

UNCORRECTED PROOF

GENERAL PURPOSE STANDING COMMITTEE NO. 1

Tuesday 25 October 2011

Examination of proposed expenditure for the portfolio areas

PREMIER, WESTERN SYDNEY

The Committee met at 2.00 p.m.

MEMBERS

The Hon. M. J. Pavey (Chair)

The Hon. J. A. Gardiner
Dr J. Kaye
The Hon. M. Mason-Cox

The Hon. L. Foley
The Hon. P. Primrose
The Hon. W. Secord

PRESENT

The Hon Barry O'Farrell, *Premier, and Minister for Western Sydney*

Department of Premier and Cabinet
Mr Chris Eccles, *Director General*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare open this hearing into the budget estimates 2011-2012. I welcome the Premier and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Premier and Western Sydney. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and 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, you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcast of 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 the Committee Clerks.

Premier, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers whilst at the table. The Committee has agreed that the portfolio of Premier will be examined from 2.00 p.m. to 5.00 p.m. and the Western Sydney portfolio from 5.00 p.m. to 6.00 p.m. Transcripts of this hearing will be available on the website from tomorrow morning. The House has resolved that answers to questions on notice must be provided within 21 days. All witnesses from departments, statutory bodies or corporations will be sworn in prior to giving evidence. Premier, you do not need to be sworn in as you have already sworn an oath to your office as a member of Parliament.

PETER JOHN DUNCAN, Deputy Director General, Department of Premier and Cabinet, sworn and examined:

CHRIS ECCLES, Director General, Department of Premier and Cabinet, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolios of Premier and Western Sydney open for examination. As there is no provision for the Minister to make an opening statement before the Committee we will begin with questions from the Opposition, followed by the crossbench and the Government in 20-minute rotations.

The Hon. WALT SECORD: Premier, when did you take the decision to appoint Keith Mason, QC, to investigate the Deputy Premier and his solar panels?

Mr BARRY O'FARRELL: On 26 August.

The Hon. WALT SECORD: Was that before or after the Channel 7 story?

Mr BARRY O'FARRELL: I think that was before it screened but you would have to check the dates on that. I watch the news but I do not follow it that closely.

The Hon. WALT SECORD: Was that before or after the Opposition referred it to the Independent Commission Against Corruption [ICAC]?

Mr BARRY O'FARRELL: That was before it was referred to the Independent Commission Against Corruption.

The Hon. WALT SECORD: In relation to commissioning the audit into the compliance on the solar bonus, why did you have that review report to the Deputy Premier? This is the RSM Bird report "NSW Solar Bonus Scheme: Compliance with Transition Period Regulations following the Announcement of Change of Tariff Rates on 27 October 2010", reporting to the Department of Trade and Investment.

Mr BARRY O'FARRELL: What is the date again?

The Hon. WALT SECORD: It says 27 October and—

Mr BARRY O'FARRELL: Is this the Keith Mason report?

The Hon. WALT SECORD: No, it is not. This is the RSM Bird Cameron report.

Mr BARRY O'FARRELL: I do not think I have seen that report.

The Hon. MATTHEW MASON-COX: It is 2010.

Dr JOHN KAYE: Twenty-seven October of which year, because we have not made it this year yet?

The Hon. MATTHEW MASON-COX: It is 2010.

The Hon. WALT SECORD: No, those are the changes on the report.

Mr BARRY O'FARRELL: As I understand it, the Keith Mason report was delivered on 2 September. Even though it was dated 2010, it was delivered in 2011. I have certainly seen that report. That was a report that I commissioned because of course we are determined to try to raise standards in government and when public allegations are made about a Minister I will seek to do the right thing. We sought to engage the services of a retired judge in order to investigate the issue. That report, which was released overnight, shows that Mr Stoner was eligible to apply for the scheme at the time that he did.

The Hon. WALT SECORD: Why did you not disclose that investigation to the public?

Mr BARRY O'FARRELL: Because subsequently your side of politics referred the matter to the Independent Commission Against Corruption. We made the report available to the Independent Commission Against Corruption.

The Hon. WALT SECORD: Who selected Mr Mason to conduct the investigation?

Mr BARRY O'FARRELL: I asked my permanent head. We run a Westminster-style of government—again, a change from the last Government—so I raised the issue with my permanent head. I suggested to my permanent head that we needed this investigated at arm's length and Mr Eccles chose Mr Mason, who I understand is a former Solicitor General and a former judge.

The Hon. WALT SECORD: Was it your intention to pre-empt the findings of the Independent Commission Against Corruption investigation?

Mr BARRY O'FARRELL: There was no reference to the Independent Commission Against Corruption at that stage. It was done before the Opposition referred the matter to the commission.

The Hon. LUKE FOLEY: In that case, Premier, if you commissioned Mason prior to the Opposition referring it to the Independent Commission Against Corruption how can you say that you did not release it because the Opposition had referred it to the commission?

Mr BARRY O'FARRELL: Because I did not receive a report until 2 September by which stage you had referred it to the Independent Commission Against Corruption.

The Hon. LUKE FOLEY: But why did you not inform the public on 26 August that you had sufficient concerns to commission an inquiry into the Deputy Premier's conduct?

Mr BARRY O'FARRELL: I do not think that was relevant at the time. Frankly, I was satisfied with the Deputy Premier's claims about the statement. I asked my department to get an arm's length check on it. They employed Mr Mason to do that, a fine legal servant of this State who had been appointed to positions under the former Government. He provided a report on 2 September, after you had referred the matter to the Independent Commission Against Corruption. That report was provided to the Independent Commission Against Corruption.

The Hon. LUKE FOLEY: But, Premier, your rhetoric in opposition and in government—very laudable rhetoric—is about openness and transparency. Surely it flies in the face of openness and transparency to commission an investigation and inquiry into the Deputy Premier's conduct but keep quiet about that?

Mr BARRY O'FARRELL: Quite the contrary. It was a report commissioned at arm's length from government, not by politicians as another side of government would have done. When it reported a favourable report we did not make a song and dance about it. We did the appropriate thing, which was refer it to the Independent Commission Against Corruption.

The Hon. LUKE FOLEY: When would we have learnt about this investigation and this report if it were not for the Deputy Premier fessing up yesterday under questioning from Labor?

Mr BARRY O'FARRELL: If there had not been a referral to the Independent Commission Against Corruption we probably would have released it on the day it was received.

The Hon. WALT SECORD: Mr Eccles, have you been interviewed by the Independent Commission Against Corruption about this?

Mr ECCLES: No, I have not.

The Hon. WALT SECORD: Or contacted by the commission about this?

Mr ECCLES: No, I have not.

The Hon. WALT SECORD: Have you, Premier?

Mr BARRY O'FARRELL: The answer is no, but can I say, Mr Secord, that you know well that the Independent Commission Against Corruption does not want its dealings dealt with in public. That is a message it gives to all members of Parliament before election campaigns and a message it gives to all councillors before council election campaigns, and I do not intend to go into my dealings with the Independent Commission Against Corruption in front of this body.

The Hon. WALT SECORD: Mr Eccles, did you provide any advice to the Premier on his obligations to refer a suspicion of corrupt conduct involving Mr Stoner to the Independent Commission Against Corruption?

Mr ECCLES: I provided no such advice.

The Hon. LUKE FOLEY: Premier, I have here a report of factual findings that Mr Secord referred to earlier, so it is not the Mason report. It is a "Report of Factual Findings—NSW Solar Bonus Scheme: Compliance with Transition Period Regulations following the Announcement of Change of Tariff Rates on 27 October 2010".

Mr BARRY O'FARRELL: When was the report released?

The Hon. LUKE FOLEY: The report is dated August 2011. Are you aware of that?

Mr BARRY O'FARRELL: No.

The Hon. LUKE FOLEY: That is an audit of compliance with the regulations when the Solar Bonus Scheme tariff changed on 27 October last year.

Mr BARRY O'FARRELL: I assume it is an audit commissioned either by the Department of Resources and Energy or by the Minister, so I assume it is a matter you will be raising with the Minister in those estimates.

The Hon. LUKE FOLEY: Premier, it is a report to the Department of Trade and Investment, Regional Infrastructure and Services.

Mr BARRY O'FARRELL: Do you understand that our cluster arrangements mean that the Minister for Resources and Energy, the Minister for Primary Industries, the Minister for Small Business, the Minister for Tourism, Major Events, Hospitality and Racing, and the Arts all fall within the cluster of the Department of Trade and Investment, Regional Infrastructure and Services?

The Hon. LUKE FOLEY: Okay.

Mr BARRY O'FARRELL: You did not know that?

The Hon. LUKE FOLEY: It would not be my *Mastermind* topic, Premier.

Mr BARRY O'FARRELL: I thought you just might have prepared for estimates.

The Hon. WALT SECORD: In that report there are 43 suspect applications examined by RSM Bird Cameron. Mr Eccles, will you endeavour to find out whether the Deputy Premier was one of the 43?

Mr ECCLES: Of course.

The Hon. LUKE FOLEY: Does it strike you as odd, Premier, that the report into compliance goes to the Director General of the Deputy Premier's own department when the Deputy Premier is one of the people who is the subject of controversy about his compliance with the Solar Bonus Scheme transition arrangements?

Mr BARRY O'FARRELL: Firstly, I have confidence in Mark Paterson, who is the Director General of the Department of Trade and Investment, Regional Infrastructure and Services. He is a former Federal public servant and someone who has shown himself in the short time he has been in New South Wales to be as straight as a set of railway tracks, so I do not have a concern about that. Secondly, these are issues that ultimately will be ventilated, I assume, by the Independent Commission Against Corruption and I assume, having referred the matter to the commission, you have also referred this report to it.

The Hon. LUKE FOLEY: Thank you.

The Hon. WALT SECORD: Premier, this morning at Treasury estimates your Treasurer was forced to admit that your so-called voluntary redundancies are actually compulsory. How can you describe them as "voluntary redundancies" when those who are offered them are sacked at the end of three months? Are these forced redundancies or not? This is what your Treasurer said.

Mr BARRY O'FARRELL: I make it clear that earlier this year we announced an ending of a policy that said if there has been a restructure and you do not have a job you do not become entitled to stay on the payroll indefinitely. That is what we announced in the budget: 5,000 redundancies. We are seeking to secure the 5,000 redundancies. And, yes, if there are restructurings and the like and people have not got jobs, they will not be kept on the public payroll.

The Hon. WALT SECORD: This morning the Treasurer said the budget papers say it is 5,000, this morning he said it is 2,000. Is it 7,000, 9,000, 2,000 or 5,000?

Mr BARRY O'FARRELL: The target is 5,000. The total identified to date is in the order of 2,000.

The Hon. PETER PRIMROSE: Premier, how many BlackBerries does the Department of Premier and Cabinet assign to Government staff?

Mr BARRY O'FARRELL: I do not know. But, in my case, it is too many. I have one. I also have an iPhone. Mr Eccles, would you care to have a guess at that, or would you like to take it on notice?

Mr ECCLES: It would be a wild guess, so I will take it on notice.

Mr BARRY O'FARRELL: Do you understand why I have two phones? It is because under the wonderful information technology system, which I assume the former Chief of Staff to the Premier signed off on, we cannot put ministerial emails on an iPhone. That is why I have two computers on my desk upstairs: one is a parliamentary computer, one is a ministerial computer—another great decision.

The Hon. LUKE FOLEY: That is very interesting, Premier, but could I move on to the cost of living?

Mr BARRY O'FARRELL: I am sure that is costing taxpayers something, by the way.

The Hon. LUKE FOLEY: Why has your Government not made a submission to the Independent Pricing and Regulatory Tribunal on the next Sydney Water price determination?

Mr BARRY O'FARRELL: I understand we are making a submission to the Independent Pricing and Regulatory Tribunal on the water determination.

The Hon. LUKE FOLEY: On 16 September your water Minister, the Minister for Finance and Services, who has carriage of Sydney Water, informed the Legislative Council that the Government would, on behalf of households, make a submission about the next Sydney Water price determination. Are you aware that submissions closed 11 days ago?

Mr BARRY O'FARRELL: No, I was not aware of that. But I am aware that a submission is being made by government. It would not be the first government submission that has been late under either this Government or a former government.

The Hon. LUKE FOLEY: Premier, your finance Minister turned up 15 minutes late for his first estimates hearing yesterday, but is it not—

Mr BARRY O'FARRELL: And I turned up 10 minutes early. So what?

The Hon. LUKE FOLEY: Is it not a far greater concern that he is 11 days late, and counting, and there is still no sign of a submission from your Government on the next Sydney Water price rise?

Mr BARRY O'FARRELL: I am confident that the Independent Pricing and Regulatory Tribunal will have a submission from the Government before it considers the issue and makes a decision.

The Hon. LUKE FOLEY: But submissions have closed, Premier. Are you aware of that?

Mr BARRY O'FARRELL: As I say, it will not be the first time, or the last time I suspect, that this Government or a former government has missed a deadline. What is important though is that a submission is made. A submission will be made, and I am confident about that.

The Hon. LUKE FOLEY: Are you going to take action against your Minister for Finance and Services for failing to meeting the Independent Pricing and Regulatory Tribunal's deadline?

Mr BARRY O'FARRELL: I will inquire as to the reason for the delay. I assume you did that in estimates yesterday.

The Hon. LUKE FOLEY: No, I did not. I saved it for you, Premier, because you made great capital in the campaign about cost of living, and you were in touch during the campaign with households doing it tough with rising utility bills. Why is it that only six months into the life of your Government the deadline has come and gone and your Minister for Finance and Services has failed to match your rhetoric and put in a submission to the Independent Pricing and Regulatory Tribunal in time, in the interests of households facing a 31 per cent increase in water bills over the next four years?

Mr BARRY O'FARRELL: That is a question I will ask the Minister for Finance and Services, as you could have yesterday.

The Hon. LUKE FOLEY: Are you aware that Sydney Water, your publicly owned water utility, is seeking a 31 per cent increase in household water bills over the next four-year price period?

Mr BARRY O'FARRELL: Absolutely.

The Hon. LUKE FOLEY: And that that amounts to an extra \$969 in waters bills over the next four years for the average household?

Mr BARRY O'FARRELL: Absolutely. But it is no more unacceptable—and it is unacceptable—than the 60 per cent power increases over the past five years that your Government did nothing to stop.

The Hon. LUKE FOLEY: Yes, Premier. My point—

Mr BARRY O'FARRELL: My point is the same. Households are suffering because of decisions about investment not made by your Government. We are determined, whether on this issue or in other areas, to keep prices as low as possible for families across the State, notwithstanding the infrastructure investment backlog we have inherited.

The Hon. LUKE FOLEY: But, Premier, there was no politician in this State more outspoken than you were over the past four years about rising—skyrocketing—utility bills. Why is it, now you have a chance to do something about it in government, that your Government has failed, and the Minister that you put in charge of Sydney Water has failed to put in a submission when households are faced with a 31 per cent increase over the next four years?

Mr BARRY O'FARRELL: As I said, I will inquire about that, as you could have inquired yesterday. But I say again, the Independent Pricing and Regulatory Tribunal process has not finished yet. The Government's submission will be submitted. And I say again that a 31 per cent increase over four years is unacceptable.

The Hon. LUKE FOLEY: But, Premier, I did not appoint Mr Pearce as my finance Minister; you did.

Mr BARRY O'FARRELL: I know, because he is of my party. That is right.

The Hon. LUKE FOLEY: It is a shocking dereliction of duty by Mr Pearce, is it not, to fail to do this?

Mr BARRY O'FARRELL: Would you like me to bring back to this Committee the times that former Ministers in former governments missed deadlines?

The Hon. LUKE FOLEY: No, Premier. But you promised higher standards.

Mr BARRY O'FARRELL: Absolutely.

The Hon. LUKE FOLEY: You are in charge now.

Mr BARRY O'FARRELL: That is why we have, for instance, an inquiry by Keith Mason.

The Hon. LUKE FOLEY: You promised higher standards.

Mr BARRY O'FARRELL: That is why I do not stand up and attack whistleblowers when corruption is raised. So I am absolutely prepared to stand by those high standards. And, as I say, we said there would be a submission to the Independent Pricing and Regulatory Tribunal on water. There will be a submission to the Independent Pricing and Regulatory Tribunal on water.

The Hon. LUKE FOLEY: The deadline has come and gone 11 days ago, Premier.

Mr BARRY O'FARRELL: But no determination has been made, and no finalisation of water prices has been assessed.

The Hon. LUKE FOLEY: So, what, your office will ring the Independent Pricing and Regulatory Tribunal this afternoon and beg that it lets you put in a late submission?

Mr BARRY O'FARRELL: No. That might have been the way the former Government did it. We will make the submission in the usual way.

The Hon. LUKE FOLEY: Have you seen the Independent Pricing and Regulatory Tribunal notice "Invitation for submissions" that says they must be in by no later than 14 October 2011?

Mr BARRY O'FARRELL: And I say again, this will not be the first time that under this Government or former governments deadlines have been missed. The important thing is to make sure those submissions finally arrive.

The Hon. LUKE FOLEY: So we will get a submission eventually, will we, out of Mr Pearce?

Mr BARRY O'FARRELL: There will be a submission, as Mr Pearce said.

The Hon. LUKE FOLEY: Do you want to give us a sneak preview of that submission?

Mr BARRY O'FARRELL: I do not intend to give you a sneak preview, other than to say that I believe a 31 per cent increase is unacceptable—as unacceptable as the electricity increases that we inherited with an Independent Pricing and Regulatory Tribunal report that was delayed until after the election by, I presume, some influence from the Premier's Office.

The Hon. LUKE FOLEY: Premier, you are a shareholding Minister in the Sydney Water Corporation, are you not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: And you have a power to direct under the State Owned Corporations Act?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: Well, why did you not get involved, as a shareholding Minister, and make sure that Sydney Water was not trying to gouge an extra 31 per cent out of households in price rises over the next four years?

Mr BARRY O'FARRELL: The Independent Pricing and Regulatory Tribunal has not yet made its determination. We are a Government that is committed to proper process—proper process that enables the community as well as government and interest groups to have a say. Really, that is a sensible thing to happen.

The Hon. LUKE FOLEY: But, Premier, I have recognised that in opposition you were a champion for households doing it tough with skyrocketing—

Mr BARRY O'FARRELL: I do not remember you saying that when we were in opposition.

The Hon. LUKE FOLEY: I said plenty on election night, Premier.

Mr BARRY O'FARRELL: You made your career on election night.

The Hon. LUKE FOLEY: I did recognise on election night that your constant campaigning about skyrocketing electricity and water bills under the previous Government was a considerable factor in your political success.

Mr BARRY O'FARRELL: I think if you go back you will see that you spoke mainly about electricity. You, like me, were concerned about the early closing of Parliament by your side of Parliament.

The Hon. LUKE FOLEY: Yes, I was.

Mr BARRY O'FARRELL: Yes—Mr Secord take note.

The Hon. LUKE FOLEY: Some of us here are consistent, Premier.

Mr BARRY O'FARRELL: Absolutely. That is why we moved legislation to ensure that Parliament could not be shut down early again.

The Hon. LUKE FOLEY: Is it not the case that you are utterly inconsistent, now that you can do something about it as the shareholding Minister, in that you do nothing to stop Sydney Water seeking a 31 per cent increase in water bills, and that you do nothing to ensure the Minister that you put in charge of Sydney Water actually bothers to get in a submission?

Mr BARRY O'FARRELL: As I said last week in the Legislative Assembly, submissions and statements of corporate intent are like kids' Christmas lists: they do not mean the presents are going to be delivered.

The Hon. LUKE FOLEY: Premier, it is entirely misleading to say that statements of corporate intent are like kids' Christmas lists.

Mr BARRY O'FARRELL: You want to say that statements of corporate intent are misleading. You are saying that we are getting more out of it, when we are getting \$200 million less out over the four years. That is misleading.

The Hon. LUKE FOLEY: The State Owned Corporations Act gives the shareholding Ministers not only the right but the duty and obligation to engage with the board of the State-owned corporations regarding what goes into the statement of corporate intent, does it not? Is that "yes" for the *Hansard*?

Mr BARRY O'FARRELL: I will ask the Department of Premier and Cabinet to provide advice on how many occasions over the past, say, 16 years Ministers have specifically done that in relation to those submissions.

The Hon. LUKE FOLEY: The past 16 years are over.

Mr BARRY O'FARRELL: I just want to check your thesis that the ability to do things is right. The best way to do that is by past precedent. I am no lawyer, but I know that that is the best way to do it.

The Hon. LUKE FOLEY: When are you going to stop being an Opposition in exile and actually take responsibility for governing the State today rather than continuing to oppose the Government that was thumped on 26 March?

Mr BARRY O'FARRELL: I am happy to take responsibility—

The Hon. LUKE FOLEY: When are you going to take responsibility?

Mr BARRY O'FARRELL: —as I do each and every day. The Independent Pricing and Regulatory Tribunal [IPART] process is in train. The tribunal gives the community, government and organisations like the Council of Social Service of New South Wales an opportunity to have a say. That is an important process. No determination has been made. At this stage there is no case to think that the 31 per cent increase is going to be granted.

