

GENERAL PURPOSE STANDING COMMITTEE NO. 1

Tuesday 9 October 2012

Examination of proposed expenditure for the portfolio areas

UNCORRECTED PROOF PREMIER, WESTERN SYDNEY

The Committee met at 2.00 p.m.

MEMBERS

Reverend the Hon. F. J. Nile (Chair)

The Hon. C. E. Cusack
The Hon. L. Foley
Dr J. Kaye
The Hon. M. R. Mason-Cox

The Hon. M. J. Pavey (Deputy Chair)
The Hon. P. T. Primrose
The Hon. W. Secord

PRESENT

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

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this hearing of the inquiry into the Budget Estimates 2012-13 open to the public. I welcome Premier Barry O'Farrell and his accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Premier and Western Sydney. Before we commence I will make some comments about procedural matters. In accordance with the Legislative Council 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 photographs. In reporting the proceedings of this Committee, members of the media must take responsibility for what they publish or any interpretation they 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 advisers or members' staff seated 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 seated at the table behind you. Transcripts of this hearing will be available on the web from tomorrow morning. Premier, the House has resolved that answers to questions on notice must be provided within 21 days. I remind everyone to turn off their mobile telephones. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Premier, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. For all other witnesses, I ask that you each in turn state your full name, job title and the agency you represent and that you swear an oath or make an affirmation.

PAUL BROAD, Chief Executive Officer, Infrastructure NSW, sworn and examined, and

CHRIS ECCLES, Director General, Department of Premier and Cabinet, and

GRAEME HEAD, NSW Public Service Commissioner, 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 an opening statement before Committee members commence questioning, we will begin with questions from the Opposition.

The Hon. LUKE FOLEY: Premier and gentlemen, thank you for joining us. Premier, a government that cuts \$1.7 billion from school funding and leaves 25,000 pensioners without glasses while slashing private jetty fees and handing the clubs industry a massive tax cut is a mean and heartless government, is it not?

Mr BARRY O'FARRELL: No, it is a government that lives within its means. Let us look at the education savings. In a budget of \$53.5 billion over four years, the \$1.7 billion represents a 3 per cent saving across one of the largest budgets in government—1,800 jobs out of 100,000 jobs across the department but admittedly 60,000 of those departmental jobs are public schoolteachers who are quarantined from these cuts. We have to ensure that we are fiscally responsible just as any family does and just as any business does, but we cannot spend money we do not have and if we do we create bigger problems down the track.

I just remind you, Mr Foley, that we inherited a \$5 billion black hole thanks to the lack of financial management by your Government. Weeks before the delivery of this year's budget the Federal Government revealed that we would suffer a \$5.2 billion reduction in GST receipts so when revenues per year are down \$2.5 billion, of course governments have to tighten their belts; governments have to live within their means and that is what we will continue to do because ultimately that is the only way to provide the secure foundation upon which we can build the improved services and infrastructure to which we are committed and people across the State can build their lives. The alternative is that either you borrow—and of course we are borrowing for infrastructure—or you raise charges and taxes. Of course, you cannot raise taxes and charges anymore in New South Wales because over a period of 16 years we became incredibly uncompetitive.

Ultimately the source of the great bulk of our revenue is economic activity. So our challenge, as we set out in the election campaign, is to restore economic growth to New South Wales. It is about providing confidence to businesses, whether they are individuals, whether they are small businesses or large businesses, to invest in New South Wales, to create jobs, to create wealth, to create opportunities for people and, ultimately, to maintain and create even better living standards across New South Wales. I understand that responsible budgeting is an alien concept to the Labor Party but it cannot be alien to a responsible government in New South Wales. It certainly is not alien to hardworking families across western and south-western Sydney in particular, and it is the way most successful businesses, whether they are small businesses or large businesses, operate on an annual basis.

The Hon. LUKE FOLEY: Premier, you talk about belt tightening but you delivered a massive loosening of the belt for private jetty owners, did you not—a massive windfall gain for them?

Mr BARRY O'FARRELL: Again, a concept to which you would be unaccustomed is that if you are to have taxes and if you are to impose charges they should apply according to a formula. We established an inquiry into the fees that applied. The report that came back recommended a number of things—increases and decreases across the board in order to put in place a rational system—not a system that sought to rob Peter to pay Paul; not a system that sought to favour mates who might have lived in a particular part of Sydney because of the friendships they had with a former Labor maritime Minister; but a rational system so that people understood the way in which those rents were determined.

The Hon. LUKE FOLEY: You delivered a \$5.3 million hit to your own government revenue by slashing the fees paid by 8,350 private jetty owners, a solidly Liberal voting constituency if ever there was one.

Mr BARRY O'FARRELL: Hang on; I seem to remember not only a few Labor mates but also a few Labor Ministers who had votes.

The Hon. LUKE FOLEY: That is an indication of the priority of your Liberal Government, is it not, Premier?

Mr BARRY O'FARRELL: No, it is not; it is about putting in place a system that guarantees fairness across the levying of taxes, charges and other fees that government applies.

The Hon. LUKE FOLEY: So you maintain it is fair, Premier?

Mr BARRY O'FARRELL: It is off the back of an inquiry into the way in which these fees were levied. If you have had anything to do with the harbour, the inlets and these properties in the past you would know that they have been the issue of continued contention. What we sought to do was have a review of the way in which levies and rents were charged. It came back with recommendations. We have accepted those recommendations because they put in place for the first time a rational way in which to assess and levy fees, a way that is fair for those individuals involved and a way that others who seek to buy properties or engage in those sorts of activities can understand.

The Hon. LUKE FOLEY: So a 30 per cent reduction for private jetty owners, whilst leaving 25,000 pensioners without glasses is fair budgeting, is it?

Mr BARRY O'FARRELL: Let us go to the 25,000 people without glasses. What your Government did time and again to feed that program was to take money away from other critical community services programs.

The Hon. LUKE FOLEY: Like private jetty owners perhaps?

Mr BARRY O'FARRELL: No, we are talking about your period in office. So what you did every year was to take—

The Hon. LUKE FOLEY: It is about choices, Premier.

Mr BARRY O'FARRELL: Absolutely, and your choice was to take money away from even more disadvantaged people in community services in order to feed a program that was not being properly managed. What the Minister for Family and Community Services is seeking to do, like everyone else, is to live within her means. She knows, as the public know, that the Mint down the street closed a long time ago. We do not have money that we print and we have to live within the means that we have.

The Hon. LUKE FOLEY: Let me read to you a quote from Emeritus Professor Brian Layland from the International Centre for Eyecare Education who tells us that, "an estimated 25,000 to 28,000 pensioners, 45 per cent disability pensioners, will not receive their spectacles, contact lenses or low vision aids; many will be severely handicapped. Some will fall and be admitted to hospital. Many will be deprived of reading or seeing television. How can you justify that when you are delivering a massive windfall gain to Liberal voting private jetty owners?"

Mr BARRY O'FARRELL: I say again that part of the model we tried to unravel in relation to ferry wharves was the number of Labor mates who just happened to have some prime ferry wharves who seemed to get pretty good discounts.

The Hon. LUKE FOLEY: It is a cute line, but it will not work with disabled pensioners who cannot see or get glasses from you.

Mr BARRY O'FARRELL: But it did work with Labor Ministers.

The Hon. CATHERINE CUSACK: Point of order: The member well knows that they are delayed in getting their glasses. It is not a case of them never getting their glasses; it is a financial year cap.

CHAIR: Order! You are not answering questions.

The Hon. CATHERINE CUSACK: But he knows that.

The Hon. LUKE FOLEY: Perhaps Ms Cusack could answer the question for you, Premier.

The Hon. CATHERINE CUSACK: He is deliberately misrepresenting the situation.

CHAIR: Order! You cannot take points of order on that.

The Hon. LUKE FOLEY: Had you finished your answer, Premier?

Mr BARRY O'FARRELL: I make the point that I have made. One area is about putting a rational system of charges in place. Another area is ensuring that the money we have is spent appropriately.

The Hon. LUKE FOLEY: Does the way in which you have treated those two groups in our society not tell us all we need to know about the priorities of your Government?

Mr BARRY O'FARRELL: I do not think so.

The Hon. LUKE FOLEY: Does it not tell us all about the meanness of your Government? Your own Minister, Ms Pru Goward, tells us that 25,000 pensioners will miss out on eyewear because of this decision by your Cabinet.

Mr BARRY O'FARRELL: That is not true. There are delays in the system and that is the way it has operated since time immemorial.

The Hon. LUKE FOLEY: What is the budget for the VisionCare program this year?

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

The Hon. LUKE FOLEY: You do not know?

Mr BARRY O'FARRELL: I do not have it at my fingertips, but I say again—

The Hon. LUKE FOLEY: You have deprived 25,000 pensioners and you cannot tell us what the funding commitment is this year?

Mr BARRY O'FARRELL: Have you asked the Minister?

The Hon. LUKE FOLEY: I was busy questioning the Minister for Health about chairs and beds.

Mr BARRY O'FARRELL: Thank you. My point is that the way in which you sought to supplementary fund that program each year was to take funding away from some of the most vulnerable families and individuals across this State. That is not the way we intend to do it.

