

FINANCE, INFRASTRUCTURE & REGULATORY REFORM

QUESTIONS TAKEN ON NOTICE DURING THE HEARING

QUESTION 1

The Hon. GREG PEARCE: Could you take on notice and get to the committee whether they were paid fees—including the Credit Suisse representative?

Mr JOSEPH TRIPODI: Sure.

The Hon. GREG PEARCE: And obviously the amount of those fees?

Mr JOSEPH TRIPODI: Yes.

The Hon. GREG PEARCE: Have the amounts of the retainers been released yet?

Mr COSGRIFF: No, they have not.

The Hon. GREG PEARCE: Would you take on notice and give the committee details of those retainers?

Mr JOSEPH TRIPODI: Yes.

The Hon. GREG PEARCE: Have the percentage payments to Lazard and Credit Suisse on the sale been released?

Mr SCHUR: I do not believe so. I think those are commercial in confidence.

The Hon. GREG PEARCE: Why are they commercial in confidence?

Mr JOSEPH TRIPODI: We will take advice on whether that kind of information can be released, and come back to you.

The Hon. GREG PEARCE: My question remains: Why would they be commercial in confidence? Why would a success fee being paid to advisers be commercial in confidence? It is a percentage, it is not a dollar amount.

Mr JOSEPH TRIPODI: We will take advice on it and we will come back to you.

The Hon. GREG PEARCE: Why do you not have an answer now?

Mr JOSEPH TRIPODI: We have a reason why we do not have an answer. I may not be able to answer your question without revealing the reason why it is the subject of the advice I will get.

The Hon. GREG PEARCE: I really do not understand that.

Mr JOSEPH TRIPODI: I will take the question on notice. I am entitled to take the question on notice. I will return to you once I have legal advice.

The Hon. GREG PEARCE: Mr Schur will appear tomorrow in Treasury. I will ask the same question then so perhaps you could have the information by then, Mr Schur?

The Hon. PENNY SHARPE: No.

Mr JOSEPH TRIPODI: No. Mr Schur will be here for another purpose tomorrow.

The Hon. GREG PEARCE: We will be talking about the electricity sale tomorrow. I am asking that Mr Schur have the answer tomorrow if he does not have it today.

Mr JOSEPH TRIPODI: You can ask what you like. We note your question and we will have the best endeavours to get back to you.

ANSWER

I'm advised:

1. Due to the fee arrangements no extra costs were incurred for the representatives from Credit Suisse and Lazard for attending the NSW Energy Industry Reform International Roadshow ('Roadshow').

Credit Suisse, Lazard and Frontier Economics were reimbursed for any disbursements associated with the Roadshow.

The Government did incur fees for Frontier Economics' representative attending the Roadshow. These costs were calculated on business hours incurred; and

2. The respective advisors' fees arrangements are commercially sensitive and therefore confidential to the parties. The Auditor General will report on the transaction upon completion of the Reforms.

QUESTION 2

Dr JOHN KAYE: Did you give advice to the previous Treasurer about whether he needed legislative change to achieve his privatisation or energy reform?

Mr COSGRIFF: It is a different transaction.

Mr JOSEPH TRIPODI: It is different transaction.

Dr JOHN KAYE: I am aware that it is a different transaction but I want to know whether you gave him legal advice as to whether or not he needed it?

Mr COSGRIFF: In all likelihood there was advice. I do not recall specifically whether it was me who passed on that advice.

Dr JOHN KAYE: Would that advice be in writing?

Mr COSGRIFF: I think so, yes.

Dr JOHN KAYE: Can we have a copy of the previous advice?

Mr COSGRIFF: I will take that question on notice.

ANSWER

I'm advised that the Crown Solicitor has advised that Committees do not have the power to order the production of documents.

QUESTION 3

The Hon. MATTHEW MASON-COX: Have you met with any other lobbyists in your time as a Minister? If so, when and in relation to what matters?

Mr JOSEPH TRIPODI: All Ministers meet regularly with lobbyists all the time. It happens almost on a weekly basis.

