

GENERAL PURPOSE STANDING COMMITTEE NO. 6

Friday 4 September 2015

Examination of proposed expenditure for the portfolio area

LOCAL GOVERNMENT

UNCORRECTED PROOF

The Committee met at 9.00 a.m.

MEMBERS

The Hon. P. Green (Chair)

The Hon. L. Amato (Deputy Chair)
The Hon. C. E. Cusack
The Hon. S. G. Farlow

The Hon. P. Primrose
Mr D. Shoebridge
The Hon. E. Wong

PRESENT

The Hon. Paul Toole, *Minister for Local Government*

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**

CHAIR: Welcome to the public hearing for the inquiry into budget estimates for 2015-16. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of the land. I also pay my respects to elders past and present of the Eora nation and extend that respect to any Aboriginal people who may be present or listening today.

I welcome Minister Toole and his accompanying officers to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Local Government. In terms of webcasting, today's hearing is open to the public and is being broadcast live via the parliamentary website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In terms of broadcasting, in accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography.

I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses say outside of their evidence at the hearing; so I urge all witnesses to be careful about any comments they make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of the proceedings are available from the secretariat.

There may be some questions that witnesses can only answer if they had certain documents at hand. In those circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. If members have any messages from their staff it is advised that they hand those to the Chamber support staff and they will hand that to the witnesses or the Minister. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you.

A transcript of this hearing will be available on the website from tomorrow morning. I ask everyone, including people in the public gallery, to turn their mobile phones off or to silent. Witnesses from the department, statutory bodies or corporations will be sworn in prior to evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

STEPHEN JONATHAN ORR, Deputy Chief Executive, Office of Local Government, sworn and examined:

MARCIA DOHENY, Chief Executive, Office of Local Government, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolio of Local Government open for examination. As there is no provision for the Minister to make an opening statement before the Committee commences we will begin with questions from the Opposition.

The Hon. PETER PRIMROSE: I refer to page 8-36 of Budget Paper No. 3 and specifically the revised figure for investment revenue for the last financial year of \$387,000. The amount listed for this year is represented by three dots. Can you please explain what this item is and why there is no revenue expected this financial year?

Mr PAUL TOOLE: I will ask the chief executive if that information is there in front of her.

Ms DOHENY: The information is not in front of me but I will take that on notice.

Mr DAVID SHOEBRIDGE: So did you come to budget estimates without the budget papers?

The Hon. PETER PRIMROSE: I am happy to provide them, Minister.

Mr DAVID SHOEBRIDGE: Did you come to budget estimates without the budget papers?

Mr PAUL TOOLE: We said we would take it on notice and we will provide that information.

Mr DAVID SHOEBRIDGE: You came to budget estimates without the budget papers.

The Hon. SCOTT FARLOW: The Minister is trying to provide an accurate answer to the member.

CHAIR: Order! It is the Hon. Peter Primrose's time, Mr Shoebridge.

The Hon. PETER PRIMROSE: I thank the Minister for taking it on notice but I also express some concern. I am not trying to trick you, Minister, I simply saw this and I am seeking an answer. But thank you for taking it on notice. In that journal of record the *Liverpool City Champion* on 24 August this year the president of the Western Sydney Regional Organisation of Councils is quoted in a report about a visit by the Premier that he made to WSROC on 20 August.

The president says that the Premier assured WSROC "that following IPART's review of Fit for the Future submissions the government will consult closely with councils prior to any changes being made". Minister, this seems to contradict your evidence to the standing committee hearing in Wagga Wagga on 17 August. It would be good if we could clear that up here. After you received the IPART report will you be undertaking "close consultation with councils prior to any changes being made"?

The Hon. CATHERINE CUSACK: Point of order: I ask that the Hon. Peter Primrose table the document he has just quoted from and, if possible, provide a copy to the Minister to assist him in answering the question.

Mr DAVID SHOEBRIDGE: To the point of order: That is not a point of order. This has been repeatedly done by the Government. It is not a point of order and it is interfering with the Opposition's questioning.

CHAIR: Order! I do not think it is unreasonable for the Minister to request a copy of the paper that is being quoted from, if that is his desire, but I do not believe other members can take a point of order on the matter and ask that it be tabled at this point.

The Hon. PETER PRIMROSE: Thank you for ruling on the point of order. I am, of course, very happy to make it available to the Minister if he has not seen it. In fact, I have highlighted it.

CHAIR: Minister, would you like to direct us in the matter? Do you want the member to table the document?

Mr PAUL TOOLE: I am happy to answer anyway, but I am happy to say also that IPART has been consulting with councils through this process. We have an independent tribunal, 144 submissions have been made by councils currently and the independent tribunal has said that it will hand in its report at the end of October. As part of that I have been travelling the State and talking to councils—this week I visited Blayney Shire Council—and they have told me that the independent tribunal has been following up with discussions and seeking further information from councils.

What I have said—and I will say it again—is that we look forward to seeing that report from the independent tribunal, the Cabinet looks forward to seeing it, councils look forward to seeing it and communities of New South Wales look forward to seeing whether their council is deemed to be fit or not fit for the future. I think that is very important because communities want to have confidence in knowing that they have a council that is going to work in the interests of the community that it represents.

The Hon. PETER PRIMROSE: Can I clarify so we are clear about this? The president advised that the Premier said that the Government will consult closely with councils prior to any changes being made following IPART's report. How will that take place? How will the Government consult with councils after they receive the IPART report before any changes are made?

Mr PAUL TOOLE: You are asking me to pre-empt a process, but during this whole process the consultation has taken place. Through the methodology, that process has seen councils have input in the process; communities have had input in the process. I think the first thing we need to do is wait for the report that is going to be handed down from the independent tribunal and then we can have a look at what steps need to be taken next. But, as I travel the State—as I have said to you already—and as councils continue to come in and visit with me, I will continue to talk to them and have their concerns raised because they are talking about ways in which they want to strengthen the local government system. I will continue to work with them across this State. It also says, as part of the terms of reference at paragraph 2 (f), it will:

... give councils the opportunity to provide additional information. This may include the opportunity for councils to present in person.

As I have said, this has been taken up by a number of councils across the State of New South Wales through this process already.

The Hon. PETER PRIMROSE: Thank you. I will finish on this point, because clearly you are not going to answer my question. We are talking here about once the Government has received IPART's report; so we are not talking any more about IPART's role in this. What the Chair of the Western Suburbs Regional Organisation of Councils [WSROC] said the Premier gave an undertaking on was that, prior to any changes being made, prior to any amalgamations taking place or anything else that councils are very fearful of, and indeed local communities are fearful of, the Government will consult closely with councils prior to any changes being made after the IPART process. I do not think it is unreasonable at this point, given that this is imminent, that you would have a process in place, on a piece of paper somewhere, about how you are going to closely consult with councils, after the IPART report has been received. Is there such a piece of paper? Is there a process? Or are we waiting for the vibe?

Mr PAUL TOOLE: As I said, we will continue to consult with councils. We are continuing to consult with councils currently and we will continue to consult with councils after 30 October. Let me point out that there is a wide, comprehensive package of reform that the New South Wales Government is undertaking. Whilst you are talking about reform only in one area, there are other factors in relation to the Local Government Act being rewritten, where we are working with councils. We have indicated that a discussion paper will be going out to councils later in the year. This is part of the wider reform package. There is a whole host of things that are happening and a whole host of things that will continue to happen as we want to ensure that we have a stronger system of local government here in New South Wales.

The Hon. PETER PRIMROSE: Will councils be able to comment on a draft report relating to their council before any changes, such as an amalgamation or the appointment of an administrator, take place?

Mr PAUL TOOLE: I will say what I have said before. Councils are currently engaged in—

The Hon. PETER PRIMROSE: With due respect, Minister. That is a yes or a no. Will councils be able to comment on the draft report?