The Hon. LUKE FOLEY: I wish to read from a media release dated 30 May from your Deputy and the Minister for Roads and Ports, the Hon. Duncan Gay, about waterfront tenants, private jetty fees—

The Hon. MELINDA PAVEY: He is not Deputy Premier.

CHAIR: Andrew Stoner is the Deputy Premier.

The Hon. LUKE FOLEY: Your party leader.

The Hon. MELINDA PAVEY: You said Duncan Gay.

The Hon. LUKE FOLEY: And Duncan Gay—the pair of them.

The Hon. CATHERINE CUSACK: But they are not the party leader.

Mr BARRY O'FARRELL: Thank you for clarifying that.

The Hon. LUKE FOLEY: You have got me there. I refer to a press release issued by Andrew Stoner and Duncan Gay which tells us that government revenue will reduce by \$5.3 million representing 36 per cent of

the current income from these tenancies. The reduced revenue will be met by savings targets set by this Government. Those savings targets include very large cuts to education, health and, of course, to eyewear for pensioners, do they not?

Mr BARRY O'FARRELL: Those savings cuts fall within the department of the Minister responsible for Roads and Maritime Services.

The Hon. LUKE FOLEY: Tell me about—

Mr BARRY O'FARRELL: Do you accept that? Do you actually get that? The fact is the savings occur in the department.

The Hon. LUKE FOLEY: No, I do not get your priorities when you slash eyewear for pensioners who cannot see and hand it to your Liberal mates with private jetties.

The Hon. CATHERINE CUSACK: It has not been slashed. That is just a lie.

The Hon. LUKE FOLEY: I do not accept it, Premier, not at all—not now, not ever.

Mr BARRY O'FARRELL: They are Labor mates, but the point is the savings apply in the Roads and Maritime Services portfolio, not across the board.

The Hon. LUKE FOLEY: The point is that Liberal governments never change, do they?

Mr BARRY O'FARRELL: Actually they do because the population gets a chance every four years to elect the government that it wants.

Dr JOHN KAYE: Point of order: Could we have an agreement that we all shout one at a time rather than across each other? I am concerned about Hansard staff; it puts additional stress on them. If we could abuse each other singularly rather than collectively it would be better.

The Hon. LUKE FOLEY: Why do we not all turn on The Greens?

Dr JOHN KAYE: You have done that before. We would welcome the attention.

The Hon. CATHERINE CUSACK: The problem is, Mr Chair, that the member is making assertions that are untrue. You need to maintain order in this questioning.

CHAIR: Yes, the Hon. Luke Foley can ask questions.

The Hon. MELINDA PAVEY: And not make statements.

The Hon. CATHERINE CUSACK: The scheme has been capped, not cut.

CHAIR: The Premier does not need your help.

The Hon. LUKE FOLEY: Do you stand by the \$300 million tax cut to the very large clubs industry at a time when you are slashing education by \$1.7 billion?

Mr BARRY O'FARRELL: We do. New South Wales clubs employ 41,000 people. They make a contribution to the State's economy of more than \$3 billion. The consequence of Labor's tax increases upon the club movement was a reduction in employment—in other words, a loss of jobs across the State—and, secondly, a winding back of community grants for a variety of causes, sport, social welfare, as well as a range of other activities across the community. One of the consequences of clubs winding back their grants was that those groups inevitably came and knocked on the door of government and the fact is that under the proposals we put in place Clubs NSW will return just about all the money that it is getting in tax reductions through the reworked community club grants scheme, which means that there will be more money across the community for people, whether they are in the disability sector, the ageing sector, the veterans sector, or all those other good causes that clubs across this State support.

I have no difficulty supporting a club movement as every time there is a disaster it is usually the first port of call for families and others affected. I have no difficulty in supporting a club movement that, for instance, gives \$1 million a year to the New South Wales Institute of Sport. I have no difficulty in supporting a club movement that employs 41,000 people across this State, which provides tens of thousands of jobs, particularly in rural and regional areas—jobs that would not exist if those clubs continued to close down as they did particularly after you started to put the increased tax in—

The Hon. LUKE FOLEY: Why will you not support a public school community that educates three-quarters of a million kids in our State?

Mr BARRY O'FARRELL: We are.

The Hon. LUKE FOLEY: Why will you not support that sector?

Mr BARRY O'FARRELL: We are supporting that sector. The reductions in the savings we have announced represent a 3 per cent saving. They are savings that stop at school gates. They are savings that are all about reducing the size of head offices because, unlike your shadow Treasurer, we are not great fans of middle management. We want people who deliver services, which is why we have increased the number of teachers across New South Wales, increased the number of police and increased the number of nurses. We are in the business of providing the services that people need. We are also in the business of doing so in a fiscally prudent and responsible way, which means you do not spend money that you do not have. We are also, in tough economic times, investing in the infrastructure that will support economic development across this State to generate those additional jobs, those additional revenues that can help us meet the budget needs of the services that we provide and inevitably will provide the opportunities for those who have an education, those who are skilled, to get on with their lives.

The Hon. LUKE FOLEY: You have kept your word to the very large clubs industry, but broken it to every student, parent of a student and teacher in New South Wales, have you not?

Mr BARRY O'FARRELL: No, that is not true. The 3 per cent savings stops at the school gate. The 3 per cent savings has not stopped us increasing the number of teachers across New South Wales since we were elected. The savings that we have put in place are not stopping us from empowering school communities through Local Schools, Local Decisions in order to ensure that those schools are better able to tailor the services provided within local schools to the needs of the communities involved. The savings that we have initiated have not stopped our commitment to ensure that our approach to Indigenous education is lifted because we believe those who are from Indigenous communities deserve the same life opportunities as the rest of us—something that singularly failed with your Government over 16 years.

The Hon. LUKE FOLEY: Are you telling us that a \$1.7 billion cut to education will have no impact on the quality of education in our schools? Do you really expect us to believe that?

Mr BARRY O'FARRELL: What I am saying is that a 3 per cent reduction, which is targeted to head office, stops at school gates, does not impact the great service provided in our public schools—quite the reverse. What we are about across the board is allocating more resources to the front line, giving people at the front line greater opportunities to tailor the way in which those services are provided to meet the particular needs of communities because I do not believe, for instance, that 2,200 school communities across the State—because there are 2,200 schools—all have exactly the same needs. That is why Local Schools, Local Decisions seeks to empower principals and school communities to tailor-make those services to the needs of their communities.

The Hon. LUKE FOLEY: So the cancellation of the demountable replacement program will not have any impact on schools, is that right?

Mr BARRY O'FARRELL: That is not true for a start. The fact is in my own area a school that has more demountables than it wanted has had additional funding for capital works in order to replace those demountables. Those programs are ongoing. The Minister for Education has been very clear about this. One of the missed opportunities over the past three or four years was the failure of the Federal Government's Building the Education Revolution [BER] program to address the accommodation needs of those 2,200 schools across the State. We know that the focus of the Federal Government was on libraries and school halls at a time when if the local school communities had been empowered to make the decision about where their priorities were many of them would have invested instead in additional classrooms. That opportunity was missed. Worse still, the

management of the Building the Education Revolution funds by the former Labor Government was a scandal. Within the non-government sector, between 92¢ and 95¢ of every dollar received from the Federal Government under the Building the Education Revolution program found its way into bricks and mortar, into a building on a school ground.

The Hon. LUKE FOLEY: While you cancelled the replacement demountables.

Mr BARRY O'FARRELL: Under your Government less than 65¢ in the dollar found its way into a building on a school. So do not talk to me about demountables. You wasted a third of the value of the Building the Education Revolution funds that came to this State, money that could and should have been used to replace demountables, and you missed that opportunity.

The Hon. LUKE FOLEY: Why do you not try that on parents who got new school halls? Why not go and tell them you are doing better for them with \$1.7 billion worth of cuts? Try that and see how you go.

Mr BARRY O'FARRELL: My point is it is all very well for you to hide behind parents now but when the BER funds were on offer you locked them out of the decision as to where that money would be spent. In fact, school communities had to go to great lengths to transfer funding from some of those lighthouse projects that your Ministers and your Prime Minister wanted to invest in and put it instead in school buildings. I instance in particular Waitara Public School.

The Hon. LUKE FOLEY: I will tell you what Labor never did, Premier. We never cut education by \$1.7 billion or at all during the global financial crisis, did we?

Mr BARRY O'FARRELL: That is interesting because I note that this year, as a proportion of our total budget, we will spend more on education than you did. So much for your record. Your record is confused by the injection of funding under the Building the Education Revolution—billions of dollars, a third of which failed to find its way into buildings on schools; a third of which you basically siphoned off in order to support programs that supported God knows what under a corrupt Labor Government.

The Hon. LUKE FOLEY: You are proud of the \$1.7 billion cut to education, are you?

Mr BARRY O'FARRELL: Parents understand that people have to live within their means. Parents understand that you cannot spend money that you do not have. Parents understand that if you spend money you do not have you put off a crisis to later, and it is a worse crisis and it has a bigger impact.