The Hon. LUKE FOLEY: Could you not show the households of Sydney, the families of Sydney who are staring down the barrel of a 31 per cent increase in water bills, that you are on their side by dropping this finance and services Minister who is so derelict in his duty that he cannot even get in a submission on their behalf?

Mr BARRY O'FARRELL: If that is a request to drop the Minister for Finance and Services, the answer is no.

Dr JOHN KAYE: Premier, you are scheduled to receive the Tamberlin report into the future of the electricity industry sometime next week, is that correct?

Mr BARRY O'FARRELL: Yes.

Dr JOHN KAYE: Is it your intention to make that public next week?

Mr BARRY O'FARRELL: Yes.

Dr JOHN KAYE: Do you have a day on which you are going to make it public?

Mr BARRY O'FARRELL: No, because I do not know when I am going to receive it.

Dr JOHN KAYE: That sounds reasonable. If the Tamberlin inquiry recommends it, and you agree with the inquiry and wish to change the ownership structure within the electricity industry, will you take any change to the ownership structure to both Houses of Parliament and not proceed unless you get the agreement of both Houses of Parliament?

Mr BARRY O'FARRELL: I am disappointed. You are normally a better follower of the Legislative Assembly than that. I made that point specifically last week.

Dr JOHN KAYE: I was aware that you had said that in the Legislative Assembly, yet this morning—

Mr BARRY O'FARRELL: I knew that you paid attention.

Dr JOHN KAYE: —your Treasurer did not make that commitment. In fact, your Treasurer worked hard to avoid that commitment.

Mr BARRY O'FARRELL: I have made the point, and I made it in the House last week. I am happy to make it here again. When it comes to the disposal of this and other assets, it will come to the Parliament for approval.

Dr JOHN KAYE: And if it is not approved by either House of Parliament, you will not proceed?

Mr BARRY O'FARRELL: But understand that we have made no decision about this matter. There is no report. Let us not engage in psychic parliamentary procedure like the psychic journalism I have read over the past few days. There is no report. There are no recommendations. As a result, there is no decision by government and, as a result, at this stage there is no need for legislation. But if the question is hypothetical, yes.

Whether it is the long-term lease of Botany or something else, they will have to go to the Parliament for approval.

Dr JOHN KAYE: That is good to hear. That is fantastic.

Mr BARRY O'FARRELL: Coming from you, that is something.

Dr JOHN KAYE: It is consistent with what your deputy did when he was in opposition and it is consistent with what I did in 2008 when I introduced legislation. The Tamberlin inquiry has been conducted entirely behind closed doors; we do not have access to submissions to it.

Mr BARRY O'FARRELL: I understand submissions were sought and received. In the interim report I think there was reference to other consultations the commissioner had had. I assume that when the report is released, like most commissions of inquiry, there will be reference to those submissions.

Dr JOHN KAYE: One reference was to Professor Tony Owen from the University of New South Wales. Do you have any concerns that it was Tony Owen who set the previous Government off on the disastrous course that ended up with the appalling gentrader transaction? Do you have any concern that the Tamberlin inquiry is being infected with the same ideas that caused the previous disaster?

Mr BARRY O'FARRELL: No, because what is clear about this inquiry and the terms of reference we released on 1 May is that Mr Tamberlin has a terms of reference that is broad and non-political and simply seeks the best course forward for the people of this State. That is in stark contrast to what the former Government sought to do. I take you back to the 2007 election campaign when letters were signed to unions and communities about not selling electricity, yet during that campaign former Treasurer Michael Costa was having boardroom lunch after boardroom lunch saying, "If we get elected we will flog off the State's electricity assets." The completely and utterly wrong way to practise politics is to say one thing before a campaign and do another after.

Dr JOHN KAYE: You do not need to convince me on the issues—

Mr BARRY O'FARRELL: I just wanted to remind some people in this room.

Dr JOHN KAYE: —or foolishness of the previous Government with respect to that. You would be aware of my track record on this issue as well.

Mr BARRY O'FARRELL: I am very aware of your track record.

Dr JOHN KAYE: I refer now to a slightly more local area, the Laman Street fig trees in Newcastle. This matter has caused significant consternation in the Newcastle community. You would be aware that the matter has resulted in the council being caught by its own resolution that it cannot reverse for three months. To bring you up to date briefly, as of this morning the council was seeking an arborist from a list of three. The arborist chosen now has declined to provide an additional analysis of the situation. The general manager is saying he is going ahead with the destruction of the trees, possibly by Friday. Are you prepared to step in and get the council out of the corner it got itself into by offering a State Government arborist to examine those trees?

Mr BARRY O'FARRELL: If we were asked for a State Government arborist, I would be happy to make one available. But understand that our whole offer at the election was to restore power to local communities and to have a new relationship with local government across the State. That relationship means that local government, like State Government, should make its decisions and be held responsible for those decisions. If the people of Newcastle are upset about what is or is not going to happen with the Laman Street figs, they have an opportunity in 11 months time to vent their anger, frustration or view, just as at a State level people have an opportunity every four years to do the same.

Dr JOHN KAYE: As with the previous topic when it was somewhat too late by the time March came around to reverse Labor's disgraceful electricity transaction, in 11 months time it will be too late and Laman Street will have no fig trees. This is a one-off opportunity.

Mr BARRY O'FARRELL: But you cannot be half pregnant about a commitment to respect local government and empower it to make decisions for itself.

Dr JOHN KAYE: So your message to the general manager of Newcastle City Council is that if he contacts you, or perhaps Robyn Parker, you will undertake to provide a State Government arborist, either from the Roads and Traffic Authority [RTA] or from the Office of Environment and Heritage to undertake that task?

Mr BARRY O'FARRELL: You would probably want them from the Office of Environment and Heritage as opposed to the Roads and Traffic Authority, I suspect.

Dr JOHN KAYE: The RTA arborist is actually very good.

Mr BARRY O'FARRELL: That is a high compliment coming from you. If the general manager wants an arborist and cannot source one, we are happy to assist. But it has to be a decision of the council. It is not going to be a decision that will be imposed by the Government.

Dr JOHN KAYE: A majority of the council is enthusiastic to see the decision reversed, but a rescission motion cannot be put as one was passed already. Therefore, the matter cannot be reconsidered. You would be aware that, in the purist sense of democracy, the majority councillors who represent the people of Newcastle do not want these figs chopped down and want an independent process undertaken?

Mr BARRY O'FARRELL: I am aware that it is an issue for local government. Newcastle City Council should sort it out. As I say, if the general manager cannot source an arborist somewhere else and wants to source an arborist, I am sure the RTA, as you are recommending—I do not know whether you have anyone in mind—

Dr JOHN KAYE: I am not; I am saying one or the other. Obviously, it is your call.

Mr BARRY O'FARRELL: —or the Office of Environment and Heritage could provide one.

Dr JOHN KAYE: That message certainly will go back to Newcastle from here, and I appreciate that.

Mr BARRY O'FARRELL: It should be underscored, though, by no change of policy on the basis that local government has to sort out this issue.

Dr JOHN KAYE: But you give a commitment to provide an arborist if asked?

Mr BARRY O'FARRELL: If asked by council.

Dr JOHN KAYE: Indeed, an enthusiasm to provide an arborist. Mr Eccles, have you provided any advice to anybody within government, to the Premier or within the Department of Education and Communities or anybody else within government, on the issue of TAFE or vocational education and training since you have taken your position as the Director General of the Department of Premier and Cabinet?

Mr BARRY O'FARRELL: That is a very broad fishing expedition. When I visited China Mr Eccles was keen to ensure that a TAFE representative came with me because of its strong interest in training in China. Do you want to narrow it? Do you want to get to what you really want to get to?

Dr JOHN KAYE: I am happy to make my net a little finer. Have you provided any advice to anybody with respect to vocational education and training in New South Wales and its future?

Mr ECCLES: Yes, I have.

Dr JOHN KAYE: Can you tell us to whom you provided that advice.

Mr ECCLES: I spoke to the Premier in the context of the Council of Australian Governments deliberations in August where it featured. So, there was advice to the Premier in the context of the Council of Australian Governments deliberations around its skills reform agenda; \$1.75 billion worth of investment by the Commonwealth. I provided a briefing to a collective of TAFE directors at the invitation of Pam Christie, just to bring them up to speed with some observations on experiences in Victoria and South Australia.

Dr JOHN KAYE: You have knowledge of Victoria and South Australia?

Mr ECCLES: I have some knowledge of Victoria and South Australia.

Dr JOHN KAYE: How did you get that knowledge?

Mr ECCLES: From having participated in the skills reform initiatives in both those States and also through having chaired the relevant Council of Australian Governments working group.

Dr JOHN KAYE: This is the one that produced the August 2009 paper?

Mr ECCLES: Your memory is better than mine; that sounds about right.

Dr JOHN KAYE: Which recommended complete contestability for all public funding of vocational education and training: recommendation 4.1 on page 15?

Mr ECCLES: You have the advantage over me, Dr Kaye, I had not realised it was that precise.

Dr JOHN KAYE: Is there other advice you provided with respect to TAFE?

Mr ECCLES: I think they are the highlights.

Dr JOHN KAYE: Would it be fair to say that those recommendations would have been on the side of greater contestability? That is, greater private sector involvement in the provision of vocational education and training?

Mr ECCLES: I prefer the characterisation of it being a balanced investment, Dr Kaye.

Dr JOHN KAYE: Right now, from recollection, about 17 per cent of the State's budget for vocational education and training goes to private providers: Would you see that as balanced? Was the advice you gave generally in the direction of more State and Federal funds for vocational education and training going to private providers?

Mr ECCLES: I suspect I am getting into a circumstance now where the matter for this Government is the subject of a discussion paper that has been released for general consultation. My history of involvement in skills reform in Victoria and South Australia is largely irrelevant as the Government will be taking a position to take account of the unique New South Wales context. I suspect that even my involvement such as you have described it in the past—

Dr JOHN KAYE: No, I did not describe it. I asked you about it and you described it.

Mr BARRY O'FARRELL: You described it pretty well too.

Dr JOHN KAYE: No, I did not. Never mind, this is about what you have to say. Please continue.

Mr ECCLES: I have just about concluded. I have come to a point where I do not think my observations are going to be particularly helpful given where the Government is up to in terms of its process of consultation on skills reform.

Mr BARRY O'FARRELL: I remind you, Dr Kaye, Mr Eccles is able to answer factual questions. Any policy or political questions should be directed to me or more appropriately the Minister for Education.

Dr JOHN KAYE: I appreciate that. This is not a series of policy-related questions, these are factual questions. I am trying to find out what advice Mr Eccles provided.

Mr BARRY O'FARRELL: Mr Eccles would provide advice within the political framework and the policy framework that the Government is operating in. As I remember the Council of Australian Governments discussion, it was largely seeking to advance the Federal Labor Government's agenda to get a better training sector across the State. That has to be of benefit to TAFE and if that benefit can be derived by ensuring that the 17 per cent of the State budget that goes to private providers is better spent to deliver better outcomes, I would say the public would welcome that.

Dr JOHN KAYE: Am I correct in saying that the Council of Australian Governments communiqué that came out from that meeting committed the States and Territories to further reform, which follows the sentence where it talked about contestability and competition for funds and students.

Mr BARRY O'FARRELL: I have no problem with further reforms that ensure that taxpayer dollars, whether spent through the public training system or the private training system, deliver the sorts of outcomes that will ensure that people across the State get the training they need. My second appointment today was at Barangaroo where, over 10 years, 1,000 apprentices will be employed. I met 10 apprentice carpenter-builders. We want to ensure that those young people, who have every chance to work on that project for 10 years, get the best possible training.

Dr JOHN KAYE: I am pleased you did that this morning, but I am more interested in the facts and circumstances of the advice provided—

Mr BARRY O'FARRELL: That is the difference between the Greens and the Liberal-Nationals. We are interested in human outcomes; we are interested in trying to set this State up for the future, we want to see it advance and we want to restore opportunities.

Dr JOHN KAYE: It is not really an opportunity for gratuitous insults.

Mr BARRY O'FARRELL: It is not a gratuitous insult, it is a factual statement.

The Hon. LUKE FOLEY: It has been in the past.

Dr JOHN KAYE: I am not interested in insults from you either, Mr Foley. What I am really interested in is finding out the circumstances of the advice that Mr Eccles provided to the New South Wales Government over the past six months of his employment.

Mr BARRY O'FARRELL: It is best represented in the discussion paper that has been circulated publicly.

Dr JOHN KAYE: I take it then that the discussion paper that has been circulated publicly does represent the advice that Mr Eccles has given you?

Mr BARRY O'FARRELL: Mr Eccles' advice operates within the framework provided by the Government. The Government has put out a discussion paper that reflects the advice Mr Eccles gives us. You should understand that the Government has advisers, they give you advice, but the Government makes the decisions. That is something that Kristina Keneally would revisit if she had the chance.

Dr JOHN KAYE: What I am trying to get back to is what advice did Mr Eccles give you? You said it was reflected in the discussion paper.

Mr BARRY O'FARRELL: Absolutely, but it does not mean, Dr Kaye, that all the advice given by Mr Eccles was or was not included. It means that we asked for advice; not just from Mr Eccles but from others involved in the TAFE sector, and we put together—

Dr JOHN KAYE: Who else did you get advice from?

Mr BARRY O'FARRELL: From the Department of Education and Training. There is a headline, go for it. We put out a discussion paper that reflects that advice.

Dr JOHN KAYE: Not everything here is about the media, Mr O'Farrell. Nonetheless—

Mr BARRY O'FARRELL: Is this an Estimates Committee hearing or not?

Dr JOHN KAYE: It is. I am trying to find out about the influence Mr Eccles is having over TAFE policy. When you employed Mr Eccles you were aware of the role he played in Victoria and South Australia in the former national TAFE funding authority, the Australian National Training Authority, and on the Council of Australian Governments discussion paper?

Mr BARRY O'FARRELL: I was aware of his full background of experience but I have to confess that I was particularly attracted by his role as director general of Premier's to the South Australian Government.

Dr JOHN KAYE: In that position he had a significant influence over TAFE policy in South Australia and you were aware of that when you employed him?

Mr BARRY O'FARRELL: I was aware of his curriculum vitae and aware of his involvement with the training sector previously, but what recommended him most was the role he had been fulfilling as the director general to Mike Rann, the former South Australian Premier.

Dr JOHN KAYE: Did you want to say something, Mr Eccles?

Mr ECCLES: If I may. If history is relevant—

Mr BARRY O'FARRELL: You are talking to a Green.

Mr ECCLES: It needs to be complete and needs to include my role as the inaugural chair of the Victorian TAFE Development Centre, which was charged with the professional learning agenda for TAFE teachers in Victoria.

Dr JOHN KAYE: I am glad you put that on record. You were aware of the public statements of Mr Eccles in previous positions?

Mr BARRY O'FARRELL: I was not aware of every single public statement. We do not run the sort of files that you seem to run.

Dr JOHN KAYE: I was present when he made some of the presentations.

Mr BARRY O'FARRELL: You clearly have been scarred by it, but that is okay. What I was aware of was his broad range of experience. As I say, what recommended him most was the job he was doing as director general of Premier's in South Australia.

Dr JOHN KAYE: You are comfortable with the influence he is having over vocational education and training policy in New South Wales?

Mr BARRY O'FARRELL: He would not be employed if I was not comfortable with him.

Dr JOHN KAYE: Thank you for that. You have responsibility for the public sector. Can I take you now to the number of public sector employees—let me refine that, the number of public service employees—full-time equivalent. Do you know how many there are now?

Mr BARRY O'FARRELL: The figure seems to vary depending on the piece of paper I get but the last I saw was in the order of 325,000.

Dr JOHN KAYE: That is full-time equivalent in the public service, not the general public sector?

Mr BARRY O'FARRELL: That is the public sector.

Dr JOHN KAYE: Do you know how many of those are in the public service?

Mr BARRY O'FARRELL: I have seen the figure but I cannot bring it straight to hand.

Dr JOHN KAYE: It is substantially less. It is in the order of about 200,000, is that correct? It is surprising you do not have that figure.

Mr BARRY O'FARRELL: I do not have it at my fingertips. As I say, we do not run the Stasi files that you seem to run. That was a Bob Carr expression—Stasi files. It is 80,000.

Dr JOHN KAYE: It is 80,000 in the public service. This morning we heard a suggestion of 2,000 so-called voluntary redundancies. I note the comments made earlier about those redundancies: 2,000 redundancies

are to be taken out. That is on top of another 3,000 redundancies that already have been announced, making a total of 5,000?

Mr BARRY O'FARRELL: Over four years, yes.

Dr JOHN KAYE: Is that the total amount you currently have planned over the four years?

Mr BARRY O'FARRELL: That is the target we set and that is the target that was in the budget papers.

Dr JOHN KAYE: You have a target for redundancies?

Mr BARRY O'FARRELL: As we announced in the budget papers.

Dr JOHN KAYE: It is 5,000 over four years?

Mr BARRY O'FARRELL: Yes.

Dr JOHN KAYE: Do you also have a target for not replacing people who leave or retire?

Mr BARRY O'FARRELL: Do you mean the attrition rate?

Dr JOHN KAYE: The attrition rate.

Mr BARRY O'FARRELL: I am not aware that we have a target for that. As you would understand, Dr Kaye, you cannot predict what an attrition rate is going to be. In times of economic downturn, like the global financial crisis, people are loathe to walk away from their jobs and are more likely to put off their retirements, whereas in other times they are happy to walk away. Attrition rates vary but there is no target for those.

Dr JOHN KAYE: Is there an effective public sector employment freeze at the moment?

Mr BARRY O'FARRELL: I did not think so. For instance, I have been noticing on Saturday morning advertisements for Transport for NSW and a number of other agencies. I know we are certainly seeking to get people in the resources and energy sector.

Dr JOHN KAYE: My 20 minutes is up but I will come back to that. Hold that thought.

Mr BARRY O'FARRELL: I will.

CHAIR: It is now time for questions from Government members.

The Hon. JENNIFER GARDINER: Premier, could you provide the Committee with an update on the expenditure of the Premier's discretionary grant fund?

Mr BARRY O'FARRELL: I can. Hundreds of community organisations across New South Wales do wonderful work for their communities. Whether they are charitable organisations, organisations that care for the elderly or the sick, religious or cultural organisations, all of them do good work for people right across the State. All Premiers have traditionally had access to a small discretionary grant fund to assist these organisations in their traditional work or to support their fundraising appeals. For example, in the time that I have been Premier I have made grants to a number of organisations, including the Biaggio Signorelli Foundation, which is raising funds to find a cure for mesothelioma, and the Sir Roden and Lady Cutler Foundation to assist it in the provision of community transport for people who live with disability.

At the start of each financial year the fund has been set at \$1.5 million, as it was in 2009-10 and 2010-11 and as it is in this current financial year. However, while the \$1.5 million was budgeted in 2010-11, on 28 January this year an extra \$10 million was granted by Treasurer Roozendaal to former Premier Keneally for the discretionary fund, amounting to a discretionary fund of \$11.5 million in the 2010-11 financial year. The reason for the \$10 million supplementation two months before the election was for "the Premier to continue to support a variety of worthwhile causes". I can advise the Committee that in February and March the former Premier spent that \$10 million and more.

In the 35 days between receiving approval for that extra \$10 million and the start of the caretaker period on 4 March the former Premier managed to spend the \$10 million—\$5 million on 72 separate grants. She was signing off at the rate of two a day. In fact, in the five days immediately before the caretaker provisions kicked in on 4 March, more than 50 grants were paid worth more than \$7.7 million. It is an extraordinary increase in a Premier's discretionary grant fund and it just happened to occur in the two months leading up to an election campaign. As I said previously, a case can always be made to help a worthy cause, and that has to be done within a specific budget. But the former Premier, the current member for Heffron, needs to explain why there was a massive increase in grants just days before the caretaker provisions came into force. Why was there a last-minute spending spree? Was this the best possible use of taxpayer resources?

If you look through the sorts of grants that were made, the conclusion comes to mind pretty quickly that this was not about good causes, this was about one cause. This was about the re-election of the Labor Party. For instance, \$20,000 was granted for the Coogee Community Garden in Dolphin Street, Coogee. In fact, the Facebook page of the former member for Coogee, Paul Pearce, shows a photo of Mr Pearce handing over a cheque for \$20,000 to four members of the Coogee Community Garden group before the election. In March, Cherie Burton kicked the first ball for the Rockdale City Suns Football Club after \$200,000 was given to upgrade a new grandstand. This was in a seat clearly being targeted by the Liberal-Nationals in that election campaign.

In March, Kristina Keneally gave a grant of \$268,000 to the Mascot Juniors Rugby League Club for a new dressing room and kiosk. This is a club in her own electorate and she got great media coverage for it in order to try to hang onto her seat. Who can forget the Valentine's Day announcement when the Premier spent \$2 million from the discretionary fund to waive the fee on marriage certificates but only for 12 months? I can inform the Committee that under the New South Wales Liberals and Nationals the Premier's discretionary fund is again \$1.5 million and again it will be used for rightful purposes—to support hardworking charitable organisations that are the heart and soul of New South Wales. It will not be used as a political slush fund to prop up marginal seats of members of Parliament on this side or any other side of politics.

