

UNCORRECTED PROOF

GENERAL PURPOSE STANDING COMMITTEE No. 3

Tuesday 15 September 2009

Examination of proposed expenditure for the portfolio area

LOCAL GOVERNMENT

The Committee met at 9.15 a.m.

MEMBERS

The Hon. A. R. Fazio (Chair)

The Hon. J. G. Ajaka
The Hon. G. J. Donnelly
Ms S. Hale

The Hon. D. T. Harwin
The Hon. R. A. Smith
The Hon. H. M. Westwood

PRESENT

The Hon. B. M. A. Perry, *Minister for Local Government, and Minister Assisting the Minister for Health (Mental Health)*

Department of Premier and Cabinet

Mr R. Woodward, *Deputy Director General, Division of Local Government*

Mr G. Gibbs, *Director, Performance Management and Compliance, Division of 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**

ROSS KEITH WOODWARD, Deputy Director General, Division of Local Government, Department of Cabinet and Premier, and

GRAHAME RUSSELL GIBBS, Director, Performance Management and Compliance, Division of Local Government, Department of Cabinet and Premier, sworn and examined:

CHAIR: I declare this hearing for the inquiry into budget estimates 2009-10 open to the public. I welcome Minister Perry and accompanying officials to today's hearing. Today the Committee will examine the proposed expenditure for the portfolio of Local Government. Before we commence I will make some comments about procedural matters. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members or witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee media representatives must take responsibility for what they publish or what interpretation they place on anything that is said before the Committee. The guidelines for the broadcast of the proceedings are available on the table by the door. Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or Committee clerks. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers while at the table. I remind everyone to please turn off their mobile phones.

The Committee has agreed to the following format for the hearing. We will divide the time available equally, starting in 20-minute blocks with crossbench, Opposition and Government members. The House has resolved that answers to questions on notice must be provided within 21 days from when the Committee secretariat sends the questions to you. Transcripts of the hearing will be available on the website from tomorrow morning and copies will be sent to you so you can make any corrections. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving 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. I declare the proposed expenditure for the portfolio area of Local Government open for examination. As there is no provision at this round of budget estimates for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the crossbench.

Ms SYLVIA HALE: Minister, I wish to ask you a series of questions about the code of conduct committees but before I do can I read you an account of what is happening in relation to one council and the use of codes of conduct just to put it in context. In Tweed Shire Council councillors have lodged a code of conduct complaint against a councillor who provided the media and members of the community with a copy of the report that raised concerns about some aspects of the Repco car rally. The report was given to the councillor in the councillor workshop, was not labelled confidential and was not classified as confidential under section 10A of the Act. In fact, it was included in the publicly available council business papers not long after the council had given copies of it to members of the community. The release of the document was obviously in the public interest and it was clearly a document that would have been available to a member of the public had it been requested under section 12 of the Act.

Despite the fact that the council had had the report for some time, it had not been previously provided to the public. The councillor acted to ensure that it was so that its contents could be scrutinised by the public. Having done so, she is now being accused of breaching the code of conduct by not complying with the council's media policy, which appears to be designed to remove any right of councillors to provide information to the community unless such information has already been given to the public by the council administration. To my mind that clearly raises questions of the accessibility and provision of information that is in the public interest, but the fact that this councillor has been referred to the conduct committee of the council, I think, is equally concerning. I have a series of questions. **Can you advise the Committee how many code of conduct violations have been notified in the last 12 months?**

Mrs BARBARA PERRY: Generally, across all councils?

Ms SYLVIA HALE: Yes?

Mrs BARBARA PERRY: Notified to the Department of Local Government?

Ms SYLVIA HALE: Yes?

Mrs BARBARA PERRY: I will have to take that on notice. Can I firstly say in relation to conduct committees and the code of conduct that, as you would know, my role as the Minister is to set up the policy and legislative framework for councils and councillors. Part of that has been to establish the model code of conduct, which was required by legislation for all councils to adopt. They could not adopt anything less but they could adopt something more. We have to start from the premise of the Local Government Act 1993, which establishes that councils are autonomous bodies and councillors are elected officials. The model code of conduct acknowledges that as well in the way it is set up.

Generally speaking, conflicts and issues around behaviour have to be managed by the council and councillors themselves and there is a process that follows from the code of conduct. The decision to refer or otherwise to the Division of Local Government is a matter for councils themselves. If you would like me to take on notice the exact number across councils, I will have to find that information for you, but in relation to the particular matter I can say that my advice is that that particular matter was not notified from council. Sorry, I do not know if it was notified; I will check that. They do not need to notify these matters necessarily to the department. Most of the issues, behaviour and other interest issues, are dealt with by the councils. The only issue that needs to be notified to the department is a pecuniary interest matter.

Ms SYLVIA HALE: Minister, will you consider requesting councils that they advise you—even though they are not required to do so—of any code of conduct referrals and the outcomes of those referrals? Clearly, here we have an issue whereby the code of conduct provisions, I believe, have been misused to silence alternative views to keep the public in the dark. I know that the department frequently issues advice to councils. I am asking whether you will investigate this matter with a view to issuing such advice as to how those committees are to operate.

Mrs BARBARA PERRY: We have clarified the code of conduct through circulars about how things operate under the code of conduct. But it is really a matter for the councils themselves. There are a number of options that councils can undertake under the code of conduct, including mediation, alternative dispute resolution, and all those sorts of things. What you are talking about is a policy matter, which is not really in the purview of budget estimates, but I am quite happy to answer it.

Ms SYLVIA HALE: What I am talking about is essentially conflicts of interest that have perhaps been manifested and in fact exaggerated by the existence of code of conduct committees. Will you review the make-up of the code of conduct committees to exclude those who have a political or financial conflict of interest in the investigation, such as councillors, an employee of the council, or a contractor to the council? Inherently, unless those people, who may have a difference of political opinion, are excluded from the committee, I think there would be a view that perhaps a form of very rough justice is being administered.

Mrs BARBARA PERRY: That is your view. I would say to you that the code of conduct works very well across our State and it is a very strong code—which is to be established by councils themselves. You have to allow councils to have that autonomy, to govern themselves, and overall they do it very well.

Ms SYLVIA HALE: I can think of instances. Other than Tweed shire, we have Hurstville and Lithgow where the code of conduct committee proceedings are fairly contentious and they are seen to be used for a political purpose rather than as a means of ensuring that councillors conduct themselves appropriately and council business is conducted appropriately. What I am asking you is: Will you take steps to at least eliminate the potential sources of conflict of interest by preventing, say, councillors, or employees of the council or contractors to the council, from participating in those committees?

Mrs BARBARA PERRY: I think the code of conduct committees that are set up by councils generally are very well setup. In fact, I think councils do their best to ensure that appropriate people are placed on the committee. At the end of the day this is a matter for councils to manage, and manage appropriately. I think the code is servicing councils well at the moment.

Ms SYLVIA HALE: Can I give you a second example, in relation to Hurstville council. In this case council complained that another councillor had breached the code of conduct on the grounds that, in allegedly disclosing to a member of the public how councillors voted in a closed session on a decision to demolish a community hall, she had revealed confidential information. I find that highly troubling. Whilst the substance of the matter, whether or not to demolish the hall, may have been confidential—I think that is open to query—how people voted I think cannot, by any stretch of the imagination, be deemed to be confidential. And yet, because

the councillor in this case revealed that information—all she said was, "I am the only person who voted against it"—she was referred to the code of conduct committee.

Now the Hurstville ratepayers have spent approximately \$20,000 on the matter. The ironic aspect of it is that the councillors who made the complaint to the code of conduct committee have not revealed their identities. I think this is an abuse of the practice. Again I ask you: Will you look into the way in which the code of conduct committees are operating, and will you look at how they are constituted?

Mrs BARBARA PERRY: I believe that the model code of conduct sets out appropriate standards of behaviour for councillors, and the code covers all the issues you have talked about today. I also understand, in relation to both the matters you have raised with me, that those matters have been dealt with by the internal processes, and that is appropriate in the circumstances.

Ms SYLVIA HALE: Reverting to the issue of the publication of documents and making them available to the public, will you explain to the Committee the actions that you or your department are taking to ensure that the assumption is that council documents, other than those relating specifically to a tender process while that tender process is proceeding and other than documents relating to the personal records of staff, will be made publicly available and not withheld from the public?

Mrs BARBARA PERRY: It is very clear that the premise of the Local Government Act is about openness and transparency. Everything that the department and I, since becoming the Minister, have done is to ensure that openness and transparency in all aspects. There are provisions under the Local Government Act—section 10D relates to when matters can go into closed and confidential sessions. Of course, it is a matter for the councils to decide—and there are 152 councils across this State—the nature of confidentiality of documents and the reasons for that. Reasons have to be given under the Act for going into confidential discussions to deal with confidential matters, which would obviously include considering confidential documents.

In the main, with documents such as you have raised it would not be appropriate that they be out there, for whatever reason, such as commercial in confidence. I cannot be across every document that a council may have. There could be legal advice as well as other issues that could be confidential matters that are not just the matters to which you refer. Really that is a matter for each individual council to determine, bearing in mind that each individual council also knows that the thrust of the legislation and every guideline we have put out supports openness and transparency to the community.

Ms SYLVIA HALE: Will you write to advise councils of their responsibility and obligation to make documents, other than in the circumstances that we have discussed, available to the public, and to advise them that the adoption of media policies that restrict the making available of documents other than by the council administration is really contrary to the spirit and objectives of the Local Government Act?

Mrs BARBARA PERRY: Again, that is a matter for each individual council.

Ms SYLVIA HALE: No, I am asking if you will approach councils and write to them advising them of their obligations.

Mrs BARBARA PERRY: The councils are very aware of their obligations under the model code of conduct and their own codes of conduct. Just bear in mind that a lot of councils will have their own media policy and that cannot be in conflict with the code of conduct.

Ms SYLVIA HALE: If an individual member of the public or a councillor writes to the department complaining about the restrictive nature of a council's policy in relation to media, or other access to public information, you will undertake to investigate that and to advise the council accordingly?

Mrs BARBARA PERRY: The department looks at all written matters that are referred to it in an appropriate fashion and deals with it appropriately, as required.

Ms SYLVIA HALE: So I can expect the councillors of Tweed to receive an indication from you that their media policy may be completely inappropriate?

Mrs BARBARA PERRY: The councils themselves set up the media policies, and that is how democratic processes work. If there is a complaint as to a breach of that policy then the model code of conduct will require that that is dealt with by the council initially itself.

Ms SYLVIA HALE: I now turn to alcohol-free zones. Can you indicate to me what level of resources has been deployed to promote and enforce alcohol-free zones by councils?

Mrs BARBARA PERRY: First of all, alcohol-free zones are across portfolios, so to speak; they are not just in the purview of local councils. Each council sets its own resources within its budgetary limits. How councils do that is a matter for them. We certainly have the framework that allows them to do these things and set up alcohol-free zones. We have enhanced the powers under the legislation for councils and council officers to act in alcohol-free zones.

Ms SYLVIA HALE: One assumes that the purpose of alcohol-free zones is to reassure members of the public about safety issues in connection with the consumption of alcohol in public areas. What objective evidence is there that these concerns have been reduced or eliminated following the enforcement of alcohol-free zones?