Mr PAUL TOOLE: Well, if I can just finish. I was saying that the councils, if you are not aware, are talking to the independent tribunal currently. Some councils are providing additional information; some have had additional information that they wished to share with the independent tribunal, which I applaud because they are doing their best and they are putting that information forward. As a part of it, you know that that report will be handed to the Premier and me in the middle of October and then it will be presented to the Cabinet. It will then be the Cabinet's decision as to what steps will be taken next. But as I said, we will continue to consult and we will continue to talk to councils right across New South Wales.

The Hon. PETER PRIMROSE: Let us pretend it is the distant future—next month—and the IPART report has been received. My simple question is, given that I know this is in the distant future, Will councils be able to comment on the draft reports from IPART prior to any changes being made?

Mr PAUL TOOLE: As I have said, that report will be handed to the Premier and me in the middle of October. At the end of October that will be handed to Cabinet.

The Hon. PETER PRIMROSE: I will take that as a no.

Mr PAUL TOOLE: As I said at the inquiry in Wagga Wagga, it will be my intention as the Minister to ensure that we can push as quickly as possible for that report to be released so that the communities across New South Wales have an understanding as to how their council is positioned and also the councils.

The Hon. PETER PRIMROSE: Will the communities and the councils, once you have released that, be able to comment on it prior to any changes being made, such as an amalgamation or the appointment of an administrator?

Mr PAUL TOOLE: I am not going to pre-empt the process.

The Hon. PETER PRIMROSE: That is the process, Minister.

Mr PAUL TOOLE: The process is that we are waiting for a report that is going to be handed down from the independent tribunal. Until we see that report, the Government has made no decisions as to what the next steps will be. As I have said, as part of the terms of reference—

The Hon. PETER PRIMROSE: It is next month.

The Hon. SCOTT FARLOW: But they have not received the report yet.

The Hon. PETER PRIMROSE: And then what is going to happen? It is next month.

Mr PAUL TOOLE: As part of the terms of reference, as I have said, councils have been given the opportunity to provide additional information. This may include the opportunity for councils to present in person to the independent tribunal through this process.

The Hon. PETER PRIMROSE: It is next month. Look, there is no point in asking. Clearly you are not going to answer the question.

Mr DAVID SHOEBRIDGE: Or he actually generally has no idea.

The Hon. CATHERINE CUSACK: Point of order: Members are being disorderly.

The Hon. PETER PRIMROSE: This is a disingenuous answer, Mr Chair. I am going to leave it because clearly the Minister is not going to answer it.

The Hon. CATHERINE CUSACK: That is completely out of order.

CHAIR: Order! The member is able to ask the Minister a question; the Minister has the right to take it on notice, not answer it or answer it. The Minister clearly answered in the way he wished to answer it. It is on the record. As much as that may frustrate us as members, we need to move on and ask other questions.

The Hon. ERNEST WONG: Minister, what is the total cost of your "cogs" advertising campaign, including the cost of Saatchi and Saatchi?

Mr PAUL TOOLE: The total cost—I will double check in a moment to make sure.

The Hon. CATHERINE CUSACK: It has already been asked.

Mr PAUL TOOLE: There is a campaign and I believe it is around the \$730,000 figure, which is quite modest when compared to campaigns that are run by other departments. I need to point out as well that as part of this campaign it is important to inform the communities as to why the Government is undertaking this much-needed reform in the local government sector. Communities want to hear why the Government is making these changes. I make it very clear, it is about ensuring that communities have an understanding that in New South Wales we have 152 councils—that is twice as many as in Queensland and twice as many as in Victoria—and they are not working as effectively as they should be.

This has been shown through four years of consultation, four years of work. We have seen that the Independent Local Government Review Panel has also made these assumptions in relation to ways in which councils can operate and work better in New South Wales. This advertising campaign is very important because we want communities to have confidence in the council that represents them and we want councils to have confidence that—

The Hon. PETER PRIMROSE: With due respect, we only asked for the cost.

The Hon. CATHERINE CUSACK: Please do not interrupt the Minister. The Minister is entitled to answer.

CHAIR: Order!

The Hon. ERNEST WONG: It is our right to ask the question, thank you.

Mr PAUL TOOLE: We want councils to have confidence that the communities can provide the facilities and services and to ensure they get value for what they are paying.

The Hon. PETER PRIMROSE: How much?

Mr PAUL TOOLE: As I have said, \$730,000.

The Hon. PETER PRIMROSE: You may want to check that with your advisors. How much?

Mr DAVID SHOEBRIDGE: He has forgotten what the question was. It was about Saatchi and Saatchi.

Mr PAUL TOOLE: The question was about the campaign. Saatchi and Saatchi—

The Hon. ERNEST WONG: The question is about the cost of it rather than the campaign. The content, the details of the campaign, I think we are all aware of that.

The Hon. SCOTT FARLOW: The Minister provided you with an answer in respect to the question.

CHAIR: Order! We are not going to go down this path for the next couple of hours. We all know the proper protocol. Either we abide by it or we will have to follow protocol and adjourn and do other things. This is not the way to go. I ask members to use their time constructively and move on.

The Hon. PETER PRIMROSE: How much?

Mr PAUL TOOLE: I said \$730,000. The Saatchi and Saatchi component, I do not believe, has fully come in yet. I will just check with the Chief Executive in relation to that to see if there is anything more to add.

Ms DOHENY: The Minister's response is correct. The advertising expenditure is \$730,000 for the media campaign. There is also an amount for the creative development of the campaign itself. The exact amount for that is not yet known because the invoices have not been received yet.

The Hon. PETER PRIMROSE: What was the tender for it? How much was the tender?

Ms DOHENY: The advertising company, Saatchi and Saatchi, was engaged from a government panel of advertising companies. Following a request for a proposal process, three companies were asked to put forward proposals for the creative development of the campaign.

The Hon. PETER PRIMROSE: How much was tendered for it?

Ms DOHENY: The advertising company Saatchi and Saatchi was engaged from a government panel of advertising companies following a request for a proposal process. Three companies were asked to put forward proposals for the creative development of the campaign.

The Hon. PETER PRIMROSE: How much?

Ms DOHENY: Saatchi and Saatchi put forward the best proposal. I am afraid I do not have the detail of its proposal here with me but I can take that question on notice.

The Hon. PETER PRIMROSE: I asked you the same question a couple of weeks ago and you still do not know how much? Will you get much change out of \$1 million?

Mr PAUL TOOLE: I think the answer has been given. It will also be published in the annual report so that information will be provided. As I have said, \$730,000 has been put into this campaign, which is quite modest. It is over four weeks; it is about informing the community about why there is reform—

The Hon. PETER PRIMROSE: With due respect, I asked how much is Saatchi and Saatchi getting for the campaign. You have given us—

Mr DAVID SHOEBRIDGE: Part of it—

The Hon. PETER PRIMROSE: You have given us a cost for part of it. I am asking how much? Surely you did not launch into a campaign without having any idea how much it would cost?

The Hon. SCOTT FARLOW: Point of order: Both the Minister and the Chief Executive Officer have given a complete answer as to why they have given a campaign figure, and they are still awaiting invoices to be issued.

The Hon. PETER PRIMROSE: To the point of order: My question was simply what sort of government department would launch into a campaign without having a budget worked out for how much that campaign will cost? That is not an unreasonable question at budget estimates.

CHAIR: It is not an unreasonable question. I think the Minister has answered the question. Once again, we may not like the answer but he has taken the question on notice and he will forward that information to the Committee.

The Hon. PETER PRIMROSE: Will the Minister provide to this Committee within 21 days how much Saatchi and Saatchi will cost?