The Hon. MATTHEW MASON-COX: Premier, what is the New South Wales Government doing to bring office holder entitlements of former Premiers and Ministers in line with community expectations?

Mr BARRY O'FARRELL: I thank the Hon. Matthew Mason-Cox for his question. This matter has attracted an enormous amount of public interest recently. From what I have seen and heard, there is a strong feeling in the community that there is no need for former office holders to receive generous entitlements indefinitely once they move out of public office. I note for instance in a *Sydney Morning Herald* telephone poll that only 34 per cent of people supported the provision of these sorts of entitlements. Community concern about this issue is one of the reasons I promised before the election that I would clamp down on entitlements for the outgoing Premier. I was upfront and very clear about it, just as I was when former Premier Iemma asked Nathan Rees for entitlements after he had been evicted from office in 2008. I cannot see why someone who is Premier for one year should receive ongoing benefits at taxpayers' expense.

Under the last Labor Government we had three Labor Premiers in the same term. I question why taxpayers should foot the bill for them to have cars, offices, staff and other benefits. It is now on the public record that I asked the Department of Premier and Cabinet to review the entitlements of former Premiers. My preference is for entitlements to be provided only where a Premier has served for a period of at least five years. That would ensure that entitlements are provided only to someone who has won an election and has served in office for a full term. I think the public would expect nothing less than a floor to be put under the provision of any entitlements.

However, in recent days the debate over entitlements also has raised the issue of entitlements already being provided to previous Premiers and previous office holders. We all recognise that long-serving former Premiers can play a role to the benefit of New South Wales. However, this year alone the New South Wales Government will spend over \$1 million on entitlements for former Premiers, former Ministers and former officeholders. A large proportion of this money will go to providing entitlements to former Premiers, including office space, car and driver, secretarial assistance, phone bills and postage stamps. Yet the former Premiers who receive the vast bulk of those benefits have secured other roles in the private sector where they are well paid and probably do not need the taxpayer to meet the cost of those services.

I have asked the Department of Premier and Cabinet to also review the entitlements of former Premiers as well as former office holders. I am not saying they will immediately be withdrawn. But we need to look at

whether taxpayers should continue to pay for cars, offices, staff and other benefits indefinitely. I can certainly indicate that I do not believe that any current or future Premier, in other words, me or any of my successors, should receive an office and staff for life when they come to leave office, even if they serve what I want to be the minimum five-year period. I think it is an anachronism that should end and hopefully it will end with me.

There is also an issue of entitlement for 20 other former office holders, some of whom remain members of Parliament. We need to look carefully at the interaction between former office holder entitlements and parliamentary entitlements to make sure that overall entitlements are fair and reasonable. For example, some former office holders who remain in Parliament have access to a car for official functions—a benefit that is not available to other State members of Parliament.

In ordering this review I want to make it clear that these benefits are not a right for former office holders. They are provided at the discretion of the Premier of the day and I believe they must represent value for money for taxpayers. The Askin Government originally introduced some limited form of entitlements, but since then the scheme has increased in size and scale; with some former Premiers entitled to an office and staff, a car and driver, airfares and telephones for life. In 2010-11 the scheme cost taxpayers around \$1.3 million, in 2009-10 it cost \$1.4 million and in 2008-09 it cost \$1.3 million. I am advised that the current scheme has not been reviewed in over 14 years.

Clearly, the time has come to review the entitlements to see if they still meet community expectations. I note, for instance, that the former South Australian Premier, Mike Rann, received no car, no office and no staff after leading his State for 10 years. The only entitlement he received was a public transport access card. Clearly, in South Australia they believe that former Premiers should not be given extensive entitlements for the rest of their lives. We need to make a new determination on what the taxpayers of New South Wales believe is fair.

I also want to advise the Committee today that the Government will publish the costs of former office holders' and Premiers' entitlements on the Department of Premier and Cabinet website every six months. This Government is committed to transparency, accountability and good government. The public has a right to know exactly how their money is being used and on what, and they have a right to expect that these kinds of payments are in line with community standards and expectations.

CHAIR: Can the Premier advise the Committee of cultural change in the leadership of the public sector since the March State election?

Mr BARRY O'FARRELL: Throughout the election the New South Wales Liberals-Nationals campaigned on a promise to re-establish a world-class public service in New South Wales—a place that would end up being an employer of first choice for many people. That is essential if we are going to help deliver the better infrastructure and improved services that are critical to providing people with the opportunities that they deserve to have in this city and in this State.

Upon coming to Government it was evident that we had inherited a public service far too practised at crisis management, damaged by the exodus of talent to other jurisdictions and used to providing advice that was politically acceptable to their masters and not the best and most fearless and frank advice. It was also, regrettably, smattered with Labor Party mates—people who had been given the top jobs, not because they were the best people, but because they were loyal to the Labor Party. The current member for Keira is an example of that.

That trend became worse as the 16 years of Labor dragged on and they became more and more focussed on staying in office or, prior to the last election, trying to find parachutes for themselves or for ministerial staff into public service positions. So the cultural change we needed to deliver had to start at the top, rebuilding the leadership at the upper echelons of the public service. However, I also believed the transition to a new team needed to be a measured process that respected people's contributions, retained corporate knowledge and did not impede the Government's ability to deliver on its commitments.

Seven months later we have five new director generals leading our nine clusters. I strongly believe that each of the new additions to our team has much to contribute and I am delighted that we have been able to attract people of their calibre. Beside me is Chris Eccles, Director General of the New South Wales Department of Premier and Cabinet. Whilst we have ventilated some of his past career in answers to questions a moment ago, Mr Eccles joined the department from the South Australian Department of Premier and Cabinet, where he held the position of Chief Executive. Prior to that, he was appointed Deputy Secretary, Sector Improvement

Group, for the Victorian Department of Premier and Cabinet. Mr Eccles has also worked in a variety of government and private sector senior management positions.

Mark Paterson, who I mentioned earlier, is the Director General of the New South Wales Department of Trade and Investment, Regional Infrastructure and Services. Mr Paterson was previously Secretary of the Commonwealth Department of Innovation, Industry, Science and Research. Before that, Mr Paterson was Secretary of the former Commonwealth Department of Industry, Tourism and Resources from 2002. Mr Paterson is currently on the board of the CSIRO, the Education Investment Fund and the Australian National Institute for Public Policy. Mr Paterson has also been the Chief Executive of the Australian Chamber of Commerce and Industry.

Phil Gaetjens has joined us as Secretary of the New South Wales Treasury. In 2011 Mr Gaetjens was appointed Secretary of the GST Distribution Review in the Federal Treasury, heading a secretariat reporting to the Hon. Nick Greiner, the Hon. John Brumby and Mr Bruce Carter, who were reviewing the GST distribution for the Commonwealth Government. Previously, Mr Gaetjens worked for the Commonwealth Treasury as Chief Adviser, Competition and Consumer Policy Division.

Dr Mary Foley has joined us as Director General of the New South Wales Ministry of Health. Dr Foley's career has focused on health care at State and Commonwealth government levels and in the corporate sector. Prior to joining the New South Wales Ministry of Health, Dr Foley was National Health Practice Leader for PricewaterhouseCoopers Australia, and foundation Chief Executive of St Vincent's and Mater Health Sydney. Dr Foley has held senior corporate positions in private health care and was awarded Business Woman of the Year (New South Wales) for her achievements in the sector.

We have also appointed Dr Michele Bruniges as Director General of the New South Wales Department of Education and Communities.

Dr JOHN KAYE: That was a good appointment.

Mr BARRY O'FARRELL: We note that interjection, Dr Kaye.

The Hon. MATTHEW MASON-COX: They are all good appointments, John.

Mr BARRY O'FARRELL: I note that interjection too from Mr Mason-Cox. Previously Dr Bruniges was Deputy Secretary of the Commonwealth Department of Education, Employment and Workplace Relations. From 2005 to 2008 Dr Bruniges was Chief Executive of the Australian Capital Territory Department of Education and Training.

Complementing the new people joining our team we also sought to redeploy people to other positions. For instance, Michael Coutts-Trotter is now heading up the Department of Finance and Services and doing an equally good job having come as he did not just from the ministerial staff of a former Government but having served previously as Director General of the Department of Commerce. We have people such as Les Wielinga, Laurie Glanfield and other incumbents who are doing the job.

I think you can see that there is a big difference between this Government and previous governments in the way in which we run the public service—and I can summarise that in one word: Merit. If you look at the leadership of the public service in New South Wales today you can see that the party faithful are gone. Unlike Labor we have not stacked the top echelons of the public service with friends of the Coalition; we have appointed people on merit. That recognises that some of the best people have come from the other side of politics. Good managers with Labor Party backgrounds have not been penalised if they are the best people for those public service jobs.

Personally, I know a government is only as strong as the public service team that executes its decisions. That is why I am delighted with the calibre of people that have come on board since March 2011. It is a strong step towards achieving the type of public sector we want in New South Wales. It is another reason why we are determined to establish a Public Service Commission, the legislation for which went through the Parliament earlier this month.

The Hon. JENNIFER GARDINER: Premier, could you advise the Committee what the New South Wales Government has done to secure more Commonwealth funding for the people of this State?

Mr BARRY O'FARRELL: One of our strongest criticisms of the former Government was that it failed to secure for New South Wales its fair share of Commonwealth funding. The low point was the 2009-10 budget when the Commonwealth announced a \$8.4 billion program of investment, of which only \$91 million, or 1 per cent, was allocated to public transport projects in Sydney. If we had got our fair share of that \$8.4 billion we would have received something in the order of \$2.5 billion.

I think it is widely recognised that the former Labor Government was largely responsible for this because it could not put together a submission to argue the case for New South Wales funding, nor did the Federal Labor Government have confidence that the projects put forward by the former Labor Government had been properly thought through or could be delivered on time and on budget. You would think that with billions of dollars on offer for vital transport projects even New South Wales Labor could have cobbled together a submission that got for this State the sort of share that we deserved.

When the Commonwealth finally did announce significant funding for public transport in Sydney in February 2011 it was not for the North West Rail Link, which was clearly the number one infrastructure project in this State, instead \$2.1 billion was committed for the Parramatta to Epping Rail Link, which was not a high priority for New South Wales and was still conditional upon the New South Wales Government spending half a billion dollars before a single dollar came from the Commonwealth. It just showed how out of touch Federal Labor and State Labor had become in relation to New South Wales.

In the seven months since the election we have managed to repair some of the damage and secure a somewhat better deal for New South Wales in a number of areas. We have negotiated an historic deal giving States and Territories equal per capita share of an extra \$9.5 billion in health funding over six years. There was no such cash flow commitment in the memorandum of understanding negotiated by the former Government in February. The deal will deliver an additional \$3 billion in health funding over six years—cash which the previous New South Wales Government was unable to secure. Importantly, the deal will require the Commonwealth to meet the cost of any growth in hospital costs and demand for public hospital services. This deal allows early access to funds and much greater flexibility in moving funds between hospitals and services that are aimed at reducing hospital admissions. It will also allow New South Wales to invest more funds in the better management of people at home and in the community to keep them out of hospital.

In relation to the finance institute, earlier this year the New South Wales Government won a competitive tender for Sydney to host the Centre for International Finance and Regulation. The bid was the result of a successful collaboration between New South Wales top four financial universities in Sydney, together with banks, financial organisations and New York University and the University of California, Los Angeles. This successful bid is worth more than \$41 million, including \$12.1 million funding from the Federal Government, \$6 million in funding from the New South Wales Government, a further \$6 million from corporate sources and universities, and \$17.5 million of in-kind support. This is just part of our bigger plan to make Sydney an even stronger global leader when it comes to financial services. Last week the New South Wales Government won a competitive ballot to host the two national regulatory bodies for the legal profession, the National Legal Services Board and the National Legal Services Commissioner.

These regulators will play a key role in reforms to the legal profession—a sector that generates around \$13 billion of income each year. Establishing the board and the commission in New South Wales will see the creation of approximately 18 jobs and will consolidate Sydney's position as the epicentre of the Australian legal services market and as the commercial gateway to the Asia Pacific region. However, the area most in need of Commonwealth funding is infrastructure. On the weekend it was disturbing to hear Anthony Albanese on *Sky News Agenda* again showing that Labor has learnt nothing from its mistakes of the past. He was still spruiking for the Parramatta to Epping rail line—a worthy project but not the priority at the present time. The people of New South Wales made it clear in March that they recognised that the north-west of Sydney needs a rail line. Mr Albanese still maintained that Federal funds were only available for the Parramatta to Epping line. He said:

If I were to agree that specific funding for specific infrastructure projects became untied then the whole system would collapse because every single state premier and territory leader would all want to take that money and put it to their specific projects.

In my view, if the Commonwealth has \$2 billion for the Parramatta to Epping rail line it does not require any system to collapse to transfer that money to the north-west rail line where it is needed most. We will continue to urge the Commonwealth to show common sense in regard to the north-west rail link. We will do this by putting the most compelling case to the Federal Government for funding for that important rail link that was promised often by the former Government but not delivered.

The Hon. LUKE FOLEY: Premier, you have stated on countless occasions since 26 March that you are determined to deliver the Liberals and Nationals election commitments, have you not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: Could I take you to the "NSW Liberals & Nationals Plan for an Affordable & Sustainable Energy Industry". I will quote from page 1 of that document, "Under our plan 'poles and wires' will stay in public hands". Will you deliver on that commitment?

Mr BARRY O'FARRELL: We will deliver on our commitment because I will quote to you page 4 of the policy that said we would appoint a special commission of inquiry to not only get to the bottom of Labor's power sale but also determine the best path forward for the power industry. I would also refer you to our press release of Sunday 1 May appointing Brian Tamberlin, QC, to head the power sale inquiry. I will refer you to the attachment that reflects the terms of reference to that inquiry. You will see that the terms of reference given to Brian Tamberlin were not only to inquire into matters relating to the electricity transactions that occurred before the change of government, but also to inquire into and report on options for future action that could be undertaken to further the public interest in a competitive New South Wales electricity sector. This includes options to address any issues identified in relation to the electricity transactions, and to promote competitive electricity prices and ensure reliability of supply. We promised an inquiry. I said it on 20 February at Penrith. We committed to it in our policy document. We are having that inquiry and I look forward to receiving the result of that inquiry.

The Hon. LUKE FOLEY: Premier, your policy promised an inquiry, and to keep poles and wires in public hands.

Mr BARRY O'FARRELL: And what I made clear on the day that I delivered the policy launch was that there had been too much politics in relation to dealings on electricity and my priority was to deliver the best possible outcome, especially on household power bills, which is why we are having an inquiry. I promised an inquiry. We are having an inquiry. We will wait to see what the inquiry recommends.

The Hon. LUKE FOLEY: Does the policy pledge, "Under our plan 'poles and wires' will stay in public hands", remain today?

Mr BARRY O'FARRELL: The policy pledge was for a special commission of inquiry with powers similar to a Royal commission that would call for documents and public submissions, hold hearings and cross-examine witnesses under oath if necessary to determine the best way forward for the New South Wales electricity sector. That is what we are delivering.

The Hon. LUKE FOLEY: Premier, are not you reinventing history? The policy document on page 1 provides:

Under our plan 'poles and wires' will stay in public hands and our Special Commission of Inquiry will get to the bottom of NSW Labor's failed electricity privatisation.

Are you telling us that the policy pledge to keep poles and wires does not remain today?

Mr BARRY O'FARRELL: What I am telling you is that what I said at Penrith was there had been too much politics in this. We were not going to run politics; we were going to appoint an inquiry to get the best possible outcome based on the best possible deal for consumers, particularly small business and residents. We would do that not by putting limits or giving directions to an inquiry; we would let the inquiry work that out itself.

The Hon. LUKE FOLEY: I turn from page 1 to page 2 of your electricity policy. "In government the NSW Liberals & Nationals will..." There is a nine-point plan. The ninth point is, "Retain the ownership of the poles and wires in public hands." The commitment could not be clearer than that, could it?

Mr BARRY O'FARRELL: And the Tamberlin inquiry has not reported so all this is hypothetical. But what we were clear about is that we would have an inquiry into the State's electricity sector. That inquiry would not be hamstrung by politics. That inquiry would not be directed—

The Hon. LUKE FOLEY: It certainly will not be hamstrung by your election policy by the sound of it.

Mr BARRY O'FARRELL: We put our commitment very clearly. We could have gone to the campaign either arguing for or against electricity privatisation.

The Hon. LUKE FOLEY: You did.

Mr BARRY O'FARRELL: We said we wanted to avoid the mistakes that Labor had made in government, the mistakes that helped Labor leave government where decisions were made not in the public interest but for alleged political reasons. They got that wrong. I noticed in Saturday's *Australian* that Graham Richardson described it as the worst political decision he had ever seen. I am sure the Hon. Walt Secord was not involved. The fact is that we committed ourselves to an inquiry. That inquiry is underway. It will report by the end of this month and our decisions will be based on that inquiry.

The Hon. LUKE FOLEY: Mr O'Farrell, you are rewriting history to say the commitment was only for an inquiry. It was an inquiry and a pledge to retain the ownership of the poles and wires, was it not?

Mr BARRY O'FARRELL: It was a broad-ranging inquiry and I do not believe that the terms of references either on that day or subsequently restricted the terms of the inquiry.

The Hon. LUKE FOLEY: Can I turn to page 14 of your plan for an affordable and sustainable energy industry?

Mr BARRY O'FARRELL: I am sure you can.

The Hon. LUKE FOLEY: Under a bold heading, "Retain 'Poles and Wires' in Public Ownership", the document provides:

The NSW Liberals & Nationals are committed to retaining the electricity distribution and transmission businesses – the poles and wires – in public ownership.

Mr BARRY O'FARRELL: But you seem to have already read page 4, which goes to the inquiry that we were going to have.

The Hon. LUKE FOLEY: But where in the policy does it say the inquiry will override the other pledges you make in this policy? It never says that, does it?

Mr BARRY O'FARRELL: The inquiry says that it will set the best path forward for the sector, having regard to the prices that are offered.

The Hon. LUKE FOLEY: With poles and wires retained in public hands.

Mr BARRY O'FARRELL: That is not what the terms of reference said.

The Hon. LUKE FOLEY: No, but your election policy said it.

Mr BARRY O'FARRELL: But the terms of reference for the inquiry did not say that.

The Hon. LUKE FOLEY: So the terms of reference can just ignore your election policy, can they?

Mr BARRY O'FARRELL: What we said before the election campaign was we would have a broad-ranging inquiry into the State's electricity sector to look at the failed sale by the Labor Party where assets were sold for a song, but also to plot the best course forward. We did not put any limits on what that inquiry would investigate.

The Hon. LUKE FOLEY: But your election policy did, Mr O'Farrell. There is an ironclad commitment on the three pages that I have quoted to you.

Mr BARRY O'FARRELL: I was questioned on the day at the press conference. I not sure you were there, Mr Foley. You might have been up the back in a dark corner.

The Hon. LUKE FOLEY: I was following your utterances pretty closely.

Mr BARRY O'FARRELL: I was questioned on the day and I said we would not put any limits on the inquiry. In fact, I was being asked to put limits on the inquiry in—

The Hon. LUKE FOLEY: Did you not give a commitment in Lithgow that poles and wires would be retained in public ownership?

Mr BARRY O'FARRELL: No.

The Hon. LUKE FOLEY: That is not what the editor of the *Lithgow Mercury* says, Premier.

Mr BARRY O'FARRELL: It would not be the first time that a politician in this place has been misquoted by a journalist. I have to say it is rare for it to happen in Lithgow. It is more likely to happen down here.

The Hon. LUKE FOLEY: Have I misquoted you when I have quoted three pages of your election policy?

Mr BARRY O'FARRELL: But you conveniently ignore the commitment to establish a broad-ranging inquiry into the State's electricity assets not just about the sale but also the best course forward. As I say, on 1 May we appointed Brian Tamberlin and we put out the terms of reference. I do not know whether it escaped your attention then but we never put any restrictions on the inquiry either when it was announced before the election or announced after.

The Hon. LUKE FOLEY: Let us move on to the legislation introduced by you and passed by both Houses of Parliament in the last sitting fortnight to establish an ethical framework for the public sector. That legislation gives effect to one of your key election promises, does it not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: I note on page 52 of your magnum opus "Start the change" it states "Make Government more honest and ethical", that you played to legislate for a set of ethics and values for Ministers and the public service, do you not? Does that ethical framework apply to Infrastructure NSW?

Mr BARRY O'FARRELL: I imagine it would.

The Hon. LUKE FOLEY: Does that ethical framework apply to the chairman of Infrastructure NSW?

Mr BARRY O'FARRELL: I do not think the chairs of opera houses, statutory authorities or State-owned corporations for that matter—for instance, the chairman of Sydney Water—fall under the definition. Most of the State-owned corporations, most of the statutory authorities, have their own codes in relation to the way in which they operate.