Mrs BARBARA PERRY: That is a matter that you might wish to ask the Minister primarily responsible for these matters. That is a policing matter and a licensing matter. That maybe a matter you might want to ask a number of Ministers in other budget estimate matters. But what I can tell you is that we did conduct a survey of councils in our evaluation leading up to the changes that we have made to the alcohol-free zones and we found that councils, in the main, supported the changes that we made. I expect they would have consulted with a number of their own community groups, as we did. I think what you can say about alcohol-free zones is that the community supports them and what has been good as well is that the council areas that are prone to issues around this have shown great support of this.

Ms SYLVIA HALE: Is any data kept on those who are warned or fined as a result of drinking alcohol in alcohol-free zones? If so, what does the data inform the community about the social composition of those who have been warned or have been fined?

Mrs BARBARA PERRY: With respect, that is data that would be kept by the police or the State Debt Recovery Office.

Ms SYLVIA HALE: Clearly this is a matter of interest to councils and you, being the Minister for Local Government, but is there any liaison with the police or with the local councils on the compilation of such data?

Mrs BARBARA PERRY: Are you talking about the linking project that the police have?

Ms SYLVIA HALE: I am generally interested, because we have a policy that says we will extend alcohol-free zones. Is that policy producing the results that councils and you suggest it is producing?

Mrs BARBARA PERRY: In the main you will find that local government works well with their local area commands and the licensing sergeants in each local area command play a very important role, not only with local councils but also with the premises that are responsible for serving alcohol. I think that these are local issues that have been well addressed by the police, local councils and the community.

Ms SYLVIA HALE: When we have a policy that some people may see as being inherently discriminatory against certain sections of the community—those who cannot afford to drink in restaurants or whatever—it really is incumbent upon you as Minister for Local Government to attempt to obtain the data to show whether this is an effective non-discriminatory policy and to modify Government policy accordingly.

Mrs BARBARA PERRY: I think there is no issue out there with the community that there is a difficulty around antisocial drinking and alcohol-related crime. As a key component the Government has introduced amendments across a number of pieces of legislation, but in relation to my responsibility there have been additional amendments to the Local Government Act. In my view the Act supports, as do a number of other pieces of legislation, the reduction of antisocial behaviour. I think that is something that the community expects as well.

CHAIR: We will now go to the Opposition members for questions.

The Hon. JOHN AJAKA: Minister, I take you back to the budget estimates hearing in October 2007 when my colleague Melinda Pavey asked then Minister Paul Lynch about the Government's response to the FiscalStar report. The then Minister replied:

The whole-of-government response is being prepared and we would anticipate, I think, that that will be released reasonably soon.

Minister, you may recall that last year in October I also raised the same issue with you and asked you a number of questions. You replied:

I undertook today—

that was 14 October 2008—

to seek further advice about it. I will give the matter the necessary attention.

We then asked questions about how long is "soon" and you gave certain answers. As I understand it, to this day there still has not been a response from the Government, apart from the review of rate pegging. When will the response be provided? Further, what is meant by "necessary attention" and "soon"?

Mrs BARBARA PERRY: Mr Ajaka, I expect better of you. When did you last look at my website?

The Hon. JOHN AJAKA: Are you now saying there is a complete report in response to all the matters?

Mrs BARBARA PERRY: There is a complete response. If you would like a copy of it, you are more than welcome.

The Hon. JOHN AJAKA: Thank you, I will take that as being tendered. Minister, the 2009 FiscalStar report on New South Wales council financial sustainability—

Mrs BARBARA PERRY: By the way, I do not mean to interrupt you, but the first question you asked is not about FiscalStar. It is about Percy Allan's report. Is this one about FiscalStar?

The Hon. JOHN AJAKA: The 2009 FiscalStar report on New South Wales council financial sustainability, based on councils' 2007-08 financial statements, indicated that out of the top 99 councils 37 were financially unsustainable and a further 16 were on the verge of being financially unsustainable. When you consider these figures for the top 99 councils and the fact that the impact of the global financial crisis had not been taken into account at that stage, why do the Budget Papers indicate that the number of councils whose financial position is assessed as satisfactory is unchanged from the 2006-07 year?

Mrs BARBARA PERRY: It is clear that the FiscalStar report—by the way, it looked at only 100 councils—sees that most of those 100 councils are sustainable, according to its own methodology. I do not necessarily agree with the methodology of FiscalStar. In years past the local government sector has described the FiscalStar report as both alarmist and negative. In relation to the methodology issues, can I say, with the greatest respect to the report writer, I believe that it fails to take into account the total revenues received by councils and it does not use audited figures when determining the level of council infrastructure issues. In the main, on its own methodology, it nevertheless found councils to be sustainable.

The Hon. JOHN AJAKA: If I could put it this way, the New South Wales Government's policies over the past two years have seen the number of councils considered to be financially unsustainable increase from 31 to 37. Yes, they took 100 councils but we are talking about 37 per cent of those 100 councils. What action has the department taken, or is planning to take, to assist councils to resolve their financial difficulties as outlined in the FiscalStar report, which can only deteriorate further when the impact of the global financial crisis is taken into account?

Mrs BARBARA PERRY: The 37 councils—or 37 per cent, or whatever it is—is not a New South Wales Government figure. That is the figure of Percy Allan and the FiscalStar writers. That is the first thing. The second thing is this: Councils are in the main responsible for how they operate financially and with the resources they have, just like all levels of government. Together with councils, one of the issues that councils

acknowledge themselves is the sustainability of the local government sector. We have seen a number of measures that local government has undertaken to improve service delivery to its communities. That includes collaboration and resource sharing. Not only that, the local government sector has taken on board with great enthusiasm the integrated planning and financial reforms that we are bringing in. I am pleased to say that the shadow Minister, who is here at the moment, kindly supported that just a couple of weeks ago when we last sat in the House. These are measures that, I think, will well service local governments. It is equally incumbent upon local governments to continue to have a discussion amongst themselves about the best way to deliver services to their community, like every other level of government has to do, and to continually refine the way they do business.

The Hon. JOHN AJAKA: I will ask this question in two parts. Which branch of your Department of Local Government has the responsibility of assisting councils that have been identified as being financially unsustainable? Who are the staff members of that branch and what expertise do they have in financial management?

Mrs BARBARA PERRY: We definitely have a policy within the department of early intervention. I do not want to see councils fail and nor does my department, my division, want to see councils fail. We monitor councils right across New South Wales to ensure their financial governance and sustainability. That is what we do as a division. That is across the whole division, from investigators to the finance branch. It is a whole-of-division approach. It is just not the purview of one. Clearly, they all talk to each other within the department, raising issues at team meetings and so on. It is difficult to say that one side of the department is responsible for it because it goes across the whole department, and I think that is appropriate.

The Hon. DON HARWIN: Is the name the Finance Management Branch—

The Hon. JOHN AJAKA: I believe Mr Woodward mentioned that. I do not know whether that was part of the evidence.

Mrs BARBARA PERRY: It is really a matter for the entire division. It is the finance branch, the investigations branch, and the companion animals branch. There may be issues around companion animals that are not being followed that feed into how a council is operating. It is everything.

The Hon. DON HARWIN: Mr Woodward, would you tell us how many staff there are in the Finance Management Branch?

The Hon. JOHN AJAKA: And their expertise.

The Hon. DON HARWIN: Let us start with how many.

Mr WOODWARD: I might check with Mr Gibbs about the exact number. The Finance Management Branch has prime responsibility for monitoring the finances of councils. As the Minister has said, it is a whole-of-division view of councils. All the finance branch staff have finance qualifications.

Mr GIBBS: I believe there are 12 positions in the Finance Management Branch.

The Hon. DON HARWIN: What are the total operating costs of this branch and have they increased this financial year?

Mr GIBBS: The actual expenditure of the Finance Management Branch in 2008-09 was \$924,000. I do not have the figure for the previous year.

The Hon. DON HARWIN: Mr Gibbs—

Mrs BARBARA PERRY: Do you want to ask me? Is it appropriate that the questions are asked through me?

The Hon. DON HARWIN: You can assume that they are all asked to you.

Mrs BARBARA PERRY: If you would ask me directly, thank you.

CHAIR: The questions should be directed to the Minister and they can then be referred to departmental officers.

The Hon. DON HARWIN: It is supplementary to an answer that the Minister asked an officer to provide.

Mrs BARBARA PERRY: Out of respect, would you ask me first?

The Hon. DON HARWIN: Minister, has there been an increase in the amount of funds provided for the Finance Management Branch in this budget?

Mrs BARBARA PERRY: The matter of how the budget is divided across the department is an operational matter that is worked out through the division itself. Can I say though that I have an incredible division that is hardworking? I am not quite sure where your questions are leading but one of the—

The Hon. DON HARWIN: They are certainly not leading to time wasting and filling, Minister. There is a limited amount of time and if you want to do time wasting and filling—

CHAIR: Order! The Hon. Don Harwin, your role here is to ask questions relating to budget expenditure, not to be abusive towards the Minister or any other members.

The Hon. DON HARWIN: And the Minister's job is to reply to them—

CHAIR: Order! I will not accept rudeness from Committee members either. I expect these proceedings to progress politely.

The Hon. DON HARWIN: And I will not accept the Committee being treated with contempt by the Minister.

CHAIR: Order! I do not intend to allow this Committee hearing to degenerate into some sort of mudslinging match. I ask that members be polite when asking questions. If you have a problem with the way in which the Minister is answering a question please raise it with me and I will make a ruling on it. But do not engage in arguments with witnesses or Ministers. Minister, could you please answer the question?

Mrs BARBARA PERRY: Clearly, a focus of the division is early intervention, and the finance division and other divisions in the department work together collaboratively to ensure that the financial monitoring of councils happens productively and efficiently. In relation to the 2006 figure, Mr Gibbs indicated to you that he did not have that figure, but the important fact is that you need to understand that this is a holistic approach as opposed to just the finance department's approach.

The Hon. DON HARWIN: So you are not able to indicate whether you believe the amount was increased, whether it stayed the same or whether it decreased?

Mrs BARBARA PERRY: Is that a question that you would like me to take on notice?

The Hon. DON HARWIN: I would prefer you to answer it now but if you cannot I would obviously be prepared for you to take it on notice.

Mrs BARBARA PERRY: I am quite happy to take that on notice.

The Hon. JOHN AJAKA: Minister, whether or not you agree with the FiscalStar report—and I think you indicated that you do not agree with it—if you have 37 financially unsustainable councils prior to the global crisis, and the report indicates that a further 16 are on the verge, you would have to agree that it is your department's responsibility surely to increase its budget and take whatever action is necessary to assist councils to get through this. The last thing we want to hear is that 50 of the top 100 councils are financially unsustainable—or suddenly 60 or 70. I logically assumed that your budget would have to be increased in this respect so that more expertise would be used by persons within your finance branch to assist councils. Am I wrong in that assumption?

Mrs BARBARA PERRY: We do assist councils—and which council do you know of that went bankrupt recently? We monitor those councils that are having difficulties and we support them with advice and, if necessary, expertise. But these figures that you are quoting to me are not my figures. I reiterate: they are based on the methodology of Mr Allan and his co-authors and he makes an assumption based on his methodology, or concludes from his methodology, that some councils are unsustainable. Which councils are you referring to?

The Hon. JOHN AJAKA: Let me refer you to a few councils and maybe it will make it easier. When was the last departmental review of the City of Canada Bay council in light of the FiscalStar report, and what was the result of that review?

Mrs BARBARA PERRY: We are currently conducting a Promoting Better Practice review of this council. I expect that that will be finished shortly and discussed with the Canada Bay councillors.