The Hon. LUKE FOLEY: As Opposition Leader you and Adrian Piccoli, as the then shadow Minister, issued a press release on 24 June 2009 titled "NSW Libs/Nats support school investment", which said, "We support increased funding for public schools." You have broken that promise, have you not?

Mr BARRY O'FARRELL: We put additional money into maintenance at public schools, so we actually met that commitment.

The Hon. LUKE FOLEY: A \$1.7 billion cut to the education sector.

Mr BARRY O'FARRELL: No, you are deliberately being deceitful in order to make up, again, for Labor's lack of investment in maintenance and lack of investment in public schools. The current Minister for Education and I committed additional funding for school maintenance across New South Wales. That additional funding has been delivered. The separate issue is, in a year in which we are spending more as a proportion of our budget on education than you did, we have determined also that like a family, like a small business, we will live within our means. That is why a 3 per cent saving has been instituted not just in education but savings are occurring across the board. I noticed on Saturday at the Federation of Community Schools your leader, Mr Robertson, argued that education should have been exempted. Of course, that means that cuts in policing and in other areas would have been bigger. That is your approach—to cut harder in other areas. We understand that difficult decisions have to be made. We understand that belts have to be tightened and we understand that that has to be shared in a way that is fair and equitable.

The Hon. LUKE FOLEY: In order to look after private jetty owners.

Dr JOHN KAYE: Premier, yesterday I presume you dropped to the *Daily Telegraph* your intention to sell \$300 million worth of government buildings and use the money to purchase infrastructure to facilitate housing development. When you did that, and you suggested Minister Pearce or his department had done the figures, did you calculate a retention value for those buildings?

Mr BARRY O'FARRELL: A retention value will apply. There will be no fire sale of assets.

Dr JOHN KAYE: Is there a retention value?

Mr BARRY O'FARRELL: A retention value will apply. There will be no fire sales.

Dr JOHN KAYE: Where does the figure of \$300 million come from?

Mr BARRY O'FARRELL: The figure of \$300 million has come out of a property asset utilisation task force that undertook work on how we can identify surplus and underutilised government owned or leased properties with the aim of identifying opportunities to get a better deal for taxpayers for the money we spend owning or renting the space involved. The task force began in February this year under the Minister for Finance and Services. It was chaired by Mr Geoff Levy and it has made recommendations. Those recommendations include the announcement made today in relation to those properties.

Dr JOHN KAYE: Do your calculations include the long-term rental costs of replacing those buildings?

Mr BARRY O'FARRELL: Firstly, we have taken professional advice about the likely values of those properties in the current market. We are determined to get the best deal we can for taxpayers so it can be, as you said, invested in critical infrastructure, particularly work to help establish new housing.

Dr JOHN KAYE: So \$300 million worth of government buildings are about to disappear and the replacement for those will have to be on the rental market?

Mr BARRY O'FARRELL: Understand this: Government departments already pay rent, so—

Dr JOHN KAYE: But not on buildings they already own.

Mr BARRY O'FARRELL: They do.

Dr JOHN KAYE: They pay rent to the Government.

Mr BARRY O'FARRELL: They pay rent to the State Property Authority.

Dr JOHN KAYE: And the profits of the State Property Authority go where, Premier?

Mr BARRY O'FARRELL: They go to general revenue.

Dr JOHN KAYE: Okay.

Mr BARRY O'FARRELL: So it is still a cost to a department. My point is, and thank you for helping me make it, there will be no impact on departments' budgets because, for instance, the Education department pays rent to the State Property Authority for the building it occupies. If it has to move or if, for instance, the building is sold with a five-year lease to the Department of Education and Communities as part of it in order to maximise its value—

Dr JOHN KAYE: Are you selling Bridge Street?

Mr BARRY O'FARRELL: I am giving a hypothetical example. The point is there will be no impact on its budget because it is already paying rent on that property.

Dr JOHN KAYE: But there is an impact on the State's budget. That is a nice accounting point you have made, Premier, but surely the State is poorer in the long run by the amount it has to pay the rent for, or what is left of, the Department of Education and Communities once your cuts have gone through it?

Mr BARRY O'FARRELL: For instance, the government office block in Wollongong that houses a number of departments, including the Department of Education and Communities, if sold, will realise an asset value that will enable us to invest in infrastructure critical to opening up new housing across New South Wales. What is the benefit of that? The benefit is, firstly, you assist people into home ownership, something that certainly the Liberals and Nationals think is a worthwhile objective. We believe that owning a home should be alive to most young people who want to do so. Secondly, of course, getting the construction and housing market going assists with jobs, not just jobs of skilled workers but also jobs of apprentices. It helps with economic activity because every transaction contributes stamp duty and the like to the State. Investing in infrastructure, particularly economic infrastructure and infrastructure that aids housing development, delivers its own benefits to New South Wales as well.

Dr JOHN KAYE: Your Liberal predecessor, Nick Greiner, did the same thing when he came to office. He flogged off a whole lot of State buildings and then we had to rent them back at enormous cost. Is this not just another example of the Coalition doing sell now, pay later?

Mr BARRY O'FARRELL: No, this is an example of what the Coalition has to do when it inherits government—it seems to do this at a Federal and a State level—where the finances are shot and the credit card has been maxed, where there has been no investment in infrastructure, where taxes and charges are already too high to encourage economic development and where, in New South Wales, we have the lowest number of housing starts ever recorded. We are in the business of seeking to find assets that are surplus to requirements or assets that can be better utilised to support the Government's objectives of either building infrastructure to assist with housing release or building infrastructure that will assist the economic growth of the State and provide the jobs, provide the opportunities and provide the wealth and make sure people have the living standards to which they are entitled.

Dr JOHN KAYE: Premier, what modelling do you have that shows you will in fact encourage more housing? Clearly developers sell at the market price. You provide assistance with infrastructure, which they do not have to pay for. Is it not the case that all you do is drive up the profits of developers?

Mr BARRY O'FARRELL: No. Ultimately there is infrastructure the Government does have to pay for and, ultimately, what we are seeking to do is to realise capital in order to get some of these critical infrastructure areas away. Let me give you some examples: \$181 million will be spent in the housing acceleration fund, which will, for instance, deal with waste water at North Kellyville. At Camden Valley Way it will assist with the works on Cobbitty Road to the Cowpasture Road. At West Dapto we will deal with waste water. It is about providing infrastructure that will enable the release of land and the construction of properties that might not otherwise have occurred because the Government did not have the capital to undertake those local infrastructure projects, so there is no theory here.

Dr JOHN KAYE: The developers make the profit on that, Premier.

The Hon. CATHERINE CUSACK: Mr Chairman, for the benefit of Hansard, can I ask that if Dr Kaye wishes to talk after he has asked the Premier a question, that he listen to the answer and then do his shouting after that?

Mr BARRY O'FARRELL: My point is that there is no theory here. These housing release areas would not be available as early as we are seeking to make them available if not for the investment in local infrastructure. As I say, given the constrained conditions we live in, given the financial mess we have inherited, making better use of existing assets is a sensible thing to do. That is what we are getting on with.

Dr JOHN KAYE: The developers are the ones who are going to sell the land, sell the sites and sell the buildings. They are the ones who are going to make the profits. Surely they should have to pay for this.

Mr BARRY O'FARRELL: The developers—

Dr JOHN KAYE: What you are doing is, you are forcing future households—

ACTING CHAIR: Mr Kaye, would you pose questions rather than debate the question?

Dr JOHN KAYE: I am. Are you not, Premier, forcing future households and future taxpayers to pay for the profits of developers by providing developers the easy run into their development, pushing up their profits, getting them off the hook for building the infrastructure they ought to be building?

Mr BARRY O'FARRELL: It must be wonderful to have a Green left ideology that is simply opposed to private enterprise.

Dr JOHN KAYE: Premier, you are welcome to it.

Mr BARRY O'FARRELL: We would walk around in skins; we would huddle around fires; Martin Place would not exist.

Dr JOHN KAYE: You and Michael Costa.

The Hon. CATHERINE CUSACK: It is a beautiful world.

Dr JOHN KAYE: When you lose, you abuse.

Mr BARRY O'FARRELL: There is no abuse in that.

Dr JOHN KAYE: You lose and abuse.

Mr BARRY O'FARRELL: It simply is disdain for your lack of support for a private enterprise system that, frankly, has provided you with the benefits that you enjoy today.

Dr JOHN KAYE: What is private enterprise about subsidising developers, using money that you get from selling public assets?

The Hon. CATHERINE CUSACK: You are here to question things, not debate them.

Dr JOHN KAYE: I am asking a question.

Mr BARRY O'FARRELL: Firstly—

Dr JOHN KAYE: I did. What is free enterprise about subsidising—

The Hon. CATHERINE CUSACK: John, don't be ridiculous.

Dr JOHN KAYE: —what is—

CHAIR: Dr Kaye, would you please ask questions and not engage in debate.

Dr JOHN KAYE: I asked the question. I asked him—

The Hon. CATHERINE CUSACK: It is not a question.

Dr JOHN KAYE: —how is that free enterprise, Premier?