Mr PAUL TOOLE: I will take it on notice. As I said, there is the \$730,000. As the Chief Executive said, that is part of that report and those figures have not been totally finalised yet. We are not going to guess and put figures in front of you. Importantly, it will also be clearly shown in our annual report, as I have indicated.

The Hon. PETER PRIMROSE: I am glad you are not running a business. What government structure do you propose to put in place for any forcibly amalgamated councils following your Fit for the Future process until elections are eventually held?

Mr PAUL TOOLE: As you would be very much aware, an independent tribunal is undergoing a process of looking at whether councils are deemed to be fit or not fit. We are waiting for that report to be handed down at the end of October. I will not pre-empt the process.

The Hon. PETER PRIMROSE: I am not asking you to talk again about the Independent Pricing and Regulatory Tribunal [IPART] process. This is taking place in the middle of next month. You have got a lot of councils out there and people in communities saying that they know what IPART is doing, they have paid a lot of money and they have put in submissions. I am simply trying to find out once those submissions are in, what process will take place? For example, will you appoint administrators?

Mr PAUL TOOLE: I am going to keep talking to councils about variations, different options being put forward by councils. As I said, I am not going to pre-empt the process because we will wait for that report to be handed back. Recently when I was with Randwick and Waverly councils, they have put their hand up to go through a merger proposal. They have thrown up different ideas and options in relation to a transitional committee. I will continue to talk to them about that option but I am certainly not going to be giving them or any other councils across the State information about what the next process will be until we see the final outcomes of the report from the independent tribunal.

The Hon. PETER PRIMROSE: Is IPART responsible, under your terms of reference, for recommending what the process will be after it presents its report to you?

Mr PAUL TOOLE: You are aware that IPART will be handing down its report and it will be deeming whether councils are fit or not fit.

The Hon. PETER PRIMROSE: I understand that. But will IPART also recommend what the process will be after it hands down its report, or, as I suspect, will that be a decision for you as the Minister?

Mr PAUL TOOLE: As I have said, when IPART hands down its report the recommendation will be either fit or not fit.

The Hon. CATHERINE CUSACK: You have been given that information many times.

The Hon. PETER PRIMROSE: Yes, but the Minister will still not answer my question.

The Hon. CATHERINE CUSACK: You are arguing with the Minister, you are not asking questions.

CHAIR: Order! I want to clarify the point because I feel the frustration of my colleague, the Hon. Peter Primrose. It seems as though everything is hanging on the IPART report. Do you have a blueprint for the next couple of years where you want local government to go?

Mr PAUL TOOLE: It is very important to note that whilst we talk about mergers that is only one part of the whole reform package. This has been a journey for four years, and as a part of that journey some councils are looking at forming regional collaboration through joint organisations. We are reviewing and doing work around the Local Government Act. Very importantly, a State Financing Authority will be established.

CHAIR: The IPART report is not the whole solution that you are working through?

Mr PAUL TOOLE: Absolutely not. That is a very good point because we are tackling longstanding issues that have been ignored for a number of decades in this State.

CHAIR: Are you going to sack all councils?

Mr PAUL TOOLE: There are no plans to sack all councils in New South Wales. I have a vision to have stronger councils in New South Wales. If we have stronger councils then we have stronger communities. Importantly, that means communities can have confidence in the council that they elect that it will provide services and facilities and ensures that they will get value for money.

CHAIR: In relation to confidence in councils, I want to move on to the issue of property developers being elected to council. What steps is the Government taking to deal with conflicts of interest that arise when property developers are in a position to be elected as councillors? Will you advise the Committee what section of the Act exempts a developer from voting on a local environment plan, for instance? How many people applied for an exemption since the term of this State Government?

Mr DAVID SHOEBRIDGE: Since the law changed.

CHAIR: Yes, that is probably a better marker, since the law changed?

Mr PAUL TOOLE: Section 451, subsections (4) and (5), of the Local Government Act 1993 permit a councillor to participate in the consideration of a matter at a council meeting in which they have a pecuniary interest, and states in subsection (4) if:

- (a) the matter is a proposal relating to:
 - (i) the making of a principal environmental planning instrument applying to the whole or a significant part of the council's area, or

Mr DAVID SHOEBRIDGE: It is called the legalised corruption provision—

Mr PAUL TOOLE: The Act continues:

- (ii) the amendment, alteration or repeal of an environmental planning instrument where the amendment, alteration or repeal applies to the whole or a significant part of the council's area, and
- (b) the councillor made a special disclosure under this section in relation to the interest before the commencement of the meeting.

It is important to note that this exemption does not apply to an individual development proposal or site-specific rezonings. These provisions were incorporated in section 451 in August 2012 to address the problem of significant delays to the implementation of standardised instrument local environment plans across New South Wales. The delay was being caused by councils unable to make decisions due to loss of quorum where councillors had a pecuniary interest. The affected councillors were required to make an application to the Minister for Local Government under section 458 of the Act for permission to participate in the consideration of the draft local environment plans. Such permission was granted on condition that the councillors concerned made a special disclosure of their interest affected by the proposal local environment plan.

Given the number of affected councils and councillors, significant delays arose in the grant of such permission which, in turn, delayed councils' adoption of the standardised instrument local environment plan. The amendment was designed to address this delay by removing the need for councillors to seek the Minister's permission to participate in the consideration of the making, amendment, alteration or repeal of a local environment plan affecting the whole or significant part of the council's area, while retaining the requirement that they make a special disclosure of their interest in the local environment plan at the start of the meeting.

The Government is aware of the concerns that have been raised in relation to the exemption. Given most councils have now adopted the standardised instrument in their local environment plans, we have made it very clear that we are reviewing it. I have made it very clear that the law will be amended so that councillors will not be voting on matters where they may have a pecuniary interest. It does not matter whether they belong to a political party. It does not matter to me whether they are developers, lawyers, solicitors or mums and dads. Anybody who is elected to a council is required and expected to work in the interests of their community.

CHAIR: Absolutely. I was mayor when we were working through the LEP and it knocked out the quorum every time because we did it on zonings and not on spot rezoning, which would have affected the individual. It was an appropriate law to bring in to renegotiate the ability of New South Wales to get on and produce LEPs. But I see in the alleged case in Auburn it was totally unacceptable that it was used, hence my question about how many people have used this exemption since the law has been brought in. Do you have that figure?

Mr PAUL TOOLE: I do not have that but I do say to communities across our State that if they have any information whereby they believe a councillor has misused his position I would certainly be asking them to

go through the formal process of raising that issue with the council directly or with the Office of Local Government. All councils across New South Wales are monitored and every matter that is raised through the Office of Local Government is taken seriously and is addressed as well

Mr DAVID SHOEBRIDGE: But it was legal. The complaint will go nowhere because you made it legal.

CHAIR: Order! Mr Shoebridge, you can ask about that during your time. I place on record that establishing these boundaries is not foolproof because you can still get someone else on council to push that agenda for you. It is not foolproof.

Mr PAUL TOOLE: I go back to what I said before that as part of the Local Government Act we are going to deal with councillor misconduct. Legislation will be introduced into Parliament very shortly to deal with councillor misconduct to be able to address it in a timely manner and to streamline the process, and there will be tougher penalties. As the Minister, I make no apologies for introducing these changes that are needed so that communities across the State can have confidence that they have elected councillors to do the job they are required to do. Irrespective of who they are, without labelling one person against another, I want to make sure that the same consequences can be delivered to whoever may be elected.

CHAIR: Can you indicate to the Committee what action you will be taking about an individual councillor who has not put in a full disclosure of their funding for their election?

Mr PAUL TOOLE: There are penalties in relation to that. I note yesterday there was a question that came under the Premier's portfolio. The Premier was asked a question about this matter yesterday and he took it on notice. I will be very happy to supply that answer once it has been provided.