The Hon. MATTHEW MASON-COX: In the past two weeks what lobbyists have you met?

Mr JOSEPH TRIPODI: I will need to check my diary on that. On first recall I do not know whether I have met anyone in the past two weeks, given that Parliament has been sitting. If the situation is contrary to that I will come back to you.

ANSWER

In the two weeks prior to 14 September I did not meet with any lobbyists.

QUESTION 4

The Hon. GREG PEARCE: Mr Schur, last year in the budget estimates hearing I asked you about the infrastructure levies and the reviews. You told us there was modelling and cash flows and documents that related to the calculation of those levies and the reviews. You undertook to provide copies of those documents to the committee. Why has that not occurred? Were you mistaken when you said that those documents you had authored existed?

Mr SCHUR: Mr Pearce, I would have to check exactly why I recall taking the question on notice. I do not personally then go and investigate the answer to your question. We have a clear policy to respond to questions on notice. I will have to get back to you as to why you did not get a satisfactory answer.

The Hon. GREG PEARCE: Let us have a look at it again. I asked you last time, "Was there Treasury modelling and cash flows?" You answered, "That would have been done by the Growth Centres Commission at the time, in consultation with Treasury." I said, "And Treasury would have that material?" You said, "Yes" and then I asked you whether you could provide the material and you said, "Yes." Why has it not been provided?

Mr SCHUR: I will have to get back to you.

The Hon. GREG PEARCE: That is what you said last year.

Mr SCHUR: Yes, but I do not know why it has not been done. When we take something on notice we commit to get back to you. If it has not been provided to you, Mr Pearce, I will find out why and we will get back to you on that matter.

The Hon. GREG PEARCE: In relation to the review of the levies I asked you, "Were you responsible for that assessment?" and you said, "I was responsible for coordinating it." I said, "So there is a report or something along those lines?" and you said, "Yes." Do you stand by your evidence last year that those documents exist?

Mr SCHUR: Can you refresh my memory as to what report you were referring to?

The Hon. GREG PEARCE: The report was in relation to the review of the levies. Last year you said, "I was responsible for coordinating it."

Mr SCHUR: Yes.

The Hon. GREG PEARCE: And then I said, "So there is a report or something along those lines?" and you said, "Yes."

Mr SCHUR: Yes.

The Hon. GREG PEARCE: Were you telling the truth then?

Mr SCHUR: Yes, I was.

The Hon. GREG PEARCE: So those documents do exist?

Mr SCHUR: Yes, but those documents may have formed part of the deliberations of Cabinet, which may be the reason why they were not produced. If that is not the case, we will endeavour to get that to you, Mr Pearce.

The Hon. GREG PEARCE: Mr Duncan, I think you are here representing Mr Lee. In response to an order for papers, Mr Lee wrote to the Clerk of Parliaments and said, "I am advised that NSW Treasury has conducted

relevant searches and holds no documents which are required to be produced", referring specifically to the questioning of Mr Schur last time. Can you explain why those documents have not been produced?

Mr DUNCAN: I would have to look at the reason for that letter. I did not personally write the letter and I did not personally do the review.

The Hon. GREG PEARCE: Mr Lee is not here, is he?

Mr DUNCAN: No, he is not. I can check the reasons for the review.

The Hon. GREG PEARCE: Could you please do that, and Mr Schur, because frankly your honesty in giving those answers is now in question and I think that you need to respond properly to the questions by providing the documents. Minister, have you done any reviews or comparisons between different States in relation to the infrastructure levies?

Mr JOSEPH TRIPODI: No, I have not.

The Hon. GREG PEARCE: Has the department or Treasury done any review of interstate models?

Mr SCHUR: I believe we have, Mr Pearce, yes.

The Hon. GREG PEARCE: Would there be a document existing which evidences that, Mr Schur?

Mr SCHUR: I am not certain. I can take that on notice, Mr Pearce.

The Hon. GREG PEARCE: Yes, and if there is one, Mr Schur, would you provide it to the Committee, please?

Mr SCHUR: Yes.

The Hon. GREG PEARCE: That is a "Yes" again?