Mr BARRY O'FARRELL: Firstly, developers do and will continue to make contributions for local infrastructure. Secondly, can I remind you, Dr Kaye, that those of us who live on the North Shore, up until the Greiner Government, were still paying for a Harbour Bridge that was built in the 1930s, with taxpayer dollars; a Harbour Bridge upon which a toll still exists because of a deal done by the Wran Government to fund the Harbour Tunnel. From memory, The Greens opposed the Harbour Tunnel. You can imagine the 90,000 people a day who use the Harbour Tunnel if it was not here now?

Dr JOHN KAYE: Unsworth Government.

Mr BARRY O'FARRELL: So do not forget—

Dr JOHN KAYE: Was it not the Unsworth Government?

Mr BARRY O'FARRELL: No, actually it was the Wran Government that did the deal on the tunnel.

Dr JOHN KAYE: Kumagai Gumi?

Mr BARRY O'FARRELL: Yes.

Dr JOHN KAYE: That sounds familiar.

Mr BARRY O'FARRELL: Kumagai Gumi and Transfield.

The Hon. CATHERINE CUSACK: He is right, John.

Mr BARRY O'FARRELL: I thought the left knew at least their history enough to try to rewrite it at times. You have forgotten your history. The fact is that there is infrastructure across this city that taxpayers have paid for. My point is very clear. Helping people into housing is a good thing. If Government can release land earlier by investing in local infrastructure that is a good thing, and if Government does not have the finances to do it, but has assets that can be better used in order to free up capital to get on with the job of supporting housing development and the jobs it creates and the lifestyles it supports, that is a good thing.

Dr JOHN KAYE: Premier, would you table a list of properties that are up for sale?

Mr BARRY O'FARRELL: I think I can do that for you, John.

CHAIR: Take that on notice.

Dr JOHN KAYE: No, I would like it tabled now.

Mr BARRY O'FARRELL: No, I have nasty notes scribbled here about The Greens.

Dr JOHN KAYE: Well, that would be a surprise to everybody, Premier.

Mr BARRY O'FARRELL: I will get you a clean copy.

Dr JOHN KAYE: Liar and pure evil.

CHAIR: The Premier might like to take the question on notice.

Mr BARRY O'FARRELL: I am happy to give it to him before this hearing ends, Mr Chairman.

Dr JOHN KAYE: Thank you.

CHAIR: Your responsibility as Premier in the Cabinet cluster is delivering the foreshore urban renewal project at Barangaroo.

Mr BARRY O'FARRELL: Barangaroo, yes.

CHAIR: Also, you have got a \$57 million allocation for Headland Park. Will you update us on the plans for that site?

Mr BARRY O'FARRELL: I can, indeed. I was heartened today to see newspaper reports in the *Australian Financial Review*—so I suspect they are accurate—that suggest Lend Lease, the developers at Barangaroo, have secured tenants for the third of the towers. Just by way of background, at this stage of the cycle under the original plans only one of the towers would have been committed to and would be under way. The fact is, as announced earlier this year, Lend Lease secured financing to build the first two towers. What I am pleased about from today's news report is it suggests that the third tower will follow shortly. Why is that important?

It is important because of the jobs that it will create during the construction phase again with a significant number of apprentices down there. I have been down there to meet those apprentices. They are very

excited about the opportunities they have of being part of an iconic development which will make a huge difference, not just to the shape of the city, but to the State's financial services economy in the future. You are absolutely right, too, Mr Chair, that probably the crowning glory of Barangaroo will be the Headland Park. I want to pay tribute to former Prime Minister Paul Keating for his vision, for his energy, albeit at times with the use of language that riled a few people, but I do not believe we would be in the current situation today if it were not for his determination to see this through.

The Headland Park will be a very significant harbourfront icon for Sydney, and it is an unprecedented opportunity to recreate the historic form of the headland, something that will be the first of its kind anywhere in the world. A construction of the spectacularly naturalistic Headland Park has commenced and will be delivered by 30 June 2015, which is the date that the first commercial tower at Barangaroo South is expected to open. The Sussex-Penn review undertaken after the change of Government endorsed the concept of the Headland Park and the importance of land form to Sydney Harbour to reflect the connections from headland to headland, to honour the communities who lived on those headlands prior to European settlement 224 years ago.

In June of this year the Barangaroo Delivery Authority announced that Baulderstone had been selected for the main works contract to construct the park. That followed a rigorous tender process of the \$200 million budget for the park which includes early works already completed and future works. The \$163 million construction contract for the Headland Park will deliver 380 on-site jobs and 353 off-site jobs in construction and manufacturing. Preparatory work has started, hoardings are being established on site. Over the next few months there will be significant works visible from the water, from the central business district and from Millers Point. The 16 hectare Headland Park will be a nationally significant public space with its symbolic bush landscape as a recognition of Australia's Indigenous history and culture.

If you go on the Barangaroo Delivery Authority's web site there is an animation which takes you from the air, across and around not just the Headland Park but also Barangaroo Central and Barangaroo South. I saw it last week; it is spectacular. The site has been critical to Sydney's development throughout its history, and we all know that history. The park's design reflects the form of the original headland prior to excavation in the late nineteenth century. It recognises the historic geography of the inner harbour and the Indigenous significance of the area before European settlement. The consideration of the area is a symbol of country in a physical and spiritual sense, and it creates a sense of belonging. It was designed by internationally acclaimed landscape architect Peter Walker and Partners of Berkeley, California.

Peter Walker is responsible for some of the most famous landscape projects around the globe, including the park at the recently completed 9/11 memorial in New York and projects in Japan, Switzerland and California. The new park will include sandstone excavated from the northern end of the site, which will be cut to form naturalistic blocks that will be placed around the foreshore to form a sandstone skirt and tidal pools. It will look like steps going down into the harbour. As I said, it is due to be completed by 30 June 2015 and already 10,000 people a week are using the temporary waterfront access to Barangaroo. If members were to visit any of the towers that overlook the site they would see that the hoardings allow people to walk, jog or cycle between the water and part of the wharf. At lunchtime it is as popular as the walkways around The Domain.

CHAIR: I am sure the citizens of Sydney will be very pleased with the final project. It will parallel the Opera House.

Mr BARRY O'FARRELL: I can scotch the rumours that the port control tower will form the femur of a statue of Paul Keating. I am told that that is not true.

CHAIR: That is good news.

Mr BARRY O'FARRELL: There will be no Colossus of Rhodes sitting atop the Barangaroo headland.

The Hon. LUKE FOLEY: It will still go down in history as his project.

Mr BARRY O'FARRELL: I acknowledged that. You need to listen.

The Hon. CATHERINE CUSACK: He is in launch mode.

The Hon. LUKE FOLEY: What mode are you in?

The Hon. CATHERINE CUSACK: I am raining on your party. I am so sorry.

CHAIR: Have any plans been finalised for the development of a first-class international hotel and resort?

Mr BARRY O'FARRELL: It is a matter of public knowledge that Crown Limited has expressed interest in a Crown-style development and hotel. It is no surprise that given the potential economic boost to the State and the potential jobs involved I have said that it would be a welcome investment in principle. However, of course, it would have to go through certain regulatory approval processes, including those relating to the development of the site itself. The Coalition undertook a review of the Barangaroo development after we came to office. When in opposition I expressed concern that a tender that was originally for a piece of land and some old wharves suddenly included part of the harbour. It was originally proposed that the hotel be on the harbour and I was concerned that that would set a terrible precedent given that Sydney Harbour is one of our best assets.

When the Sussex Penn review was released I made the point that I would like to see the hotel relocated on the land, and that suggestion was made to Lend Lease. Of course, Lend Lease has the right to develop the hotel in Barangaroo South. In August this year Lend Lease announced that it had entered into a two-year agreement with Crown Limited to work exclusively to develop proposals for a world-class, six-star hotel on the site. This and previous announcements by Crown make it obvious that it is clearly interested in incorporating a casino into the design of the new hotel. Existing legislation provides for only one casino to be operated in New South Wales, and no decision has been made to change that.

The Government has established an unsolicited proposals process. In other words, whether it relates to this space, Rhodes—which I will come back to—or any other area, if someone has a good idea that they want the Government to consider, a process has been established that will not only provide them with certainty about how the proposal will be analysed but also involve appropriate probity and ethics rules. The best example of that is that the Government was approached earlier this year by Transurban about linking the F3 to the M2. Stage one of the assessment involves the State determining whether there is any benefit to the taxpayer, motorists or whoever is affected. When that is determined the proposal will progress to stage two, which involves more analysis, and an announcement will be made. That is what happened with the F3-M2 Transurban proposal. Cabinet has not considered anything to do with Barangaroo at this stage.

The Hon. MELINDA PAVEY: Further to the question asked by Dr John Kaye, what is your Government doing to boost housing—

The Hon. CATHERINE CUSACK: It is "our" Government.

Dr JOHN KAYE: I blew that. Sorry, I did not mean to do that.

The Hon. MELINDA PAVEY: You are focused on one part of the answer to unlocking housing.