The Hon. LUKE FOLEY: But Infrastructure NSW was established as a government agency, was it not?

Mr BARRY O'FARRELL: Yes, so its employees would be covered.

The Hon. LUKE FOLEY: And the Public Sector and Employment and Management Act specifically lists Infrastructure NSW as a division of the public service, does it not, Mr Eccles?

Mr ECCLES: Correct.

Mr BARRY O'FARRELL: Yes. That is not in question. What your question is about, if I can seek to direct you, is the board of Infrastructure NSW, like the board of Sydney Water, to the best of my knowledge, except for those members who might sit on those boards who are in their other roles members of the public service, is not covered by it. I thought you would know that.

The Hon. LUKE FOLEY: Does your ethical framework for the New South Wales public service cover Mr Greiner or not?

Mr BARRY O'FARRELL: It does not cover chairmen of statutory authorities because they are not members of the New South Wales public service. They are chairs of boards, so whether it is Mr Parry or the other chairs of boards around Sydney they are not covered.

The Hon. LUKE FOLEY: How does Mr Greiner's official sponsorship of the Millennium Forum promote and maintain the highest levels of integrity and impartiality as required by the Act you put through Parliament in the last session?

Mr BARRY O'FARRELL: As I say, the chairs of those boards are not covered by that any more than, for instance, some of those union presidents or secretaries who sit on energy boards who I assume are members of the Labor Party and who I assume direct donations to the Labor Party, are covered currently. Boards, chairs of boards and members of boards normally have their own rules around the way in which they operate. Those rules normally go to conflicts of interest and the like. I am not aware, for instance, that the Liberal Party is going to be bidding for infrastructure projects across New South Wales. The last time I checked their finances we did not have that sort of money. I do not see where the conflict of interest is.

The Hon. LUKE FOLEY: You have set up Infrastructure NSW as a government agency under your Act, have you not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: And you have given it the authority under that Act to develop five-year and 20-year infrastructure strategies and plans, have you not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: You have given it an authority to intervene over the top of any government department or agency.

Mr BARRY O'FARRELL: Where I approve, yes.

The Hon. LUKE FOLEY: Where you approve it, on the recommendation of the board of Infrastructure NSW, have you not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: So it is more than just another State-owned corporation, is it not?

Mr BARRY O'FARRELL: No.

The Hon. LUKE FOLEY: Mr Greiner told the media when he was appointed by you on 2 May that he was taking up this position because you had told him you wanted Infrastructure NSW to be the centrepiece of your Government. That is what he said, did he not?

Mr BARRY O'FARRELL: Yes, absolutely, because that is what I make very clear. What I have said in relation to Peter Shergold who chairs the Public Service Commission is that whilst the State-owned corporations currently have their own rules and their own sets of guidelines and whilst they are not covered specifically by the Act because they are boards, I would like the Public Service Commissioner, Mr Head, along with the Public Service Chairman, Dr Shergold, to work with State-owned corporations to ensure that their procedures, guidelines and practices are in line with the ethical framework.

The Hon. LUKE FOLEY: Should not your ethical framework apply to Infrastructure NSW and its chairman?

Mr BARRY O'FARRELL: I do not understand. Nothing in the ethical framework prevents people from being members of political parties. Surely you are not telling me you want to run a jihad across the New

South Wales public service and exclude people who are members of any political party, whether The Greens, The Nationals, the Labor Party or the Liberal Party, or some other party?

Dr JOHN KAYE: I think he would actually like to keep The Greens out, but that is another story.

Mr BARRY O'FARRELL: That is not a jihad I am signing up to.

The Hon. LUKE FOLEY: How on earth is it ethical for the chairman of Infrastructure NSW, a body that you boasted would be independent, to be the star turn at Liberal Party fundraising events?

Mr BARRY O'FARRELL: There is no problem with people talking about the roles they have. Many people do it on a daily basis. As I have said before, if Neville Wran had been 20 years younger I would happily have appointed joint chairs to Infrastructure NSW because Mr Wran has precisely the sorts of business skills that we need on that board. Regrettably there is no other Premier in New South Wales from your side of politics who has the skills who could have joined as a co-chair.

The Hon. LUKE FOLEY: Will you talk to Mr Greiner about his business sponsorship of the Millennium Forum, the official fundraising arm of the New South Wales Liberal Party?

Mr BARRY O'FARRELL: I do not intend to interfere with people's rights to join a political party of their choice or to support a political party of their choice. If you can point out to me where the conflict of interest is I will be interested. The Liberal Party does not own a construction company, the Liberal Party is not tendering for infrastructure projects, the Liberal Party does not finance infrastructure projects. Mr Greiner is entitled as a former Premier—there is no secret as to which party he belongs to—to support or not support a party or even to criticise a Premier of a party which he supports. I am not going to interfere with that.

The Hon. LUKE FOLEY: Membership of a political party is one thing, Premier, but how on earth is it appropriate? How on earth is it ethical for the chairman of Infrastructure NSW to be an official business sponsor of a major political party in this State?

Mr BARRY O'FARRELL: It is called his democratic rights.

The Hon. LUKE FOLEY: Infrastructure NSW is a body that will be dealing with multibillion-dollar infrastructure strategies and plans, will it not?

Mr BARRY O'FARRELL: But you have yet to make any case as to where the conflict of interest lies, Mr Foley.

The Hon. LUKE FOLEY: In Opposition you made the case repeatedly that there was a conflict of interest when the Labor Party held fundraisers that were attended by companies seeking government contracts. Should that not also apply under your Government?

Mr BARRY O'FARRELL: Understand that what I was criticising there were the Frank Sartor and Mark Arbib-style fundraisers where development companies were encouraged to attend fundraisers with the Minister for Planning. It was part of the donations for decisions stench that covered the former Government. Understand that since we have come to office we have put in place rules around lobbyists and we have passed in the lower House legislation that would restrict donations to citizens on the electoral roll. If you want to pass that legislation, Mr Foley, and if you want to be supported by The Greens in passing that legislation we can end this immediately.

The Hon. LUKE FOLEY: How on earth was that inappropriate but it is appropriate today for companies bidding for contracts with government to be invited to large fundraisers with the chairman of Infrastructure NSW?

Mr BARRY O'FARRELL: Because under part 3A of the Environmental Planning and Assessment Act at the stroke of a pen a Labor planning Minister could enrich a developer to the tune of millions of dollars, even by a rezoning. That is the difference.

The Hon. LUKE FOLEY: Mr Greiner can enrich plenty of companies around New South Wales wearing the hat of chairman of Infrastructure NSW, can he not?

Mr BARRY O'FARRELL: No, he cannot. Infrastructure NSW makes recommendations to the State Government. The State Government has the choice of accepting or rejecting those recommendations. Let me predict—

The Hon. LUKE FOLEY: Come on, Mr O'Farrell. This bloke is billed as the most powerful bloke in New South Wales.

Mr BARRY O'FARRELL: You are interested in power. I am interested in good public policy. I am interested in good public outcomes. That is the difference between—

The Hon. LUKE FOLEY: I am interested in probity, Mr O'Farrell.

Mr BARRY O'FARRELL: No, you are not. You are interested in playing politics. My point is that Nick Greiner, unlike Frank Sartor, unlike Kristina Keneally, unlike Tony Kelly, if his name is allowed to be mentioned in these halls, could not at the stroke of a pen under a piece of legislation enrich a developer mate. Good point, was it not? I take your silence as agreement.

The Hon. LUKE FOLEY: Your rhetoric is about ethics at the heart of government. Would it not be the case that your ethics would stand up if you directed Mr Greiner, who reports to you, and the State Director of the Liberal Party, Mr Neeham, that the Chairman of Infrastructure NSW should cease to be a business sponsor of the Liberal Party of Australia in New South Wales?

Mr BARRY O'FARRELL: Well, he can cease if you pass the donation reform legislation. But, other than that, it is within his democratic rights, as the rules currently stand, to do that—your rules.

The Hon. LUKE FOLEY: You see no ethical problem with Mr Greiner being an official business sponsor of the Millennium Forum when he is Chairman of Infrastructure NSW?

Mr BARRY O'FARRELL: None at all.

The Hon. LUKE FOLEY: None at all?

Mr BARRY O'FARRELL: Because can I put it to you that if he was not a sponsor of the Millennium Forum you would be having the same argument, because he was a former Liberal Premier. Neither Nick Greiner, nor Bob Carr nor Neville Wran can do much about their party allegiance. What is important here is not which party they support. What is important here is that the processes are open and transparent. Infrastructure NSW operates that way. Infrastructure NSW makes recommendations to the State Government. And I predict here and now that there will be recommendations that we probably will not accept. But that decision will rest with the Government. We will be answerable to the Parliament, and we will be answerable to the public at the next election.

The Hon. LUKE FOLEY: Premier, this is about more than party allegiance. This is about a man whom you have personally appointed as Chairman of Infrastructure NSW being an official business sponsor of your political party and being the star turn at large corporate fundraisers hosted by your party's fundraising arm.

Mr BARRY O'FARRELL: Well, I do not know that they are large corporate fundraisers. I have not been to those events. But I do not see the conflict of interest. You have not established a conflict of interest.

The Hon. LUKE FOLEY: On 26 July Mr Pearce, the Minister for Finance and Services, and Mr Greiner, Ms Berejiklian and Mr Moore-Wilton, a member of the board of Infrastructure NSW, were the star turns at a very large fundraiser hosted by the Millennium Forum, were they not?

Mr BARRY O'FARRELL: How many people were there?

The Hon. LUKE FOLEY: I do not know. I was not there.

Mr BARRY O'FARRELL: And I do not know whether it is large either. So you were not there; I was not there. You are saying large; there is no evidence of that. But the point again is: Where is the conflict of interest? Can I add something, if Dr Kaye will allow me to do that? I am advised that on 4 October the

Government sought an extension of time to provide a submission to the Independent Pricing and Regulatory Tribunal on water pricing. On the 19 October the Government was provided with confirmation of an extension to provide that submission. The Government has been granted an extension until 4 November to provide that submission. We sought the extension so that we could ensure that the submission was rigorous and comprehensive.

[Short adjournment]

Dr JOHN KAYE: Premier, we were talking about public sector employees. We agreed that over the next four years there were going to be 5,000 so-called redundancies—you refer to them as voluntary redundancies—with no more planned. My next question relates to attrition, those who leave and are not replaced. Do you have any planning figures for attrition over the next four years?

Mr BARRY O'FARRELL: I am sure they exist; I am sure they exist by agency. I do not have them with me.

Dr JOHN KAYE: Mr Eccles, do you have any view on what the attrition rate will be? Between now and the end of the four-year period how many public servants will not be there because of attrition?

Mr ECCLES: There is historical data, as I recall. I do not have that data with me. My recollection also is that that historical data is slightly unreliable because of the unreliable nature of our workforce statistics, which is something that the new Public Service Commissioner will address.

Mr BARRY O'FARRELL: I would be happy to take on notice historical data over whatever period you like—say, the past 10 years—of either selected agencies or across the public service.

Dr JOHN KAYE: That would be lovely but it is not what I asked. Have you done any planning on what will be the size of the public sector at the end of four years? Five thousand will be lost through so-called voluntary redundancies. How many do you anticipate losing or planning to lose through attrition?

Mr BARRY O'FARRELL: There is attrition and, as I said before, it is difficult to assess. And as Mr Eccles says, the historical data does not always apply prospectively. But you also fail to acknowledge in your question the fact that we will be employing extra police, new teachers, new student support counsellors and extra nurses.

Dr JOHN KAYE: You have pre-empted where I was heading. But I wanted to get to the issue of workforce planning in regard to the impact of attrition rates on the total size of the public service.

Mr BARRY O'FARRELL: I am happy to take that on notice.

Dr JOHN KAYE: Are you saying that you do not have a planning process that looks ahead over that four-year period?

Mr BARRY O'FARRELL: We are saying that it is difficult to predict the attrition rates because—

Dr JOHN KAYE: I know. You have said that, but do you have—

Mr BARRY O'FARRELL: —ultimately it is up to 322,000 individuals, or less 80,000, to decide whether they are going to move away midstream in their career or put off their retirement for a year or two because of global uncertainty.

Dr JOHN KAYE: But you must have some planning because you do a four-year budget and just shy of 50 per cent of your total four-year budget is what you pay to public sector workers? Surely you have some planning process that estimates ahead how many you will have?

Mr BARRY O'FARRELL: I am happy to ask Treasury for advice as to what it has estimated.

Dr JOHN KAYE: The problem is that when I ask Treasury I am told, "You have to talk to Premier and Cabinet."

Mr BARRY O'FARRELL: I did not watch the—

Dr JOHN KAYE: Is it possible that nobody is actually doing this?

Mr BARRY O'FARRELL: No.

Dr JOHN KAYE: So somebody is doing it?

Mr BARRY O'FARRELL: No. We know that there is an attrition rate. We know people retire voluntarily, for ill health or to pursue another employment opportunities elsewhere. Depending on the economic circumstances, those rates vary. We can give you the historic data. Can we put hand on heart and say that the rate will be X over the next four years? That probably has never been done.

Dr JOHN KAYE: No, and obviously that is not what I asked. Perhaps you misunderstand. Do you have a planning process? You have a budgetary process for money that has to be tied into a planning process that has some estimate of how many you will lose, how many you will re-employ and how many you will force, or volunteer, on redundancies?

Mr BARRY O'FARRELL: The budget is framed on 5,000 voluntary redundancies over four years. The budget is framed on almost 4,000 new employees over four years. That is the parameter around which the budget is set.

Dr JOHN KAYE: You are presuming that the total number of public sector employees will fall from 80,000 to 79,000?

Mr BARRY O'FARRELL: Well, as I say, 5,000 redundancies, 4,000 new employees, but as you know, we cannot be certain about the rate of natural attrition.

Dr JOHN KAYE: Is 4,000 employees the total number of employees you are budgeting for, including replacing people who leave?

Mr BARRY O'FARRELL: No, they are additional employees.

Dr JOHN KAYE: What are the plans for replacement within the 75,000 who will not leave on voluntary redundancies, some of who will go through the natural attrition process? What is your plan for them?

Mr BARRY O'FARRELL: Where they are required positions they will be filled. What we are going through, Dr Kaye—just to drive it home—is, for instance, in Transport for NSW there is a restructure going on within the transport agencies. You know that because legislation went through. There will be people applying for positions and there will probably be positions that will be abolished. We have abolished the no forced redundancy policy of the former Government, which means that if people do not find a job within the certain time they will have to exit the service. The Government's goals are very clear: 5,000 redundancies, 4,000 new employees.

Dr JOHN KAYE: The budget had \$2 billion over the next four years in so-called savings as a result of the public sector wages regulation and the legislation that enforces it. Have you, as the Minister responsible for the public sector, done any studies whatsoever on what the impacts that will have on the capacity to recruit to and retain high-quality individuals in the public sector? That is to say some of that \$2 billion will be associated with so-called efficiency gains and some of it will be associated with wage rises that do not happen, but all of those will entail something that will impact upon public sector workers. I spoke with a group of teachers before I came here this afternoon. I asked them what their number one issue was and they said it was workload. That was far higher than pay, TAFE, devolution, and all the other things that are frightening them. The thing that worried them most was workload. Part of that \$2 billion is increased workload.

Mr BARRY O'FARRELL: No. Part of that \$2 billion is offered up productivity gains. For instance, in the Department of Education and Communities they can be in the department, not in the schools.

Dr JOHN KAYE: Certainly. Given that the teachers are also caught on a 2.5 per cent cap unless they offer efficiency gains and recognising that teachers, in particular, have been through a 25-year period of efficiency gains, most of which has resulted in higher workloads—

Mr BARRY O'FARRELL: And higher wages.

Dr JOHN KAYE: With higher workloads—and, as I said before, workloads came up as the number one issue—are you at all concerned that pushing the efficiency gains barrow even further will have some impact on your capacity to recruit and retain?

Mr BARRY O'FARRELL: They are issues that will be explored, ventilated and reported to the Parliament by the Public Service Commission. That is one of the issues that you would expect the Public Service Commission to look at. Can I say in the broad—and I am sure I do not need to remind you of this—but there are many people currently, over the years, a generation ago, two generations ago, who have gone into teaching because it is a vocation. They see it as their life's work. They could easily have pursued higher wages and lighter workloads in other areas but their commitment to public education has seen them go into public education.

Dr JOHN KAYE: You are correct; you do not need to remind me of that. What I was bringing to the table was the issue of workloads and the appalling attrition rate that is occurring among older teachers because they cannot go on with the workloads that are being imposed upon them. You are saying: Leave it to the Public Sector Commission. Is that not a bit late?

Mr BARRY O'FARRELL: No.

Dr JOHN KAYE: Given the legislation has been pushed through, given you are now in award negotiations with teachers and you will soon be in award negotiations with nurses, are you not concerned that what you have done with that legislation has undermined the future of the public sector?

Mr BARRY O'FARRELL: No, I am not concerned about that. I think the exact place for this to be ventilated, in terms of the long-term future of public sector workers, is in the Public Service Commission, which will give the Government and Parliament impartial advice on these matters.

Dr JOHN KAYE: Minister, on 18 August on Fairfax radio you spoke about wind farms and you said, "No applications have been lodged. We have not approved any applications, and if I had my way we would not."

Mr BARRY O'FARRELL: Yes.

Dr JOHN KAYE: Is that correct?

Mr BARRY O'FARRELL: It is a personal view, absolutely.

Dr JOHN KAYE: As the Premier of New South Wales, do you think it would be good idea not to approve another single wind farm?

Mr BARRY O'FARRELL: I am reminded of that great Bob Carr quote from 1993, when he said that you could put windmills across the whole of New South Wales, destroy every kookaburra in the State and not increase base load by more than a fraction. It is one of his better lines.

Dr JOHN KAYE: Are you now modelling yourself on Bob Carr?

Mr BARRY O'FARRELL: No, I am nowhere near as good looking.

The Hon. MATTHEW MASON-COX: I think you are tilting at windmills, John.

Dr JOHN KAYE: Do you accept evidence on wind farm technology dating back to 1993?

Mr BARRY O'FARRELL: What I accept, Dr Kaye, is that—

Dr JOHN KAYE: Premier, 14 years later, are you aware—perhaps you are not—that there has been a substantial change in wind technology, including a tenfold increase in the standard capacity of each turbine?

Mr BARRY O'FARRELL: What I am concerned about is not only the impact in local communities but the cost to families across the State from renewable power schemes. That is why we have asked the Independent Pricing and Regulatory Tribunal to look at renewable energy, particularly in relation to its impact on consumers—families and small businesses across the State. I accept, Dr Kaye, that if you are a member of Parliament or you live in the eastern suburbs or on the North Shore, these issues may not be of as much concern to you as they are in western Sydney or parts of regional New South Wales. There are families out there struggling with the sorts of power increases we saw over the past five years—a 60 per cent power price increase. In the last tranche of power increases announced after the former Labor Government pushed the Independent Pricing and Regulatory Tribunal report until after the election campaign, half of that 17 per cent increase was due to the impact of State and Federal renewable schemes. That is my concern.

Dr JOHN KAYE: Of that 60 per cent increase how much was due to State and Federal renewable schemes? How much of that 60 per cent increase you are fond of talking about—

Mr BARRY O'FARRELL: I can get that information for you, but what I can tell you—

Dr JOHN KAYE: No, Premier, you made an accusation—

Mr BARRY O'FARRELL: The accusation I made was that half of the 17 per cent increase recommended and approved by the Independent Pricing and Regulatory Tribunal this year in a report pushed until after the election campaign was made up through the cost of Federal and State renewable energy schemes. I am not going to apologise for being a sceptic about renewable energy schemes that are costing the State's families and small businesses a small fortune.

Dr JOHN KAYE: You have admitted you do not want to see any more wind farms built. Are you saying all of them are going to have that impact?

Mr BARRY O'FARRELL: No.

Dr JOHN KAYE: You personally advocated a total ban on new wind farms in New South Wales and you link that to an increase in the cost of electricity.

Mr BARRY O'FARRELL: Can I answer the question, Madam Chair? That interview, if you listen to it in full, was about the fact that we are putting guidelines in place around wind farm applications that for the first time will give the community a say as to whether they should go ahead. My comment that if I had my way they would no longer be approved was precisely a personal view. There is going to be a policy in place, a set of guidelines in place, that will allow or disallow a wind farm based on what is best for a local community. That is what Mr Hazzard, the Minister for Planning and Infrastructure, and Minister Assisting the Premier on Infrastructure NSW, is working on. I am not going to apologise for stating the obvious—that renewable energy schemes come with a cost. We have seen that to the expense of families across New South Wales with the disastrous Solar Bonus Scheme, which was meant to cost less than \$400 million and on current estimates is likely to cost \$1.6 billion. That is \$1.6 billion someone has to pay for. That someone is families and small businesses across New South Wales. I suspect if families and small businesses knew as much about that when the scheme was first proposed as they know now they would have been far more sceptical about some of these plans.