Mr SCHUR: Yes, again if it complies with the requirements I will—we always do, Mr Pearce.

ANSWER

I am advised the Crown Solicitor has advised that Committees do not have the power to order the production of documents. The Committee was formally advised of this position in November 2008.

The Committee was also advised that, if necessary, the request for documents should be referred to and dealt with by the whole House under Standing Order 52.

Subsequently, there was a request for papers under Standing Order 52, dated 14 May 2009, relating to Treasury modelling for developer levies. Treasury held no papers covered by the terms of that resolution.

QUESTION 5

CHAIR: It is excellent that the Government made that contribution of \$8.1 million. Will there be an annual contribution to enable that centre to function?

Mr JOSEPH TRIPODI: My understanding is that at the moment there is no commitment. If I need to update you further, I will. Obviously the Government is available to assist as much as it can.

CHAIR: As you are aware, the executives of James Hardie Pty Ltd were convicted in the courts and an announcement was made that they were planning to move to Ireland. Would this further endanger the company's commitment to meet the costs for asbestos victims in this State?

Mr JOSEPH TRIPODI: The issues relating to the dispute surrounding James Hardie primarily are dealt with by the Department of Premier and Cabinet. I will need to take that question on notice, but it might be better directed to the Premier.

ANSWER

The New South Wales Government committed \$8.5 million to the project, including almost \$7 million from the New South Wales Dust Diseases Board, to help construct the facility in partnership with the University of Sydney and the ANZAC Research Institute.

In addition, the Dust Diseases Board provided \$400,000 per year over the 04/05, 05/06 and 06/07 financial years to cover the establishment and operational costs of the Centre.

At this stage no further funds have been committed.

QUESTION 6

CHAIR: Some statements have been issued relating to Bass Hill High School sportsground. Is the Government considering confiscating or repurchasing that land? Is there any further development from the Property Management Authority?

Mr WATKINS: That matter, which falls under the Department of Education and Training, is a matter that has been taken up directly by that department. I suggest you refer that matter to the Minister for Education and Training.

CHAIR: I was assuming that the department would refer the matter to you to do the property dealings. I do not think the department would normally do that.

Mr WATKINS: The State Property Authority now forms part of the broader Department of Lands and the Property Management Authority. We work in cooperation with a range of government agencies right across the sector. Since the July audit I have taken over the Authority and I am not aware of the details of the cooperation between the Department of Education and Training and my organisation, in its new form, relating to Bass Hill.

CHAIR: Will you take that question on notice and establish whether you will have an involvement in due course?

Mr WATKINS: Yes.

CHAIR: I am not referring to the decision that will be made; I am referring to the mechanics to be handled by you.

Mr WATKINS: Yes.

ANSWER

Questions relating to the Government's intentions in respect of Bass Hill High School sportsground would best be referred to the Minister for Education and Training.

The State Property Authority, which now forms part of the broader Land and Property Management Authority, has not been engaged by the Department of Education and Training, or any other agency, in relation to the acquisition of the Bass Hill High School sportsground.

QUESTION 7

CHAIR: Obviously there would also be an increase in the retail price of electricity. Have any calculations been made to determine whether that would be a 10 per cent increase, for example?

Mr JOSEPH TRIPODI: Not that I am aware of.

Mr COSGRIFF: Calculations have been made by the Commonwealth as part of its white paper process on the impact on prices from different CPRS modelling scenarios. I will take that question on notice and obtain better information for you.

CHAIR: Has a basic figure been agreed upon about what will be the percentage increase?

Mr COSGRIFF: A percentage number falls out of that modelling but I do not recall it specifically. I would rather take that question on notice and provide you with the detail.

ANSWER

I'm advised:

As part of its White Paper process the Australian Government commissioned the Commonwealth Treasury to undertake modelling of the economic impacts of the CPRS. This included modelling the expected impacts on retail electricity prices.

The impact on prices is directly related to the price of carbon permits, which will vary depending on the emissions reduction target chosen.