Mr BARRY O'FARRELL: As we stated in the budget announcement made earlier this year, we are determined to ensure that we kickstart the State's housing market, which, as I said, has been at historically low levels. I believe that it was as low as half the number of new dwellings being built when we left office in 1995. The budget demonstrates the Government's determination to invest in a number of things—including the sort of infrastructure that Dr Kaye referred to—to ensure that we provide consistency. There are three elements to the Building the State package, which will provide more than \$500 million in infrastructure to boost housing supply. The first element is the Housing Acceleration Fund, which is designed to facilitate projects to release land more quickly than otherwise might have been the case. The second element is an allocation of about \$300 million for round two of the fund, and more projects will be announced in next year's budget. The third element is \$30 million for the extension of the Local Infrastructure Renewal Scheme.

They are designed to ensure that the 76,000 housing sites that were targeted in the State budget are opened up to homeowners much earlier. I will provide some practical examples of what the Government is doing in this regard. The upgrading of Richmond Road—that is, from Townsend Road to Grange Avenue—will cost \$56 million over five years. It is projected that traffic in that area will increase from 25,000 to 70,000 vehicles a day over the next 25 years as new housing lots are developed. North Kellyville will be connected to the sewerage system. The population in that area is expected to reach about 12,500 by 2031. This is about delivering services that those of us in Coffs Harbour and Turrumurra take for granted. Those services

are critical when developing a city the size of Sydney and when working in a growth area identified by the former Government. The Liberal-Nationals Government is determined to provide the services and infrastructure that people need to live a good life. People in those areas should have access to the services that rest of us enjoy.

The Hon. CATHERINE CUSACK: What steps is the Government taking to ensure that taxpayers' money is being spent wisely?

Mr BARRY O'FARRELL: This Government is determined to ensure that taxpayers' money is spent wisely. The establishment of Infrastructure NSW was, of course, a response to the \$500 million wasted by the Labor Government in its mad determination to commit to and start building the Rozelle metro simply to prop up the then Labor member for Balmain, who lost her seat. The Rozelle metro was not built, but it was not built at a cost of \$500 million. Had it not been wasted, that \$500 million would have meant that the savings in education would have been lighter and it could have provided infrastructure in most parts of the State. It is no secret that we found ourselves coming into office with a black hole. It is no secret that the half a billion dollars wasted on a Rozelle Metro or the \$100 million T-card debacle provided us with a great reason to ensure whether it is Infrastructure NSW or elsewhere we seek to act prudently to manage finances properly, as do most families and small businesses.

As I said earlier, the news about the GST also ensures that we have to focus on every dollar that we have. Obviously the Federal Government's carbon and mining taxes have added further burden by weakening confidence in the national economy. The importance of confidence and economic activity is that they generate the revenues that State and Federal governments use to provide the basic services upon which people rely. For instance, I suspect that there are some members of this Committee who are not fans of mining, but mining delivers \$2 billion in royalties to State Government each year, and that is money that is invested in the services that we all rely upon on a daily basis. We have had to make tough decisions.

When one thinks about the \$5 billion black hole we inherited and the \$5.2 billion, together that is almost the cost set out by Infrastructure NSW for WestConnex. We want the people of New South Wales to get value for their dollar and so we are getting on with being more efficient and more economical. The rugby league grand final was held two weeks ago. We discovered, for instance, that Ausgrid had a \$160,000-a-year corporate box, which we have ensured will not continue. It was used by children who had illness at the last grand final. We also discovered that roster changes in electricity companies are expected to cut more than \$50 million over the next two years in the overtime bill and that better use of video-conferencing has seen the halving of the \$15 million a year to the Essential Energy travel bill. The Department of Finance and Services has also been making better use of video-conferencing to reduce the need for staff to travel to meetings. Its bill is down by three quarters of a million dollars a year.

The same department has cut its car fleet by 66 to save \$430,000 a year. It has also saved \$143,000 by getting rid of phones and fax lines that were no longer in use, and cutting home phone connections for people who were no longer working for the department. If we are prudent with taxpayers' dollars, we do not continue to pay for phones and fax machines in the homes of people who no longer work for us. At the Department of Trade and Investment a new software system is saving \$12.5 million a year because it has brought together records management for payroll, human resources and finance. Cutting waste is not just about reducing costs, it is also about streamlining work practices for maximum efficiency. The Department of Planning is saving \$20,000 a month because it has improved the way it advertises things like its determinations and its public notices.

I can inform the committee that printed annual reports are being consigned to history. If you have a hard copy of the 2011-12 annual reports of any of the 180 organisations that are required to provide an annual report, hang on to it because, along with a couple this year, they could become collectors' items. Last year about 50,000 copies of reports from organisations ranging from the Sydney Water Corporation to the Dental Technicians Registration Board were printed at a total cost of almost \$2 million. I am sure that if Chairman Nile and I, and our staff, want an annual report we go online, we look at a PDF copy, download it and search it; we do all those things. I note this year when the Queensland Government delivered its budget there were no budget papers, only online copies or CD-ROMS. That is about bringing the Annual Reports Act, the Parliament and government into the twenty-first century. Who knows? Perhaps we will see annual reports done in 140 characters on twitter before the time is out.

Annual reports will be online from this year, with just four copies required—one each for the Parliament, the Treasury and State Records and I do not see why down the track they cannot be provided on disk. Those copies will be churned off as photocopies with no need for designers and glossy papers. I have

issued a Premier's Memorandum with new directives on no-frills annual reports production to apply, but not to already existing commercial arrangements. In other words, any existing contracts will be honoured but the new arrangements will apply universally until any such contracts have expired. The Treasurer's requirements for annual report production will reflect the new cost-saving directives. We have also made substantial savings in government advertising. From 1995 the former Government spent more than \$1 billion of taxpayers' money on advertising, money that could have gone towards nurses, teachers, police and capital works. Between 2007 and 2011, the former Labor Government spent \$116.2 million.

We gave a commitment to reduce advertising by 25 per cent and that required saving approximately \$23 million per year. I am pleased to advise today that in our first full year of government we have not only met the 25 per cent target but we have actually exceeded it. We achieved a reduction of more than 30 per cent compared to the previous four-year average, with a saving of more than \$30.5 million. We expect that level of reduction to be sustained over the full four years. This is despite an increase in the tourism advertising expenditure of \$7 million. It is possible for there to be a new normal in New South Wales where government lives within its means, as do families and businesses, where government seeks to ensure that taxpayers' dollars, entrusted to the Government, are spent wisely and where funding and jobs in the bureaucracy are directed towards the front line to provide those services whether it is health, education or policing that people rely upon on a daily basis.

The Hon. MATTHEW MASON-COX: That is good news, Premier. Will the Premier outline to the Committee how the Government is delivering for Western Sydney?

Mr BARRY O'FARRELL: With pleasure. The Government is an unashamed champion of Western Sydney because it understands its importance to the State's economy and the infrastructure deficit faced in Western Sydney, and that is why it is getting on with the job. We need to look no further than the M5 West widening, the delivery of yet another election commitment, something that the former Government committed to but did not deliver and something that saw major construction this week. It will mean a faster journey for the 90,000 motorists who use it every day. The work is estimated to support 500 jobs. It will provide an additional lane in each direction from Camden Valley Way at Prestons to King Georges Road at Beverly Hills. The M5 West widening aims to deliver travel time savings of up to 12 minutes along the length of the motorway heading west in the evening peak. For the majority of motorists who use the motorway for shorter trips, such as those getting off at Fairford Road, as much as 10 minutes can be saved when heading east in the morning.

Whilst construction started on the M5 West widening and is expected to be completed in 2014, the detailed work of WestConnex also started last week with the State Government committing \$1.8 billion to the project recommended by Infrastructure NSW. WestConnex does have enormous benefits. The 33-kilometre motorway will link Sydney's west with the airport and the Port Botany precinct. It will include the M4 extension and duplication of the M5 East to King Georges Road. Infrastructure NSW estimates reduced travel times of between 15 and 35 minutes between Sydney's west and south-west and the airport and Port Botany. Of course, it is not just important for motorists who use that road but it is also important for the freight that goes on road and not on rail through Sydney.

Last Saturday I was delighted to join Tony Abbott when he committed a Federal Coalition Government to providing \$1.5 billion to WestConnex. I have to say it is fantastic to have a Federal Leader who is interested in the infrastructure problems in Sydney where billions of dollars are lost each year due to congestion and where that congestion provides a handbrake not just on the State but also on the national economy, which means it costs jobs and opportunities for people. The more Federal funding that we are able to receive, of course, under the model put forward by infrastructure NSW, the lower the toll will be: it is as simple as that. I encourage Prime Minister Gillard and Infrastructure Minister Albanese to do more than they have done for Sydney to date. Just 2 per cent of funding from Infrastructure Australia has come to Sydney, most of which was handed back by former Premier Keneally. Melbourne got \$800 million. We deserve a fair share here in Sydney.