The Hon. JOHN AJAKA: Can you give me an idea of what you mean by "shortly" so that we do not have to ask the same question each year?

Mrs BARBARA PERRY: When it is ready it will be ready. I should not say "shortly". But there is a Promoting Better Practice review.

The Hon. JOHN AJAKA: Is it one month, three months, six months?

Mrs BARBARA PERRY: I am not going to put a time limit on it. But there is a Promoting Better Practice review currently with that council that goes across a number of different areas of council operations, including financial.

The Hon. JOHN AJAKA: Let me ask the same question again. When was the last departmental review of Wollondilly Shire Council in light of the FiscalStar report, and what was the result of the review?

Mrs BARBARA PERRY: Again, you are making the assumption that I accept the FiscalStar report. It is someone else's report, not my report.

The Hon. JOHN AJAKA: So was there no review?

Mrs BARBARA PERRY: There may have been a Promoting Better Practice review of Wollondilly. But my point is: Is there something, to your knowledge, that you could refer me to that indicates that Wollondilly has any more difficulty?

The Hon. JOHN AJAKA: The question was: Has there been a review? The answer is yes or no. If there is no review, that is fine. If there has been a review when will it come out?

Mrs BARBARA PERRY: We have had a review of councils since we have been doing the Promoting Better Practice reviews. No to Wollondilly, but we have done many reviews since the Promoting Better Practice review process occurred. We have done 77 Promoting Better Practice reviews across New South Wales.

The Hon. JOHN AJAKA: Let me ask you the same question again but this time in relation to Albury City Council.

Mrs BARBARA PERRY: No to Albury, but bear in mind that we have done 77 councils.

The Hon. JOHN AJAKA: What about Clarence Valley Council?

Mrs BARBARA PERRY: I cannot see Clarence Valley on the list. But, again, we have done 77 councils. Would you like me to go through the councils we have done rather than you ask me which councils?

The Hon. JOHN AJAKA: Minister, I would be grateful if you would allow me to ask the questions. As at 18 August 2009, Botany Bay City Council's latest financial statement relates to 2007 and provides minimum information. Can you please advise what action you are taking to ensure that at least Botany Bay City Council includes its full, satisfactory financial reports on its website in the interests of transparency and future inclusion in the FiscalStar report? I understand that it could not be included because it had not completed its reports.

Mrs BARBARA PERRY: The annual report process comes out about October or November of each year, and you will find that both councils and our own annual report refer to that.

The Hon. JOHN AJAKA: Can you list the councils outside the top 100 ranking that the department has reviewed to determine their financial sustainability during the past 12 months?

Mrs BARBARA PERRY: But that is not my ranking. Whose ranking is that? I do not have a ranking.

The Hon. JOHN AJAKA: The 100 councils that were not mentioned in the FiscalStar report. Are you able to give us any indication?

Mrs BARBARA PERRY: I do not rely on someone else's methodology. It is informative from that aspect but I do not rely on that, and nor does my department to do its work and conduct what it has to conduct. As I have indicated to you, there have been 77 Promoting Better Practice reviews. We are constantly reviewing councils where issues arise. There are many ways that information comes to us and there are many ways that we intervene early to support councils that may be having difficulty. In the main, that has worked well in this State. The sustainability of councils is something that the local government sector is having discussions about, and ultimately the local government sector is responsible for how it best delivers services to the community. That is a matter for councils to look at too.

The Hon. DON HARWIN: Are those 77 on the website?

Mrs BARBARA PERRY: They are still on the website. That is a list of Promoting Better Practice reviews as at 30 June 2008.

The Hon. DON HARWIN: If that is as at 30 June 2008, would you be able to supply to us, on notice, a list of those that have been completed subsequently and that are ongoing at present?

Mrs BARBARA PERRY: Those that have been conducted are Canada Bay, Griffith, Guyra, Mid Western, New England Alliance, Ryde, Queanbeyan, Palerang, Pittwater, Goulburn, Mulwaree and Brewarrina.

The Hon. DON HARWIN: The department's "Comparative Information on NSW Local Government Councils 2007/08" released in July this year included some fairly telling statistics that indicate the financial difficulties that face local government. What assistance is the department providing to those 17 councils whose ability to meet their short-term obligations was unsatisfactory?

Mrs BARBARA PERRY: Which short-term obligations? It is unfortunate that it is called "comparative". Perhaps there should be a different name. It is not really a comparison.

The Hon. DON HARWIN: Would it assist you if I were to tell you which key performance indicator I am talking about? It is the unrestricted current ratio in terms of meeting short-term obligations.

Mrs BARBARA PERRY: That is the interesting thing about unrestricted current ratios and how each individual council determines that ratio. We cannot compare councils; they are different not only in demographics but also in rate structures and the services they need to deliver. We cannot compare unrestricted debt ratios.

The Hon. DON HARWIN: The department states that the ratio is unsatisfactory if there is less than \$1.50 in unrestricted current assets for every dollar of unrestricted current liabilities, or a ratio of less than 1.5:1. That is what it regards as an inability to meet short-term obligations. Surely that is a fairly clear benchmark that could be used to assess all councils and, in particular, those 17 councils that are regarded as not falling within that—

Mrs BARBARA PERRY: That is one benchmark only. There is a great deal to council operations and finances that should be examined. The department talks to the councils referred to that have caused some concerns.

CHAIR: The time for Opposition questioning has expired.

The Hon. HELEN WESTWOOD: What is the status of the new integrated planning and reporting framework?

Mrs BARBARA PERRY: The new integrated planning and reporting framework has been developed to strengthen councils' strategic focus, to cut red tape and to improve service delivery to meet community needs. As with all levels of government, it is critical that local government finds new ways to better plan and deliver services. These reforms are targeted at improving councils' performance and ensuring the communities have a say in what services their councils provide. The hallmark of these reforms is a new strategic planning framework in which councils will operate. Under the changes, councils will be required to develop long-, mid- and short-term plans that set out what they want to achieve over the next 10 years. The new framework will remove the current management and social plans and will replace them with streamlined, integrated, longer-term planning arrangements.

The first of these plans is a 10-year community strategic plan that will allow councils to map out the broad aims and aspirations of the local area on key issues such as the environment. This plan will then be supported under the reforms via the introduction of a four-year delivery program. That program will demonstrate what measures the council will take to meet its community aspirations during its term in office. Not only will the delivery program provide a chance for a council to plot its course for its term in office but it will also provide a clear performance measure for the community when assessing the council's performance at the next election.

One of the important things is that consultation with communities is more important than ever. I suspect that we will see very innovative consultation from councils. In going around New South Wales and talking with councils about the integrated planning framework we have found that councils are eager to bring on board their communities and to find out their communities' priorities in this process. To ensure that councils are taking the right steps to achieve the stated aims, a one-year operational plan, which will detail the annual delivery program activities, will be required to be prepared. That plan will include a statement of a council's revenue policy for that year and will detail its rates, fees and charges.

The new framework is about encouraging councils to draw their various plans together to understand how they interact and to get the maximum leverage from their efforts by planning holistically for the future. It recognises that most communities share similar aspirations, which include a safe, healthy, pleasant place to live, a sustainable environment, opportunities for social interaction and employment and reliable infrastructure. The difference lies in how each community responds to these needs and the decisions made by its council.

The new framework also opens the way for councils and their communities to have those important discussions about funding priorities, service levels, preserving local identity and planning partnerships for a more sustainable future. The proposed new system will also require that councils give due regard to the New South Wales State Plan when developing their community strategic plan. It is essential that councils identify initiatives and opportunities to work with State Government agencies and that State Government agencies must equally embrace the opportunities that partnerships with councils provide to deliver services effectively to their communities. In these discussions it is important to remember that local government in New South Wales is responsible for assets worth approximately \$50 billion. Infrastructure assets include roads, water and sewerage works, drains, bridges, footpaths, parks, reserves and public buildings. It is an incredible sector with incredible infrastructure.

A strong and sustainable local government system requires a robust planning process to ensure that all assets are maintained and renewed in the most appropriate way on behalf of local communities. Local government is responsible to account for and manage these assets effectively and to have regard to the long-term and cumulative effects of its decisions. Failure to manage infrastructure assets adequately is clearly a key risk that can prevent a local council from providing proper services to its community. Asset management planning is included in the resourcing strategy component of the proposed integrated planning and reporting system. The resource strategy requires that councils plan for their long-term need for assets, money and people to ensure that they can deliver services to their community in a sustainable way and in line with the community's long-term vision. Of course, that is in line with the Commonwealth Government's national framework for local government financial sustainability, which has been signed off by all jurisdictions. The Prime Minister has also made it clear that local councils across Australia must get their asset management and long-term financial planning in better shape. That clear direction has been articulated by the Federal Government and all State jurisdictions.

Implementing the integrated planning and reporting framework will enable all councils in New South Wales to meet the Commonwealth's requirements. The Department of Local Government has been working closely with the sector over the past four years on the development of the new planning and reporting framework. It will also continue to provide capacity-building support and guidance during its implementation. I am happy to inform the Committee that the sector has indicated widespread support for the new system. In May 2009, the Government released the exposure draft bill and regulations. The legislation is now before the Parliament and it was passed by the Legislative Assembly last week. The department has received feedback on the legislation and in light of that it is finalising the documents and they will be released subject to the passage of the bill in the Legislative Council.

The bill includes transitional provisions to enable the new framework to be implemented in three groups of councils over a three-year period, with the first group to commence the new system in the 2010-11 financial year. I suspect those that opt for that will be the ones that have started this work and are well underway with it, which many councils are already. Clearly, councils will choose which group they are in to allow for the differing capacities of councils to be ready to implement that framework. As I said, some councils have already commenced developing their plans in anticipation of the new framework being introduced. I am pleased to say that all councils will be operating under the new framework from the commencement of the next local government electoral term, which is in September 2012.

The Hon. GREG DONNELLY: What training was held for councils after the 2008 local government elections and how well has that training gone to meet the needs of local councillors?

Mrs BARBARA PERRY: That is one thing I am very strong about across the sector, improved governance. Improved governance can occur only through ongoing education and ensuring that councils have a strong understanding of the role and responsibilities, which is one of the many ways in which my division and this Government are helping to improve the governance of councils in New South Wales. The Local Government Act sets out a council's role and overall responsibility but, while it does that, it is not a guidebook on how to write a notice of motion or how to manage a conflict of interest or behave appropriately in a council meeting. That is why, to assist all councillors elected in September 2008, a council development strategy was implemented. That strategy aimed to ensure that New South Wales councillors have timely access to the information they need to understand their roles and undertake their roles effectively. The strategy also aims to facilitate ongoing professional development.

A number of elements of the strategy were implemented in partnership with the Local Government and Shires Associations. We also had input from other relevant organisations, such as the Local Government Managers Australia, New South Wales Branch. That strategy comprises a number of components. Firstly, can I say that following the local government elections 46 council information seminars were held for councillors and general managers across the State. Those seminars encouraged interaction to maximise learning outcomes. They focused on three main topic areas—roles, responsibilities and relationships, and the code of conduct and meetings practice. We have also developed a resource package, and that is on compact disc. That was distributed to all councillors at the council information seminars. That compact disc included relevant departmental guidelines, practice notes and other useful information. I am also happy to say that our website is regularly updated and contains not only practice notes but ongoing circulars and useful information as well.

