of all of the consultants that we employ: from architects, cost planners, engineers and all the rest of them. It was that we could get a lower price for the construction of the stadium. That is no criticism of Lendlease; different players bring different designs and construction methodologies. There is no single way to build a building or a piece of infrastructure. But we thought by going back to the market we might get a better result, and so we decided to do that and we had the authority of the Government to go back and do that.

The Hon. ROSE JACKSON: Was there a compensation payment built into the contract on the selection of that second option? Were you able to part terms with Lendlease?

Mr DRAPER: No, we are still working very closely with Lendlease. We have no reservations about Lendlease. We would do that again if it was the successful bidder in a future tender on something else. No, there is no compensation required. It is actually very similar to our standard GC21 contract, which provides that under that standard construction contract you can terminate the contract at any time for convenience and you settle up by paying the builder what has been assessed as the work that it has completed to that point. There is no penalty involved in doing that.

The Hon. ROSE JACKSON: Whilst I appreciate that the new tender process is not resolved, are you confident—having seen what has occurred so far—that the right decision was made and that you are going to be able to get better value for money from the two other potential contractors than you were for Lendlease?

Mr DRAPER: Yes, that is the assessment we made. There are a number of factors—you take the advice. We had a cost plan and those cost plans are fairly detailed. They break the elements of construction of something like the stadium down into elements: quantities and market rates and margins and contingencies and all of those elements that make up a cost plan. We did that sort of analysis from the ground up. We also have some market feedback, which has been demonstrated on other projects, that the building market had become a little bit more competitive since last year—so the time we went to the market at the end of 2018. One of the reasons why my predecessors, who I actually think were very wise to go down this path, had adopted this two-stage process with the contract—

The Hon. ROSE JACKSON: When was that adopted?

Mr DRAPER: That was in late 2018. The feedback they had was that the construction market was pretty tight. As you probably know, since then the residential construction market has come off quite considerably. Building stadiums is different to building residential buildings, but there are many of the trades who work on those residential projects who also can work on things like stadiums, so it looks like the market might be a little bit more competitive than it was back in 2018.

We have had one example. I do not think a sample of one—I would not rely on it for the outcome of everything, but we adopted a very similar approach with the Art Gallery of NSW, which was tendered at a very similar time. We have just retendered that and, as the Government announced a week or so ago, we have awarded that contract to Richard Crookes Constructions. While we were concerned earlier on about staying within the budget of that project, following that retender process we are now firmly back on track in terms of meeting the

budget. As I say, I do not want to overstate a sample of one, but we took that position on that project and it has proven to be the right approach.

The Hon. ROSE JACKSON: When it was announced in December last year that Lendlease was the construction contractor, that was not entirely accurate, was it, because it had not, in fact, been awarded—

Mr DRAPER: No, it was very accurate. The contract that was signed—and I have been through the contract; it is really thick. The scope for the contract is for the stage one early works and it is for the design, design documentation and construction of the new building. In fact, you might describe it as the default position was that Lendlease would continue. That was certainly our expectation: that it would put in a proposal for a guaranteed maximum price and we would be able to accept that and continue. The failsafe option, I suppose you would call it, of being able to say, "No, we will not accept that price and we will go back to the market"—we genuinely had not expected to have to exercise that option. But ultimately we decided that was in the best interests of the State to do that.

The Hon. ROSE JACKSON: But that process that you have described, the subsequent submission of further documentation by Lendlease—as you say, that was built into the contract from the beginning. That process was never a surprise.

Mr DRAPER: No.

The Hon. ROSE JACKSON: That process was an integral part of the contract. Your expectations about what happened as a result of that aside, it is clear that that was going to happen.

Mr DRAPER: Two observations about that: First of all, we would describe that process we went through with Lendlease to develop the design and then submit a price as an early contractor involvement style approach. That is extremely common for all of our projects these days; in fact, it is something that the construction industry has pushed us on. We have got a 10-point commitment to the construction industry; it is one of the features that we have agreed with the construction industry.

You get the industry involved earlier on—or a contractor or a couple of contractors involved earlier on—so that you can be sure that when you get to the construction stage, what you are building can be built for the price that is quoted. So that is a very common feature. The other thing I would say is that—and I said this a little earlier—the capacity to terminate a contract for our own convenience, as the client, is built into all of our standard forms of contract. So the mechanism that we have had in the contract with Lendlease was not really uncommon at all.

The Hon. ROSE JACKSON: Have you done a final business case in relation to the ANZ Stadium?

Mr DRAPER: Yes, we have produced the final—

The Hon. ROSE JACKSON: Rebuild?

Mr DRAPER: Yes.

The Hon. ROSE JACKSON: What is the BCR on that?

Mr DRAPER: The Government has not published that yet. That will be published probably over the course of the next couple of months. We did publish a BCR for the strategic business case for ANZ. I think 0.87 was the BCR that was calculated during the strategic business case, which was published probably in the first half of 2018.

The Hon. ROSE JACKSON: Does that mean that the Restart NSW Fund Act is applicable then?

Mr DRAPER: It is not written into the Act itself but our practice has been that only projects that have a benefit-cost ratio of one or more should be recommended for Restart funding. That has been our standard approach.