I should point out that the Great Western Highway is also being upgraded to four lanes between Emu Plains and Katoomba. In addition to major upgrades, my Government is delivering on key election commitments to improve key regional roads in Western Sydney. They involve Camden Valley Way, under construction and ahead of schedule; Richmond Road between Bells Creek and Townsend Road, the tender process is currently underway; Narellan Road, the first stage completed and opened in August, the remainder is due for completion by 2015; the Erskine Park link road, promised by Labor repeatedly and never started but started by us six months into office and which is due for completion in 2013. The importance of Erskine Park

link road is that it is an important arterial road into employment land. One of the things that this Government is determined to do is to try to provide people in Sydney's west and south-west with local job opportunities. This will provide them with jobs in their local region and hopefully enable them to break the great commute that seems to have been part of Sydney's development for so long.

I have not mentioned the South West Rail Link or the North West Rail Link. The South West Rail Link is running ahead of schedule—between four and six months ahead of schedule. The North West Rail Link is on target to have tunnel boring machines in the ground by 2014. We know that there have been 18 major tenders and 38 key contracts awarded on that link so far. Construction, of course, does not apply just to transport. We have been getting on with the job of providing upgrades to hospitals. Work has started on the \$139 million upgrade of Campbelltown Hospital, with completion due by 2016. There will be a new acute building, an expanded emergency department, expanded maternity services and an additional 135 car parks. Early works have commenced on the \$324 million upgrade of Mount Druiitt and Blacktown hospitals. I saw that the Minister for Health was out there last week turning the first sod.

The Blacktown Hospital project will deliver a new multistorey car park for approximately 600 cars, a new comprehensive cancer centre, construction of a new building for cancer care, cardiology, aged care and rehabilitation and other health services, an internal refurbishment of the existing building and a new subacute mental health facility to provide step-down care for adults preparing to return to the community. Blacktown Hospital was the subject of speech after speech by the former member for Blacktown, Mr Paul Gibson, who argued for 16 years that the former Labor Government, of which he was a part, should invest in a hospital in the fastest-growing local government area of the State. It was lobbying that fell on deaf ears until literally five minutes to midnight during the last election campaign. But do not look at what they promised, look at what they did. I am delighted that a Liberal-Nationals Government is getting on with the job of delivering the upgrade to Blacktown Hospital.

The project will deliver extra emergency department capacity at Mount Druiitt Hospital, with the establishment of a new urgent care centre, eight extra dental chairs, an expanded dental facility and more rehabilitation services. That project is scheduled for completion by 2016. Nepean Hospital will benefit from a \$46 million upgrade to a new mental health unit, while construction also has commenced at the new Westmead Medical Research Facility. The last budget also saw funds allocated for new high schools, a specific-purpose school in The Ponds and a new primary school at Wentworth Point. Another election commitment will see residents at Appin, Bargo, Buxton and Wilton receive \$38 million in connections from the Priority Sewerage Program. Planning approval also has been granted for a new police station at Riverstone, whilst planning is underway for a new station at Parramatta. Whichever way you like to look at it, the Government is getting on with the job of delivering infrastructure.

I am delighted that during my regular visits to Western Sydney I am seeing jobs being created, whether it is the thousands being supported by the Government's record infrastructure spend or private sector jobs. Last week I was privileged to be at the opening of the \$400 million redevelopment of the Stockland centre at Merrylands, which is promoting jobs and providing opportunities for small businesses. In August I opened the new A2 milk processing facility at Smeaton Grange. That processing facility is providing local jobs and good prices to farmers for their milk, as well as providing an opportunity to use milk that is produced in the area. Last month I turned a sod to start the construction of the new Wet 'n' Wild project in Western Sydney. Mr Chair, can I say through you to the Hon. Matthew Mason-Cox, we are getting on with the job of delivering for Western Sydney. We are getting on with the job of building the infrastructure that it needs and supporting the economy because we understand that provides the jobs that people want. We are also trying to focus on providing local jobs to people in that region of Sydney.

The Hon. MELINDA PAVEY: Premier, will you outline what other infrastructure is being delivered across other parts of New South Wales?

Mr BARRY O'FARRELL: When the Infrastructure NSW report was released we put in place an updated program of where we have been getting on with the job since coming to office. It covers major rail projects, road infrastructure investments, health infrastructure investments, education infrastructure investments, new police stations and tourist and entertainment proposals—that is publicly available. The fact is on average we are spending \$42 million per day on infrastructure and our spend over the four years to 2015-16 is \$61.8 billion—as Mr Broad would say, on average that is about \$15 billion per year. That is \$1 billion a year up on what it was under the former Government. If you take the Building the Education Revolution [BER] out of the former Government's spend, it is up more than \$2 billion on the figures of the former Government. It is

money that is desperately required because in tough times it is important to invest in the economic infrastructure that supports business, supports jobs and supports families in communities across New South Wales. Not since the Olympic Games have we been able to make the claim that we are investing in transformative economic infrastructure for New South Wales.

Our commitment to delivering the North West Rail Link will create more than 16,000 jobs and inject \$25 billion into the State economy. Add to that the WestConnex and Bridges for the Bush programs released last week. I think the Bridges for the Bush was estimated to add about \$200 million in benefit to the New South Wales economy. That is a good thing because it removes some of those safety hazards that exist across country New South Wales and by ensuring that the bridges are of appropriate standards it will also reduce the actual number of truck movements. We have got on with the job of building roads. We put additional money into the Pacific Highway. Recently, together with the members for the electorates of Kiama and the South Coast, I inspected the 7.5-kilometre, \$300 million upgrade to the Princes Highway. Again a project announced many times by the former Government and the former member for Kiama, but being delivered by this Government and the current member for Kiama.

In relation to the Pacific Highway about 70 kilometres of highway duplication is under construction, and upgrades of the Newell, Hume and Great Western highways are underway. The Hunter is benefitting from a \$586 million road program. The Central Coast Highway upgrade is under construction. Although to be fair in relation to the Great Western and Central Coast highways there were problems with the head contractor. Roads and Maritime Services has worked very hard to ensure that those projects are underway. Construction has also started on hospitals. Those hospitals are not just in metropolitan Sydney, as I outlined a moment ago; they also include hospitals in country areas, for instance, the new Wagga Wagga Hospital. There is planned work at Bega, Port Macquarie, Dubbo Base, Lismore, Kempsey and Tamworth hospitals. I particularly instance Dubbo Base, Forbes, Tamworth and Wagga hospitals—again projects announced time and again over the past decade and a half, but projects being delivered by us.

Whilst I heard some criticisms from the member for Blacktown last week about it, the fact is that upgrading the convention and exhibition facilities at Darling Harbour is sensible. The former Government, under former Premier Morris Iemma, received a report from John O'Neil that made the observation that having a shortage of convention and exhibition facilities close to the central business district—in other words, at Darling Harbour—was costing the State's economy the equivalent of a Rugby World Cup each year. We are determined to upgrade those facilities so that we can stimulate that benefit for the State. It does support jobs. It does give those who leave school, TAFE colleges and universities opportunities to pursue a career and, of course, it does give people an opportunity to engage in business.

Those expressions of interest are due to be determined at the end of this year and, yes, because it is only logical that you do not turn the existing facility into a construction zone without having a temporary facility, there will be a temporary facility to ensure that either those exhibitions and conventions that have already been secured for Sydney—unlike the Rotary convention—are able to proceed, bring in the people, bring in the dollars, and stimulate the economy and jobs further and enable us in the meantime to seek to pitch for additional conventions and exhibition facilities either on that site or in the reopened and enlarged new facility being proposed for Darling Harbour.

Through you, Mr Chairman, I say to Ms Pavey that whether you live in a rural, regional or metropolitan area, this Government is getting on with the job of investing in infrastructure. We are determined to renew the State's infrastructure that we promised because we understand its importance not just in providing those reliable services that the people across this State deserve and want, not just to fill the infrastructure backlog that we inherited from our predecessors, but because we know that is the only way to secure the long-term success of New South Wales. Without a strong economy and the infrastructure to support strong economic growth, we cannot provide people with the opportunities they seek, we cannot provide an environment in which they can fulfil their potential and we cannot generate the revenue needed to provide those basic services that is the responsibility of any State government.

The Hon. LUKE FOLEY: Premier, with respect to your election commitment to "require electricity company directors to personally certify that dividend payments place no additional pressure on prices or reliability", are you in a position to table those personal certifications today?

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

The Hon. LUKE FOLEY: Will you publicly release those personal certifications?

Mr BARRY O'FARRELL: I take it that if I take it on notice I provide it to this Committee, which is as good as public—the last time I noticed.

The Hon. LUKE FOLEY: Will you give a guarantee that you will do so?

The Hon. CATHERINE CUSACK: Mr Chairman, he has answered the question twice now.

The Hon. LUKE FOLEY: You are not the Premier, Catherine. You are not even in his Cabinet.

The Hon. CATHERINE CUSACK: I know that, Luke. I just do not like the upper House embarrassing itself in front of the Premier. I am just asking you to accept the answer and move on.

CHAIR: The Opposition is asking the questions. The member will restrain herself.

The Hon. CATHERINE CUSACK: Just ask him some new questions.

CHAIR: It is up to Opposition members. They can repeat questions if they want to; it is their time.

The Hon. LUKE FOLEY: The Premier can handle himself, Catherine. The last thing he needs is help from you. Thank you, Mr Chairman.

Mr BARRY O'FARRELL: Ms Cusack's help is always welcomed.