The division has also prepared a new councillor induction and professional development guide for councils, and that was issued to councils to assist them to develop induction and continuing ongoing professional development programs for their councillors. It provides information on how to develop and implement these types of programs as well as a checklist of what to include. A council guide, a joint publication between the division and the Local Government and Shires Associations, was distributed to all councillors. It was aimed at newly elected councillors. It also contains useful information about their roles and responsibilities, the code of conduct, meetings practice, as well as planning, reporting and financial management.

As technology advances we have also developed a web-based information directory for councillors. That is hosted on the division's website and includes all relevant resources as well as contact details and links to relevant agencies and organisations. To ensure we are meeting councils' needs the council development strategy is currently being evaluated to assess its effectiveness in achieving its aims. The first stage of that evaluation has been completed and it focused principally on the effectiveness of the council information seminars. That evaluation found that the seminars were well attended by both new and experienced councillors. A total of 1,217 or 83 per cent of all New South Wales councillors, attended the seminar. Of those, 42 per cent were elected for the first time at the last election.

Approximately 90 per cent of councillors who attended the seminars took the time, thankfully, to give us some feedback. Of these, most new and experienced councillors—that is, 82 per cent or more—reported that the seminars we conducted improved their understanding of the three key topic areas referred to before. It is a good indication that the seminar content was effective in meeting the needs of newly elected councillors. The evaluation of other elements of the strategy will continue throughout the council term. However, the important work being conducted by the division requires complementary efforts on the part of councils themselves.

The Hon. HELEN WESTWOOD: What are you doing to address the issue of safety around dogs?

Mrs BARBARA PERRY: I am very pleased to answer a question about this matter. The safety and protection of children is a top public safety priority for any government, and that is why the Rees Government is committed to reducing the number of dog attacks. Many of us enjoy having a pet at home but many young children are unaware of how to behave safely around pets, especially dogs. They can often be put at risk. Education and awareness are the keys in preventing attacks, in my view. Children can be taught specific skills, actions or strategies to keep them out of danger from dogs and to help them if a dangerous situation arises. Community awareness is critical, and educating small children means a carefully tailored approach must be taken.

We have an important program called SPOT [Safe Pets Out There], and that is having a positive impact. That program was developed by a partnership between the Division of Local Government and key companion animal organisations. Since February 2007 the SPOT program has recruited over 200 volunteers. We have taught over 150,000 children from kindergarten to year 2. SPOT is teaching children about animal welfare and safety around dogs but, importantly also, about responsible pet ownership. The SPOT website contains information and resources for teachers, parents and children and also has online bookings. The SPOT program is targeted specifically at junior primary school children in classes kindergarten to year 2—that is obviously five-year-olds to seven-year-olds—and it relies heavily, as I said, on dedicated volunteers to get its crucial education message across. Today I am proud to recognise the contribution of everyone who has been involved in the SPOT program and my department, which has administered it.

The program's focus is on safe behaviour around dogs. Hopefully, it will lead to a measurable reduction in the incidence of dog bites or dog attacks on children. While the program is currently focused on children from kindergarten to year 2, it may be expanded in the future to cover students in preschool as well as primary school students in grades 3 to 6. It is a great platform for young children. The program has worked well. I have seen it in action at a couple of different schools and have seen how young children respond to it. It is a unique initiative. I think it is possibly life saving and is also about educating young people, giving them more confidence around animals and a greater awareness of potential dangers. As I said, I acknowledge the incredible work that has been undertaken by this valuable program and I would say to you that there will be a tender out there soon for the SPOT program to continue.

The Hon. GREG DONNELLY: My next question is in the light of questioning you received from the Hon. John Ajaka and the Opposition Whip, the Hon. Don Harwin, about the sustainability of New South Wales councils. There was mention of the FiscalStar financial sustainability assessment. Can you comment, please, about the sustainability of New South Wales councils in general?

Mrs BARBARA PERRY: As I mentioned earlier, FiscalStar is a private consultancy and, as such, it is not associated with the New South Wales Government. The 2009 FiscalStar financial sustainability assessment of New South Wales councils is based on an assessment of only 100 of the 152 councils we have in the State. In summary, FiscalStar claims that 37 of the 100 councils surveyed were found to be financially unsustainable. Another 16 were rated as vulnerable, and the unsustainable councils will need to increase their rates, fees and charges by 80 per cent to 300 per cent over the next 10 years to get their finances and infrastructure in order.

I am advised that the methodology used by FiscalStar to come to its conclusion is possibly questionable at best. The operating deficit ratio does not use all revenue available to councils in its calculation. Its infrastructure ratio uses audited financial data. The methodology used is basically an extreme worst-case measure of council sustainability. Understandably, that is not the approach taken by council auditors. Remember, under the legislation each council is required to be audited every year.

The Hon. GREG DONNELLY: It is a worst-case scenario analysis?

Mrs BARBARA PERRY: Yes, it is like a worst-case scenario analysis. As I said, it is not the approach taken by council auditors or the Division of Local Government. FiscalStar's report on New South Wales council financial sustainability has been criticised by the local government sector itself. There has been increasing criticism about it being alarmist and negative. Each year each council has to have its financial statements audited by a registered company auditor. In the past three years most councils have been identified by the auditor as operating satisfactorily.

The Division of Local Government also monitors all councils across New South Wales and it has done so for many years. We undertake a comprehensive assessment of all councils. That assessment is based on recognised financial indicators such as operating results and trends, liquidity and cash position, debt leverage, debt collection, infrastructure and asset management. Overall, the division found there has been little change in the financial position of councils in New South Wales from the 2005-06 financial year to the 2007-08 financial year, which are the last financial reports.

The financial position of all councils will be reviewed once the 2008-09 financial reports have been received from councils later in the year. Communities have a justified expectation that their councils will be prudent and responsible with the revenue that is raised from rates, fees and charges. Recently, as I indicated earlier, legislation on integrated planning has gone through the Legislative Assembly and will hopefully soon go to the Legislative Council. This will set new standards for the long-term planning and financial reporting by New South Wales councils. Just to recap: In that there is an integrated framework that will require councils to plan for the long term, with particular emphasis on matching infrastructure to community needs. That new framework clearly is designed to help councils avoid overcommitting to projects that they simply cannot afford and cannot undertake. Careful financial planning and good reporting mechanisms are the best ways to avoid this.

If councils successfully implement the new planning and reporting system, they will be in a position to understand the capacity and the willingness of their community to sustained increases in rates. Councils will have had that discussion with their community, which is an important part of all this, and about the level of rate increases that will be necessary or acceptable to enable councils to deliver the services their communities so desire. The new system will open the way to councils and their communities to inform planning on funding priorities and service levels while preserving local identity and planning for a much more sustainable future.

The sector is having ongoing discussions about sustainability and it is important that the sector takes responsibility for this. I refer to the comments of the President of the Shires Association on some of the models around service delivery to communities and the best way to achieve that. I encourage the sector to continue discussions on looking at efficient ways of resource sharing and collaboration.

Ms SYLVIA HALE: It is 12 months since the last local government elections. Can you advise the Committee on the cost to local government of the conduct of those elections?

Mrs BARBARA PERRY: The fact that the Electoral Commissioner has run these elections fully and not councils is the real issue here. Well before the elections the Electoral Commissioner went around to the councils to discuss the potential cost so that councils could plan for those costs. Most of the councils that he spoke to understood the potential implications of those costs and most councils were able to budget for those costs.

Ms SYLVIA HALE: With respect, Minister, what was the cost?

Mrs BARBARA PERRY: The final cost—this is from the commission's report—was \$25.9 million. I will outline how that is broken up. The average cost per elector was \$5.71; the average cost per metropolitan council was \$369,550; the average cost per rural council was \$92,796; the highest actual cost, which is reflective of the population, was probably Blacktown City Council; and the lowest cost, again reflective of the population, was Jerilderie shire.

Ms SYLVIA HALE: Thank you, Minister, you have given me the figure of \$25.9 million. Can you tell me how much that figure exceeds the cost to councils of conducting the elections, which councils conducted themselves the previous local government elections?

Mrs BARBARA PERRY: I just state that the final cost was \$5.2 million less than the budget estimate distributed to councils in 2008.

Ms SYLVIA HALE: I am sure that is cold comfort to councils, which found that individually their costs were far greater this time round than they had been during previous elections.

Mrs BARBARA PERRY: The reason for that, possibly, is that councils had not factored into their costs previously the photocopying material that they undertook with council resources. There are a number of other things that were not factored in, I suspect, in the previous costs that councils were not looking at and determining.

Ms SYLVIA HALE: It is my understanding that many councils were unhappy because facilities they had, which could have been used for the elections, were not used; for example, council buildings. Have you done any analysis of the cost to councils of conducting the previous council elections and compared them to the cost of conducting the 2008 election?

Mrs BARBARA PERRY: As you would be aware and as all members of this Committee are aware, there is currently a New South Wales Parliament joint standing committee looking at electoral matters and I suspect much of the evidence there will refer to that.

Ms SYLVIA HALE: Can you tell me if the State Electoral Office made a profit from the conduct of those elections and, if so, will the Government be returning that profit to local councils?

Mrs BARBARA PERRY: I expect that the Electoral Commissioner will be called to give evidence before that joint standing committee and I am sure that is a question that can be asked of him.

Ms SYLVIA HALE: But you have done no investigations to determine that for yourself, is that the case?

Mrs BARBARA PERRY: There is an inquiry currently before the joint standing committee and I would say to you, with the greatest respect, that it is possibly a question best answered by the Electoral Commissioner.

Ms SYLVIA HALE: But with respect, your job is to promote the interests of local councils and it cannot be in the interests of local councils if another State government agency makes a profit at their expense.

The Hon. GREG DONNELLY: Point of order: The member is presenting a question in the form of an argument. The member should put her question to the Minister instead of putting an argument to the Minister because that is not the purpose of a budget estimates hearing. The question should be clarified.

The Hon. DON HARWIN: To the point of order: While I do not disagree with the Hon. Greg Donnelly, that is not the way Ms Sylvia Hale is choosing to use this question time. Perhaps we do not need to be as strict as we are in the House.

CHAIR: It probably is better if the tone of the question is not so argumentative, but the content can continue along the same vein.

Ms SYLVIA HALE: Minister, in view of the fact that it is of great relevance to local government as to the cost of elections, and presumably given the straitened financial circumstances in which many of those councils find themselves, will you guarantee that, should it be determined that the State Electoral Office has made a profit from the conduct of those elections, that profit will be returned to local councils?

Mrs BARBARA PERRY: That is precisely why some of the matters and concerns you raise in your question no doubt will be dealt with at the joint committee. At the end of the day, what we have insured is that there are open and transparent elections—which there should be. And they do cost money.

Ms SYLVIA HALE: Minister, can I put it perhaps more simply—

Mrs BARBARA PERRY: I understood your question.

Ms SYLVIA HALE: If it is discovered at the inquiry that the State Electoral Office has made a profit, will you guarantee that that profit will be returned to local councils?

Mrs BARBARA PERRY: I think that is a pre-emptive question. I think that is the question we need to establish the answer to first.

Ms SYLVIA HALE: Minister, if you are reluctant to answer the question, that is fine; just say so.

The Hon. GREG DONNELLY: Point of order: I am not quite sure whether the last statement was a clever type of question or Ms Sylvia Hale was simply having a go at the Minister. If it was just a gratuitous statement, which I think it was, I ask for it to be withdrawn.

Ms SYLVIA HALE: I cannot find any possible grounds for withdrawing. All I have requested of the Minister is that, if she is not going to answer a question, she should say so in a straightforward manner so we all know exactly where we stand.