The Australian Government stated on release of their White Paper that households will face an average increase in electricity costs of around \$4 per week, at a carbon price of \$25 per tonne. This was expected to be the upper bound of price increases at the start of the scheme¹. There is no "agreed" figure on the expected percentage increase in electricity prices.

It should be noted that since Commonwealth Treasury modelling was released, the Australian Government has altered the design of the CPRS, delaying its start by one year, and is fixing the price of permits at \$10 per tonne for the first year of the scheme. No new modelling has been done to estimate the revised cost impacts of the new scheme design.

¹ Australian Government, *Factsheet: Scheme impact on Cost of Living*, December 2008

QUESTION 8

The Hon. GREG PEARCE: Mr Watson, have you had to take on any extra staff, any temporary staff or any other staff on the IT projects?

Mr WATSON: I will have to take that on notice. I could not unequivocally answer that question.

The Hon. GREG PEARCE: What I am trying to get to is what additional costs have been incurred on the IT projects through the use of outside consultants or staff.

Mr WATKINS: Specifically for the licensing projects you are talking about?

The Hon. GREG PEARCE: And the hardware project.

ANSWER

A number of existing WorkCover staff were brought together to manage the IT projects and accommodate changes in the licensing regime. No additional costs, related to consultants or the project itself, outside those budgeted for in the scheduled program of works have been incurred.

QUESTION 9

The Hon. MATTHEW MASON-COX: In relation to promoting economic growth and competition through the planning system inquiry, which you often do in the Department of Planning, have you received any submissions from property development groups? If so, can you provide the Committee with details of them?

Ms BEATTIE: Yes, we have received submissions from property development groups. I will take it on notice and give you the details.

ANSWER

The Better Regulation Office received 44 submissions to the review from a wide range of stakeholders. All of the submissions will be published on the Better Regulation Office website at the conclusion of the review, except where the person making the submission has requested that their submission or details remain confidential.

QUESTION 10

The Hon. MATTHEW MASON-COX: In its Reclaiming First Symposium the Business Chamber identified the area of payroll tax. I note apprentices and trainees used to be exempt from payroll tax. There seems to be an issue that when somebody takes on trainees they have to pay the payroll tax under the definition and then claim it back in the subsequent year. Are you aware of that issue?

Ms BEATTIE: No, I would have to look into it.

The Hon. MATTHEW MASON-COX: Perhaps you will take that on notice and give us your thoughts in that regard.

Ms BEATTIE: Yes.

ANSWER

Matters regarding payroll tax are best directed to the Treasurer.

QUESTION 11

Dr JOHN KAYE: Mr Schur and Mr Cosgriff, have any estimates have been made within your department of the greenhouse gas implications of these seven development sites?

Mr COSGRIFF: There are rough estimates, which I have not got available, about greenhouse gas emissions from certain classes of technology like supercritical and ultra-supercritical. The precise greenhouse gas outputs depend not only on the technology but on the ambient temperature and therefore the location of the specific power stations.

Dr JOHN KAYE: Yes, but those data were in the submissions of the Department of Planning for the development application. All those data were there. Your department has not done any calculations or any scoping studies on greenhouse gas emissions from the new power stations of which your reform process is specifically designed to encourage construction.

Mr COSGRIFF: As you say, to the extent that there are answers to that question, the proponents have developed those answers and put them into their submissions.

Dr JOHN KAYE: Given the two largest are from the Government itself and given that they did not have a tonnes figure—they had data in there, but no millions of tonnes figure—have you done the millions of tonnes figure?

Mr COSGRIFF: I personally have not calculated the millions of tonnes figure.

Dr JOHN KAYE: Has your department done that figure?

Mr COSGRIFF: I can take that on notice and check whether we have those numbers.

ANSWER

I'm advised:

1. estimates of the potential greenhouse gas emissions from each site will ultimately depend on the assessment and determination of each proposal lodged with the Department of Planning in accordance with the Environmental Planning & Assessment Act; and
2. Estimates of greenhouse emissions are part of the development applications lodged with the Department of Planning and are available on their website (<http://www.planning.nsw.gov.au/>) during the assessment process.