The Hon. LUKE FOLEY: What I am looking for, Premier, is will you give a commitment that you will publicly release the personal certifications that you committed to in your election energy policy?

Mr BARRY O'FARRELL: As I said moment ago, I will take the question on notice and get you an answer.

The Hon. LUKE FOLEY: Which State-owned electricity company directors have signed those personal certifications?

Mr BARRY O'FARRELL: I will get you an answer on that.

The Hon. LUKE FOLEY: Have any signed?

Mr BARRY O'FARRELL: As I say, I will take the question on notice.

The Hon. LUKE FOLEY: Have some directors refused to personally sign a certification?

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: Have the directors of Macquarie Generation—

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: —personally certified in accordance with your policy?

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: Have the directors of TransGrid signed the personal certifications that your election policy committed to?

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: Have the directors of Ausgrid signed the personal certifications that your election policy committed to?

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: Have the directors of Endeavour Energy signed the personal certifications that your election policy committed to?

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: Have the directors of Essential Energy signed the personal certifications that your election policy committed to?

Mr BARRY O'FARRELL: Same answer.

The Hon. LUKE FOLEY: Can you give us an undertaking that any single director of any State-owned electricity company has signed a personal certification as promised by you in your election policy?

Mr BARRY O'FARRELL: As I say, Mr Chairman, I will take that on notice but I will make this point: The critical part here was to ensure that dividends did not rise above the forecasts that Labor had and the fact is that not only have dividends not increased beyond Labor's forecasts, they have come in under those forecasts. Why is that the critical point? The critical point is that high dividends were passed on to customers in higher charges. We have stopped the practice that existed under Labor. When it comes to the specific questions of Mr Foley, I will provide you with an answer on notice.

The Hon. LUKE FOLEY: Thank you, Premier. I am simply seeking evidence that you have complied with your election policy. Have you?

Mr BARRY O'FARRELL: As I say, I will take that question on notice but I make the point again that our commitment around dividends specifically was not to increase them above your forecasts. Not only have we met that commitment, our dividend take is lower than your forecasts and the import of that is that under your policy of increasing dividends from electricity companies, you contributed to the increasing costs faced by electricity consumers across this State, where they saw an increase of 60 per cent over five years.

The Hon. LUKE FOLEY: Nice fudge, Premier, but I am asking can you provide a shred of evidence today regarding the promise you made to require—your words—electricity company directors to personally certify that dividend payments placed no additional pressure on price reliability? Can you provide a shred of evidence today that that has happened?

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

The Hon. LUKE FOLEY: You are not telling us today because you do not know or you will not tell us?

Mr BARRY O'FARRELL: I am telling you today that I will take the question on notice.

The Hon. LUKE FOLEY: Do you know the answer?

Mr BARRY O'FARRELL: I am telling you today that I will take the question on notice.

The Hon. LUKE FOLEY: No director in their right mind would sign a personal certification that dividends place no additional pressure on prices when you are gouging \$999 million this year, would they?

Mr BARRY O'FARRELL: I make the point again that the dividends being paid by the State's electricity companies are lower than the dividends Labor forecast. Therefore, the impact upon people's household power bills is less than they would have been under Labor.

The Hon. LUKE FOLEY: So you will have no problem producing for us the personal certifications from the directors that you committed to in last year's election campaign?

Mr BARRY O'FARRELL: I have said that I will take your question on notice.

The Hon. WALT SECORD: Mr Eccles or Mr Head, through the Premier, which one of you gentlemen did the paperwork involving the appointment of Roger Massy-Greene in April?

CHAIR: The Hon. Walt Secord will address the question to the Premier.

Mr BARRY O'FARRELL: Address the question to me and, if I deem it fit, I will ask the officers to answer but these are estimates that involve Ministers.

The Hon. WALT SECORD: I will rephrase the question. Premier, who did the paperwork for the appointment of Roger Massy-Greene in late April to Australia's largest electricity body?

Mr BARRY O'FARRELL: The securing of Roger Massy-Greene to chair the restructured distribution companies—

The Hon. WALT SECORD: Known as Networks NSW?

Mr BARRY O'FARRELL: Yes. It was a decision that we came to government with. We looked around for a suitable individual to undertake the task. Mr Massy-Greene's name was put forward and I met with Mr Massy-Greene. He certainly impressed me and ultimately a recommendation went forward to Cabinet for his appointment. But I am not sure—

The Hon. WALT SECORD: You used the phrase "we". Who did you speak to as your Cabinet colleagues? You used the phrase "we".

Mr BARRY O'FARRELL: There are 21 Ministers around Cabinet. Decisions like this are made by Cabinet.

The Hon. WALT SECORD: Premier, this morning at Treasury estimates Treasurer Baird said, "I am not in trouble. It was the Premier's appointment".

Mr BARRY O'FARRELL: Haven't I just said that? The fact is that we made a commitment about merging the distributors in order to find savings of \$400 million to take pressure off electricity prices, to introduce a new rebate to boost an existing rebate for low income families and families across New South Wales struggling with power prices.

The Hon. WALT SECORD: With all due respect, Premier, you are not answering my question.

Mr BARRY O'FARRELL: I am trying to answer your question.

CHAIR: Allow the Premier to finish his answer.

Mr BARRY O'FARRELL: So we came to office with a commitment. We sought to merge the entities; we made announcements around that. We sought to find someone to chair that entity.

The Hon. WALT SECORD: We?

Mr BARRY O'FARRELL: Yes, we as in government. Unlike Bob Carr, Kristina Keneally and others, I do not refer to the Government as "I". It is a "we" because it is plural.

The Hon. WALT SECORD: So you did consult your Cabinet colleagues?

Mr BARRY O'FARRELL: If you would just let me finish, we will get there. So we looked around for someone to chair it. A number of names came forward, including Mr Massy-Greene's. I met with Mr Massy-Greene; I was impressed. His name went forward to Cabinet and Cabinet signed off on his appointment.

The Hon. WALT SECORD: Did you have any concerns that he had no experience in electricity? He was appointed to Australia's largest electricity company, and he had no experience in electricity.

Mr BARRY O'FARRELL: Let me say this about Mr Massy-Greene. He co-founded the Australian Stock Exchange-listed company Excel Coal. He is a former managing director of Resource Finance Corporation.

The Hon. WALT SECORD: You left out Eureka.

Mr BARRY O'FARRELL: I will get to Eureka. He is chairman of the Salvation Army's Red Shield Appeal committee. He is the chair of the South Australian Centre for Geothermal Energy Research at the University of Adelaide. He is a vice-president of Cranbrook school and he is a director of Hunger Project Australia.

The Hon. WALT SECORD: Hunger Project Australia and Salvation Army are wonderful bodies, but they are not electricity companies. The Salvation Army and Cranbrook are wonderful, but they are not electricity companies.

Mr BARRY O'FARRELL: No-one in this room could assert that Mr Massy-Greene is not suitable for the role.

The Hon. WALT SECORD: But your Treasurer is running away from it.

Mr BARRY O'FARRELL: Did you raise Eureka?

The Hon. MELINDA PAVEY: Yes, he did.

The Hon. WALT SECORD: I have another question I would like to ask.

Mr BARRY O'FARRELL: Can I just—

The Hon. WALT SECORD: I ask the questions.

Mr BARRY O'FARRELL: Chair, whilst I was being questioned, I just wanted to make sure I heard correctly—you mentioned Eureka?

The Hon. WALT SECORD: It is one of the \$53,000 donations.

Mr BARRY O'FARRELL: I just make the point that Eureka has a number of directors. Another of their directors, Belinda Hutchinson, appointed by someone you are familiar with to be the president of the State Library board, to be on the board of Energy Australia and on the board of Snowy Hydro, was appointed by a Labor Government to those positions. Eureka, I note, also donated to the Labor Party, including to Matt Brown. I will continue to appoint people on the basis of merit and skill.

The Hon. WALT SECORD: Who have no experience in electricity.

Mr BARRY O'FARRELL: That is why not only have we appointed Mark Arbib and Phil Koperberg to projects, we had Ron Dyer involved in the planning review, and Michael Coutts-Trotter, who attracted some controversy, has been given a good job in which he is doing very well heading up Finance and Services. My interest is in people who can do the job. My interest is in people who are able to deliver for the people of this State. Regrettably, Mr Secord, you would never come on any of my lists, particularly after your experience over Cecil Hills High School.

The Hon. WALT SECORD: Have you finished?

Mr BARRY O'FARRELL: I am finished now.

The Hon. WALT SECORD: I have another question.

Mr BARRY O'FARRELL: Because there is no evidence that Mr Massy-Greene engaged in the sort of deception or lies that you engaged in over Cecil Hills High School.

The Hon. WALT SECORD: The State Owned Corporations Act 1989 states that the board is to comprise of not fewer than three and not more than seven directors appointed by the Governor on the recommendation of the voting shareholders. There are two voting shareholders: Greg Pearce and Mike Baird.

Mr BARRY O'FARRELL: Yes.

The Hon. WALT SECORD: Were they consulted on the appointment?

Mr BARRY O'FARRELL: Yes, the paperwork came through signed by the two shareholders.