CHAIR: In ruling on the point of order I again remind members that it is probably preferable to keep the tone of questions and the tone of discussion during budget estimates on an even keel.

Ms SYLVIA HALE: Minister, at the most recent local government election many people with mobility issues were unable to vote at their local polling booths because they were located in inaccessible areas. Parts of schools were inaccessible even though other parts of those schools might have been wheelchair accessible. Will you ensure that where accessible schoolrooms exist, these rooms must be made available to the State Electoral Office to ensure access by all citizens to polling booths?

Mrs BARBARA PERRY: First of all, the Electoral Commissioner is responsible for how and where elections take place, and I have no doubt that the Electoral Commissioner looks at those issues about disabled access, et cetera. Again, I am sure that these will be some of the matters that some councillors—not all councillors—will raise before the Joint Standing Committee into Electoral Matters.

May I make this point. Yes, my role is to ensure that councils have a policy and legislative framework from which to operate, but I also have a role not only in relation to councils but also in relation to their residents and ratepayers. Similarly, the Government has a role to ensure that we have open and transparent elections. In this State the Electoral Commissioner is responsible for how that is all set up, and there is a proper Act that governs all of that.

Ms SYLVIA HALE: Minister, will you write to the State Electoral Office and request that it ensures that, in so far as local government elections are concerned, polling booths will be located in fully accessible areas?

Mrs BARBARA PERRY: With the greatest respect, I am not the Minister responsible for the conduct of elections in this State. Having said that, I am sure that the Electoral Commissioner, since the elections and during this committee, will have these sorts of matters raised.

Ms SYLVIA HALE: Minister, I understand it is within your capacity to at least write to the State Electoral Commissioner and request that all polling booths be accessible. My question is: Will you at least write and request that?

Mrs BARBARA PERRY: That is not a matter for consideration here, and it is not a budget estimates question. I have every confidence in the Electoral Commissioner and his staff being able to perform their duties in relation to the conduct of elections and the types of buildings required for elections.

Ms SYLVIA HALE: Minister, I am not sure that it is up to you to determine what is or is not a budget estimates question. The tradition is that questions range over a wide variety of areas. If you will not write to the State Electoral Commissioner, would you please say so?

Mrs BARBARA PERRY: As I indicated earlier, I have every confidence in how the Electoral Commissioner conducts the elections. Again, these are matters that are best aired by councillors themselves where they have individual issues with the Electoral Commissioner—which they have done. I am aware that they have done that. Because I am aware of that, I know that the Electoral Commissioner will take those matters into account. Furthermore, if there are ongoing issues and matters, I am sure they will be raised with the joint standing committee and that recommendations will be made.

Ms SYLVIA HALE: Minister, I now turn to the Independent Commission Against Corruption inquiry into Wollongong council. What specific steps and timetable have you taken to ensure that the 27 recommendations by the ICAC in relation to corruption allegations affecting Wollongong City Council have been implemented?

Mrs BARBARA PERRY: You might be aware that although the ICAC report in relation to Wollongong council contained 27 corruption prevention recommendations, most of those recommendations were directed at Wollongong council or local councils generally. Only seven of the ICAC's recommendations are directed towards the Government more broadly. In relation to my aspect of those recommendations, there is only one recommendation directed to my department, and that is recommendation 27.

Ms SYLVIA HALE: That all New South Wales councillors consider a prohibition on binding caucus votes in relation to development applications during their next code of conduct review? Is that the recommendation you are referring to, recommendation 27?

Mrs BARBARA PERRY: Yes.

Ms SYLVIA HALE: Recommendation 26, which is on the same topic, provides that Wollongong City Council amends its code of conduct to include a prohibition on binding caucus votes in relation to development applications. Minister, can you explain why you have not moved to ensure that the State-appointed administrators have implemented this recommendation?

Mrs BARBARA PERRY: May I just say that the model code of conduct already sets out that binding caucus votes are inappropriate where merit-based decisions are required. Clearly, a merit-based decision is a development application. I know that Wollongong council has adopted a code of conduct. As I said in response to earlier questions, the model code of conduct had to be adopted—nothing less—but could be even more strenuous than the model code of conduct adopted by each individual council. I am aware that every council across New South Wales has now got a code of conduct in place, including Wollongong.

Ms SYLVIA HALE: You are saying that, so far as those binding caucus decisions are concerned, that recommendation has been implemented by the administrators of Wollongong council?

Mrs BARBARA PERRY: Yes. You asked me earlier about something to do with votes, did you?

Ms SYLVIA HALE: Yes, binding caucus votes in relation to development applications.

Mrs BARBARA PERRY: Wollongong council, like every other council in New South Wales, has adopted a code of conduct. You would be aware that currently there are three administrators at Wollongong council administering that council.

Ms SYLVIA HALE: I gather you are happy with the performance of the administrators. Unfortunately, from my talking to residents of Wollongong I know that they are deeply unhappy and feel that the community has in effect been excluded from the decision-making process down there. They are also concerned about the lack of response to any queries or requests for information from those administrators. Given that the old council has been dismissed, that there has been an Independent Commission Against Corruption investigation and that the administrators have been in office for some time now, can you explain to me why the people of Wollongong should continue to be denied their democratic right to elected representation by councillors of their own choosing?

Mrs BARBARA PERRY: I firstly say that I have every confidence in the administrators at Wollongong. I secondly say that the three administrators have been hard at work addressing the issues and matters that have been well traversed around Wollongong through the Independent Commission Against Corruption report. Those matters are being addressed through their day-to-day work and activity both within the community and within the council. Now that takes time. It takes time to rebuild and it also takes time to address the cultural issues within an organisation. That work is on track and it is not ready to return to the democratic process that you refer to, although the democratic process is very important. Remember, this is a recommendation by the Commissioner of the Independent Commission Against Corruption that the council be wound up and that administrators be appointed. That is what the Government has done. I can tell you today that until I am told otherwise the council will stay in administration until September 2012.

Ms SYLVIA HALE: Minister, can you provide the Committee with the details of the length of time that administrators spend in Wollongong on council business? An ongoing complaint is that they are there for incredibly short periods and it is almost impossible for residents to have any contact with them, as they may have had with elected councillors.

Mrs BARBARA PERRY: Reports come to me from the administrators and I also have meetings with the administrators. I know that the administrators conduct face-to-face meetings: not only do they have people come in to see them but they actually go out to the community and conduct different meetings in different parts of the Wollongong local government area. If there are concerns and complaints by individual residents in the main it would be appropriate for the individual residents to firstly raise them with the administrators themselves and that the administrators be given an opportunity to discuss them with the individual residents.

Ms SYLVIA HALE: Minister, I am glad that you know so much. My question was whether you will share that information with the Committee. Will you provide to the Committee details of how much time the administrators actually spend in Wollongong attending to council business?

Mrs BARBARA PERRY: You are saying there is a blanket discontent with the administrators, and I do not agree with that.

Ms SYLVIA HALE: I am asking you to provide the Committee—

Mrs BARBARA PERRY: I do not agree with that.

Ms SYLVIA HALE: I am asking you to provide information to the Committee that would show that any suggestion that they are not spending adequate amounts of time there is incorrect?

Mrs BARBARA PERRY: If you have a look at the council reports that are put out on the council website you will see that they are reflective of the work that has been done with the community and the consultation that has been undertaken with the community by the administrators and staff.

Ms SYLVIA HALE: Minister, will you provide the Committee with information as to how much time each of the administrators actually spends in Wollongong attending to Wollongong council business?

Mrs BARBARA PERRY: I do not require that—

Ms SYLVIA HALE: A yes or a no will do.

Mrs BARBARA PERRY: I do not require that of each of the individual 1,500 councillors in this State. The administrators are in the shoes of each individual councillor and I say to you that they are undertaking their work effectively.

Ms SYLVIA HALE: If the administrators were actually in the shoes of the other councillors of this State they would probably no doubt live in the electorate or the local government area, but clearly these administrators do not, and I am told that they rarely visit. Will you provide the Committee with the information as to how long they have spent in Wollongong since their appointment attending to council business?

The Hon. GREG DONNELLY: Point of order: I think the question has been directed to the Minister at least five times, if not six times—

Ms SYLVIA HALE: I know, because I am not getting an answer.

The Hon. GREG DONNELLY: You are not getting the answer you want to hear, that is the point.

Ms SYLVIA HALE: I am not getting any answer.

CHAIR: Order!

The Hon. GREG DONNELLY: At the end of the day, as I understand it, Ministers are able to answer questions as they see fit. I have heard the Minister answer the question as she wishes. It seems to me the member should move on to her next line of questioning.

CHAIR: In ruling on the point of order, if Ms Hale wishes to use the time available to her asking the same question repeatedly in various ways then that is her choice. If the Minister wishes to answer the question in any way she chooses then that again is the choice of the Minister. Minister, do you wish to answer the last question?

Mrs BARBARA PERRY: I think effectively what I have said to you is correct. The administrators are there and they are there, as they are required to be, to undertake their job. When they are required to be there they are there, but it depends on the issues and the circumstances. Through the reports that I get, and also through the public reports on the council website, you can see that the administrators are undertaking their job with due diligence and ensuring that appropriate community consultation and action is taken.

CHAIR: The time for questioning by the crossbench has expired. We will now move to Opposition questions.

The Hon. DON HARWIN: The budget papers outline that \$6 million has been allocated to the administration of the Companion Animals Register. How much, if any, of that \$6 million is passed on to councils?

Mrs BARBARA PERRY: I will ask Mr Gibbs to give you that information.

Mr GIBBS: The question was: How much of the registration fees is reimbursed to councils?

The Hon. DON HARWIN: How much of the \$6 million that you are allocated in the budget papers is passed on to councils? In the budget papers it is quite clear that there is a \$6 million allocation to the department for the administration of the Companion Animals Register. How much of that, if any, is passed on to councils?

Mr GIBBS: The amount collected in 2008-09 was \$5,783,980 and the amount reimbursed to councils in 2008-09 was \$4,401,016.

The Hon. DON HARWIN: Given that councils keep a register of dog attacks, they do the dog registration and obviously most of the administrative work, what do you actually spend the remainder of the money on?

Mrs BARBARA PERRY: I will ask the Deputy Director General to answer that question.

Mr WOODWARD: The remainder of the funds is retained by the department to administer the Save Pets Out There [SPOT] program, and the internal administration of the department to run the program or to ensure the program is properly conducted. So the internal administration is the small amount and the SPOT program is the bulk of it. The majority of the money goes back to the council; about 85 per cent is returned each year to the councils.

The Hon. DON HARWIN: In terms of the actual administrative expenses, which you have indicated is the minority of the remainder; can you please give me a figure as to how much of that is spent on the administrative costs of the department and what it is spent on, other than the SPOT program?

Mr WOODWARD: Yes, we can provide that. The SPOT program is \$700,000. The remainder is basically running the register and paying for the help desk that we provide for councils as well. There are four staff members in the companion animals area. I will have to find the exact figure for the cost of those four staff members.

The Hon. DON HARWIN: Obviously, those four staff members do not cost \$700,000.

Mrs BARBARA PERRY: No. In clarification, the SPOT program is \$700,000 and then there is a small remainder—

The Hon. DON HARWIN: The difference between—

Mrs BARBARA PERRY: We are talking about a \$5 million collection.

The Hon. DON HARWIN: I think it is \$5.7 million.