Dr JOHN KAYE: Premier, how much is the new investment in wires, poles and substations going to cost over the next four years?

Mr BARRY O'FARRELL: I am happy to get that information.

Dr JOHN KAYE: You do not have the answer?

Mr BARRY O'FARRELL: I do not have it at my fingertips, no.

Dr JOHN KAYE: If I told you it was \$17.9 billion—

Mr BARRY O'FARRELL: I would check it. If it came from you, I would check it.

Dr JOHN KAYE: How much of the 60 per cent power increases, which you are so fond of talking about, are because of decisions to gold-plate the wires and poles?

Mr BARRY O'FARRELL: Now you are directly quoting me before the election campaign, which is one of the reasons we are trying to review the level of investment in our electricity sector. I have no doubt that because of the starvation by the former Government of investment in infrastructure by energy companies, when the former Government in its dying days turned the tap back on, like a starving man, they decided to gorge themselves. That gorging has had an impact upon energy prices across the State. We are determined to get to the bottom of it.

Dr JOHN KAYE: It made good play for you and Duncan Gay when you were in Opposition. Are you seriously suggesting that there was justification for spending \$17.9 billion on wires and poles over the next four years, which dwarfs the renewable energy costs?

Mr BARRY O'FARRELL: No, I used the language before you used it, Dr Kaye. I talked about gold plating for more than a year. I said that the concern I had was that the level of investment was greater than it needed to be because having been starved of resources they had their pedal to the metal. The Government turned the tap back on for them and families and small businesses across the State were going to suffer.

Dr JOHN KAYE: Now that you are Premier, what have you done about it?

Mr BARRY O'FARRELL: It is one of those reviews we have underway.

Dr JOHN KAYE: It is one of those reviews?

Mr BARRY O'FARRELL: Absolutely. I have no problems about reviews, Dr Kaye, because reviews are the things that avoid the sorts of price increases that families and small businesses have suffered, whether in renewable energy, solar bonus or things such as the Rozelle metro, where we are paying \$500 million for a rail link of which not a single centimetre of rail track was ever delivered.

Dr JOHN KAYE: You do not need to lecture me about the Rozelle rail link. You are the Premier of New South Wales.

Mr BARRY O'FARRELL: I had noticed.

Dr JOHN KAYE: Six months have gone by since you have been Premier.

The Hon. WALT SECORD: Seven.

Dr JOHN KAYE: Seven months have gone by since you have been Premier. How time flies when you are having fun. Seven months have passed and you have done nothing to stop the State-owned wires and poles businesses. You have not said, "Wait a minute, just put it on hold. We know that the demand is less than—"

Mr BARRY O'FARRELL: Before you make decisions, Dr Kaye, you should have all the information at your fingertips.

Dr JOHN KAYE: Absolutely, but you know already—

Mr BARRY O'FARRELL: No, I do not know already. I have suspected.

Dr JOHN KAYE: You do not know what you do not know because I did not tell you what you do not know yet.

Mr BARRY O'FARRELL: Do not do a US Defence Secretary on me.

Dr JOHN KAYE: Donald Rumsfeld is the man.

Mr BARRY O'FARRELL: I know who it was. You do not look much like him but you probably sound like him at times.

The Hon. MATTHEW MASON-COX: He has more unknown unknowns.

Mr BARRY O'FARRELL: What I said last year was that I was concerned about gold plating. What I said last year was that we wanted to investigate that.

Dr JOHN KAYE: You were concerned about gold plating, I am concerned about gold plating and The Greens are concerned about gold plating.

Mr BARRY O'FARRELL: We agree, finally.

Dr JOHN KAYE: What we do not agree on is seven months and no moratorium. Why did you not turn around via the shareholding Ministers in the four State-owned wires and poles companies and say, "Stop, hold everything. Hold the expenditure for six months."

Mr BARRY O'FARRELL: You make decisions on the basis of fact.

Dr JOHN KAYE: The facts are there. All you need to do is read the Independent Pricing and Regulatory Tribunal report.

Mr BARRY O'FARRELL: Nathan Rees and Kristina Keneally will tell you the facts were there on the Rozelle metro. They were not. They were back of the envelope. We want to collect the facts and make a sensible decision. It is in the interests of taxpayers.

Dr JOHN KAYE: You have the facts on the impact of renewable energy. You were totally happy to go out and say, "No new wind farms because they are devastating household power bills." You were totally happy to go on radio and trash the wind industry in this State. Yet even though the same Independent Pricing and Regulatory Tribunal report you got that information from said clearly that the real driver in electricity price increases was the wires and poles business, you have done nothing.

Mr BARRY O'FARRELL: The Independent Pricing and Regulatory Tribunal has never assessed whether the level of investment was low, medium or gold plated, whereas the Independent Pricing and Regulatory Tribunal did say in its last electricity determination that half of that increase was due to the cost of Federal and State—

Dr JOHN KAYE: They never said it was gold plated. That is an unfair comparison.

Mr BARRY O'FARRELL: You have made the comparison.

Dr JOHN KAYE: They have made the same comments about wires and poles. In fact, as you would be well aware, it was not Kristina Keneally or Nathan Rees or anyone else who starved those companies of that cash to increase their investment. It was the Independent Pricing and Regulatory Tribunal. The real change is when the regulation went from the State to Federal.

Mr BARRY O'FARRELL: If you go back you will find it was Bob Carr, Michael Egan and a bloke called Costa.

Dr JOHN KAYE: On 1 July 2011 the New South Wales Government hosted what was supposed to have been the Solar Summit but was changed to the Solar and Renewable Energy Summit.

Mr BARRY O'FARRELL: The one in Newcastle?

Dr JOHN KAYE: The one in Newcastle. The first speaker was a guy by the name of Adi Paterson, who is the head of the Australian Nuclear Science and Technology Organisation [ANSTO]. The third or fourth speaker was Mike Dureau from the Warren Centre for Advanced Engineering at the University of Sydney. Are you aware that both of those speakers promoted nuclear energy?

Mr BARRY O'FARRELL: No.

Dr JOHN KAYE: Are you surprised that at a summit that was supposed to address the future of renewable energy that two of the Government-invited keynote speakers chose to spend their time promoting nuclear energy?

Mr BARRY O'FARRELL: No.

Dr JOHN KAYE: You are not surprised?

Mr BARRY O'FARRELL: What I am aware of is if you invite people to participate in fora people will come along and talk about a broad range of interests. What I am aware of is that when I was asked at Turramurra Probus last week about the issue of nuclear power with New South Wales there are people out there in the scientific community and general community who favour nuclear and see it as a less polluting option than coal and others. It is not my option. I do not support it in New South Wales and I will not support it in New South Wales. So I am not sure where this series of questions is going.

Dr JOHN KAYE: We are pleased to hear that. If you will not support it in New South Wales why did your energy Minister choose to make the keynote speaker at the second Solar and Renewable Energy Summit Adi Paterson, a guy who comes from South Africa?

Mr BARRY O'FARRELL: Is there something wrong with coming from South Africa?

Dr JOHN KAYE: No. If you let me finish you will understand where it goes to.

Mr BARRY O'FARRELL: I am concerned about The Greens approach to different countries.

Dr JOHN KAYE: He ran the nuclear industry in South Africa and he comes to Australia where he is head of the Australian Nuclear Science and Technology Organisation. Do you think there is something weird about Chris Hartcher inviting that guy, who is head of ANSTO and has a track record in another country of promoting nuclear energy, to the Solar and Renewable Energy Summit, and it coming shortly before your anti-wind farm comments?

Mr BARRY O'FARRELL: I assume you will ask Mr Hartcher at the Resources and Energy estimates.

[Time expired.]

The Hon. JENNIFER GARDINER: Premier, there has been some discussion here about the Government's 5,000 voluntary redundancies and the public sector target. Could you elucidate to the Committee on the progress in reaching that target?

Mr BARRY O'FARRELL: Thank you for the question. As we are all aware, the Government inherited a \$5.2 billion black hole in its budget position. Whilst Labor has done everything it can to discredit that figure because it is embarrassed by the mess it left New South Wales in, it was nevertheless thrown out of office in March. All those years of stamp duty bonanzas and record revenues amounting to billions of dollars, nevertheless they left the State in dire financial straits. That \$5.2 billion figure, of course, was confirmed by Michael Lambert and confirmed once again in this year's State budget. The facts were clear: the budget position was unsustainable. As Treasury told the Deputy Premier and me, plus Mr Baird before he was sworn in as Treasurer, as well as the Minister for Finance and Services, if action had not been taken our triple-A credit rating was in danger this term.

At the same time the mandate we received from the people of New South Wales in March was that they expected to get value for money for the taxes that they provide the Government of New South Wales to spend on their behalf. The responsibility is on us to spend every taxpayer dollar as efficiently and as wisely as possible while still delivering on our election commitments. Those election commitments include, as you recall, 550 extra police over four years, 900 new teachers, 50 new student support councillors, 275 new clinical nurse educators and 2,200 nurses. That is a total of 3,975 extra front-line public service positions over the next four years—the almost 4,000 that I referred to in answer to Dr Kaye's questions.

In the 2011 budget the Government announced its intention to offer 5,000 voluntary redundancies over the next four years to reduce the number of head office and backroom positions across the public sector. That

follows the implementation of a new policy for the management of excess employees, which came into operation on 1 August this year. The aim of these initiatives was to ensure that taxpayer dollars were being spent efficiently and to make it easier for government agencies to adapt to changing priorities and implement much-needed organisational reforms. That will mean faster, more responsive service delivery for people across New South Wales, whether they live in cities, regional centres or country towns.

I am delighted to inform the Committee that we are well on track to meet that target. The Government already has identified 1,907 voluntary redundancies to be offered by 30 June 2012. That means we expect to achieve close to 40 per cent of our target in under 12 months. Identified voluntary redundancies include 489 in Attorney General and Justice, 292 in Education and Communities, 173 in Family and Community Services, 244 in Finance and Services, 150 in Health, 138 in Premier and Cabinet, 248 in Trade and Investment, Regional Infrastructure and Services, 200 in Transport and three in Treasury. Further reductions are likely to occur, as Dr Kaye has been exploring, through normal staff turnover and natural attrition. Of course, these figures are on top of the 365 employees who are on the unattached list when our reforms to the excess employee policy was announced early this year.

You will recall that throughout its time in office Labor refused to do anything at all about the unattached list. Year after year public servants without permanent roles were allowed to remain on the payroll because the Labor Government refused point-blank to force them into real jobs or to force redundancy. Our Government's position is that people should not be paid if they do not have a full-time job to undertake. Employees on the unattached list were offered a one-off \$10,000 incentive to accept a fresh offer of voluntary redundancy and leave the public service before the end of July 2011. By the time the new policy took effect on 1 August, 223 excess employees had accepted an offer of voluntary redundancy and a further 54 had found a new permanent position or were on trial for a new permanent position.

The Government wants to help public servants who lose their jobs as a result of changing priorities or structural reforms. But employees who cannot be redeployed cannot be kept on the books indefinitely, and that is certainly the policy that applies in a number of other States, including in the Labor State of Tasmania. Under the new excess employee policy excess employees will be asked to choose between a generous voluntary redundancy package and a three-month retention period in which to pursue redeployment. If an excess employee declines voluntary redundancy and cannot find a new job within three months they will be made redundant.

Our fundamental obligation as a Government is to ensure taxpayers get the best value for their hard-earned dollars. The reforms that we have introduced and are successfully implementing are good news for taxpayers and, frankly, they are well overdue. They show that, unlike Labor, we are prepared to make the tough decisions which are designed to fix the public service and make it more efficient and more capable of providing those reliable services that people look to government to provide in this State.

The Hon. MATTHEW MASON-COX: Premier, on the issue of the public sector can you give the Committee an update on the progress towards the establishment of the Public Service Commission?

Mr BARRY O'FARRELL: It is my hope that my children and your children and other young people across the State in coming years when considering career choices will put the option of a career in public service high on the list of considerations. I would hope they do so because they see a career in public service as highly valued in our community—an exciting place where innovation, hard work and delivery of great outcomes for customers and taxpayers are appreciated and recognised, and where they can contribute to cutting-edge and effective thought leadership, policy and strategy, and to help develop the most innovative solutions, in collaboration with the not-for-profit and private sectors, to some of the most difficult community issues that come to the door of government. When they tell their parents and friends they are considering a public service career—whether in the front line of service delivery or in policy or corporate roles—I would like to think that those people's loved ones and friends are proud of the career choice they have made.

The Institute of Public Administration Australia (NSW) and individuals in the New South Wales public sector have been strong advocates in recent years for the creation of a Public Service Commission. Over the past two years I have spoken to the Institute of Public Administration Australia on two occasions and I committed a Liberal-Nationals Government to establish such a commission. I am pleased to say the Government's commitment is now delivered, with legislation establishing the Public Service Commission passed by both Houses of Parliament. We are determined to restore integrity and accountability to the way our public service is run.

The new commission, under the leadership of Graeme Head, will have four main roles: establishing and enforcing high ethical standards through setting clear expectations in the ethical framework for public sector employees—referred to earlier by Mr Foley—with clearly defined core public sector values of integrity, trust, service and accountability; secondly, creating a culture which attracts and retains the best employees; thirdly, ensuring public sector appointments are made on the basis of merit; and, fourthly, putting the public first when it comes to the delivery of services.

All of those four roles are critical, but if I was to pick the most important it would have to be the third one, which is the appointment of people on the basis of merit. This State can no longer afford to have a deficit when it comes to a selection process that at times saw the wrong people get through—the wrong people because they were mates and the wrong people because they had a party membership card to a former Government party. In public service jobs across the State we need the best people so they can help us fix this State and help deliver the best services that the people of New South Wales deserve and that the people of New South Wales should expect if they are going to pursue the opportunities that have always existed in New South Wales and that, regrettably, for more than a decade and a half we ran short of.

Professor Peter Shergold, AC, one of the most experienced and respected administrators in Australia, will be chairman of the Advisory Board of the new Public Service Commission. He has worked closely over recent months with a dedicated and professional group in the Department of Premier and Cabinet to implement the policy the New South Wales Liberals and Nationals have articulated since it was first announced in 2008. I started my career as a graduate trainee and member of the Australian public service. I value greatly the contribution that public servants make to the State. As I said before, you cannot be an effective government, you cannot deliver the better outcomes for the people of this State as a new government unless you have an effective and responsive public service below you.

What I witnessed over 16 years in watching the other side of politics govern this State was a running down of the public service, a flight of too many good public servants to other jurisdictions in the hope that they could pursue their zeal for public sector reform for the delivery of better services to people. If you had asked me 10 years ago whether I believed a Public Service Commission was important in New South Wales I probably would not have agreed. But particularly over the following 10 years it became critical that delivering a Public Service Commission was going to be important in New South Wales if there were to be a change of government. It was going to be important to reinvigorate and re-energise a public service and provide better leadership within the public service and guarantee those who work within a public service that frank, independent and fearless advice would be welcomed once again. As I said before, that would put an end to the process where we are given politically convenient advice that suited the political masters of the day, because ultimately that does not do the job that the community expects.

I am delighted that in the near future the external members of the Public Service Commission Advisory Board will be announced. When that announcement is made it will give a further vote of confidence to the New South Wales public service with the breadth and depth of talented people we seek to have on that board. This Government understands and respects the fundamental principles of our Westminster system of democracy. We know that much needs to be done to restore trust across our civil domain between elected representatives, public servants and citizens. Part of the problem of the donations-for-decisions culture that I referred to earlier was that it moved from beyond the political sphere into the sphere of public administration and community cynicism about the way in which decisions were being made. It eroded community trust in a public service that, as I said, is critical to delivering the best possible outcomes.

The establishment of the Public Service Commission is a key element in the Government's reforms, which also include restoring fiscal discipline, putting the customer at the heart of public service delivery, devolving decision-making and giving choice back to citizens and communities, as well as our number one priority—to grow the State's economy. A strong and innovative public service is essential to support the Government of the day, and we want to ensure the public service has the necessary capabilities, incentives and accountabilities and the confidence to defend their independence and integrity in an appropriate functional separation between public sector professionals and elected political representatives.

Through this legislation we are determined that the New South Wales public sector will be the best in the nation and will be a leader in public administration around the world. I am pleased to report that these historic reforms will shape our public sector to respond at the highest standard to the contemporary and future needs of New South Wales' citizens and public service customers, with independence, professionalism and innovation. I have been delighted by the response of public servants that I have met over recent weeks about

what they are starting to learn about the Public Service Commission: its intention, what it offers to them, the fact that there will hopefully be greater fluidity between the public and private sectors to increase skills and understanding on both sides, and how it will enhance the range of career options that people have. That can only strengthen what ultimately has to be a resilient, vibrant and innovative public sector.

The Hon. JENNIFER GARDINER: Premier, moving to matters environmental, can you give the Committee an update on what the Government has done so far to protect the environment?

Mr BARRY O'FARRELL: One of the first decisions the new Government made in March was to bring the Environment portfolio within the cluster of portfolios for which I am responsible. There were some who were critical of the decision—including the Leader of the Opposition—downstairs, and I am sure upstairs, who claim we are on "an anti-environmental crusade", that "environmental protection is on the chopping block", that "we are winding back conservation" and that we would soon see people having to "dodge bullets in national parks". They could not have been further from the truth.

Some of the biggest achievements have been in the environmental space in an area taken for granted by those who went before us.

It was the negligence of the former Labor Government that created laws which allowed companies responsible for leaks and spills to inform authorities "as soon as practicable" rather than urgently. As Brendan O'Reilly informed me when he interviewed me as part of his inquiry, that could have meant, under one interpretation, that they could have had seven days to report the spill.

As you know, we set up the O'Reilly review into the Orica incident in Stockton and subsequently at Kooragang Island which affected residents of Stockton. We have subsequently passed tough new pollution laws, including requiring immediate notification of pollution incidents and a doubling of fines to \$2 million for companies that fail to do so. The new laws are among the toughest in the nation and are designed to ensure companies can no longer flout the State's pollution laws and put the public at risk.

The Orica incident highlighted weaknesses in the State's environmental protection framework and my Government is taking urgent action to correct those faults. To that end, we are also re-establishing the Environmental Protection Authority as an independent, statutory authority headed by a chief environmental regulator to better regulate polluting industries. We are also improving procedures to require improved public notification, community engagement and emergency planning, and response exercises around pollution incidents. These were actions that members of The Greens, who are not our traditional chorus of supporters, took the unique step of congratulating us on. I thank Ms Cate Faehrmann through Dr John Kaye for that warm endorsement.

We have also made significant progress on establishing the Dharawal National Park. We all recall history in 1993 when a former Leader of the Opposition, Bob Carr, announced plans to create this national park in his first year in office. The year 1995 came and went and it never happened. It took this Government to start to make the creation of the Dharawal National Park a reality. We took action in just seven months to do the job that could not be done by the former Government that clearly committed to it for 16 years. This is a win-win situation. It is a win for the environment and it is a win for jobs. It will protect the current mining-associated jobs, while protecting an iconic part of the Illawarra escarpment and will provide a major biodiversity link between the coast and the Blue Mountains.

I know firsthand that the area has significant Aboriginal heritage values, with a high density of Aboriginal cultural sites including exceptionally well preserved rock art. These sites will be protected in the national park. The area is also home to 20 endangered or vulnerable animal species, including koalas and eastern pygmy possums, and major populations of three nationally significant plant species. The creation of the national park will forever preserve these endangered plants and animals, including Sydney's largest surviving koala population. The national park will also contribute to the health of over 2,000 upland swamps—areas that I have walked through—which feed pristine water to O'Hare's Creek, part of the headwaters of the Georges River.

The Government will convert 98.7 per cent of the existing State conservation area to a new national park. There will be no mining in the national park and the national park will not be depth restricted so there will be no mining under the national park. I say that for the benefit of the Hon. Walt Secord, who got it completely wrong in the *Macarthur Advertiser*.

The Hon. WALT SECORD: No I did not, actually.

Mr BARRY O'FARRELL: But he seems to think our actions were a response to a question he asked in the upper House.

The Hon. WALT SECORD: Do you read the *Macarthur Advertiser*?

The Hon. MATTHEW MASON-COX: It is always about the Hon. Walt Secord.

Mr BARRY O'FARRELL: The "Chauncey Gardiner" of the Legislative Council.

Dr JOHN KAYE: He likes to watch.

Mr BARRY O'FARRELL: That is very good. Who would have thought Dr John Kaye had a sense of humour?

The Hon. WALT SECORD: He does.

Mr BARRY O'FARRELL: Subject to the completion of the final administrative and legal processes, establishment of the national park is on track to occur around the end of 2011. We have delivered on our commitment to strengthen the legal protection of high conservation value lands at Cranebrook in Sydney's west. The creation of Wianamatta Nature Reserve at the former Air Services site at Cranebrook is important for the local community, which has fought hard for many years to have it protected from development and ensure it has the highest level of protection available. It will ensure the protection of one of the largest areas of remnant bushland in western Sydney, protecting and preserving forever an area of extraordinary biodiversity value, including seven threatened plants, 23 threatened animal species and 10 per cent of the remaining area of the endangered Castlereagh Swamp Woodland.