QUESTION 12

Dr JOHN KAYE: Could I ask you for not the actual data but an indication of and, taken on notice, possibly a list of the data that will be available in the data room? That is to say, what is the nature of the data that will be available? Will it include the entire cost structure of the generators?

Mr JOSEPH TRIPODI: In order to give an accurate answer, we will come back to you and give you what we believe we can give you, so we will take that question on notice.

Dr JOHN KAYE: When you say you will give me what you believe you can give me, is that the whole list of the data? I do not want the data itself, just the data fields.

Mr JOSEPH TRIPODI: Sure, we will come back with the data fields.

Dr JOHN KAYE: You will be able to give the entire data fields?

Mr JOSEPH TRIPODI: I will take the question on notice and I will give you as much information as I believe we can without prejudicing the process.

ANSWER

I'm advised:

1. The information is commercially sensitive and will be made available in the secure data room to selected bidders, subject to strict confidentiality controls. Information may be released to the data room at different points through the process and access to the information will be carefully controlled. Certain highly commercially sensitive information may only be provided to preferred bidders for the assets immediately before execution of the relevant transactions.

Data rooms will be prepared with input from the businesses and the Government's advisers and will include information which is relevant to the selected bidders' assessment of the transactions including financial reports, technical due diligence reports and title and property documentation.

ADDITIONAL QUESTIONS RECEIVED ON NOTICE

Questions from Mr Mason-Cox

QUESTION 1

Regulatory Reform Minister, Joe Tripodi, says one of the biggest issues raised at the NSW Jobs Summit held earlier this year was concern about red tape. Given the Government is three quarters through addressing 74 actions recommended by the Independent Pricing and Regulatory Tribunal to reduce red tape does the NSW Government accept these concerns at the NSW Job Summit about red tape as a failure, on its part, to properly address regulatory reform?

ANSWER

The NSW Government recognises the burden that unnecessary regulation can place on business, which is why we have committed to reducing that burden.

Our success in cutting red tape is demonstrated through our implementation of the Independent Pricing and Regulatory Tribunal's recommendations, and over 100 other red tape reforms outlined in the 2008 Annual Update. Red tape cuts implemented in the last financial year will be outlined in the 2009 Annual Update, due in late October.

Our commitment to further reduce the burden of regulation is demonstrated in:

- our target to cut red tape by \$500 million by June 2011
- the requirement for agency CEOs to report every six months on their efforts to cut red tape
- the gatekeeping activities of the Better Regulation Office
- Better Regulation Office targeted red tape reviews, of which three were completed in the past year and a further three are underway.

QUESTION 2

The NSW Government boasts that since 2007 when the Better Regulation Office was formed, more than 100 red tape cuts have been made. Isn't the continuing concern from the business sector about red tape an indication therefore that the Government's attempts to reduce red tape have not been successful?

ANSWER

See response to question 1.

QUESTION 3

Why, two years after the formation of the Better Regulation Office, do members of the NSW Business Chamber still believe that complying with State Government regulations have a moderate to major impact on their businesses?

a. Does the Government accept this as a failure on its part to address business concerns about red tape and regulatory reform?

ANSWER

There is a difference between red tape and necessary regulatory requirements that are a cost of doing business. The NSW Government is focused on reducing red tape and providing NSW businesses with the most efficient and effective regulatory frameworks possible.

a. See response to question 1.

QUESTION 4

In April this year (2009) the Government announced, via its *April 2009 Progress Report (IPART Investigation into the Burden of Regulation in NSW and Improving Regulatory Efficiency)* it had delivered 49 out of 74 red tape reforms as recommended by the Independent Pricing and Regulatory Tribunal as outlined in 2006 (October).

Given that businesses are still complaining that red tape continues to have a significant impact on their operations, how successful have the reforms really been?

ANSWER

See response to question 1.

QUESTION 5

Presumably the NSW Government has looked at how other State Governments are addressing regulatory reform. Specifically, are you attracted to the Victorian approach, where reducing red tape is viewed from the end users perspective rather than the Government's perspective?