Mrs BARBARA PERRY: I think it is less than that, but it is over \$5 million collected and over \$4 million returned to councils. SPOT is \$700,000 of that gap. Some of that remainder goes to administration for us to implement the companion animals area. We might be able to tell you exactly what we do implement and what that covers.

Mr WOODWARD: There are things like the Pet Line, which cost in 2007-08 \$118,000. We also had to maintain the register, so there are some IT costs to keep the register up to date, as well as the administration. We can provide a detailed breakdown of all that, if necessary.

The Hon. DON HARWIN: If you would I would be very grateful, Mr Woodward.

Mrs BARBARA PERRY: But we are not keeping the money.

Mr WOODWARD: The majority of the money goes back to the councils so that they can administer the program.

Mrs BARBARA PERRY: In relation to the dog register that we introduced in February, we set up the template for that and assisted councils with it. So a lot of the work was done by us in relation to that, saving councils the money and the strain of doing it.

The Hon. DON HARWIN: I now turn to a question that comes from Budget Paper No. 3 at page 16-4. Minister, the Budget Paper indicates that the number of councils whose financial position is assessed as satisfactory is unchanged from the 2006-07 figure, which is 80. In which publication, if any, produced by the department are outlined the 80 councils whose position is assessed as satisfactory and the 72 councils that are assessed as unsatisfactory?

Mrs BARBARA PERRY: I do not know where the figure of 72 comes from. It is a percentage figure of 80 per cent. As I indicated to you earlier, with the remaining 20 per cent across all councils—

The Hon. DON HARWIN: It was a mistake. It is 80 per cent and 20 per cent.

Mrs BARBARA PERRY: As I indicated earlier in answer to a question from one of the Government members and a previous question from you, we are constantly monitoring all councils' financial matters, including that 20 per cent. I do not know where the figure of 72 comes from.

The Hon. DON HARWIN: That was a mistake on my part. It is 80 per cent and 20 per cent. Of the 152 councils, in which publication are the 80 per cent assessed as satisfactory and the 20 per cent assessed as unsatisfactory indicated?

Mrs BARBARA PERRY: I might also say that these figures are an estimate. I point out before I ask the Director General to add to my answer, as I said earlier, it does not mean that the remainder or the estimated remainder percentage are unsustainable. It does mean that the division is looking at the remainder, the estimated remainder.

Mr WOODWARD: This figure is a forecast so that we can plan our budget and our resources around meeting the needs of those particular councils. We estimate that approximately 20 per cent will need some assistance during the year. That is where we focus our attention. There is no such list of those councils and there is not a publication of those councils. It is a review. We monitor all councils, and we estimate that some 20 per cent will need some extra assistance during any one year.

The Hon. DON HARWIN: Minister, as you have indicated before, the State of New South Wales is a party to the national intergovernmental agreement establishing principles guiding intergovernmental relations on local government matters. I will refer to it as the IGA, as I believe you have also. How is being a party to the IGA assisting New South Wales in softening the blow of cost shifting on local government during a period of very tough financial conditions?

Mrs BARBARA PERRY: I do not think I referred to the IGA earlier.

The Hon. DON HARWIN: On a previous occasion.

Mrs BARBARA PERRY: I think I referred to the national framework of sustainability.

The Hon. DON HARWIN: I believe you used that phrase in answer to a question on notice.

Mrs BARBARA PERRY: What was the question?

The Hon. DON HARWIN: How is being a party to the IGA assisting New South Wales in softening the blow of cost shifting on local government during a period of tough financial conditions?

Mrs BARBARA PERRY: Firstly, the parties that are part of that agreement are the ALGA [Australian Local Government Association], which represents all associations in each jurisdiction, the State and Federal Governments across all jurisdictions. New South Wales has signed the national IGA. In relation to that, it clearly stipulates that where functions are given to local government they will go with appropriate resourcing.

The Hon. DON HARWIN: The latest estimate from the New South Wales Local Government and Shires Associations, which related to the 2006-07 financial year, estimated that the annual impact of cost shifting on local government across New South Wales was \$412 million. Do you accept that estimate? What plans do you have to reduce that degree of cost shifting in New South Wales?

Mrs BARBARA PERRY: It depends on your definition of "cost shifting". All levels of government have costs to bear. It depends on councils' operations. There are activities that councils might wish to undertake for their community, which are extra costs that they bear outside their core activities and core components. Some of the examples that councils cite, such as citizenship ceremonies, are not a cost that we have given councils to undertake. A lot of the work that councils do is valuable work and at the same time it is work that their community rightly expects them to undertake. I am not quite sure what you mean by cost shifting.

The Hon. DON HARWIN: I am exploring with you what the Local Government and Shires Associations has put to you as cost shifting. I will move to a couple of particular areas of concern to the associations. One of the suggestions that was made in the FiscalStar report, which has plenty of support across the local government sector, concerns the possibility of fully rebating councils for the pensioner rate concessions. The department's budget indicates that it will rebate \$76 million, which is the same amount as last year's rebate. What are your plans to rebate local government in the future for its contribution towards pensioner concessions, which total some \$57 million in 2008-09?

Mrs BARBARA PERRY: Let me remind you that the sector also said that the FiscalStar report was alarmist and negative. In relation to your specific question about pensioner rebates, as you would be aware, eligible pensioners are entitled to a concession on their ordinary rates up to a maximum of \$250 or 50 per cent of the rates, whichever is the greater. On top of that, pensioners also are entitled to a concession of \$87.50 each on water and sewerage rates and charges. The maximum rebate an eligible pensioner could receive is \$425, that is, \$250 on ordinary rates, \$87.50 on water rates and \$87.50 on sewerage rates.

The pension rebate concession scheme is funded jointly between the State Government and local government. We fund that to the tune of 55 per cent and local councils funds it to the tune of 45 per cent. The total cost of the concessions in 2008-09 was around \$127.4 million and the State Government contributed some \$70 million to that. We appreciate the concerns of pensioners and, as a government, we are committed to continuing to support them with this scheme. Councils have the ability under the Local Government Act, if they so wish, to assist pensioners further, and there are a couple of councils in New South Wales that are in fact doing so.

The Hon. DON HARWIN: But at their own cost, not with any further support from the State Government.

Mrs BARBARA PERRY: That is a decision made by the elected body of that council to do so.

The Hon. DON HARWIN: We will move on to another area. What are the Government's plans to reimburse councils for the costs they are incurring in relation to curbing vandalism, preventing and removing graffiti, and hiring security guards to patrol local areas because of the Government's program of police station closures?

Mrs BARBARA PERRY: I am going to talk about graffiti generally because there are a number of things in the question that are not within my purview. How councils deal with graffiti in their local area is a matter for them. What we have done as a government is ensure that councils have the power or the policy framework to be able to undertake those matters. Not every council area has an issue with graffiti. Some councils are undertaking graffiti programs quite efficiently and they are quite innovative on how they are doing that. So it is really a matter for individual councils as to the types of operations they want to conduct in their area, the types of programs that they want to address in their area, the types of work that they want to undertake in their area. They set their priorities for the area. Councils are autonomous under the Local Government Act and it really comes down to that. They work in consultation with their communities and they talk to their communities about what they see as the priorities. That is simply how the local government sector works and how it is meant to work.

The Hon. DON HARWIN: Minister, what plans do you have to commence reimbursing local government for the levy in relation to tipping operations and the dumping of domestic and commercial waste at a time when local government is experiencing financial difficulties?

Mrs BARBARA PERRY: I think that is a question you might wish to refer to the Minister for the Environment to provide particulars.

The Hon. DON HARWIN: So we have graffiti and vandalism referred elsewhere and we have the waste levy—yet another example of cost shifting to somewhere else. The problem is we have got cost shifting across a variety of portfolios and we seem to have no strategy in local government, at a time of extreme financial difficulty, to relieve the burden on councils, and at a time also when a very large number of councils are not performing well.

Mrs BARBARA PERRY: Those are a lot of assumptions that you have no evidence for, nor have you been able to establish in the questions that you have asked me. What I can say is that councils are responsible for the directions that they set. In relation to waste levies, councils have the power separately to charge and raise revenue for waste levies, which they do, and you would have seen that recently in your own rates notice—there is a separate charge for domestic waste levies. The ability has been given to councils to raise that levy. Local councils have always been responsible for ensuring that waste is dealt with in local communities.

The Hon. DON HARWIN: Let us come at it from a different angle. In an environment of cost shifting and worsening financial viability for councils why is the current rejection rate of 33 per cent in relation to applications for special rate variations the highest since 1999-2000? Is it not fairly obvious that councils just are not coping and they are having to come to you at record rates but, nevertheless, there is this enormously high rejection rate?

Mrs BARBARA PERRY: Firstly, councils have not come to me in record rates. The number of councils that came for the last round of special rate variation applications is pretty much consistent with previous years. In fact, I think ultimately 28 out of 152 councils came. That means 120-something councils are able to operate within the increases that the State Government sets in relation to the rate cap. Of those that came to me in relation to a special rate variation, not all were purely special rate variation applications. Consistently across the board for years now in relation to special rate variations there have been two tests for councils to meet: a strong business case which outlines the work to be done and, secondly, that the community has been consulted and clearly understands the nature of the request being made for the special rate variation. Where those two tests were not met those applications failed. It is as simple as that.

The Hon. JOHN AJAKA: Can I give you a specific example, going back to what the Hon. Don Harwin was saying in relation to cost shifting? If you take Rockdale as a specific example, Rockdale covers, for example, the area of Brighton-Le-Sands. Here we have a city that is continually having to increase its spending in relation to vandalism, in relation to graffiti and in relation to, if I can use the expression, hooning youth within the Brighton area, where the police at Rockdale were asking council to initially assist, and council's fees were going up as a result. All of a sudden your Government closes Rockdale police station, so the police are not around there any more. You really do not see that as increasing cost shifting on Rockdale council, causing it to

again apply for an increase in rates so that it can meet expenses that really should be covered by your Government?

Mrs BARBARA PERRY: What you are referring to is not a matter for me really or within my role as local government Minister.

The Hon. JOHN AJAKA: So if this suddenly puts Rockdale in a financially stressful situation having regard to all the factors raised by my colleague earlier, this is not something your department should have to worry about, is what you are saying to me?

Mrs BARBARA PERRY: I do not have any knowledge that Rockdale is in a financially stressful situation.

The Hon. JOHN AJAKA: I am not saying it is. What I am saying is that it could well be as a result of these actions.

Mrs BARBARA PERRY: With the greatest respect, I cannot answer that hypothetical question. Again, there are two premises here. Firstly, you are asking this in the context of special rate variations. What I can say to you is that Rockdale did not apply for one in the last round. Secondly, how councils choose to conduct their affairs or what priorities they put their ratepayers' money to is a matter for the elected officials in consultation with their communities.

The Hon. JOHN AJAKA: I think you will find that they have had to apply on a number of occasions for a 3 per cent increase to meet the graffiti costs.

Mrs BARBARA PERRY: I do not think so.

CHAIR: The time for Opposition questions has expired. We will now go to questions from Government members.

The Hon. HELEN WESTWOOD: Minister, what has the Government done to respond to the issues raised by the local government inquiry headed by Percy Allan?

Mrs BARBARA PERRY: Thank you very much for that question: it traverses a number of aspects that have been raised here today. Members would be aware that on 19 October 2005 the Local Government and Shires Associations of New South Wales announced the establishment of an independent inquiry into the financial sustainability of New South Wales local government. The inquiry's terms of reference were to assess the current financial position and performance of the local government sector and individual councils and to assess the financial capacity of local government to meet its statutory obligations and related issues.