The Hon. ROSE JACKSON: And as you just said, although we are waiting on that updated figure, it was less than one?

Mr DRAPER: It was less than one, yes, certainly. That is public.

The Hon. ROSE JACKSON: You have the Sydney Football Stadium—as you say, that is moving along. We have these new contracts that are moving forward. So presumably some more attention is moving to ANZ now?

Mr DRAPER: Yes.

The Hon. ROSE JACKSON: Are you anticipating that that is going to go up to one or are you anticipating that you will be able to fund that through this method? Mr Pratt might have a view as well?

Mr DRAPER: Sure. Treasury does administer the Restart Act, and Mr Pratt can comment on this generally, but Government funds projects through lots of sources. Restart is only one source of those funds.

The Hon. ROSE JACKSON: That is true. Perhaps this is for you, Mr Pratt. Where is the money for ANZ coming from? Is it or is it not coming from Restart at this point?

Mr PRATT: It is in Restart but there is a \$810 million allocation in Restart.

The Hon. ROSE JACKSON: There is money allocated in Restart?

Mr PRATT: Yes, there is. To your earlier point, the reason Mr Draper was outlining the approach to the Sydney Football Stadium is we are really clear about the financial allocation that has been made to manage that. So the Sydney Football Stadium was \$729 million, is the number. Equally with Stadium Australia, if that is to go ahead, then \$810 million is the allocation that will require under the rules of Restart for the BCR to be greater than one, and that work is happening at the moment.

The Hon. ROSE JACKSON: We are just going to wait and see? It is currently 0.87?

Mr DRAPER: Yes, 0.87.

The Hon. ROSE JACKSON: So \$8 million to 10 million, is that what you said?

Mr DRAPER: I said \$810 million. We will take that bid, though.

The Hon. ROSE JACKSON: That is a reasonably substantial portion of money that if you fail to get the business case to one is going to need to be found from elsewhere within government. It is not small change—it is not \$8 million to \$10 million; it is \$810 million.

Mr DRAPER: It is \$810 million.

The Hon. ROSE JACKSON: I am interested, is there any contingency planning or is it, "We are going to get to one. That is the plan. That is plan A." There is no plan B for the \$810 million?

Mr PRATT: Well, 0.87 was at the strategic business case level. I just want to stress that.

The Hon. ROSE JACKSON: Yes, I accept that.

Mr PRATT: When you get into the detailed business case it will possibly be a different outcome.

The Hon. COURTNEY HOUSSOS: Is it usual? Has this happened before with such a dramatic increase from the strategic business case to the final business case?

Mr DRAPER: We are not necessarily saying there is an increase but there are lots of projects that have a BCR less than one. Sydney Football Stadium had a BCR less than one as well but it was still funded and proceeded.

The Hon. ROSE JACKSON: That is right. I accept that there are loads of projects that governments invest in that have a BCR less than one because there are other benefits that we receive as a State for the people of New South Wales. That is fine.

The Hon. TREVOR KHAN: You would not build much in the country if you were looking for a BCR.

The Hon. ROSE JACKSON: Indeed, I note that interjection. I am not quibbling with that. What I am concerned about is that quite a substantial portion of the funding for this project comes from a particular fund where the Government has said that expenditure can only be made—they said; I did not set that rule—when the business case is one, and it is not one at present?

Mr PRATT: But at the strategic business case level—that is the distinction I have made. Also, just to confirm, the 0.87 was an option of refurbishment; for a rebuild with 70,000 seats it is 0.91. So again at the strategic level we need to do the detail now on that.

The Hon. ROSE JACKSON: In the coming months, Mr Draper, was that when we might—I am just digging in now—

Mr DRAPER: Yes, we would expect to publish a final business case summary over coming months. That is our normal practice. But we are already proceeding with the project, so that is not a question—

The Hon. ROSE JACKSON: But the expenditure that is being spent as the project is proceeding, that is not money that is coming from Restart, is it, because the business case at present is not one? I want to confirm: Are we actually spending some of that \$810 million now even though the business case is not one?

Mr DRAPER: Not that. What Mr Pratt was referring to there is a reservation in the Restart Fund. That is kind of like earmarking should it meet the criteria of the fund. But as I said earlier, the Government has got a \$93 billion program. There is only a relatively small amount left in the bottle by comparison to that amount anyway—only a proportion of that left in the Restart Fund. So most of our infrastructure investment is not funded through Restart, although it has delivered an enormous number of projects to date.

The Hon. ROSE JACKSON: Are the negotiations with the Australian Rugby League something—

Mr DRAPER: No.

The Hon. ROSE JACKSON: Who is talking to the NRL?

Mr DRAPER: We talk to the NRL about detailed issues. Once we are actually building a project we would consult with them as one of the future users but I think what you are referring to are the sort of high-level negotiations. That is probably a question better put tomorrow to Minister Sidoti, the Office of Sport and others who are appearing.

The Hon. ROSE JACKSON: I think I will do that then. I may have reached the end of my questions.

The CHAIR: That concludes the questioning. Thank you so much for your time this afternoon and this morning. We do appreciate it.

Mr DRAPER: It is a pleasure. Thank you.

(The witnesses withdrew.)

The Committee proceeded to deliberate.