CHAIR: I want to continue down the road of councillor misconduct on a broader scale. We had something like 322 complaints in 2014 as opposed to 296 in 2013. My guess is that as we move closer to a local government election those complaints will increase again. I note that the cost of handling those complaints was \$745,988. That is in your media release from 3 August 2015, so you can follow these figures. The increased cost went to \$1,177,702 in 2014. What are you going to do about councillor misconduct given that it is very hard on occasions because sometimes it is vexatious and sometimes it is used to discredit someone before an election? How are you going to move through this?

Mr PAUL TOOLE: That is part of the changes that are going to be made in relation to dealing with councillor misconduct. I think you rightfully said that there is an increasing cost in dealing with these matters. As part of the my council website, where the comparative data is shown, that information is available to communities and councils across the State to see and address the number of code of conduct complaints that have been made and the cost to those individual councils. We have already said that it can be very lengthy to deal with certain matters that are raised by members of the public or by councils themselves so we are going to reduce the time frame to investigate those reports. It is very important as well that there is still natural justice to individuals who may be named in any investigation or particular report that may be put forward. As a part of it there will be another change that will say that if you are a councillor and you have been suspended on three occasions you can face disqualification of up to five years from civic office.

It is important that we can deal with these matters very quickly. The amendments to the Local Government Act are going to offer a more effective deterrent to serious and repeated councillor misconduct. They are designed to provide the means to ensure that effective and timely action is taken to uphold the standards that local communities expect of their councils and the councillors they elect. It concerns me sometimes that there are some councillors who I feel, unfortunately, want to see the entire council removed. At the moment as a part of the actions under a performance improvement order I can only deal with the entire council. The changes will allow me to be able to deal with individual councillors who may be the problem in ensuring that the process operates effectively.

Mr DAVID SHOEBRIDGE: Minister, do you now accept that the legalised corruption that your Government inserted into the Local Government Act with the changes to section 451 is inappropriate and should be repealed?

Mr PAUL TOOLE: I do not accept the premise of your question but I will repeat what I have just said. Subsections (4) and (5) of the Local Government Act permit a councillor to participate in the consideration

of a matter at a council meeting in which they have a pecuniary interest where the proposal is a matter relating to an LEP or across the whole area. It does not apply to an individual development application or site-specific rezoning. It was introduced in 2012 because councils were unable to make LEP decisions due to the loss of a quorum.

Mr DAVID SHOEBRIDGE: So you think it was a good idea? Looking back you think, "That was a great idea from my Government to put this legalised corruption into the Local Government Act," and you are sitting here defending it. Is that what has happened?

The Hon. CATHERINE CUSACK: Point of order: Sarcasm is not a question.

Mr DAVID SHOEBRIDGE: That is not a point of order.

The Hon. CATHERINE CUSACK: It is disorderly. It is a point of order. Your line of questioning is disorderly.

CHAIR: Order! There is no point of order. The Minister has a very significant role and I am sure he is able to handle such prosecution at this time.

Mr PAUL TOOLE: As I was saying, the pecuniary disclosures still have to be made by individuals as part of this process. As I have said before, it was due to the LEPs and a loss of quorums in councils. We heard from the Chair only a few moments ago that when he sat on council he experienced the situation whereby a quorum was not present to make decisions in relation to LEPs. As the Minister, I have made it very clear that we will amend the law so that councillors will not be able to sit in on matters where there are pecuniary interests that need to be disclosed. Let us not forget that any LEP that is approved has to go to the planning Minister and the planning department, where it is assessed before final approval is given.

Mr DAVID SHOEBRIDGE: I asked the planning Minister and he said he did not look at those conflict of interest or public interest issues because that was a matter for you and your department as the head of local government. Do you accept that your statement about integrity checks with the planning Minister does not assist you in terms of putting in protections under section 451, or do you disagree with the planning Minister?

Mr PAUL TOOLE: The planning Minister does a great job and I work very much side by side with the planning Minister for councils and communities across this State. My answer to you is this: A number of safeguards and a number of checks and balances are built into the Act and the LEP approval process. As an accountability mechanism the council is still required to publicly disclose any pecuniary interest they have in a matter relating to—

Mr DAVID SHOEBRIDGE: You still defend it?

Mr PAUL TOOLE: —the making or amendment of an LEP. The development of LEPs is undertaken under the supervision of the Department of Planning and Environment. Ultimate approval of an LEP is given by the Minister for Planning, not the council. We have said that if there is an issue we will fix it. As the Minister, I have said that we will amend the law so that councillors will not be voting on matters in which they have a pecuniary interest.

Mr DAVID SHOEBRIDGE: You are sitting here telling this Committee that this law change that lets councillors vote to up-zone their own properties and their own development opportunities has done great work. You are sitting here now, after three years of a failed experiment, saying it has done great work and has changed all these local environmental plans [LEPs]. Do you not understand that the community rejects what you have done and thinks it is legalised corruption?

Mr PAUL TOOLE: What I have said is that there are a number of safeguards and checks and balances built into the Act and the LEP approval process.

Mr DAVID SHOEBRIDGE: You are still defending it. Nobody agrees with you, Minister—nobody, not even the Premier.

Mr PAUL TOOLE: What I have also said is that we will amend the law and make the changes that are necessary so that councillors will not be able to vote on pecuniary interests at a council meeting. That has

been put out there publicly. We have also said that further mechanisms will be introduced through the Local Government Act. I think it clearly shows that the Local Government Act and our system of local government is out of date and we need to make these changes across the State on behalf of communities here in New South Wales.

Mr DAVID SHOEBRIDGE: Ms Doheny, will you be undertaking an audit of the occasions on which section 451 has been used by councillors who had a pecuniary interest to ensure that the public interest has been protected in those decisions?

Ms DOHENY: That is information that may be held by councils; it is not information that the Office of Local Government has, and it is not information that the Office of Local Government routinely requests of councils.

Mr DAVID SHOEBRIDGE: You can ask councils for it and get the information to do an audit. Are you going to do that?

Ms DOHENY: At this stage it is not something we are proposing to do.

Mr DAVID SHOEBRIDGE: Do you not think that it would be wise, given the fact that we have had three years where councillors can vote to upsize their own development opportunities? Do you not think it would be wise to do an audit to see whether the public interest has been protected?

Ms DOHENY: I think, as the Minister said, there is a framework that sits around the way that councillors deal with their pecuniary interest. It is a very robust and comprehensive framework. It is a matter for councillors to comply with that framework. Where they have not and somebody has any concerns or allegations then, as the Minister said, that is really something that people need to refer to the Independent Commission Against Corruption [ICAC] or to the councils themselves.

Mr DAVID SHOEBRIDGE: Do you understand that there is no point referring something to ICAC when the Government has made it legal for councillors to vote in their own pecuniary interest and to potentially return millions of dollars of private profit? You have made it legal so there is no basis to make an allegation to ICAC. You do understand that problem, do you not?

Ms DOHENY: Mr Shoebridge, the Minister has answered the question. I do not think there is anything further I can add to it.

Mr DAVID SHOEBRIDGE: Could you provide on notice what information you have about the number of occasions on which section 451 has been used since the 2012 amendments to allow councillors to vote where they have a pecuniary interest?

Ms DOHENY: I can take on notice any information the Office of Local Government has.

Mr DAVID SHOEBRIDGE: Ms Doheny, you received some correspondence from the chief executive officer of the City of Sydney setting out their concerns about the legal effect of the changes to the voting roll. Do you remember getting that correspondence?

Ms DOHENY: Yes.

Mr DAVID SHOEBRIDGE: It set out the advice that they had received from one of the most senior silks in the country, Bret Walker, which said:

... the breadth and depth of the exercise required by sections 18D and 18A, requiring an Orwellian conception of record keeping by government in respect of its citizens, borders on the impossible.