It is important to understand that that inquiry was initiated by the Local Government and Shires Associations and, as I have said earlier, not by the New South Wales Government or my department. But the Department of Local Government did, however, support the inquiry process and provided that inquiry with some information and data, as requested. That report, of course, was completed in May 2006, and it concluded that there was a significant infrastructure renewal backlog. That report made 49 recommendations and it indicated many of these need to be implemented in concert, as they are either independent or insufficient on their own to underpin councils' sustainability. The Local Government and Shires Associations, subsequent to that, established the Strengthening Local Government Task Force to consider those recommendations, and that task force deliberated for more than a year before finalising its positions on the recommendations, which it did in about July 2007.

The department also participated in that taskforce as an observer. The LGSA then wrote to the former Minister for Local Government, the Hon. Paul Lynch, in July 2007 advising that it generally welcomed the inquiry's findings and recommendations. The LGSA believed that the financial issues facing local government were complex and challenging and that they required a joint intergovernmental and sectoral response. The association also identified a range of issues that it believed needed to be addressed to respond to the inquiry's recommendations.

In summary, those issues were intergovernmental relations, integrated planning and reporting, asset management, resource sharing, rate pegging, and financial and reform assistance. The New South Wales

Government considered the inquiry report and recommendations as part of the ongoing local government reform program and it is in substantial agreement with the reform direction proposed by the LGSA. Significant initiatives were already underway when the report was released and responded to and some of the issues subsequently identified by the taskforce were anticipated. The Government has got on with the job and focused its resources on delivering what councils need to support them in delivering services to the community.

The integrated planning and reporting project, which as I said includes reforms to asset management, is in its final stages. The supporting draft regulations, the guidelines and the manual have also been released and are being finalised as a result of feedback. A capacity-building program to assist councils to implement the new planning and reporting framework is also underway. That project has been developed after extensive consultation with the local government sector and many councils are already moving towards the new system. Thankfully, it is widely supported and it fits into the New South Wales State Plan framework. It will improve coordination of service delivery by the State Government and local government for the community.

The State Government continues to implement initiatives to encourage councils to enter into strategic alliances or other forms of collaborative arrangements. As a department, we continue to work with the LGSA, Local Government Managers Australia and the Strategic Alliance Network to develop ways to share information, to build the relevant skills and to promote further council collaboration. Current projects include the development of a benefits realisation framework and a workforce relations guide for collaborative partnerships.

The New South Wales Government has established an Independent Pricing and Regulatory Tribunal inquiry to investigate and to make recommendations on an appropriate intergovernmental and regulatory framework for the setting of rates and charges that facilitates the effective and efficient provision of local government services. That inquiry has considered whether the tribunal should have a role in setting council rates and charges, and the Government has welcomed the July release of the draft report on the revenue framework for local government. The tribunal is consulting on the draft report and no doubt, based on the feedback, will soon deliver a final report, and I look forward to receiving it. The whole-of-government response to the local government inquiry has been finalised and provided to the presidents of the LGSA and, as I indicated earlier, it is on the department's website.

The Hon. GREG DONNELLY: I apologise in advance for stealing this Greens' question. What has the New South Wales Government done about political donations to local government?

Ms SYLVIA HALE: Very little.

CHAIR: Order! The question was not directed to Ms Hale.

Mrs BARBARA PERRY: Of course, openness and transparency in local government decision-making remain of the utmost important to me as the Minister for Local Government, and to the Government as a whole. The Local Government Act has always contained provisions dealing with the disclosure and management of pecuniary interests. However, the Act was amended in 2005 to expand the provisions relating to the conduct of council officials to include prescribed standards of conduct with which all council officials must comply. As I indicated earlier, those standards are set out in the comprehensive model code of conduct for local councils in New South Wales, which is prescribed under the Local Government (General) Regulation.

All councils have been required to adopt a code of conduct that meets at least the minimum standards set out in the model code developed by the Department of Local Government. Under the provisions of the model code, which came into force in January 2005, councillors are obliged to disclose and manage appropriately all conflicts of interest arising from any situation where a reasonable and informed person would perceive that a council official could be influenced by a private interest when carrying out his or her public duty. That includes a conflict of interest that arises from the receipt of political donations. The January 2005 amendments to the Act also gave the Director General of the Department of Local Government or his delegate and the Pecuniary Interest and Disciplinary Tribunal the power to suspend councillors for proven misbehaviour. Of course, that includes a failure to comply with an applicable provision of a council's adopted code of conduct, including those requiring the disclosure and appropriate management of conflicts of interest arising from political donations. The director general or a delegate may suspend a councillor for up to one month and the tribunal may suspend a councillor for up to six months.

Conflicts of interest are not always easy to deal with, and that is why the Government has provided additional information and support for councillors in understanding the provisions of the Act and the model code. That has included issuing guidelines to assist councils with the implementation of the model code and a circular in October 2005 to assist councils with issues that arose as a result of the implementation of the model code. Following local government elections, information seminars were delivered to all councillors elected to office that included a session on the model code of conduct and the identification and management of pecuniary and non-pecuniary conflicts of interest.

Amendments were made to the Local Government Act in 2008 relating to the model code of conduct and the Environmental Planning and Assessment Act in response to recommendations made by the Independent Commission Against Corruption in its "Corruption Risks in the New South Wales Development Approval Process: Discussion Paper". Those amendments were specifically designed to make the planning and development approval process more transparent. The amendments require the general manager of each local council to record which councillors vote for and against each council planning decision and to make that information publicly available. The general manager is also required to keep a public register of all current declarations of political donations lodged by councillors with the Election Funding Authority as required by the Election Funding and Disclosures Act 1981.

Under the model code of conduct, councils are required to disclose and appropriately manage all conflicts of interest, including any that arise from a political donation. The model code contains a number of new requirements to be observed by councillors in relation to political donations. Among the most notable amendments is the requirement that councillors take reasonable steps to ascertain the source of political donations that directly benefit their election campaign.

Councillors who have received a political contribution exceeding \$1,000 from a political donor are required to refrain from voting on or discussing matters before council involving that particular donor. Councillors who have received a political contribution below \$1,000 need to consider whether that contribution gives rise to a non-pecuniary conflict of interest in relation to the matter and whether that conflict is significant for the purposes of the model code. Where councillors have a significant non-pecuniary conflict of interest they are required to divest themselves of the interest or absent themselves from any consideration of the matter in which they have that interest.

Amendments to the Local Government Act require that where a general manager reasonably suspects that a councillor has failed to comply with his or her obligation to disclose and appropriately manage a conflict of interest arising from a political donation, the general manager must refer the matter to the deputy director general, now, of the Division of Local Government, and the deputy director general may refer the matter to the Local Government Pecuniary Interest and Disciplinary Tribunal, in accordance with the misbehaviour provisions of the Local Government Act. Such a referral can be made without the councillor concerned having previously been suspended for that misbehaviour.

The Hon. HELEN WESTWOOD: What has the Government done to encourage physical activity in children?

Mrs BARBARA PERRY: I am pleased to be able to provide the following details in response to your question. An important initiative of this Government has been the Local Government Playgrounds Grant Program. A total of \$2 million has been provided over two years—that is, in the 2008-09 and 2009-10 financial years—to 102 local councils across New South Wales to fund the upgrade of local playgrounds. These playground upgrades enable more children and young people to participate in physical activity, promoting healthy lifestyles and forming lifelong exercise habits—all important in the fight against obesity. Moreover, the effect of parents, children and families gathering in a public place can build community spirit and foster civic pride.

The Government is committed to ensuring the principles of social justice are applied to programs like this. We have ensured that local councils across the State have the opportunity to apply for funding under this program. The grants have included projects that provide equipment specifically designed for children with a disability. Some program specifically target teenagers, that age group where physical activity sometimes begins to wane—and not only sometimes; in my experience, it is quite often. Other projects have targeted the whole community by incorporating equipment within the playground that can also be utilised by, say, the local football team or swimming coach to increase fitness in a fun way.

Different communities have different community needs, and funding has been utilised to enhance or expand existing recreational infrastructure or install brand-new playgrounds. Funds have been put to such varied uses as replacing equipment, resurfacing and landscaping, shadecloth, child-safe softball groundcover and shelter, fencing, disability accessible equipment, climbing frames and bike tracks. Councils from all over New South Wales have received, as I said earlier, playground grants, and the selection panel was careful to ensure there was a fair and equitable distribution of funds. A rigorous selection process took place to decide which councils received grants. The panel focused on councils' commitment to the provision of services for children and the relative needs of different communities.

In the first stage of playground grants, the panel was made up of representatives from the Commission for Children and Young People, the Local Government and Shires Associations and Kidsafe New South Wales, and the former Department of Local Government assisted with that evaluation process. Fun, interesting and practical outdoor spaces that encourage children to be physically active are extremely important. Councils have welcomed the opportunity to upgrade or install new equipment for their residents and ratepayers. In the spirit of openness and transparency, a list of all the councils that received grants is available on the Division of Local Government's website.

The Hon. GREG DONNELLY: What is being done to increase representation of women in decision-making roles in local government in New South Wales?

Mrs BARBARA PERRY: That is a really timely question. You might be aware that my predecessor, Paul Lynch, and the former Minister for Women, Verity Firth, announced the establishment of the Joint Ministerial Advisory Council on Women in Local Government in April 2008 to address the issue of underrepresentation of women in local government at both the elected representative and senior staff levels. Clearly, there is underrepresentation. We have established this council in recognition of the fact that while women comprise around 50 per cent of the population in New South Wales, they make up only 22 per cent of mayors in the State and 27 per cent of local government councillors. What is also concerning is that women account for only 5 per cent of general managers and 24 per cent of senior staff of New South Wales councils. The advisory council's primary role is to oversee the implementation of action plans developed by two working groups, one focusing on increasing the representation of women among elected representatives and the other on increasing the representation of women among senior staff.

The action plans contain practical initiatives such as the introduction of mentoring programs for prospective and elected female councillors and, in the longer term, legislative amendments requiring councils to implement and report on strategies they are employing to increase representation of women. The advisory council comprises representatives of the following local government sector organisations: the Local Government Association of New South Wales; the Shires Association of New South Wales; Local Government Managers Australia, New South Wales; the Australian Local Government Women's Association; the Development and Environmental Professionals Association; the New South Wales Office for Women; and the United Services Union. Additionally, an expressions of interest process was used to select two council representatives, two senior council staff representatives and one women's organisation representative.

The appointed representatives were drawn from both rural and urban areas, and the advisory council held its first meeting on 18 May 2009. As a result, action plans have been updated to include a number of new strategies for my consideration. These include negotiating with the State Electoral Commission to streamline the local government election nomination processes and the establishment of an online discussion forum for female councillors. The advisory council is scheduled to hold its next meeting in November 2009. Minister Lynch and Minister Firth also announced the establishment of the Minister's Award for Women in Local Government in February 2008 as part of International Women's Day to recognise the incredibly outstanding contributions made by women in local government across New South Wales—both to and for the local government sector.

In March this year I was proud, in my first year as Minister for Local Government, with Minister Firth, who was formerly Minister for Women, to host the second Minister's Award for Women in Local Government as part of International Women's Day. The aim of those awards is to recognise the contributions women make to the local government sector but also to encourage more women to take on leadership roles in local government in New South Wales as well as, importantly, to increase public awareness of the contribution of women to local government in New South Wales. There are four awards. Two awards are for elected representatives, one from a rural council—importantly, recognising that a majority of councils in New South Wales are rural councils—and the other from an urban council. The other two awards are for senior staff, again, one from a rural council and the other from an urban council.