The New South Wales Government has also committed \$1 million to undertake high-priority ecological restoration works, tackle pest species and damage caused by past land uses. The Labor Party can continue to create mischief and make ridiculous claims about the environment portfolio. But the truth is our record in our first seven months in office has put Labor's record to shame.

CHAIR: Premier, to ensure that we can finish budgets estimates a little earlier, this will be the last question from the Government and it has to do with western Sydney. What has the Government delivered for the people of western Sydney?

Mr BARRY O'FARRELL: I was pleased to start my day out at Erskine Park, kicking off the \$55 million Erskine Park Link Road, which will provide much-needed infrastructure to one of the fastest growing areas of Sydney. The Erskine Park Link Road will help get trucks off local roads by providing a direct connection to the M4 and the M7 for those vehicles that will move between the western Sydney employment lands and those major transport corridors. It will help open up employment lands that will provide jobs for 40,000 people in western Sydney.

The benefit of that, of course, is obvious. As I drove out to Erskine Park this morning I had the benefit of seeing traffic coming in the other direction on the M7 and the M4—traffic that was, as usual, bumper to bumper. If we can provide more local jobs in western Sydney it gives people the opportunity to end the great commute that exists in too many areas of Sydney. Whether in the south-west, the north-west or western Sydney, one of the challenges for us that we are delivering on is providing those necessary employment lands.

In the budget we took action to build critical infrastructure and deliver transport while also rebuilding essential services to a level the people of western Sydney expect and deserve. The people of western Sydney voted for real change in March after years of broken promises and failed projects under the former Government. In the election we won seats we never dreamed of winning such as Smithfield, Granville, Mulgoa, Londonderry, Penrith, Wollondilly, Riverstone, Campbelltown, Parramatta and Menai. People in those areas deserted the former Government because they were sick of promises being made that never materialised. They were sick of being promised new railway lines time after time, only to watch the Government abandon them without a single metre of track being laid. We have wasted no time in getting on with the job of fixing some of these issues in western Sydney.

Our first budget reflects those priorities. It includes funding for major rail infrastructure projects such as \$314 million to develop the 23-kilometre North West Rail Link between Epping and Rouse Hill and \$292 million to continue construction of the South West Rail Link, which includes 11.4 kilometres of twin track between Glenfield and Leppington. There is a big difference between those we replaced and the current Government—that is, we are getting on with the job of delivering projects that have been promised. Western Sydney commuters will also benefit from the allocation of \$152 million to buy and upgrade new train carriages, the purchase of 261 new buses worth \$180 million in metropolitan and outer metropolitan areas, and \$110 million to start the rollout of the electronic ticketing system that Gladys Berejiklian has christened the Opal.

More than \$348 million will be invested in western Sydney roads in the 2011-12 budget to improve safety and reduce frustration for motorists. That includes funding for the Erskine Park Link Road which is due to be opened in 2013. Western Sydney is a key growth area and this investment represents a strong commitment to improve the road network for the thousands of motorists who travel through the region every day. Key road investments in the budget include planning work for the upgrade of the M5 between King Georges Road and Camden Valley Way, \$100 million to continue upgrades of the Great Western Highway in the Blue Mountains, \$25 million to complete construction of the joint-funded F5 Freeway widening project between Ingleburn and Campbelltown which is due to be completed by Christmas, \$15 million to continue construction of the four-lane upgrade of Camden Valley Way between Cobbitty Road and Narellan Road and, as I said, the start of the Erskine Park Link Road, which will see \$16 million of that \$55 million spent this year.

Western Sydney road commitments funded in this year's budget include \$2 million towards planning for the first stage of the first Werrington Arterial between the M4 and the Great Western Highway—a Werrington Arterial that again will give people relief from having trucks and heavy commuter traffic on local roads through that area—and \$2 million for the replacement of the Windsor Bridge over the Hawkesbury river.

We are working to rebuild the health system, with a \$136 million investment in health infrastructure in western Sydney in 2011-12. That includes commencement of major projects and election commitments totalling \$479 million. An amount of \$129 million has been allocated for the Nepean Hospital stages 3 and 3A redevelopments, the Liverpool Hospital stage 2 redevelopment and hospital car park. An amount of \$45 million in capital grant funding has been allocated for the redevelopment of the Westmead Millennium Institute. This includes \$25 million in 2011 as part of a \$30 million election commitment. The Children's Medical Research Institute will receive \$20 million. An amount of \$7 million has been allocated to commence the Campbelltown Hospital redevelopment and emergency department. An amount of \$500,000 has been allocated toward planning for the expansion of Blacktown Hospital as part of the \$125 million election commitment, and planning for the car park extension at Nepean Hospital as part of an election commitment.

Across the budget, across the Health portfolio and across Roads and Transport, the people of western Sydney who voted for real change in March are starting to receive the benefits of that change. We have wasted no time in getting on with the job of fixing western Sydney to build on essential infrastructure and to deliver the transport needed to boost essential services. That is in addition to those things we are doing to ensure that the cultural life and major events also extend to western Sydney. The people in those seats who deserted Labor at the last election campaign can be sure that those local members will continue to work hard as representatives of western Sydney and to deliver on those election commitments.

The Hon. WALT SECORD: Mr Eccles, how many ministerial staff are working in ministerial offices?

Mr ECCLES: At the moment we have 158.2 ministerial staff plus 20.6 full-time equivalents on the Premier's staff, totalling 178.8 full-time equivalents as of 30 September this year.

Mr BARRY O'FARRELL: I can compare that—

The Hon. WALT SECORD: I am sorry, Premier, but my question was to Mr Eccles.

Mr BARRY O'FARRELL: Yes, but if I can add to that answer—

The Hon. WALT SECORD: My question was to Mr Eccles.

Mr BARRY O'FARRELL: Can I not add to that? That compares to 209.4 when you left office.

The Hon. WALT SECORD: Sorry, my question was to Mr Eccles.

The Hon. JENNIFER GARDINER: Point of order: If the Premier wishes to answer the question himself he is perfectly entitled to or he may delegate it to one of his officers.

Mr BARRY O'FARRELL: That is what I thought the rules were.

CHAIR: I uphold the point of order.

Mr BARRY O'FARRELL: I wanted to make the point that, as Mr Eccles said, on 30 September 2011 the total number of ministerial staff was 178.8, who were costing \$19.7 million annually. That compares with the Keneally Government on 25 March, when it left office, which had 209.4 full-time equivalents at an annual cost of \$21.5 million. It compares with the Keneally Government in July 2010 when it had 226.4 staff at a cost of \$22.7 million. It compares with the fleeting Rees Government at 30 June 2009, when it had 241.1 full-time equivalents at a cost of \$24 million. To make it complete, it compares with the Iemma Government on 30 June 2008, which had 235.7 full-time equivalent staff at a cost to taxpayers annually of \$22.8 million. I should also point out that Morris Iemma at that stage had 29.17 full-time equivalents on his staff.

The Hon. WALT SECORD: I would now like to know about departmental liaison officers.

CHAIR: Order! The Premier is answering the question.

Mr BARRY O'FARRELL: Mr Rees had 26.6 full-time equivalent staff on his staff at that date. On 5 July, Ms Keneally had 28 Premier's staff and on 25 March she had 25. I have 20.6 staff in my office. As I have said before, I sit on a floor of Governor Macquarie Tower—

Dr JOHN KAYE: Can I give you a chair?

Mr BARRY O'FARRELL: I sit in an office that is located on a floor of Governor Macquarie Tower, to be correct for Dr Kaye, that is completely and utterly dysfunctional. I will never have the staff to fill it and I never want to have the staff to fill it.

The Hon. LUKE FOLEY: We did not think you had moved out of here.

Mr BARRY O'FARRELL: That is my point. I will continue to stay here.

The Hon. WALT SECORD: On that point, Mr Eccles, how much does running two offices cost the taxpayer?

Mr BARRY O'FARRELL: We have always run two offices because we have always maintained an office here.

The Hon. WALT SECORD: If you are running two functioning ministerial offices there has to be a cost incurred in that.

Mr BARRY O'FARRELL: No, we have always had an office in this place.

The Hon. WALT SECORD: People have to know—

CHAIR: Order! The Hon. Walt Secord will allow the Premier to answer the question.

The Hon. WALT SECORD: People have to come back and forth.

Mr BARRY O'FARRELL: There has been a Premier's office in this building since 1856. I do not have to teach you Australian history because you have a better grasp than other people. Since 1856 there has been a Premier's office here. Since time immemorial there was a State office block—

The Hon. WALT SECORD: You made a big virtue earlier of having a second office. You said you had to have two computers.

Mr BARRY O'FARRELL: Absolutely. I have two computers because of that wonderful ministerial technology system you signed off on.

The Hon. WALT SECORD: You are doing needless duplication.

Mr BARRY O'FARRELL: No, those computers would still be here because Ms Keneally had a computer in this office when Parliament sat and she had a computer in her other office, as did the other Mr Secord who was her chief of staff—not the Hon. Walt Secord who is a member of the upper House—as he did at both offices.

The Hon. WALT SECORD: How many departmental liaison officers are currently employed?

Mr BARRY O'FARRELL: The number of departmental liaison officers is 63.

The Hon. WALT SECORD: Mr Eccles, in response to a question on notice answered on 12 October by your department it was revealed that the Minister for Primary Industries and the Minister for the Environment had had 20 staff—10 each—leave or quit their offices as of 7 August. Is 20 not an extraordinary number when compared to the Minister for Roads and Ports and the Minister for Police and Emergency Services who had none?

Mr ECCLES: You are asking me for an opinion, Mr Secord, that I am not prepared to offer.

Mr BARRY O'FARRELL: I suspect that should be directed to those Ministers.

The Hon. WALT SECORD: I note that they have a staff entitlement of six and they have each had 10 people go through their offices so that means they have had a complete turnover of their staff. What is happening in those two offices?

Mr BARRY O'FARRELL: Not necessarily. I recommend you go to the estimates hearings for both those Ministers and ask them.

The Hon. WALT SECORD: You have ministerial responsibility for ministerial staff.

Mr BARRY O'FARRELL: I am also encouraging you to front up and face them.

The Hon. WALT SECORD: You are the Minister responsible for ministerial staff. I cannot direct my questions to them. I am directing them to the appropriate bureaucrat.

Mr BARRY O'FARRELL: You must understand there has been a change. Part of that change is that Ministers get to manage their own staffs. They are no longer handpicked by Sussex Street; they are no longer ticked off by the chief of staff.

The Hon. WALT SECORD: Will you investigate morale in those two offices—Mrs Parker's office and Mrs Hodgkinson's office? They have had an entire turnover of staff.

Mr BARRY O'FARRELL: What I was trying to say to you, Mr Secord, if you will let me get a word in, is that I know in the early days of establishing the Government a number of departmental liaison officers came through a number of offices. Some had other jobs to go back to.

The Hon. WALT SECORD: I put it to you that you are using the departmental liaison officers as a way of getting around the staff numbers.

Mr BARRY O'FARRELL: No, you guys used departmental liaison officers and other people for political purposes. That ended on 26 March.

The Hon. WALT SECORD: Last October you promised to rename the opera theatre at the Sydney Opera House after Dame Joan Sutherland. What has happened to that promise?

Mr BARRY O'FARRELL: They are still working on it. I am as disappointed as I am sure an opera lover like you is, Mr Secord, that that has not happened. I did not think it was on the top of the thousand issues of importance, but it is one of those promises—

The Hon. WALT SECORD: You made a big song and dance about it.

Mr BARRY O'FARRELL: You have never forgotten that we got a front page out of that. I was just as surprised by that front page as you were. If you can work out the *Sydney Morning Herald* you are a better man than I am.

The Hon. LUKE FOLEY: Can I bring you back to Mr Greiner? On 2 May when you appointed him as Chairman of Infrastructure NSW he held a press conference and said that he no longer had any conflicts of interest in the area of infrastructure. Do you recall that press conference?

Mr BARRY O'FARRELL: I do not recall the press conference but unlike my degree of acceptability of evidence on this side I am happy to take your evidence on it.

The Hon. LUKE FOLEY: I am glad you rate me as more trustworthy than Dr Kaye.

Dr JOHN KAYE: I think he knows me better.

The Hon. LUKE FOLEY: I will quote Mr Greiner for your information. He said: "The answer is six months ago, eight months ago I would have had a number of conflicts in this area. By pure serendipity I have to say I have absolutely no conflicts. I used to chair the second-largest construction group in the infrastructure space. I used to be Chairman of Stockland, which is the largest land developer, which clearly has interest in infrastructure being developed, and there are probably Queensland coal industry rail group. I have absolutely no conflicts and it wouldn't make sense if there were." Do you consider that Mr Greiner still has no conflicts of interest in the infrastructure space?

Mr BARRY O'FARRELL: I am not aware of any conflicts of interest that he has. The term "conflict of interest" refers to situations where a conflict arises between public duty and private interest which could influence the performance of official functions and the public interest. That is the definition. As I said before when you pursued this line of questioning, all statutory boards, particularly of the State-owned corporations, have processes to deal with conflicts of interest. For instance, Sir Rod Eddington, who chairs Infrastructure Australia, which is a similar organisation to Infrastructure NSW, still has a variety of commercial interests. That will happen from time to time. If you are going to tap into—as this Government wants to—the energies and ideas of the private sector, there will from time to time be conflicts of interest. What is important though is not that there are conflicts of interest; it is how they are resolved. That is why I say, whether it is Sydney Water, whether it is the unions' involvement with Sydney Water or whatever, the point is that it is the way they are handled.

There needs to be full disclosure of any real or potential conflicts of interest, and in that way the Government, agencies and State-owned corporations are able to eliminate or mitigate the conflict by a range of actions. Those could be informing the likely affected persons that a disclosure has been made, so, in other words, it is upfront; appointing a probity auditor, which is often one of the ways in which these issues are handled; restricting access of that person to those deliberations, which is certainly the rule that occurs in Cabinet because people absent themselves, for instance, from a particular discussion; or people being asked to relinquish or divest themselves of a particular interest. So, across the board, commercially or in the public sector, in that space that increasingly involves public and private involvements on the same boards, conflicts of interest will arise from time to time. What is important is the way in which they are dealt with. What is important is that there are clear guidelines and that those are dealt with transparently.

The Hon. LUKE FOLEY: Indeed, the code of conduct and ethics for public sector executors, which appears on the Department of Premier and Cabinet website, contemplates three scenarios where conflicts of interest arise. The first is where the conflict of interest is so minimal that it is simply eliminated by disclosure. The second is where the person with the conflict is requested to divest himself or herself of the interest. The third is a rearrangement of duties. Those are the three scenarios to deal with conflicts of interest in the New South Wales public sector, are they not?

Mr BARRY O'FARRELL: Those are a range of the options, absolutely.

The Hon. LUKE FOLEY: Have you spoken with Mr Greiner about his role with Trility Pty Ltd, which describes itself on its website as "a recognised leader in delivering infrastructure services to the Australian water sector"?

Mr BARRY O'FARRELL: If your question is the question I was asked in the lower House in the last fortnight—

The Hon. LUKE FOLEY: No, it is not.

Mr BARRY O'FARRELL: Well, ask your question.

The Hon. LUKE FOLEY: Have you spoken to Mr Greiner about his role with Trility Pty Ltd?

Mr BARRY O'FARRELL: No, I have not. But I am conscious that the Infrastructure NSW board, like other boards across the State, has guidelines and rules around conflict of interest, some of which you have just referred to.

The Hon. LUKE FOLEY: There is a pecuniary interests register for the members of the board of Infrastructure NSW, is there not?

Mr BARRY O'FARRELL: Absolutely. I would have thought so.

The Hon. LUKE FOLEY: Are you aware that Mr Greiner has disclosed 12 interests on the Infrastructure NSW disclosure registry?

Mr BARRY O'FARRELL: No. But I am very grateful that the register is working as it is intended to work. Disclosure of an interest is not a conflict.

The Hon. LUKE FOLEY: That is true.

Mr BARRY O'FARRELL: Thank you.

The Hon. LUKE FOLEY: Will you speak to Mr Greiner about his role as a paid consultant to a company that describes itself as "a recognised leader in delivering infrastructure services to the Australian water sector"?

Mr BARRY O'FARRELL: Mr Greiner and, I am sure, all directors of Infrastructure NSW, as I am sure are at least those directors we appointed to other State-owned corporations while we have been in office, are fully cognisant of their responsibilities under the various codes within which they operate not only to declare on registers whatever interests they have, but to take appropriate action when conflicts arise. In other words, I do not believe I have to educate someone who has had the experience on corporate and public sector boards, like Mr Greiner, on matters that come as second nature to them.

The Hon. LUKE FOLEY: On 2 May, when you appointed Mr Greiner, he said at a press conference that he had no conflicts of interest. If we give him the benefit of the doubt and say that his paid consultancy to Trility has arisen since that press conference, do you not accept that there is a conflict of interest now as far as Mr Greiner is concerned?

Mr BARRY O'FARRELL: No. I accept that he has registered an interest, one of 12 as you tell me he has registered, and I accept, and I would expect, and I would know that he would, if a conflict arose, take appropriate action.

The Hon. LUKE FOLEY: The key part of the Infrastructure NSW Act that you promised in the campaign and delivered in government contemplates that the body Infrastructure NSW will develop sectoral State infrastructure strategy, does it not?

Mr BARRY O'FARRELL: Yes.

The Hon. LUKE FOLEY: And that must include water infrastructure, surely.

Mr BARRY O'FARRELL: Well, it may; there is no must in there.

The Hon. LUKE FOLEY: I asked your Finance and Services Minister yesterday about this, and he advised, "I am very pleased to say that I am sure it," that is, Infrastructure NSW, "will be looking at water, and I will be very happy to help it."

Mr BARRY O'FARRELL: The point is precisely what I have just said and precisely what Mr Pearce has said, which is that these are matters for Infrastructure NSW to pursue. You do not employ a guard dog and bark yourself. You appoint an expert body to advise you on infrastructure, and you ask for that advice.

The Hon. LUKE FOLEY: But he is your hand-picked appointee as chairman.

Mr BARRY O'FARRELL: Cabinet signed off on these appointments. We run a Cabinet system.

The Hon. LUKE FOLEY: Sure. But the Act that you introduced and passed says that the Premier appoints the Chairman of Infrastructure NSW.

Mr BARRY O'FARRELL: But, unlike the former Government, appointments go through the Cabinet process.

The Hon. LUKE FOLEY: So Cabinet, on Premier O'Farrell's recommendation, has chosen Mr Greiner to be Chairman of Infrastructure NSW. Are you aware that last week Trility announced that it will pursue new business opportunities in the water sector? Are you aware of that?

Mr BARRY O'FARRELL: No. But I am still trying to work out where the headline is here, Mr Foley.

The Hon. LUKE FOLEY: I am not looking for a headline, Premier.

Mr BARRY O'FARRELL: Excuse me! There's news. That's the first bit of news breaking today: Foley not looking for a headline.

The Hon. WALT SECORD: Leave the jokes to John.

Mr BARRY O'FARRELL: I'll leave them to you, Walt.

The Hon. LUKE FOLEY: On 2 May, when you appointed Mr Greiner, he said he had no conflicts of interest. We now learn, through the disclosure registry, that he is a paid consultant for Trility, and Trility last week, on 17 October, issues a press release claiming that it will pursue new business opportunities in the water sector. Does that ring alarm bells for you?

Mr BARRY O'FARRELL: Where is the conflict of interest? Once again, we are having the same discussion we had half an hour ago. You continue to make allegations, and you continue to try to draw longbows—

The Hon. LUKE FOLEY: I am not making allegations, Premier. I am asking you—

Mr BARRY O'FARRELL: Well, you try to draw longbows, but where is the conflict of interest that you have identified? Once again, you have not identified a conflict of interest. What you have pointed to is the way in which Infrastructure NSW is abiding by the sorts of probity checks that you would expect any public body to do, which is to have a register of interests. And what you have already acknowledged is that on the Department of Premier and Cabinet website there is a process by which these matters are supposed to be dealt with if conflicts arise. You would not be able to have many private sector people on boards anywhere in government around this country if you said, "If you have got any involvement in the private sector, you cannot sit on the board." The issue is not the interest. The issue is the way in which potential conflicts are dealt with. And so far you have not identified a conflict of interest.

The Hon. LUKE FOLEY: Premier, can I put to you that Mr Greiner's interest, a paid consultancy with Trility, should be met with a request from you for him to divest that interest?

Mr BARRY O'FARRELL: Well, no. Again, we have a probity process, which you have outlined yourself. It is an issue if a conflict arises. Last week or the week before you and the Leader of the Opposition downstairs were running around saying that he had a conflict of interest because of the desalination plant. We then had to correct both you and Mr Robertson to say that Infrastructure NSW is not on the steering committee for the long-term lease of the desalination plant. You cannot have it both ways. You have either got to accept the facts before you stretch the longbow and try to make it up, or not.