He said that "at best" it is "highly impracticable". What have you done in response to receiving that advice?

Ms DOHENY: We did receive a letter from the City of Sydney, which included some advice from Bret Walker, which we are considering. We will be dealing with it in consultation with the City of Sydney.

Mr DAVID SHOEBRIDGE: Do you accept the substance of the advice that the 2014 amendments to the City of Sydney Act have made the electoral process for the City of Sydney unworkable?

Ms DOHENY: As I said, we have received a letter from the City of Sydney, which raises a number of questions about the drafting of that legislation. We are considering those questions in relation to the drafting and we will be responding to the city.

Mr DAVID SHOEBRIDGE: Minister, do you think it acceptable that City of Sydney ratepayers have to pay \$12 million over the coming three years in order to comply with the electoral roll changes that your Government imposed upon them last year?

Mr PAUL TOOLE: In a global city like Sydney I believe the business community has a right to vote in local government elections. I have heard the Lord Mayor, Clover Moore, make similar statements in the past. We know that the City of Sydney has spent an incredible amount of money trying to get more people on the non-residential roll at particular times. What we have done, by supporting the changes through this legislation, is to give business owners the opportunity to have a vote and to have a say in local government elections. They do contribute just under 80 per cent of the rates of the City of Sydney. They too should have a say. As the chief executive of the Office of Local Government has already alluded to, if there are any issues then we will look at those—

Mr DAVID SHOEBRIDGE: Here is an issue, Minister. One of the most senior silks in the country has described this as Orwellian, unworkable and likely to result in a legal challenge to the council elections, which will set residents and businesses back on their ear after the 2016 election. That is an issue. Minister, what are you doing in response to that issue?

Mr PAUL TOOLE: It is being looked at—

Mr DAVID SHOEBRIDGE: It is being looked at?

Mr PAUL TOOLE: As has already been mentioned in response to your question to the chief executive officer. I will go back and say to you again—

Mr DAVID SHOEBRIDGE: So you do not care?

Mr PAUL TOOLE: What I say to you is that the City of Sydney contributes significantly to the gross domestic product [GDP] of this State. It is an economic centre. It is a global city. It has ratepayers who contribute 80 per cent of the rate revenue of the City of Sydney—

Mr DAVID SHOEBRIDGE: And it will cost them an extra \$12 million for these unworkable electoral rolls. Minister, do you think that is fine? Do you think it is fine that they are spending \$12 million to comply with a law that is likely to have the council election results struck down as illegal? Do you think that is an acceptable policy outcome?

The Hon. CATHERINE CUSACK: Point of order: Mr Chair, I am taking one more point of order. Mr Chair, you have ruled that it is acceptable for this member to repeatedly—

CHAIR: Order!

The Hon. CATHERINE CUSACK: I wish to make my point of order. I wish to be heard. Can I make my point of order, Mr Chair?

CHAIR: Order! I will hear the point of order but I will not take commentary from the Hon. Catherine Cusack.

The Hon. CATHERINE CUSACK: I understand your ruling.

CHAIR: What is the point of order?

The Hon. CATHERINE CUSACK: My point of order is that Mr Shoebidge is asking a legal opinion about a legal opinion.

Mr DAVID SHOEBRIDGE: No, I am not.

CHAIR: Order! I will rule on this matter. Mr Shoebridge is interjecting on the Minister's answers and that is not helpful because the Minister has a right to answer the questions unfettered.

Mr DAVID SHOEBRIDGE: I accept your point, Mr Chair.

CHAIR: I ask Mr Shoebridge to stop badgering the witness and to let him finish his answers. I note that that is unacceptable and outside the standing orders so I do call Mr Shoebridge to order on that matter. We now move to questions from the Opposition.

The Hon. PETER PRIMROSE: Minister, there are concerns in the local government sector that people are being quietly sounded out for possible appointment as council administrators. Will you rule that out and state that neither your ministerial office nor the Office of Local Government is engaged in this activity?

Mr PAUL TOOLE: I have to say to that as I travel around the State I have people put their hand up and say to me all the time, "Consider me if there are any changes in the future." I say to them the same thing that I said to you at the start: I am not going to pre-empt any process. I am going to ensure that we get the independent tribunal's report. We will have a serious look at that and then we will look at what decisions need to be made and the next steps going forward.

The Hon. PETER PRIMROSE: Minister, are you ruling out the claim that your office or the Office of Local Government are quietly sounding out people about possible appointment? This is a yes-or-no answer.

Mr PAUL TOOLE: As I have said to you, I travel around the State and I have various meetings with different individuals and groups all the time. People put their hand up from time to time—

The Hon. PETER PRIMROSE: Minister, I accept that people may volunteer but I am asking: Are you seeking out people? This is a yes-or-no answer.

Mr PAUL TOOLE: We are not seeking people; we are waiting for the independent tribunal's report to be handed down.

The Hon. PETER PRIMROSE: So you are ruling that out?

The Hon. CATHERINE CUSACK: Mr Chair, will you allow the Minister to answer the question?

The Hon. PETER PRIMROSE: I am just trying to clarify this.

The Hon. CATHERINE CUSACK: Mr Chair, will you allow the Minister to answer the question, please?

CHAIR: Order! I will hear a point of order but the Hon. Catherine Cusack cannot just address me across the table. The Hon. Catherine Cusack must take a point of order as per the standing protocol. If the Hon. Catherine Cusack wishes to interrupt the questioning then she will take a point of order.

The Hon. CATHERINE CUSACK: Point of order: Mr Chair, will you allow the Minister to answer the question?

The Hon. PETER PRIMROSE: I will move on.

CHAIR: Please do, because it is not helpful. If you have a lot of questions to get through, it is not helpful interjecting all the time.

The Hon. PETER PRIMROSE: Clearly the Minister is not going to answer that one. Minister, I understand that the deputy executive officer of the Office of Local Government, who is here with us today, Mr Steve Orr, is being seconded to the Department of Premier and Cabinet for around 12 months to work with Mr John Clarke and Mr Simon Draper on local government reform. Is that the case?

Mr PAUL TOOLE: As Mr Orr is here with us today, I think we will get Mr Orr to answer that question.

Mr ORR: Yes, that is the case. I am moving out of the Office of Local Government to work with the Department of Premier and Cabinet, as you have outlined. Naturally, the Government is looking at the broader response to the reforms and I have been asked to be part of that.

The Hon. PETER PRIMROSE: Mr Orr, I am not seeking to put you on the spot. That is why I directed the question to the Minister but he has directed it to you. What do you expect this unit will do that the Office of Local Government is not doing?

Mr ORR: What will I be doing?

The Hon. PETER PRIMROSE: What will you do? I would expect by setting up a shadow authority for local government in the Department of Premier and Cabinet that some people could see this as a sign of no confidence in the Minister and his administration. What do you propose to do there that will be different to what the Office of Local Government does?

The Hon. SCOTT FARLOW: Point of order: Unfortunately, this prevails closely to asking for a political opinion to be expressed by a departmental official.

The Hon. PETER PRIMROSE: I am asking—

The Hon. SCOTT FARLOW: He is asking about hypotheticals—

The Hon. PETER PRIMROSE: Mr Chairman—

The Hon. CATHERINE CUSACK: Let him finish.

The Hon. SCOTT FARLOW: —and government policy. Those questions would be better directed to the Minister rather than to a departmental official.

The Hon. PETER PRIMROSE: The Minister directed this matter to Mr Orr. I am very happy for the Minister to answer.

The Hon. CATHERINE CUSACK: That was the previous question.