A number of other initiatives are relevant to increasing the representation of women amongst elected local government representatives and senior council staff that have been or are able to be implemented. They include councillor expenses and facility policy guidelines. These guidelines include a number of items that aim to attract and retain women councillors. We encourage councils to have a policy that encourages members of the community, particularly underrepresented groups, such as those in primary caregiver roles, to seek election to council by ensuring that they would not be financially or otherwise disadvantaged in undertaking civic duties.

The guidelines strongly encourage councils to make provision for the reimbursement of the reasonable cost of care arrangements, including child care and the care of other dependents. Equally, one of the key principles underpinning the model code of conduct sets out that a minimum requirement for councillors' conduct when carrying out these civic duties is to treat others with respect at all times. General conduct obligations include not harassing and discriminating against people or supporting others to do so. This includes harassment and discrimination on the grounds of sex, pregnancy and responsibilities as a carer. These requirements were reinforced at the information seminar run by the division following the elections in September.

Another critical component is workforce planning. Councils will be required to prepare a workforce management strategy as part of the integrated planning process currently before the Parliament. The Division of Local Government is developing a web-based resource to assist councils, which will include information on equal employment opportunity principles, such as workplace equity and diversity. The web page will also provide information about how councils can promote family friendly workplaces as a way of encouraging the employment and retention of women in senior staff positions.

I look forward very much to working with the new Minister for Women, the Hon. Linda Burney, in relation to these action plans when she takes up her new responsibilities. I met with the advisory council earlier this year. They are currently working on a number of ideas and I am enthused by them. This is coming from the sector and various representatives and other stakeholders in the community. We are going through this viable and important process, which will ensure that women are supported and encouraged to stand for senior staff positions and elections to local government or councils. It is often very difficult for women in these roles. It is equally difficult for men but clearly there are other issues that impact more upon women at times, preventing them from making these very important contributions.

CHAIR: We will now have five minutes of crossbench questioning, five minutes of Opposition questioning, and if there is time left, Government questions. We will start with Ms Sylvia Hale.

Ms SYLVIA HALE: Minister, would you move to amend the Local Government Act and other relevant State legislation to prevent councillors who have had findings of corrupt conduct made against them by the courts and by the Independent Commission Against Corruption [ICAC] from standing for re-election to councils?

Mrs BARBARA PERRY: I do not have a copy of the precise section of the legislation, but the Act does prevent certain people standing for election. Ultimately can I say this: The community elects people to local councils. One of my concerns around local government is that often I feel that the community does not have a lot of information about its representatives or their performance. But clearly in the case of a very high profile matter that involved an allegation of corruption or some finding, I am sure the community would make the appropriate decision if that person were to stand again.

Ms SYLVIA HALE: I think in your answer you have hit upon the problem—namely, the lack of information in the community, particularly when councillors are dismissed. There may be findings of corruption against them, but then the State Government may intervene and appoint administrators for four or five years. By the time the next elections are held people may not be aware or be as familiar with the circumstances leading to the dismissal of the previous council. If the legislation does not prohibit such a person who has had these findings against them standing for election to council, will you move to introduce legislation to bring that about?

Mrs BARBARA PERRY: You clearly referred to criminal matters in your earlier question.

Ms SYLVIA HALE: No, I was referring also to findings by the ICAC, because many of the recommendations by the ICAC are not followed up, particularly in terms of prosecutions.

Mrs BARBARA PERRY: No, I do not necessarily agree with that because a number of matters have gone to the ICAC and, from there, matters have been followed up with further appropriate action. When the community comes to look at who is going to represent it I am confident that in high-profile matters the community will make the appropriate decisions. I am not quite sure which particular matters you are referring to. Are you talking about ICAC powers generally—not under my legislation?

Ms SYLVIA HALE: Where there has been a finding of corrupt conduct, whether it is by the ICAC or by the courts, will you introduce legislation to prevent that person standing for re-election to local government?

Mrs BARBARA PERRY: Ultimately the community is responsible for who is elected and I am quite sure—I am confident—that communities will make the appropriate decisions about their elected representatives. Our Act stipulates that certain people cannot stand for election. Is that right?

Ms SYLVIA HALE: I take it that your answer is no— because of the responses I have got to a lot of my questions this morning—and you will not seek to amend the Act. Can you tell me whether you will seek to amend the relevant Act to prevent council employees who have had findings of corrupt conduct made against them by the ICAC from being employed by any other local council? I am thinking specifically about the case of John Gilbert, who was the manager of development assessments at Wollongong council. He resigned from that council and promptly got a job with an adjoining council. Mr Gilbert subsequently resigned when the fact became known, but the option was there for him to gain that employment.

Mrs BARBARA PERRY: Again, ICAC findings are open and available. Again, it is a matter for the individual organisation or council to do the proper checks as part of the assessment when they choose to employ someone. The ICAC findings are matters that are well traversed publicly and available in public documents. I am quite sure that the local government sector would be very well aware of each and every ICAC inquiry and recommendation.

Ms SYLVIA HALE: Again, Minister, you will not act. Thank you.

CHAIR: We will now go to the Opposition for questions.

The Hon. JOHN AJAKA: Minister, in the short time available, I take you back to the first question when I asked you about the New South Wales Government's response to the final report and recommendations of the independent inquiry. You indicated to me that it had already been published, and I should have been aware of that fact. I note that the response was published on 11 September 2009, according to the website, which is some two days ago, is that correct?

Mrs BARBARA PERRY: That is probably right, if that is the date. But—

The Hon. JOHN AJAKA: If I may continue, Minister. I go back to my initial question. I indicated that Paul Lynch had indicated on 19 October 2007 that "the whole of the Government response is being prepared and we would anticipate, I think, that that will be released reasonably soon", the report having already been out for one year. That was two years ago. Do I take it that your Government's definition of "reasonably soon" is over three years—two years from when the question was asked?

Mrs BARBARA PERRY: First of all, that was not our report. Secondly, if you have a look at the response, the response identifies the work that we have been doing with the sector well before that report was issued back in 2007, or came to our attention in 2007. Our response demonstrates, through various processes that we have put in place, through the integrated planning reforms, that it has been a work in progress. So, our response outlines what we have done and what we continue to do.

The Hon. JOHN AJAKA: Leaving aside "reasonably soon" being two years later, a year ago, in October 2008, I asked you about it. Your answer to me was: "I undertook today to seek further advice about it. I will give the matter the necessary attention." It took from 14 October 2008 until 11 September 2009 for the response to be published.

Mrs BARBARA PERRY: We can talk about dates, but the facts speak for themselves: the response outlines the actions that we have already undertaken. So it is not like action has not been undertaken; action has been undertaken, and it has been ongoing prior to 2007 and it continues. I guess actions speak louder than words, don't they?

The Hon. JOHN AJAKA: It is interesting when "reasonably soon" turns out to be two years or three years. Minister, in the interests of honesty and accountability, could you advise why you have not requested the Department of Local Government to investigate the decision of the Mayor of Fairfield, Councillor Nick Lalich, not to declare an interest in a development application relating to Fred's Fruit Market, which came before Fairfield council after he had received a political donation from the proprietor of the business, Mr Fred Pisciueneri?

Mrs BARBARA PERRY: I might ask the director general to answer that question.

Mr WOODWARD: That matter is currently being reviewed. It was referred to us by the Independent Commission Against Corruption following some representations made to it. ICAC has referred the matter to us for information and for appropriate action if necessary, so we are currently looking at that matter—

The Hon. JOHN AJAKA: When was it first referred to you for review?

Mr WOODWARD: From recollection, in March. It was not referred to us for review; it was referred for information. We have been having a look at that matter to see whether or not—

The Hon. JOHN AJAKA: Will this be another "reasonably soon" category, where we can hear something in two or three years time?

The Hon. GREG DONNELLY: Point of order—

The Hon. JOHN AJAKA: I withdraw the question.

The Hon. DON HARWIN: Minister, what was the result of the Independent Commission Against Corruption's investigations into members of the staff of Burwood council helping with renovations to a block of flats owned by Befaro Pty Ltd, whose partners are Burwood council's general manager, Pat Romano, the council's principal architect, Albert Becarra, and Canada Bay Councillor, Councillor Fasanella, and undertaking work at the home of Mr Pat Romano, the general manager of Burwood council?

Mrs BARBARA PERRY: I am aware that ICAC is currently investigating a range of allegations involving possible corrupt conduct at Burwood council. It would be inappropriate for me to comment on the nature or detail of those allegations or on ICAC's processes. I am also advised that ICAC has asked council to suspend any internal action in relation to these matters while it investigates. Once ICAC has concluded its investigation, council will be in a position to determine whether any matter should be examined under its own code of conduct. And, of course, if there are any further allegations of corrupt conduct, can I say in this forum that they should be reported to ICAC without delay. So I am not able to answer your questions because there is an investigation currently going on.

The Hon. DON HARWIN: That is fine. I was just asking a question as to status. I am satisfied with your answer, Minister.

Mrs BARBARA PERRY: To my knowledge, there is still a current investigation.

The Hon. HELEN WESTWOOD: Minister, what has the New South Wales Government done over the last year to strengthen local councils?

Mrs BARBARA PERRY: We have supported the critical role councils play in delivering services to local communities. Over the last year the Government has implemented a range of initiatives aimed at strengthening the strategic capacity of the local government sector and the capacity of individual councils to respond to local needs. One of the things we have most importantly encouraged over the last year, and have continued to encourage, is resource sharing between councils as a way of improving the ability of local government to meet community needs. We continue to work with the Strategic Alliance Network Executive Committee to promote and support the formation of council resource sharing partnerships. A resource to assist councils address workforce relations issues related to partnership formation is currently being finalised. A resource to assist councils in understanding the strategic benefits of collaboration is also being considered.

In addition, we have conducted the Promoting Better Practice Program. Helping councils improve their systems of governance is a key aim of the Promoting Better Practice Program. The program helps improve the viability and sustainability of councils by on-site reviews, and that serves as a check over council's broad governance procedures. This helps councils ensure that they are focussed on key priorities, and it also provides opportunities for improvement. I think earlier I might have referred to the date "as at 30 June 2008". I think I must have meant 30 June 2009. Would that be right?

Mr WOODWARD: Yes.

Mrs BARBARA PERRY: As at 30 June 2009, 77 reviews have been completed in both city and country areas and a further 10 reviews are underway. The review reports give recommendations to improve council performance. Overall, councils are enthusiastic about the program, and the level of cooperation has been excellent. Another way in which we have been working with councils over the last year is in the complaints management area.

CHAIR: Minister, we have now run out of time for this session. If you would like to quickly summarise the rest of your answer.

Mrs BARBARA PERRY: I will quickly summarise it. The other areas equally important are complaints management in councils that we have worked with. In August 2009 we introduced a practice note, which was prepared in conjunction with the New South Wales Ombudsman, to assist councils in the management and handling of complaints. As well, I have referred to the important councillor training. There are other matters that we have been working on, including regarding swimming pools, that will soon be the subject of discussion, I suspect, within the community.

CHAIR: Thank you, Minister. I would like to thank Mr Gibbs and Mr Woodward for their attendance today.

(The witnesses withdrew)

The Committee proceeded to deliberate.

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