ANSWER

NSW is a national leader in regulatory reform with a dedicated Regulatory Reform Minister, dedicated Better Regulation Office, a \$500 million target, annual reporting, achievements in red tape reviews and strong gatekeeping performance.

The NSW Government has considered the approach to regulatory reform in other states as well as recommendations from the Independent Pricing and

Regulatory Tribunal and believes it has implemented the best approach for NSW.

QUESTION 6

The NSW Government claims to be “on-track” to implementing 74 actions recommended by the Independent Pricing and Regulatory Tribunal (IPART) to reduce red tape for NSW businesses.

What feedback has the Government had from business sectors about the real savings associated with red tape reforms?

ANSWER

Business has been supportive of the Government’s \$500 million target. Business has also supported the Better Regulation Office’s targeted review achievements in shop trading hours regulation, plumbing and drainage, and gasfitting, gas installations and appliances.

QUESTION 7

New South Wales boasts it is the only state with a dedicated Minister for Regulatory Reform.

But if you listen to organisations like the NSW Business Chamber, you would have to agree there has been little improvement in the amount of time business people spend complying with red tape and regulation?

ANSWER

See response to question 1.

QUESTION 8

An effective and efficient regulatory environment creates the climate for a competitive and productive economy. Effective and light-handed regulation minimises the time businesses spend complying with regulatory requirements, increasing their ability to innovate, be entrepreneurial and respond creatively and quickly to market opportunities or threats.” (*Guide to Better Regulation* April 2008). Does the Government believe it has/is currently providing a effective and efficient regulatory environment thereby creating a competitive and productive economy?

ANSWER

See response to question 1.

QUESTION 9

How will the Government measure its target of saving \$500-million in red tape by 2011?

ANSWER

The target will track savings that accrue to business and the broader community as a result of red tape reforms implemented by the Government. The measurement framework is outlined in the Better Regulation Office's costing tool, 'Measuring the Costs of Regulation'.

Savings towards the target will be calculated using a Net Present Value measure of savings from the implementation date of a reform up to June 2011. This means the target will include the full savings realised by business and the community during the period.

QUESTION 10

10. How many times have you had discussions with Ron Medich on any matter?

a. When and what did you discuss?

ANSWER

I have known Ron Medich and the Medich family for quite a while and whenever I see him, we exchange pleasantries. That could be at charity functions, political functions, social events.

QUESTION 11

Which developers, other than Roy and Ron Medich, have you met with, or had discussions with regarding possible rezoning of land anywhere in NSW?

ANSWER

Issues regarding rezoning are a matter for the Minister for Planning.

QUESTION 12

How do you see the process for prioritisation of delivery of infrastructure?

ANSWER

The State's infrastructure program is influenced by the government's service delivery goals, capacity requirements and demand drivers such as population growth, and the need to deliver infrastructure in a way that is fiscally sustainable.

This is reflected in a number of Government strategies guiding infrastructure planning and decision making, including the *State Plan: A New Direction for New South Wales*, the longer term metropolitan and regional strategies, the Government's fiscal strategy for a focus on a strong balance sheet over the medium term to ensure sustainable services and investment in infrastructure and asset maintenance. The State Infrastructure Strategy (SIS) provides an outline of major infrastructure priorities and spending levels over the coming decade, aligned to other Government strategies and fiscal targets.

Through the annual state budget, agencies align their asset and infrastructure planning to support the Government's service delivery priorities and strategies.

The processes used to prioritise delivery of the State's infrastructure are published in Treasury's Policy and Guidelines Paper *TPP08-2 Total Asset Management (TAM) requirements for updating the NSW State Infrastructure Strategy (SIS)* available on Treasury's website.

QUESTION 13

Do you support having a planning system that determines priorities for opening up of new areas, or would you prefer a de-regulated system?

ANSWER

This is a matter for the Minister for Planning.

QUESTION 14

Have you ever used your Ministerial credit card to entertain developers or lobbyists and if so, at which venues?

a. Will you produce your credit card receipts and invoices to the Committee?