CHAIR: Order! I have been carefully listening and the questions may be merging into matters outside of the Local Government portfolio. I will allow the Minister to let his departmental officer answer what he considers to be reasonable and then to cease answering when it is not appropriate to this portfolio.

The Hon. PETER PRIMROSE: Mr Chair, may I clarify that I am simply seeking advice in relation to local government matters and no other matter.

Mr PAUL TOOLE: Over the years Mr Orr has done an incredible amount of work for the Office of Local Government.

The Hon. PETER PRIMROSE: I accept that. He is a good officer.

Mr PAUL TOOLE: He is a very good officer and he is very well respected across the sector—

The Hon. PETER PRIMROSE: So why is he leaving you?

Mr PAUL TOOLE: —and very well respected across stakeholders. He has done an incredible amount of work in relation to the formation of our pilot joint organisations across New South Wales. Mr Orr will also be working with other government departments because they are also a part of the process of reforming local government. It is a whole-of-government process and as part of this, you would know, IPART is out and about. IPART is reviewing compliance burdens on councils in New South Wales. We are going to need someone with specialist understanding as to how we operate effectively with other government departments and councils in New South Wales. It is important that we have someone with that expertise who can make the changes needed on behalf of the sector.

This process is not only about making changes to local government but also to other government departments. The compliance burdens that councils confront are only part of the process. They are not just issues in the local government sector but issues across the environment, planning and transport. We need someone who has an understanding of local government matters and how they impact upon the Act and the sector. Specialists are appointed all the time to the Department of Premier and Cabinet from every portfolio across government. I wish Mr Orr the best in that role. I know that he will make a valuable contribution in that area.

The Hon. ERNEST WONG: Minister, I am not sure whether you will be able to answer this question because you do not have the budget papers with you.

Mr DAVID SHOEBRIDGE: The Minister has been given a copy.

The Hon. ERNEST WONG: Terrific. Given that the Fit for the Future process received one of the most substantial reconfigurations of local government boundaries in the history of New South Wales, what additional funding resources are being provided to the Boundaries Commission? How much and where does it appear in the budget papers?

Mr PAUL TOOLE: A lot has happened in the last 12 months since our last budget estimates. In September last year the Premier and I announced a record investment of up to \$1 billion for the local government sector. We have never seen an investment like this before.

The Hon. PETER PRIMROSE: What about the Boundaries Commission?

The Hon. CATHERINE CUSACK: Point of order: I ask that the Hon. Peter Primrose be directed to cease interjecting.

CHAIR: All members will cease interjecting. The Minister will answer the question as he sees fit.

The Hon. PETER PRIMROSE: Yes, answer the question.

Mr PAUL TOOLE: There are two questions: one is about finances and the other is about the Boundaries Commission. I will answer them both. The Government has made a \$1 billion investment—I make the point that an investment like this has never before been made to support local government in this nation—\$258 million has been allocated for mergers; \$13 million for transitional committees; \$5.3 million to create joint organisations; and \$4 million for a rural innovation fund. We also said, as part of our State Financing Authority, that if you looked at the current borrowings we could see savings of up to \$600 million. That is how that \$1 billion package was created.

You asked me about the Boundaries Commission. As you would be aware, an Independent Local Government Review Panel came out of Destination 2036, which took place at Dubbo in 2011. A request was made at that conference for a review into the local government sector. An independent panel was set up and for the next two years they researched, consulted and listened to stakeholders, councils and communities across New South Wales. That independent panel made 65 recommendations. In particular, recommendation No. 32 states:

Legislate a revised process for considering potential amalgamations and boundary changes through a re-constituted and more independent Boundaries Commission.

The Government responded to each of those 65 recommendations, and I make no bones about that. As to the Government's response to the particular structural reform question you have asked me about concerning the Boundaries Commission—

The Hon. ERNEST WONG: Sorry—

Mr PAUL TOOLE: No, you have asked me the question.

The Hon. CATHERINE CUSACK: Point of order—

The Hon. ERNEST WONG: The question is about how much funding and where that is in the budget papers.

The Hon. CATHERINE CUSACK: I ask that the Hon. Ernest Wong be directed to cease interjecting during the Minister's answer.

The Hon. ERNEST WONG: I just want an answer to my question.

The Hon. CATHERINE CUSACK: I have taken a point of order asking that you cease interjecting during the Minister's answer.

The Hon. ERNEST WONG: My question was how much and where it is in the budget papers?

CHAIR: If the member wishes to waste his time allocation for questions—

The Hon. PETER PRIMROSE: The Minister is wasting the time, not us.

CHAIR: The Minister indicated that he would answer the Boundaries Commission part of the question and he should be given the courtesy to do so.

The Hon. PETER PRIMROSE: We have 20 minutes.

CHAIR: If you want the Minister to take the question on notice then he should be invited to do so.

The Hon. PETER PRIMROSE: He will not answer the question.

The Hon. ERNEST WONG: That is what I want to do but the Hon. Catherine Cusack is interrupting me.

Mr PAUL TOOLE: I will go back. The 65 recommendations that we made—

The Hon. PETER PRIMROSE: You are wasting our time.

The Hon. CATHERINE CUSACK: Point of order: I ask the Hon. Peter Primrose be directed to cease interjecting during the Minister's answer.

The Hon. PETER PRIMROSE: To the point of order: We have 20 minutes. The Minister is reading from a long and detailed prepared brief when he has been asked a very specific question. That has now been going on for more than five minutes.

CHAIR: A member has the right to stop a Minister from continuing his or her answer and ask that the question be taken on notice. On this occasion the Minister will desist from his answer and the Hon. Ernest Wong will renew his question.

The Hon. ERNEST WONG: Where does that funding appear in the budget papers?

Mr PAUL TOOLE: If we are talking about the \$1 billion investment by the New South Wales Government?

The Hon. ERNEST WONG: Yes.

Mr PAUL TOOLE: That would not appear until the next financial year because in this process we have been waiting for councils to undertake the mergers. We have asked councils to go out there and talk to their neighbours about what is in the interests of their communities. We have asked councils to talk about how they will provide more facilities, better services and ensure that ratepayers get value for money. I cannot pre-empt a process. A report will be handed down. You have asked me a question on the Boundaries Commission and I have said that the Government is committed to ensuring transparency and public confidence in any—

The Hon. ERNEST WONG: I ask the Minister to take this question on notice.

The Hon. PETER PRIMROSE: The Minister is not going to answer the question. Will the Government take the necessary legislative or regulatory action to offer employees of any amalgamated councils the same five-year guarantee of no forced redundancies that has previously been provided to workers in the energy industry?

Mr PAUL TOOLE: There is no proposed change to the legislation. I have a good working relationship with the United Services Union. I meet its representatives regularly; they are part of my ministerial advisory group. Employees have protection under the State award. I continue to enjoy a strong relationship with the United Services Union. There are no changes planned. You are talking about a matter that is not on the table for discussion. I look forward to continuing to work with the union and continuing that strong relationship.

The Hon. PETER PRIMROSE: Minister, you are the one talking about forced amalgamations. Should there be amalgamations of councils and will employees have the same five-year guarantee of no forced redundancies, given your good relationship with the United Services Union? Yes or no?

Mr PAUL TOOLE: I am committed to ensuring stronger councils in the State. Stronger councils mean stronger communities. We need a smarter system of local government. The system of local government is out of date. The Government will continue to work with all stakeholders. There are no proposed changes.

The Hon. PETER PRIMROSE: Will there be a five-year guarantee? Yes or no?

Mr PAUL TOOLE: I have said that no changes are planned.

The Hon. PETER PRIMROSE: Yes or no?

The Hon. CATHERINE CUSACK: Point of order: The Minister cannot be directed as to how he answers the question.

The Hon. PETER PRIMROSE: And I cannot be directed to ask certain questions.