The Hon. LUKE FOLEY: Premier, the point I am making is that your Finance and Services Minister yesterday confirmed to the Estimates Committee that Infrastructure NSW will have a role in water infrastructure.

Mr BARRY O'FARRELL: No. He expressed a view that the board of Infrastructure NSW—on which neither Mr Pearce nor I nor any Minister sits—will determine those things. And if, for instance, because amongst those people who sit on Infrastructure NSW is Mr Fletcher, who comes from the Central West of New South Wales, if for instance the Ian Armstrong highway is ever discussed by Infrastructure NSW, I have no doubt that someone like Roger Fletcher, who has never made any bones about his support for such a freeway, would alert the board to his conflict of interest and would probably, in all likelihood, absent himself from any discussions. It is the way in which it is handled. We are not a Government that runs to the standards of the Labor Party. We actually appoint people on merit. We appoint people to abide by the sorts of guidelines that are meant to protect the public interest. We will never have those board members that headed up electricity authorities last year who were prepared to sign off without any proper consideration on the sale of State electricity assets because they were told to do so by Mr Roozendaal and Ms Keneally.

Dr JOHN KAYE: Last Sunday in response to the suggestion that New South Wales does not have a water Minister you said, "Well, neither does New South Wales have a Minister for food or a Minister responsible for air".

Mr BARRY O'FARRELL: No-one ever says you do not have enough time to read Twitter.

Dr JOHN KAYE: I do not think it was on Twitter.

Mr BARRY O'FARRELL: It was.

Dr JOHN KAYE: I think you also said it—

Mr BARRY O'FARRELL: No, it was on Twitter. The only place I said it was on Twitter, but I am pleased that you are following me.

Dr JOHN KAYE: There you go.

Mr BARRY O'FARRELL: I get worried at times that I am talking into the tweetosphere.

Dr JOHN KAYE: I am not really interested in the anxieties you feel because of your tweeting.

Mr BARRY O'FARRELL: No, I am just delighted that you are following me so closely.

Dr JOHN KAYE: I really want to know—

Mr BARRY O'FARRELL: But you have never shared your humour with me on Twitter.

Dr JOHN KAYE: Minister, obviously you do not follow me on Twitter.

CHAIR: Premier.

Dr JOHN KAYE: Sorry—Premier.

Mr BARRY O'FARRELL: I do not mind. He can call me Barry if he wants to.

Dr JOHN KAYE: Can we return to the issue of the absence of a water Minister?

Mr BARRY O'FARRELL: We can.

Dr JOHN KAYE: The State had a water Minister for at least 10 years until you came to office and decided not to have one. Instead, you have divided the responsibilities between Primary Industries, and Finance and Services. What was the thinking behind not having a water Minister?

Mr BARRY O'FARRELL: Can I just acknowledge that I am drinking water? I have no bias against drinking water; I am a big supporter of water. I displace more water than most people in this room—most, I say, not all. The fact is that we saw benefits in ensuring that the Minister for Finance and Services would have responsibility for the water corporations, which, essentially, are enterprises of government, and that the Minister responsible for the State's primary industries, which are the broad primary industries, would have responsibility for Water in that sense.

Dr JOHN KAYE: But you put the metropolitan water division, which is the regulatory body, into the same portfolio as the finance Minister and the State's two largest water utilities?

Mr BARRY O'FARRELL: I do not see a problem with that.

Dr JOHN KAYE: You do not see any problem with that at all?

Mr BARRY O'FARRELL: No, because—

Dr JOHN KAYE: You do not see a conflict of interest—

Mr BARRY O'FARRELL: —where were they before when there was a water Minister?

Dr JOHN KAYE: They were not in with Finance. They were in with Water.

Mr BARRY O'FARRELL: But they were all together.

Dr JOHN KAYE: They were not all together; that is the issue I wish to get at.

Mr BARRY O'FARRELL: No, but with the water corporations and the regulatory agency.

Dr JOHN KAYE: I have never been convinced that it was a great arrangement. We saw the tension evolve in the debate over Tillegra Dam, which was extremely complex for the Government to resolve.

Mr BARRY O'FARRELL: Where we agreed.

Dr JOHN KAYE: We will get to that in a minute. Do you not think there is a conflict of interest when, on one hand, Sydney Water and Hunter Water are returning substantial revenue to the State, providing incentive for the economic Minister to maximise that revenue, and on the other hand both utilities have substantial impacts on the environment yet decisions have impacts on household water bills? Do you not think by putting the metropolitan water division and those two utilities into the Finance portfolio you have enhanced rather than reduced the conflicts of interest?

Mr BARRY O'FARRELL: No, I do not accept that. I make the point again that just because you put interests or agencies in certain areas it does not necessarily create a conflict. The fact is that in your introductory remarks you overlooked that we also went to the election saying that we wanted to have greater contestability for the provision of services. Time and again I said at property institute functions, on television and the like that when the private sector could deliver a service at the same standard and for a cheaper price, we were duty-bound to explore it. One way we can help to try to drive down development and construction costs in Sydney is to introduce contestability competition into the provision of some infrastructure services.

Dr JOHN KAYE: That is a separate issue, but given that Hunter Water—

Mr BARRY O'FARRELL: Not really, if you look at the Finance and Services area because, of course, it is one of those areas that will help drive contestability across government.

Dr JOHN KAYE: You are saying that the real intent behind not having a water Minister was outsourcing as much as possible of Sydney Water and Hunter Water?

Mr BARRY O'FARRELL: That is a good try but, no, that is not what I am saying.

Dr JOHN KAYE: Is it not?

Mr BARRY O'FARRELL: What I am saying is that where there is a public interest—which might be that water increases are lower than otherwise expected or cheaper development costs, which of course lead to cheaper housing—any Government would be foolish to turn its back on that.

Dr JOHN KAYE: We can take from what you are saying, to some extent, that on the one hand you want to get rid of as much of the services as you can to the private sector, and on the other hand you want to maximise—

Mr BARRY O'FARRELL: You might say that. I did not say that.

Dr JOHN KAYE: That appears to be where you are headed. You want to maximise the revenue. That would be the only conclusion to draw from your view of putting Water in with Finance and Services.

Mr BARRY O'FARRELL: No, that is the conclusion you draw. We are putting, particularly the water corporations, in with the services part of government. We are ensuring that things like investment and infrastructure are tested, particularly against contestability and competitive tensions, to ensure that prices are kept as low as possible for families and small businesses across the State.

Dr JOHN KAYE: Why did you not put the metropolitan water division, which is the regulatory agency, into the Office of Environment and Heritage?

Mr BARRY O'FARRELL: It was not there previously. We did not think it was necessary.

Dr JOHN KAYE: That is not 100 per cent correct—at one stage it was. When the Department of Environment, Climate Change and Water [DECCW] existed they were in one body.

Mr BARRY O'FARRELL: That is not the model we adopted. We are confident in the model we adopted.

Dr JOHN KAYE: I know that, but I am trying to find out why you chose to put Finance, the utilities and the regulatory agency under one Minister.

Mr BARRY O'FARRELL: Because we thought that made the best administrative sense and would produce the best outcomes for the public.

Dr JOHN KAYE: Are they outcomes environmentally, for household water bills and for revenue for the State Government? There are a million outcomes. You are taking a very simplistic view that there is this one optimal outcome.

Mr BARRY O'FARRELL: No. Outcomes cover a whole gamut of options, but one of the things we have done recently—I think with your support because I did not read the debate—is make those changes to the environment protection agency. Tim Moore established the New South Wales Environment Protection Authority [EPA], which was a good independent watchdog that had teeth until it was taken to the dentist by the former Government. One of the good things about it was that it attacked both public agencies and the private sector with equal vigour. I think amongst the first fines it handed out after Tim Moore established it were to Sydney Water, Port Kembla and RailCorp. It vigorously pursued—

Dr JOHN KAYE: I remind you that it was actually a rebadging of the State Pollution Control Commission, which was established by a previous Government.

Mr BARRY O'FARRELL: But it was a significant ramping up of the independence of the body. Even your predecessors in the upper House accepted that—I think even the watermelon accepted that.

Dr JOHN KAYE: Nonetheless, each of those agencies was not within Tim Moore's department; they were all in separate departments. They were separated out.

Mr BARRY O'FARRELL: Yes. But with all due respect, that is the point I am trying to get to.

Dr JOHN KAYE: Yes, in separate departments, which gives it tension.

Mr BARRY O'FARRELL: Now that we are re-establishing a more independent Environment Protection Authority with teeth, your concerns about the enforcement of water regulations and the concern you rightly have about getting the best environmental outcomes with water can be investigated and pursued by the EPA.

Dr JOHN KAYE: No, you have verballed me. I am keen on enforcement, as is everybody, but this is a separate issue. The metropolitan water division does not do enforcement. It is a different kind of regulation; it is at the planning level. But that is a separate matter.

Mr BARRY O'FARRELL: You are talking about environmental outcomes in water. What I am responding to is that we now have, separate from both water Ministers, an environmental agency that is able to check on your outcome. You kept throwing in environmental—I know you are a Green.

Dr JOHN KAYE: In the same tweet, I thought it was a media statement, you said—

Mr BARRY O'FARRELL: My media statements go beyond 140 letters.

Dr JOHN KAYE: Perhaps they should not. In the same tweet you said there is no food ministry.

Mr BARRY O'FARRELL: No food Minister and no air Minister.

Dr JOHN KAYE: Are you not concerned that there is no food Minister? New Zealand has a food Minister. The debate over food security is becoming increasingly heated and there are the issues of climate change and coal seam gas and the tensions that exist between coal seam gas and eating. There are also issues coming out of the Blewett inquiry—which you would be aware of—to do with food quality, food labelling and a variety of other issues around food. You were dismissive, as one sometimes is on Twitter—

Mr BARRY O'FARRELL: You are never dismissive on Twitter—except of me.

Dr JOHN KAYE: Do you think that might have been too light hearted? Do you think there is an argument for a food ministry in the second decade?

Mr BARRY O'FARRELL: I was making a point. You cannot have every area of interest named in a portfolio. You cannot have a Minister for everything from A to Z in the lexicon. We have a Minister for Primary Industries who of course is the State's food Minister because, guess what, primary industries produce the food that I am particularly interested in. I probably have more interest in food than anyone else in this place. The point I was making to Mr Tobin, who probably shares my interest in food, was that just because you do not have someone badged with a name of a particular area does not mean that those areas are not having attention paid to them. As you know, we are establishing an office of food security, which is important for all the reasons you have mentioned.

Dr JOHN KAYE: Within Primary Industries?

Mr BARRY O'FARRELL: Yes.

Dr JOHN KAYE: Within the department whose number one focus is agriculture, agricultural production, farmers and irrigators—a department that even when it was in charge of issues to do with consumer affairs on food did an exceptionally poor job of it and continues to do a poor job of it.

Mr BARRY O'FARRELL: I think Primary Industries does a great job from paddock to plate. I have had no complaints about that. If you want to attack public servants in that way in the estimates committees—if you want to misuse this forum—go ahead. But I will defend the Primary Industries bureaucrats.

Dr JOHN KAYE: Nice try, Premier.

Mr BARRY O'FARRELL: I am learning from the master.

Dr JOHN KAYE: I am amazed that you do not know of the concept, the idea, of administrative tension between different departments. It is possibly to the disbenefit of New South Wales that you are not aware of this concept. Is the concept of having different administrative functions with tension, competing views and outplaying between the different departments, one that you accept?

Mr BARRY O'FARRELL: I do accept that concept. I live with it every day. I am sure the Director General of Premier and Cabinet would agree with that. Every time we sit in Cabinet we have 22 people around the Cabinet table who have a range of views on every issue.

Dr JOHN KAYE: You lessen the administrative tension over issues to do with water.

Mr BARRY O'FARRELL: You say that.

Dr JOHN KAYE: You did. You put regulation, finance and the utilities themselves under one Minister, who also has a large number of other issues to focus on. You will recall the 2007 election and you will recall the intense debates over water that raged then. We happen to be in the middle of a La Niña now so we do not have those debates, but you might not get that lucky at the next election.

Mr BARRY O'FARRELL: That assumes that, like the former Government, we have taken our eye off the ball. We have not. The fact is that the Minister for Primary Industries is just as much engaged on water issues, food security and on preservation of agricultural land as anyone. What you have accurately described in the lead-up to the 2007 campaign was we had a Government that for a decade had promised a water policy that it failed to deliver and in the heat of an election campaign committed to the desalination plant and your favourite dam, the Tillegra Dam, not because they had done their homework but because they needed a water policy for electoral reasons.

Dr JOHN KAYE: Thank you for raising Tillegra Dam because I want to go there next. As you observed, you and I are on the same side—in opposition—regarding the dam.

Mr BARRY O'FARRELL: This always makes us feel uncomfortable.

Dr JOHN KAYE: I am glad; that is an added benefit to me.

Mr BARRY O'FARRELL: That is political tension.

The Hon. LUKE FOLEY: An axis of evil.

Dr JOHN KAYE: Premier, you would be aware if you read today's *Newcastle Herald*—

Mr BARRY O'FARRELL: I have not got to the *Newcastle Herald* today.

Dr JOHN KAYE: One of the proposals being explored by Hunter Water in preparation of the Lower Hunter Water Plan is Native Dog Creek. It was my lack of attention to the issue that allowed it to get to this stage because we had the papers. Native Dog Creek is the north-western arm of the old Tillegra Dam proposal. Congratulations for saying there will be no dam at Tillegra. I presume that also rules out a subset of Tillegra at Native Dog Creek?

Mr BARRY O'FARRELL: I am not aware of the Native Dog Creek proposal but my commitment was clear: there will be no dam at Tillegra. I am happy to take the second half of your question on notice.

Dr JOHN KAYE: When you say no dam at Tillegra, dam has two meanings—in the strict sense, dam is a wall and Tillegra is a single location, it is a bridge.

Mr BARRY O'FARRELL: There was a proposal for the Tillegra Dam that we both understood and campaigned against. That is the Government's commitment. I am happy to come back to you as to the Native Dog Creek proposal.

The Hon. WALT SECORD: Is a native dog a dingo?

Mr BARRY O'FARRELL: Apparently not.

Dr JOHN KAYE: I am not sure. It is the north-western arm of the old Tillegra Dam proposal, an off-stream storage that has been interpreted today—I am hearing from the people in the area who opposed the original Tillegra Dam—as Tillegra two.

Mr BARRY O'FARRELL: I know of no plans for Tillegra two. As I said, our commitment is very clear: no Tillegra Dam. I would be surprised if that is not being enforced.

Dr JOHN KAYE: I would appreciate your taking that on notice and getting back to us as to where we go with Native Dog Creek. You could end up with your own Tillegra Dam.

Mr BARRY O'FARRELL: You can only end up with Tillegra Dam mark I, II, III or IV—and we are not going to have a Tillegra Dam—if the Government is silly enough to sign up to it, and this Government is not signing up to a Tillegra Dam.

Dr JOHN KAYE: To a dam in that area?

Mr BARRY O'FARRELL: I will come back to you on Native Dog Creek, but our commitment was very clear.

Dr JOHN KAYE: That includes any subset of the original Tillegra Dam?

Mr BARRY O'FARRELL: I assume it does if it was affected by the original proposal, yes.

Dr JOHN KAYE: So no area affected by the original proposal will be impounded under an O'Farrell Government?

Mr BARRY O'FARRELL: I will come back specifically for you.

Dr JOHN KAYE: But in general?

Mr BARRY O'FARRELL: In general, yes.

Dr JOHN KAYE: You would not accept the impoundment of—

Mr BARRY O'FARRELL: In general, we intend to specifically enforce our election commitment.

Dr JOHN KAYE: That is a known known. Can I now take you to western Sydney and talk about the old site of The King's School in Parramatta? During the election Kristina Keneally, the then Premier, promised in compromise mood to keep 88 per cent of the site in public hands, with 12 per cent of the site to go to the Catholic church for a variety of purposes. The community largely accepted that. Some were disappointed but they said that was a reasonable outcome. Is this Government committed to the promise given by Kristina Keneally that at least 88 per cent of the old site of The King's School will remain under public ownership?

Mr BARRY O'FARRELL: The previous Government made those commitments. They also announced that there would be an arts precinct developed in relation to the site without having set aside the estimated \$24.6 million required to fund the recurrent costs for the site. To put it bluntly, it was another election lie. The arts precinct was unfunded. That was the intended use for the remainder of the site. They never had the money to deliver on that promise. Unlike the previous Government, we are not going to announce anything until we know that we can deliver it. We are currently reviewing proposals for the remainder of that site and looking into the costs and benefits associated with it. The community can be assured that the site will stay in public hands. The site is of heritage value.

Dr JOHN KAYE: The entire site or the 88 per cent?

Mr BARRY O'FARRELL: There are commitments that have been made in relation to the 12 per cent.

Dr JOHN KAYE: You mean 88 per cent of the site?

Mr BARRY O'FARRELL: Not 100 per cent; the 88 per cent.

Dr JOHN KAYE: That is a commitment from you?

Mr BARRY O'FARRELL: We are determined to keep the site in public hands. We understand its heritage value and we understand the need to engage the community in how it is going to be used. The community's input into the appropriate uses for the site is vital to any future decisions that the Government makes so they align with community expectations and sound financial management. Dr Kaye, a government cannot, after 15¾ years in power, pop up with a thought bubble that is completely unfunded and then expect an incoming Government that faces a \$5.2 billion budget black hole to pursue it. That is not you. That is what the former Labor Government did. There are members of the community out there who are understandably disappointed, disturbed and angry about our failure to follow through on an underfunded commitment of the former government. But we cannot be beholden to every thought bubble that it had.

Dr JOHN KAYE: According to media reports—you may correct me—the Catholic Church paid \$5.5 million for the 12 per cent of the site that it purchased.

Mr BARRY O'FARRELL: I do not know.

Dr JOHN KAYE: Are paying, have paid, will pay?

Mr BARRY O'FARRELL: I do not know. If it is not commercially sensitive, I am happy to provide the information on notice.

Dr JOHN KAYE: It is sufficiently not commercially sensitive that it is in an article in the *Parramatta Advertiser*.

Mr BARRY O'FARRELL: Sourced to whom?

Dr JOHN KAYE: It appears to be sourced to Bishop Anthony Fisher. Whatever money it is—it might be \$5.5 million—do you make a commitment that all that money will be reinvested in a public portion of the site?

Mr BARRY O'FARRELL: I will take that on notice.

Dr JOHN KAYE: There is no commitment to keep that money—

Mr BARRY O'FARRELL: I do not know whether there is or there is not. It is one of those unknown knowns.

Dr JOHN KAYE: You will make it a known known by getting back to us?

Mr BARRY O'FARRELL: I will answer it on notice, yes. *[Time expired.]*

The Hon. PETER PRIMROSE: When do you expect the first enrolments will be taken at a new high school in Kellyville Ridge, Stanhope Gardens?

Mr BARRY O'FARRELL: I will take that on notice.

The Hon. PETER PRIMROSE: When will a decision be made on the removal of traffic lights at Riverstone railway crossing and their replacement with an overpass?

Mr BARRY O'FARRELL: This was a terrific issue. I will come back to you in relation to the Office of Roads and Maritime proposals. What we will not do is what the former Labor Government did and the former member for Riverstone, which was time after time promise that before the 1999, 2003 and 2007 election campaigns and never ensure that funds were set aside for that project.

The Hon. PETER PRIMROSE: When will construction on the overpass be completed?

Mr BARRY O'FARRELL: I will take that on notice.

The Hon. PETER PRIMROSE: Will you reserve a corridor to allow the possible connection at some future date of the North West Rail Link with the Richmond line?

Mr BARRY O'FARRELL: I will take that on notice. If you want to ask the Minister for Transport, her estimates are later this week. I am sure she would be delighted to take the question.

The Hon. PETER PRIMROSE: When is the widening of Showground Road at Castle Hill between Old Northern Road and the corner of Carrington Road expected to be completed?

Mr BARRY O'FARRELL: I will take that on notice. I do not know whether the Hon. Duncan Gay has had his estimates. They are on Friday. I am sure you could ask him and get an earlier answer. You can either wait 21 days for the answer on notice to come in or ask the Hon. Duncan Gay on Friday.

The Hon. PETER PRIMROSE: I would appreciate a response from you, thank you.

Mr BARRY O'FARRELL: It will be the same response.

The Hon. PETER PRIMROSE: Which western Sydney commuter car parks and interchanges were deferred or cut as a result of the budget?

Mr BARRY O'FARRELL: I am not aware of those details. I will ask the Minister for Transport.

The Hon. PETER PRIMROSE: When will the Blaxland commuter car park be delivered?

Mr BARRY O'FARRELL: Same answer.

The Hon. PETER PRIMROSE: When will the Cabramatta commuter car park be delivered?

Mr BARRY O'FARRELL: Same answer.

The Hon. PETER PRIMROSE: When will the Granville commuter car park be delivered?

Mr BARRY O'FARRELL: Same answer.