ANSWER

Neither I nor anyone in my office has a Ministerial credit card.

QUESTION 15

How many times have you had a meal at the Tuscany Italian Ristorante, in Leichhardt?

a. Have you ever met either Roy or Ron Medich at that restaurant and if so, how many times?

ANSWER

Several times, however I do not maintain records of restaurants I attend.

a. I have never attended Tuscany Restaurant to dine with Roy or Ron Medich, however several times I have been there they have come to my table to exchange pleasantries.

QUESTION 16

What percentage of the State's infrastructure budget is spent in western Sydney?

a. How can this low figure be justified when the government is actively pursuing policies to increase the population in the region?

ANSWER

For Greater Western Sydney in 2009-10, the amount budgeted for capital and road maintenance projects located completely within the region is \$2.6 billion. This represents about 25% of total NSW expenditure able to be assigned to a specific region, and is close to the Greater Western Sydney's population share of 27%. This budgeted expenditure amount excludes budgeted expenditure for cross-regional projects.

About \$9.8 billion, or 43.8% of the 2009-10 total State capital program, is for projects that cover more than one region and could not be divided between regions such as Western Sydney. This amount includes the Economic Stimulus projects for "New Social Housing Supply Stage-2" (total \$1.1 billion) and "Building the Education Revolution" (total \$1.8 billion). A significant proportion of the expenditure on multi-regional projects will be in Greater Western Sydney.

Major infrastructure initiatives in the region include:

- major redevelopment of Liverpool and Nepean Hospitals
- a new public school at Wilton, 6 major school building projects (Hazelbrook, Marsden Road and Hilltop Road Public Schools and East Hills Girls, East Hills Boys and Cabramatta High Schools) and 5 major TAFE building projects (at Granville, Blue Mountains, Macquarie Fields, Nirimba and Campbelltown)
- new transport interchanges and car parks at Windsor and Macarthur rail stations and commuter car parks at 13 additional train stations
- South West Rail Link (Stage 1) and Southern Sydney freight line, turnbacks at Lidcombe, Homebush, Liverpool and Macarthur stations and major upgrades to rail lines between Kingsgrove and Revesby and between Quakers Hill and Schofields
- new rail cars and new buses
- planning for new police stations at Liverpool and Parramatta and continuing construction of new police stations at Windsor, Granville, Camden and Riverstone
- widening of Great Western Highway to 4 lanes from Woodford to Hazelbrook and at Lawson
- widening of the F5 from four to eight lanes between Brooks and Narellan Roads and upgrades to Cowpasture Road and Camden Valley Way

QUESTION 17

The Government claims to be all about jobs, how can you justify the cancellation of important infrastructure projects during an economic downturn that would have created jobs during construction and opened new areas up to residents of western Sydney?

ANSWER

Over the four years to 2012-13, State capital expenditure is estimated to total \$62.9 billion – 46 per cent higher than the prior four years to 2008-09. This level of capital spending will support up to 160,000 jobs each year. NSW has the largest infrastructure investment program of any state government over the four years to 2012-13.

The June 2009 Budget now provides for Total State Capital expenditure of \$18 billion in 2009-10. This is a record level and is supported by funding from the Australian Government under both its Economic Stimulus and Nation Building for the Future funding packages.

For Greater Western Sydney in 2009-10, the amount budgeted for capital and road maintenance projects located completely within the region is \$2.6 billion. This amount excludes cross-regional projects such as the Economic Stimulus projects called “New Social Housing Supply Stage 2” and “Building the Education Revolution”. Significant amounts allocated for these cross-regional projects are expected to be spent in Greater Western Sydney.