The Hon. CATHERINE CUSACK: That was not a question. You were directing the answer.

The Hon. PETER PRIMROSE: I am simply asking the Minister to clarify by giving a yes-or-no answer.

The Hon. CATHERINE CUSACK: You have had the answer.

Mr PAUL TOOLE: There are no changes planned. As a regional member and Minister for Local Government, I feel very strongly about protecting jobs. During the inquiry into local government I heard that there has been an increase in jobs since 2004, when mergers occurred. There has been an increase of 11.7 per cent, from 4,154 to 4,671 positions. In Tamworth, where a number of councils merged into one new entity, the number of staff went from 852 to 1,008. No changes are planned to job protection measures and I will continue to work with the United Services Union.

The Hon. PETER PRIMROSE: I put the following question on notice to you, Minister:

Will the mayor of a newly amalgamated council be elected by popular vote or by the vote of councillors? For what period will they be elected?

You replied on 30 June:

It is a matter for each council to determine how its mayor is elected.

Do you stand by that, and will that continue to be the case?

Mr DAVID SHOEBRIDGE: Good answer.

Mr PAUL TOOLE: I am answering. That is exactly the case. The Government made that announcement 12 months ago at the Local Government NSW conference. We indicated that we would have two-year fixed terms for mayors. If councils wish to have a popularly elected mayor, that could be determined by individual councils. It worries me that mayors change year after year. It means a lack of continuity and a lack

of decision-making in those communities. It is important for stakeholder relationships that that be changed to a two-year fixed term. But individual councils have the option to choose a popularly elected mayor.

The Hon. PETER PRIMROSE: Will the Government allow individual councils in the Sydney metropolitan area to stand alone if they combine with neighbouring councils in a joint organisation model to achieve savings, scale and capacity?

Mr PAUL TOOLE: You are referring to the proposal put forward by one of the council groupings.

The Hon. PETER PRIMROSE: That is one of them.

Mr PAUL TOOLE: Hunters Hill, Ryde and Lane Cove councils have put forward a proposal to form a joint regional authority. The Independent Pricing and Regulatory Tribunal [IPART] will assess that submission. The Independent Local Government Review Panel recommended mergers in metropolitan areas but the formation of joint organisations in regional and rural parts of the State. In Sydney the situation is very different from regional and rural areas, where towns are hundreds of kilometres apart. In the city you can walk a few blocks and be in a new local government area.

Mr DAVID SHOEBRIDGE: Minister, do you know the average number of residents in a Sydney council area?

Mr PAUL TOOLE: It ranges.

Mr DAVID SHOEBRIDGE: The average does not range.

Mr PAUL TOOLE: I will take it on notice. The number ranges from 17,000 to just over 300,000.

Mr DAVID SHOEBRIDGE: I will ask again: Do you know the average number of residents in a Sydney council area?

Mr PAUL TOOLE: I will take that on notice. I do not want to provide an incorrect figure.

Mr DAVID SHOEBRIDGE: Do you know the average number of residents in a metropolitan council area in Organisation for Economic Co-operation and Development [OECD] countries?

Mr PAUL TOOLE: I hear different proposals put forward by councils.

Mr DAVID SHOEBRIDGE: I am not talking about proposals; I am talking about data from the OECD.

Mr PAUL TOOLE: I have read reports, but I do not want to guess and give you the wrong information.

Mr DAVID SHOEBRIDGE: If I told you that the average size of a metropolitan council in the OECD is 27,000 residents and the average size of a Sydney council is 104,000 residents, would you agree that there is not a compelling case to make our councils bigger?

Mr PAUL TOOLE: The Government has been mindful of ensuring that it does not take a one-size-fits-all approach. One can compare jurisdictions and countries. I have been involved in local government myself and have talked to councils, mayors and communities across this State. When it announced the Fit for the Future reform package the Government was mindful of ensuring that it did not take a one-size-fits-all approach. The needs of people living in metropolitan areas differ from those in regional and rural areas. The needs of people living in the Far West are different again. I have even talked to the general manager of Auckland Council about the changes that they have implemented. As Minister, I will continue to consult. I emphasise that one size does not fit all councils.

Mr DAVID SHOEBRIDGE: Minister, is it correct that you have said repeatedly that you are waiting to see what IPART does before you put forward proposals about mergers?

Mr PAUL TOOLE: A number of councils have made their own submissions to the independent tribunal. I look forward to seeing the tribunal's assessment.

Mr DAVID SHOEBRIDGE: Would you answer the question? You have said on a number of occasions that you are waiting to see what IPART does before you put forward a proposal about mergers and the like—yes or no?

Mr PAUL TOOLE: It is important to wait for the independent tribunal's report.

Mr DAVID SHOEBRIDGE: So why has your Government circulated to its members a proposal to merge Sydney's councils from 41 to 22 before it has seen the outcome of IPART's review?

Mr PAUL TOOLE: There are many proposals. I can talk to different parties. I can talk to mayors, councillors and communities. Everybody has a magic number.

Mr DAVID SHOEBRIDGE: Minister, I am asking about the paper that has been circulated by your Government, proposing to reduce the number of councils in Sydney from 41 to 22. I am specifically asking about that. Why have you done that before IPART has reported?

Mr PAUL TOOLE: The Government has made no decision.

Mr DAVID SHOEBRIDGE: Why did you circulate the proposal, Minister? Answer the question.

Mr PAUL TOOLE: The Government has made no decision. Different proposals have been put forward.

Mr DAVID SHOEBRIDGE: I am talking about the proposal by your Government that was circulated to members. Minister, would you answer the question, for once?

Mr PAUL TOOLE: As Minister, I will continue to be open to different proposals. I will not pre-empt any process. I will continue to talk to councils.

Mr DAVID SHOEBRIDGE: Do you understand the simple difference between pre-empting the outcome of a process and telling people about what the process will be? Do you understand that distinction, Minister?

Mr PAUL TOOLE: If you are telling me, that is fine.

Mr DAVID SHOEBRIDGE: I am asking whether you understand the difference between pre-empting the outcome of a process and telling people what the process is. Do you understand the distinction between the two concepts?

Mr PAUL TOOLE: Absolutely. It would be irresponsible of me, as the Minister, not to continue to move around the State talking to stakeholders—communities, councils and mayors—because there are different proposals. The proposals put forward by mayors may conflict with the views of other councillors from their area. Stakeholders come and visit with me as a part of that process and I will continue to be open-minded, I will continue to talk. But I will continue to make the decisions at the end of the day that are in the interests of the communities across New South Wales. Communities want to know, once again, that they have a council that is strong, a council that is going to provide the services, the facilities, and a council that ensures that they are going to get value for money.

Mr DAVID SHOEBRIDGE: Here is a pretty simple question. Did your Government circulate a proposal to your Government members reducing the number of Sydney councils from 41 to 22?

Mr PAUL TOOLE: There are proposals, as I said, that are put forward all the time from all different aspects. I even have Opposition members that come to me with proposals. I will make the point, proposals will continually be put forward—

Mr DAVID SHOEBRIDGE: You are a Government Minister—

The Hon. CATHERINE CUSACK: Point of order: Can the Minister be allowed to answer the question without interjection? I note that the Hon. Peter Primrose is laughing in a very uncontrolled way.

The Hon. PETER PRIMROSE: Please answer the question. I urge you, Mr Chair, to uphold the point of order.

The Hon. CATHERINE CUSACK: The Minister should be given the opportunity to answer.

CHAIR: The Minister will be allowed to answer the question as he sees fit or to take it on notice.

Mr DAVID SHOEBRIDGE: Point of order: The Minister's answer must at least be generally relevant to the question and when the question is specific the answer must be generally relevant to that specific question. The Minister's answers have repeatedly flouted that standing order.