The Hon. PETER PRIMROSE: Will you give us a response on those?

Mr BARRY O'FARRELL: That is what I have said.

The Hon. PETER PRIMROSE: Thank you. Can you guarantee that no police will be removed from western Sydney as a consequence of the current audit of police resources?

Mr BARRY O'FARRELL: Has the Hon. Michael Gallacher had his estimates? We will be making announcements about the reviews. Our intention is to ensure that we have adequate numbers of police around the State. There is no intention to reduce police numbers in areas like western Sydney.

The Hon. PETER PRIMROSE: Why did you decide to scrap a \$245 million upgrade at Blacktown Hospital?

Mr BARRY O'FARRELL: I will take that on notice. As I understand it, we are delivering on the election commitment that we made before the election. Because of the attention the electorate was receiving from the Labor Party, in other words because Mr Robertson was coming down from the upper House to the lower House, we know that days after we made our commitment for \$125 million stage one Labor made a commitment for \$245 million. We never, as I understand it, ever committed to \$245 million. Our commitment in Blacktown in western Sydney was for \$125 million and that is what we intend to do.

The Hon. PETER PRIMROSE: Thank you, I look forward to the answer.

Mr BARRY O'FARRELL: That is the answer. In other words, we are not delivering on your promises. We are delivering on our promises.

The Hon. LUKE FOLEY: Premier, why are you not delivering on your promise to sewer the villages in Wollondilly?

Mr BARRY O'FARRELL: We are, as you know.

The Hon. LUKE FOLEY: No.

Mr BARRY O'FARRELL: Yes, we are.

The Hon. LUKE FOLEY: Are you going to make good your election promise on sewerage?

Mr BARRY O'FARRELL: We are sewerage those areas earlier than they would have been sewerage under a Labor Government.

The Hon. LUKE FOLEY: That was not my question, Premier.

Mr BARRY O'FARRELL: But you said we are not honouring our promise to sewer those villages. We are honouring our promise to sewer those villages.

The Hon. LUKE FOLEY: Will you honour your election promise to sewer—

Mr BARRY O'FARRELL: You know the answer to that.

The Hon. LUKE FOLEY: —Wilton, Yanderra and Douglas Park by the dates you promised in your policy—

Mr BARRY O'FARRELL: You know the answer to that because you asked the Hon. Greg Pearce yesterday.

The Hon. LUKE FOLEY: Give me the answer, Premier.

Mr BARRY O'FARRELL: The fact is that we are delivering on our commitments to sewer those parts of south-western Sydney. They will be done earlier than they would have been done under a Labor Government.

The Hon. LUKE FOLEY: You are breaking your promise with regards to the dates you promised to sewer Wilton, Yanderra and Douglas Park, are you not?

Mr BARRY O'FARRELL: You had that answer yesterday.

The Hon. LUKE FOLEY: I am asking you as Minister for Western Sydney.

Mr BARRY O'FARRELL: We are delivering on our commitments to sewer parts of south western Sydney, which will be done under a Liberal-Nationals Government earlier than they would have been done under a re-elected Labor Government.

The Hon. LUKE FOLEY: Can I ask you again, why are you breaking your commitment to the people of Wollondilly regarding the dates by which you promised to deliver them sewerage?

Mr BARRY O'FARRELL: We are honouring our commitment to deliver sewerage facilities to the people of Wollondilly earlier than promised by a Labor Government, which went to the 2003 and 2007 election campaigns saying it would have been done before this last election campaign. The difference between Labor and Liberal is that it will be done before the next election. You promised that in two elections and never delivered.

The Hon. LUKE FOLEY: And you are breaking your promise, Premier?

Mr BARRY O'FARRELL: It will be delivered before the next election, unlike the Labor Party, which promised it over two elections.

The Hon. LUKE FOLEY: It was a non-core promise, was it?

Mr BARRY O'FARRELL: We do not have those; that was Labor. I remember the Epping to Parramatta end of the rail link that was promised time and time again. I remember 10 railway lines across Sydney, four at least of which were in western Sydney, never delivered. You guys are the experts when it comes to promising and not delivering. We are going to be the first Government in a generation—

The Hon. LUKE FOLEY: You obviously have learnt a lot from the experts, Mr O'Farrell.

Mr BARRY O'FARRELL: How not to run government, absolutely. We are going to be the first Government in a generation that delivers our commitments.

The Hon. LUKE FOLEY: Why are you breaking your promise to the people of the Wollondilly?

Mr BARRY O'FARRELL: We are delivering on our commitment to provide sewerage facilities to the people of south-western Sydney who were promised by you and ignored, and it will be delivered by us earlier than promised last by you.

The Hon. LUKE FOLEY: Mr O'Farrell, I take you back to the multiple conflicts of interest between Mr Greiner's business interests and official duties.

Mr BARRY O'FARRELL: You have not shown a single conflict of interest in these hearings. On two occasions you have failed to make a case that there was a single conflict of interest. That is the problem, Mr Foley. Just because you assert it does not mean it is truthful, any more than your statement about corporate intents or national parks. You get it wrong more often than you get it right.

The Hon. LUKE FOLEY: I thought where we got to in the last round of questioning was that you accepted Mr Greiner had some conflicts of interest but you said that it is how they are dealt with.

Mr BARRY O'FARRELL: No, I accepted that he had a register of interest and I accepted that if any conflicts arose—I did not say he had conflicts—they would be dealt with in the way in which you expect the boards of State-owned corporations or Infrastructure NSW or other boards across the State to be dealt with.

The Hon. LUKE FOLEY: Do you accept that a man who has a paid consultant's role with Australia's leading private water infrastructure company could have a conflict of interest in his role as chairman of Infrastructure NSW?

Mr BARRY O'FARRELL: Are you a member of a union?

The Hon. LUKE FOLEY: Yes.

Mr BARRY O'FARRELL: Do you vote on union legislation before the Legislative Council? Is that a conflict of interest? How do you handle it? Do you declare your interest and deal with it in that way or not? That is a real conflict of interest.

The Hon. LUKE FOLEY: Premier, I have been very respectful in my questioning to you.

Mr BARRY O'FARRELL: But you have not established a single conflict of interest.

The Hon. LUKE FOLEY: I am not in charge of a government agency—

Mr BARRY O'FARRELL: Nor is Mr Greiner.

The Hon. LUKE FOLEY: —that is charged with handing out billions of dollars of funds and contracts in infrastructure.

Mr BARRY O'FARRELL: Madam Deputy-Chair, that is a lie.

The Hon. PETER PRIMROSE: And also refuses to attend this Committee.

Mr BARRY O'FARRELL: That is a lie, Madam Deputy-Chair. Infrastructure NSW is not a decision-making body. Infrastructure NSW is completely different to your planning Ministers, your rotten, corrupt, crook planning Ministers, who at the stroke of a pen could enrich a developer to the tune of millions of dollars on a rezoning. That is what we put an end when we stopped part 3A.

The Hon. LUKE FOLEY: Premier, how are Mr Greiner's multiple conflicts of interest compatible with your professed commitment to an ethical framework for the New South Wales public sector?

Mr BARRY O'FARRELL: No matter how loud you get you have not established a single conflict of interest.

The Hon. LUKE FOLEY: Premier, there could be no more graphic illustration of a donations-for-decisions culture than your infrastructure tsar Mr Greiner presiding over Liberal Party corporate fundraisers, could there?

Mr BARRY O'FARRELL: But he does not make a single decision to deliver a piece of infrastructure; that is a decision of Government, unlike a planning Minister under Labor who could sign off on a rezoning in the lower Hunter, lobbied by a former Federal Labor Minister, and enrich a developer to the tune of millions.

The Hon. LUKE FOLEY: Premier, you campaigned on the basis that you would establish Infrastructure NSW to put decisions about infrastructure at arm's length and independent from an O'Farrell Government, did you not?

Mr BARRY O'FARRELL: We passed legislation that ensures that they get to provide 20-year and five-year infrastructure strategies to the Government and to the Parliament, and that the Government gets to decide what it will and what it will not accept. If we do not accept their advice we have to simply explain it. So it is not a decision-making process. I do not know how clearer I can be, because unlike the real conflicts of interest that existed under the former State Government's planning laws, where a planning Minister could have a perceived and actual conflict of interest, where the Independent Commission Against Corruption referred to part 3A as conducive to corruption, Infrastructure NSW is not a decision-making body. Mr Greiner is the chairman, which is why he is not here at estimates. You could have invited Mr Broad to come along because Mr Broad is the man who runs Infrastructure NSW; he is the public servant; he is the chief executive. But it is completely different. Today you have failed singularly to establish a conflict of interest around this issue, just as you failed two weeks ago when you claimed a conflict of interest in relation to the desalination plant.

The Hon. LUKE FOLEY: You repeatedly campaigned on a pledge to establish an independent Infrastructure NSW to put decision-making around infrastructure at arm's length from government.

Mr BARRY O'FARRELL: But the legislation you voted for, the legislation that went through the Parliament—

The Hon. LUKE FOLEY: That is what you campaigned on.

Mr BARRY O'FARRELL: But the legislation that went through the Parliament does not make, and we never intended it to make, Infrastructure NSW a decision-making body.

The Hon. LUKE FOLEY: So you campaigned on a lie, did you?

Mr BARRY O'FARRELL: It was to be an expert advisory body, and that is what it is.

The Hon. LUKE FOLEY: It is simply laughable, is it not, to come here today when Mr Greiner's multiple conflicts of interest are revealed—

Mr BARRY O'FARRELL: You have not outlined a single conflict of interest.

The Hon. LUKE FOLEY: —given everything you have said in recent years about establishing an independent decision-making body to assess infrastructure—

Mr BARRY O'FARRELL: This is going to be your worst performance in a committee since you have been in this place.

The Hon. LUKE FOLEY: I have only had two.

Mr BARRY O'FARRELL: That is what I am saying; you were much better last time. You were much better when you were talking about the *Kama Sutra*.

The Hon. LUKE FOLEY: When you talk to me about the *Kama Sutra*, Mr O'Farrell, it conjures up a very disturbing image.

Mr BARRY O'FARRELL: You have far more experience than I do, I can tell you that.

The Hon. LUKE FOLEY: It is simply laughable—

Mr BARRY O'FARRELL: We are laughing.

The Hon. LUKE FOLEY: —to pretend today that Mr Greiner has no authority in the area of infrastructure, given everything you have said in recent years?

Mr BARRY O'FARRELL: I did not know you were Jesuit educated until this moment.

The Hon. LUKE FOLEY: Christian Brothers.

Mr BARRY O'FARRELL: You have now switched from someone who makes decisions to advisory—that is my point. Mr Greiner does not, unlike a planning Minister under the former regime, have the capacity to make decisions; he provides advice to Government; Government gets to decide and if we disagree we have to explain to the public and to the Parliament.

The Hon. LUKE FOLEY: Will you require Mr Greiner to divest himself of his paid roles with companies with an interest in infrastructure?

Mr BARRY O'FARRELL: As you know, under the three models you referred to previously, some conflicts of interest should be dealt with that way. But today you have not established a single conflict of interest that he has.

CHAIR: The time for Opposition questions has expired. We have 12 minutes left with Dr John Kaye.

Dr JOHN KAYE: Premier, I forgot to ask this before: If you are going to rule out Mad Dog Creek or any other dam—

CHAIR: Native Dog.

Dr JOHN KAYE: I was caught up by the last series of questions and distracted. With Native Dog Creek, if you are going to rule it out will you make sure that the Minister communicates that to Hunter Water, given that we have just wasted \$25 million of taxpayers' money in this case on Tillegra? Can we avoid doing that again?

Mr BARRY O'FARRELL: As I say, I will get that advice for you because I did not get to read the Newcastle *Herald*, as I often do in the early morning.

Dr JOHN KAYE: Can I take you now to another key issue in western Sydney, which is the issue of air quality? Are you satisfied with the number of air quality monitoring stations in south-western Sydney?

Mr BARRY O'FARRELL: I will get you the advice about south-western Sydney, but generally across Sydney the answer has been no. We know that a number of air quality monitoring facilities were closed down over the past decade, and one of the commitments that I know Robyn Parker is keen on effecting over this course of Parliament is to try to ensure that we have the best possible monitoring across areas like the Sydney Basin.

Dr JOHN KAYE: And you will get back to us with specific advice on—

Mr BARRY O'FARRELL: South-western Sydney, yes.

Dr JOHN KAYE: —south-western Sydney, particularly the Macarthur valley area. We understand that we are now down to three, I think, air quality stations, from the previous six or seven.

Mr BARRY O'FARRELL: It is a concern that I share, particularly with people who live in those sorts of areas and particularly with the people who live in those areas in the Hunter as well.

Dr JOHN KAYE: We can get to the Hunter later on. Does the Government have air quality targets for reducing pollution and improving air quality in western Sydney?

Mr BARRY O'FARRELL: I believe we do and I will get you that information.

Dr JOHN KAYE: According to the former Department of Environment there are still significant challenges in meeting health-based air quality standards, particularly in the case of photochemical smog in south-western Sydney. Can you outline for us what you are doing as the Minister with direct responsibility for that area to address those health-related issues?

Mr BARRY O'FARRELL: I am happy to provide that on notice.

Dr JOHN KAYE: Will you commit to working directly with your environment Minister, your department and the Office of Environment and Heritage to develop a specific western Sydney air quality management plan?

Mr BARRY O'FARRELL: Yes, but what we need is air quality plans across the whole of the Sydney Basin and also other areas like the Illawarra and the Hunter. We should not be Sydney-centric about this because this is a problem in many industrial and other areas.

Dr JOHN KAYE: I am asking you this not as Premier but as the Minister with responsibility for south-western Sydney.

Mr BARRY O'FARRELL: I understand what you are saying.

Dr JOHN KAYE: You would also acknowledge, would you not, that south-western Sydney really cops it because a fair percentage of the oxides of nitrogen produced by people driving cars in eastern Sydney end up in south-western Sydney because of the nature of the air share?

Mr BARRY O'FARRELL: I accept that, and that is why, for instance, in this year's budget funding is set aside for an additional air-monitoring facility in south-western Sydney. But I will come back to you with all those detailed answers.

Dr JOHN KAYE: Can I now turn to the issue of coal seam gas? Do you reckon this has gotten out of hand?

Mr BARRY O'FARRELL: In what sense out of hand, because I know what I mean by that but what do you mean by that?

Dr JOHN KAYE: In the sense of the scale that the industry is proposing, the environmental consequences—leaving aside the argument over greenhouse, which I think is pretty conclusive—the arguments over impact on air quality, on water quality, and not just for the landholder who is experiencing coal seam gas drilling but also for surrounding landholders and surrounding communities.

Mr BARRY O'FARRELL: I am concerned about impact, but the biggest impact concern I have relates to water. You talked before about food security. What I know is that if the global economy were to go south again, if those burgeoning economies in our region were to start to falter, ultimately the two things we need to have are water and food to get us through. In this area—the Hon. Matthew Mason-Cox will be interested—I am at one with Bill Heffernan, which is not something that I always say. I think that food and

water security are the most critical challenges that the State and the nation faces. So my concern about mining generally, my concern about some other land uses but within the mining field, CSG, is to ensure that there is adequate protection for water supply. That was a concern that I had previously, particularly when we were experiencing those drought conditions you referred to earlier. So I think we would be absolute mugs to allow anything, whatever man-made activity, to threaten water supplies that are critical to our future.

Dr JOHN KAYE: Given those statements and given the scale that the industry clearly has in mind, the four or five key investors in the industry clearly have a massive-scale—I heard Jeremy Buckingham describing flying over Chinchilla recently and the landscape you see—

Mr BARRY O'FARRELL: Was he in a plane?

Dr JOHN KAYE: He was in a plane, yes. I will pass that comment on to him. As the Premier of New South Wales are you prepared to rule out that becoming a commonplace sight here in New South Wales? Are you prepared to say there comes a point when we have to say no, the industry cannot expand to its full economic or resource potential?

Mr BARRY O'FARRELL: Just to go back to your first question before I answer the second question, the other concern I have about the debate around coal seam gas is that, contrary to some of your assumptions, I think that there are some gaps in the knowledge about the whole thing. There are gaps in relation to water and there are gaps in relation to the impact of some of these enterprises. So we need to make sure that the science is right, that the facts are right and that we have a debate that hopefully is focused on those. As you know—as Brad Hazzard has expounded a number of times publicly—we are trying to put in place a strategic lands policy that would ensure that when mining proposals of any form come up there is an opportunity for scientific evidence to come forward so that there can be a proper weighting provided to these things. That is what I would hope would be the salvation, for instance, of the Liverpool Plains which is among the most productive farmland that exists in this country.

That being said—and I know this will not be welcomed by you—I have been to parts of the Hunter Valley that were subject to coalmining that have been remediated. To the eye of someone who has grown up in towns and cities it was almost indistinguishable from the other farmland around. That is not the circumstance everywhere. I know there are still parts of the Hunter Valley and other parts of this State where there were promises to remediate and those promises were never delivered. But we need to accept that there are companies engaged in mining—not coal seam gas but mining generally—that have remediated land and that the land has become productive again and is contributing to that food security we are concerned about.

Dr JOHN KAYE: You started this discussion around water security. I think you were referring particularly to groundwater. You would accept that coal seam gas drilling can have a substantial impact not just on the local aquifer but on the groundwater for a substantial area around?

Mr BARRY O'FARRELL: But as you know Dr Kaye—and I am here thinking of Queensland—so too can agriculture. We do have this magnificent artesian basin and there are concerns that aquifers and other things have been denuded in some cases by townships and in some cases by agriculture. When it comes to preservation of water in aquifers, rivers or other places we need to ensure that our man-made practices in whatever field of land use we are involved in are respectful of those water supplies. That is why it is so good at the present time to see the Snowy River flowing again.

Dr JOHN KAYE: Indeed, even if it is flowing in a slightly bizarre way. Premier, you would be aware that the New South Wales Farmers Association is walking away from land use.

Mr BARRY O'FARRELL: I understand its frustration. I absolutely understand its frustration. This was not easy. It took the Hon. Duncan Gay a year to try to put some guidelines together before the election campaign. We issued that policy, which was then quickly matched by the former Government. I have to say that Frank Sartor's book, *The Fog on the Hill*, provides an interesting analysis and critique of how the Labor Government matched it. Is it hard? Absolutely. But the difference between our Government and the former Government members is that they were not interested and they did not do anything about it. We are interested. We are getting on with the job and we are trying to put these guidelines in place.

Dr JOHN KAYE: You would also be aware of statements made recently by Federal Minister for Resources Martin Ferguson who we think said that an export gas industry will drive up gas prices in New South

Wales and that would have an impact on the resource mix used in the domestic fossil fuel industry. Do you share that concern?

Mr BARRY O'FARRELL: We have asked for some advice on it. I worry about Mr Ferguson because, to hark back to an earlier discussion, he is a strong advocate of nuclear energy.

Dr JOHN KAYE: He is a strong advocate of anything that damages the environment.

Mr BARRY O'FARRELL: Therein lies my point. I am not sure what his agenda is in this area.

Dr JOHN KAYE: Leaving aside Martin Ferguson, you would be aware, no doubt, that an export gas industry will drive up gas prices in New South Wales.

Mr BARRY O'FARRELL: That case has been made.

Dr JOHN KAYE: That is simple economics.

Mr BARRY O'FARRELL: It is only simple economics if demand is there.

Dr JOHN KAYE: You will also be aware that you have inherited from your predecessors planning approvals for two 2,000 megawatt baseload power stations, either gas or coal, and you would be aware of the consequences of either of those being constructed. Have you had any analysis done on the proposition that a coal seam gas or conventional gas export terminal in New South Wales—most likely coal seam gas—would drive up the price of gas? In fact, one anywhere on the east coast of Australia with an interconnection would drive up gas prices significantly.

Mr BARRY O'FARRELL: I will get you advice on that, but to the best of my knowledge there have been no plans presented to this Government and we have inherited no plans from the former Government that would see such a facility on the coast in New South Wales. I am aware that there are proposals in Queensland for similar facilities. I think Gladstone has been identified. But I will seek whether we have advice on the impact of that upon gas in New South Wales.

Dr JOHN KAYE: Particularly if it is coupled with a gas pipeline with an enhanced connection between Queensland and New South Wales.

Mr BARRY O'FARRELL: I understand where you are coming from.

Dr JOHN KAYE: With respect to the Mount Piper and the Bayswater power station sites, would you therefore see the possible development of an export gas terminal at Gladstone driving those to being coal-fired power stations?

Mr BARRY O'FARRELL: I will get you advice on that.

Dr JOHN KAYE: What would be the consequence of that? I think we still own those sites but I am not sure. Would that mean that you would try to stop the construction of such an entity?

Mr BARRY O'FARRELL: I will get you advice on that hypothetical situation.

CHAIR: Thank you. Answers to questions need to be returned within 21 days.

Mr BARRY O'FARRELL: Or can I say to Mr Primrose in some cases if he asks the Hon. Duncan Gay on Friday I suspect he will get a quicker answer.

The committee proceeded to deliberate.