The Government is working to ensure new housing and employment areas in the Western Sydney region are well serviced. Major projects include:

- Delivering over 100 more buses to Sydney's North West
- Delivering over 60 more buses to Sydney's West/South West
- Delivering better corridors for those buses
- Opening the Epping to Chatswood Rail Link to ease congestion and provide more choice and flexibility for people in the North West
- Building the South West Rail Link Stage 1
- Nepean Hospital Redevelopment Stage 3
- Liverpool Hospital Redevelopment Stage 2
- F5 Widening, Brooks Road to Narellan Road
- Hoxton Park Road Widening, Banks Road to Cowpasture Road
- Cowpasture Road Widening, M7 Motorway to North Liverpool Road
- Camden Valley Way Widening, Bernera Road to Cowpasture Road

QUESTION 18

How many times have you met with Treasury officials to discuss the Infrastructure portfolio?

(Please provide dates of meetings, issues discussed and who else was in attendance.)

ANSWER

In the course of my work as Minister for Infrastructure I meet with many people, including relevant agencies and departments.

QUESTION 19

Do you support the continuation of the current levels of infrastructure levies on developers given that NSW has by far the highest levies nationally and the lowest level of housing production in 50 years?

ANSWER

On 17 December 2008 the Premier announced a package of reforms to infrastructure levies which included:

- a change to the way that State Infrastructure contributions are calculated, by removing rail infrastructure and bus subsidies – leading to a reduction in charges
- moving the timing of payment of State levies to before the transfer of title
- increasing the State's contribution towards infrastructure from 25 per cent to 50 per cent until June 2011
- establishing a \$20,000 threshold for local government contributions, unless approval for a higher levy has been granted by the Minister for Planning
- the removal of water infrastructure charges imposed by Sydney Water and Hunter Water, except for recycled water.

QUESTION 20

In December 2008 your Government reduced State Infrastructure Charges to \$75,000. Then in August this year, they announced new land release in Horsley Park and Eastern Creek would be slapped with a \$180,000 State Infrastructure Charge. What is your reasoning for this discrepancy in charges?

- a. Were you consulted in the development of these charges?
- b. Do you think developers will be happy to pay \$180,000 for land in Eastern Creek and Horsley Park when they can buy land at least than half that charge elsewhere in NSW?

ANSWER

In NSW, the Government has taken a policy position that the beneficiaries of the provision of new infrastructure should make a contribution towards the cost of that infrastructure. Special Infrastructure Contribution rates will vary

between urban release areas to reflect different underlying infrastructure costs.

I am advised in the Western Sydney Employment Area a Special Infrastructure Contribution of \$180,000 per net developable hectare has been proposed. This contribution reflects the underlying infrastructure costs associated with transforming a semi-rural area into a major zone of employment and economic activity. This includes the provision of the east west section of the Erskine Park Link Road, which is being delivered by Government at a cost of \$80 million.

- a. Yes.
- b. Developers will choose to develop land that provides the best market return based on location, amenity, infrastructure and development costs.

QUESTION 21

Have you, or anyone in your Department, done a comparison of State Infrastructure Charges or levies with other States?

- a. If so, what was the result of that study?
- b. Why do you think levies in NSW are so much higher than other states?
- c. Do you think the level of levies plays any contribution in developers leaving NSW and doing business in other States?

ANSWER

I am advised New South Wales Treasury is aware of other states infrastructure charges or levies.

- a. I am advised that other States have or were in the process of introducing development contributions to recover the cost of State and/or local infrastructure provision.
- b. In NSW, the Government has taken a policy position that the beneficiaries of new infrastructure should make a contribution towards that infrastructure. Development contribution rates will vary between urban release areas to reflect different underlying infrastructure costs.

Infrastructure costs can be expected to be higher in NSW than in other States given 'urban disabilities' such as a highly urbanised environment, higher population densities and topographical features. These higher costs potentially mean higher infrastructure charges relative to other States even if the same principles are applied.

- c. I am not aware of data linking the level of levies and developers doing business in other states.

QUESTION 22

What processes have you or your Department undertaken to review the State Infrastructure Strategy?

ANSWER

The State Infrastructure Strategy (SIS) released in June 2008 was reviewed for the impact of November 2008 Mini-Budget decisions, and changes were published by the Treasurer in the 2008-09 Budget Half-Yearly Review. The State Infrastructure Strategy is a rolling 10 year plan for infrastructure projects that is updated every two years. The next update is due to be published in mid 2010.