CHAIR: I do not want any more points of order on the matter. I want the Minister to answer the question as he sees fit or to take it on notice.

Mr PAUL TOOLE: To you, Mr Shoebridge, I have not circulated any map and, I will point out to you again, I will continue to talk to councils, communities, mayors and stakeholders about different proposals that they wish to put forward. As the Minister I will continue to listen to all those viewpoints that have been put forward that may be in the interests of communities across this State.

Mr DAVID SHOEBRIDGE: Just to be clear, Minister, are you saying that the reports that were in the *Sydney Morning Herald* and the *Daily Telegraph* about a proposal from your Government being circulated reducing the number of Sydney councils from 41 to 22 are false?

Mr PAUL TOOLE: As I said and I repeat, I have not circulated any map—

Mr DAVID SHOEBRIDGE: I was not asking you about a map. I was asking you about a proposal from your Government. Are you saying that those reports were false?

Mr PAUL TOOLE: What I am saying to you is that no decision has been made by the Government. We are waiting for the independent tribunal's report. When that report comes through, that will go to the Cabinet and that is where a decision will be made as to what the next steps are going to be in this process.

Mr DAVID SHOEBRIDGE: Minister, do you have any idea how disingenuous it is for you to say on the one hand that you are waiting for the outcome of the IPART report while on the other hand your Government is circulating a proposal, before you even get that report, about amalgamating Sydney's councils down from 41 to 22? Do you understand how disingenuous that is?

Mr PAUL TOOLE: I am going to continue to work on ensuring we have stronger councils across the State of New South Wales. I will continue to talk to those stakeholders, I will continue to talk to communities—

Mr DAVID SHOEBRIDGE: I hope no council is listening to you today because they would be living in fear.

Mr PAUL TOOLE: —and I will make sure that the decisions that are made will reflect those interests.

CHAIR: Minister, you put out another media release on Tuesday 23 June, which says, "NSW budget strengthens local government with record investment". In the third paragraph it says, "Mr Toole said the New South Wales Government is providing the necessary support to deliver stronger local government for local communities to ensure councils can deliver lower rates, better services and more infrastructure". I refer to the fact that the State Government and the Federal Government have made a huge cost shift across to local government: it has been reported, through our inquiry, there is an up to 10 and 15 per cent shortfall on regional roads full cost recovery, we are seeing a decrease in Financial Assistance Grants, and the issues of rate pegging are having an effect. Would it not be fair to say that if you were truly going to deliver lower rates for New South Wales through local government that you would give local councils a fair go and allow them to receive full cost recovery for grants and regional roads and so on, instead of ripping them off by 10 or 15 per cent?

Mr PAUL TOOLE: Certainly that is a continuing discussion we will have with the Federal Government. You have mentioned quite a number of different factors there, but can I point out that as to the Financial Assistance Grants, which were indexed by the Commonwealth Government, we have made it very clear and expressed concern to the Federal Government on quite a number of occasions about the need for that funding. When you look at different communities across the State, they are quite reliant on that funding, such as for their roads.

I do note though that the Federal Government through its Roads to Recovery program has given two instalments up-front at this point in time with additional funding, which has been very beneficial for councils across the State of New South Wales. As a part of that funding, we recognise the pressures that councils are under. They are under extreme pressures and that is why we have gone through this whole process of trying to strengthen the local government sector. You and I both know that when we were in Dubbo back in 2011—

CHAIR: We were not just there together.

Mr PAUL TOOLE: No, there were 150 others. As a part of that, it came out quite clearly that change was needed and that the financial sustainability of councils was in question. That is where the Government came up with creating financial incentives and looking at removing barriers to support the local government sector.

CHAIR: That is exactly my point. One of the major parts of Fit for the Future, the pillar, is on council sustainability. How can a council be sustainable if we keep cost shifting 10 to 15 per cent of all our costs of State and Federal issues across local government? There is only so much they can take before you break them financially. Can I just add to that? On Tuesday 16 June 2015 you put out another media release entitled "Funding boost for rural councils". I am sure that is absolutely well received but, at the end of the day, would it be fair to say that if we stopped cost shifting across local government councils many of them would be financially sustainable?

Mr PAUL TOOLE: I will make a couple of points. I think the independent panel also spoke about cost shifting and indicated that cost shifting is actually overstated by councils. As a part of that, as I have said to you, we want to make sure that—

CHAIR: Minister, I think they used the same methodology that you came up with for the loss of \$1 million a day.

Mr PAUL TOOLE: That is TCorp. But I want to make the point that there is an intergovernmental agreement. I cannot rewind the clock; I cannot go back and change things that happened 10 or 20 years ago. I hear councils telling me about matters that were handed on to councils that happened two decades ago. I cannot rewind that situation. But as we go forward we want to make sure that there is a genuine partnership with councils in this State. By doing that we will ensure that the communities will get the outcomes they want.

I make the point as well that the \$4 million you mentioned is a record investment. That \$4 million is a significant investment that has been made into rural councils. I will always hear that they want more, and there should be more; but that is only one part of the reform that we are seeing. It is a record investment. When I travel to the councils in the far west of the State they are telling me that they are looking at creating things around video conferencing; that is very important as well.

But I make this point, I do hear stakeholders and I do hear councils telling me that the real way to fix all of this is to abolish rate pegging, to remove that so that \$1 billion can be raised immediately. As the Minister, I am committed to ensuring that we cannot continue to use the mums and dads and families and pensioners as an ATM. We cannot just keep asking them to dig deep into their pockets and continually pay for the increases that are being asked.

CHAIR: I have to interrupt you there. We are not asking you to do that. We are asking you to fully fund the responsibilities that you have handed over to local government. If you seriously considered that you did not want the money to come out of the pockets of mums and dads and seniors, you would have full cost recovery of the grants, the roads, the waste—whatever it is, you would meet that.

Mr PAUL TOOLE: Part of the IPART review is looking at the burdens and compliance on councils. I think that will address a number of issues which, as I said before, have been longstanding issues. As a part of

it, we have said we are going to do a review of the rating system later in the year as well. These are important steps that we are undertaking on behalf of councils to ensure they are strengthened through this process.

CHAIR: You have certainly got my support in trying to make sure that we get that sort of outcome for the ratepayers across New South Wales. As to Blacktown rebranding, what plans do you have to rebrand Blacktown?

Mr PAUL TOOLE: I know Blacktown will be making an approach to me at some time in the future. I have seen the issue in the media and heard lots of noise in relation to the media announcements around that. I will wait and see what the proposal is before any decision is made about that.

CHAIR: Dog attacks: It is reported that some council rangers and animal control officers do not have any qualifications whatsoever. If they do not know how to administer the Act, how can they do their job? What steps are you taking to increase the level of ranger training?

Mr PAUL TOOLE: That is a matter for each individual council at this point in time. It is a good question. There has been a decrease in dog attacks over the past 12 months. Only recently, in the last week, we heard of a young girl who had her hand bitten off. On behalf of the New South Wales Government, I extend my sympathy to that young girl, her family and to anybody who has been involved in a dog attack in New South Wales. We have strong mechanisms in place so that if there is a dog attack, it must be reported within 72 hours. Also, if the Office of Local Government gets reports, we will follow up straight away with councils.

I attended the Annual Conference of the Australian Institute of Local Government six weeks ago and it was a good opportunity to talk to them directly about things that are working for them and ways in which we can continue to support them. If we need to make changes, we will make those changes in order to support the rangers who do a terrific job for our communities across the State.

CHAIR: Thank you, Minister for giving evidence this morning. You have taken questions on notice so we look forward to those answers within 21 days. The Secretary will help you with that, if need be. That concludes this session.

(The witnesses withdrew)

The Committee proceeded to deliberate.