The Hon. WALT SECORD: So this morning the Treasurer misled the committee.

The Hon. CATHERINE CUSACK: He did not. You know what the Executive Council is.

The Hon. WALT SECORD: He obfuscated; he stated he could not recall.

CHAIR: We are not discussing the earlier hearing; we are dealing with the Premier.

Mr BARRY O'FARRELL: I am at a loss because I do not know what went on this morning and I do not believe there has been any misleading. As I said before, I interviewed Mr Massy-Greene and I am happy to take full responsibility for Mr Massy-Greene, who I think has an exceptional record of service across a range of public companies, private companies and not-for-profit companies and who clearly in the time that he has been there has got on with the job. He may not have made the unions happy, but we are in the business of delivering for the people of this State, for a change. One of the things they voted for in March of last year was to put the public first, not union bosses first. As I said earlier in my answer, having identified Mr Massy-Greene, his name was put to the Cabinet. Of course it came with the endorsement of the shareholder Ministers, but importantly—

The Hon. WALT SECORD: Does it not concern you that—

CHAIR: Let the Premier finish his answer, please.

Mr BARRY O'FARRELL: Importantly, it was a decision that was endorsed, as all of our decisions are around these sorts of appointments, by Cabinet.

The Hon. WALT SECORD: May I ask a question?

CHAIR: Yes.

The Hon. WALT SECORD: Does it concern you that Mr Baird did not declare a conflict of interest?

The Hon. CATHERINE CUSACK: Mr Chairman, in fairness to the Premier, can we just explain that Mr Baird—

CHAIR: No, we do not have to explain anything.

Mr BARRY O'FARRELL: It is hard to answer a question if I do not know what the background is.

The Hon. CATHERINE CUSACK: The member is making assertions without providing the information that the Premier needs to answer the question.

The Hon. WALT SECORD: I would like to ask Mr Eccles if Mr Baird—I know how government appointments are made.

Mr BARRY O'FARRELL: You certainly do.

The Hon. WALT SECORD: Absolutely, and that is why I am asking you these questions.

Mr BARRY O'FARRELL: The difference—

The Hon. CATHERINE CUSACK: And you know the Cabinet process is confidential. That is why you are where you are now. You put yourself where you are, Walt.

The Hon. WALT SECORD: I know for a fact that Ministers are required to declare an interest.

The Hon. CATHERINE CUSACK: You are trying to trap the Premier with half-truths and smear. That is what you are doing.

Mr BARRY O'FARRELL: The difference is that we make appointments on the basis—

Dr JOHN KAYE: Point of order.

The Hon. CATHERINE CUSACK: The very good Dr John Kaye has a point of order.

The Hon. MATTHEW MASON-COX: He is protecting Hansard.

Dr JOHN KAYE: If we can speak one at a time, even two at a time, but four at a time does not work.

The Hon. WALT SECORD: I would like to know did Mr Baird declare a conflict of interest?

The Hon. MATTHEW MASON-COX: It is Cabinet-in-confidence.

The Hon. WALT SECORD: Are you answering the question? Did Mr Baird declare a conflict of interest? This morning he said, "I cannot recall, it is not my—"

The Hon. CATHERINE CUSACK: That is just a lie. I am sorry, what you are saying now is a complete lie.

The Hon. WALT SECORD: Did he declare an interest?

The Hon. CATHERINE CUSACK: It is untenable for the Premier to answer questions with you telling lies.

CHAIR: We are not debating in this Committee hearing.

The Hon. CATHERINE CUSACK: I am not debating. He is lying. It is outrageous.

CHAIR: We are not debating.

The Hon. CATHERINE CUSACK: How can the Premier answer a question based on a lie?

CHAIR: He does not have to.

Mr BARRY O'FARRELL: I make the point again that, unlike Labor, we make appointments on the basis of merit. I have explained the way the decision was made, the fact that it was a Cabinet decision. Obviously if there were any declarations they would have been made at Cabinet. I have no intention of breaching Cabinet solidarity.

The Hon. WALT SECORD: When did you tell Mr Baird that you were going to appoint Mr Massy-Greene to the head of Networks NSW?

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

The Hon. WALT SECORD: When did you tell him?

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

The Hon. WALT SECORD: Was it before Cabinet? Was it as papers were being distributed—

Mr BARRY O'FARRELL: It was before Cabinet.

The Hon. WALT SECORD: Did you call him to your office and say, "I am going to appoint your mate?"

CHAIR: The answer was that he will take it on notice.

Mr BARRY O'FARRELL: No, now I am clear what he is on about.

The Hon. WALT SECORD: This is the most important electricity appointment in Australia and the Premier cannot remember if he consulted one or two shareholding Ministers.

Mr BARRY O'FARRELL: No, you did not ask did I consult, you asked when.

The Hon. WALT SECORD: We are going to get into semantics.

Mr BARRY O'FARRELL: I did speak to Mr Baird, but again I make the point for Labor: We actually have a process of Cabinet appointments. You do not slip them in at the last minute to try to ambush. I stand by the answer I gave earlier.

The Hon. WALT SECORD: What was that answer: that you will take it on notice?

Mr BARRY O'FARRELL: The answer was that I identified Mr Massy-Greene, the paperwork was signed by the shareholder Ministers and Cabinet signed off on it.

The Hon. WALT SECORD: It is clear we are not going to get answers.

Mr BARRY O'FARRELL: You have had an answer; you just do not like it. Stop judging us by your standards, or lack of standards.

The Hon. MATTHEW MASON-COX: That is the point.

The Hon. WALT SECORD: You promised higher standards.

Mr BARRY O'FARRELL: And we are delivering them.

The Hon. WALT SECORD: You promised higher standards. Before the election it was one thing; after the election, cut, cut, cut.

Mr BARRY O'FARRELL: So far I have not had a press secretary lie about a young student in a school who was suffering depression because of obesity and was accused, thanks to you, of not only having a gun, which was untrue, but secondly of going to do a Columbine school-style massacre. You are a disgrace in the upper House and you are making the impression we thought you would make—zilch.

The Hon. LUKE FOLEY: I turn to the appropriations for Health. You tell us that nurses are exempt from the labour savings cap. Yesterday the health Minister indicated that some managing nurses are not exempt. Is that right?

Mr BARRY O'FARRELL: As I made clear a moment ago in response to a question from one of my colleagues, we will never make any apologies for ensuring that we seek to refocus the public sector on the delivery of front-line services. Therefore, it follows that front-line services—nurses, police and teachers—will be exempt from any provisions that apply elsewhere.

The Hon. LUKE FOLEY: Why did your Minister for Health confirm yesterday that some nurses have been offered voluntary redundancies?

Mr BARRY O'FARRELL: I am sure that she gave an explanation yesterday but a moment ago you said she was talking about nurses who were not in front-line positions.

CHAIR: Managing nurses.

The Hon. LUKE FOLEY: I did not say that, Premier.

Mr BARRY O'FARRELL: You did.

The Hon. LUKE FOLEY: I said managing nurses. Is it not the case that those managing nurses sometimes engage in direct front-line nursing activity? That is the case, is it not?

Mr BARRY O'FARRELL: When you say "sometimes", can you define that?

The Hon. LUKE FOLEY: Some of their working hours.

Mr BARRY O'FARRELL: What percentage of their working hours?

The Hon. LUKE FOLEY: I have no idea.

Mr BARRY O'FARRELL: That is clear.

The Hon. LUKE FOLEY: You tell us. It is your policy.

Mr BARRY O'FARRELL: No, our policy is very clear. Front-line nurses are exempt. That is what the Minister for Health reinforced yesterday.

The Hon. LUKE FOLEY: Doctors are not exempt from the labour savings cap, are they?

Mr BARRY O'FARRELL: I do not believe so.

The Hon. LUKE FOLEY: Occupational therapists are not exempt from the labour savings cap, are they?

Mr BARRY O'FARRELL: It follows that if front-line nurses are exempt in the Health department all others are not.

The Hon. LUKE FOLEY: All others are not? All other occupations?

Mr BARRY O'FARRELL: It does not follow?

The Hon. LUKE FOLEY: I am just seeking direct confirmation. So, all occupational groups in our hospital system, with the singular exception of some nurses—

Mr BARRY O'FARRELL: Front-line nurses.

The Hon. LUKE FOLEY: —are not exempt from the labour savings cap?

Mr BARRY O'FARRELL: But understand that, as the Minister for Health explained yesterday, \$2.2 billion is being redirected to provide front-line services. This is going to be a very circular argument as long as I am here. I will not apologise for directing funds from head offices and back offices into the provision of front-line services that not only enables additional nurses to be employed—2,900 more nurses have been employed since March last year—but also enables the employment of other front-line professionals and allied health professionals who provide the services to people through clinics and other areas and hospitals across the State. Redirecting resources to the front line does not translate into a threat to people's jobs.

(Short adjournment)

CHAIR: Earlier Dr John Kaye asked a question about properties and we have been supplied with a media release. Would Dr Kaye like to read out the list so that the answer to his question appears in *Hansard*?

Dr JOHN KAYE: I will seek to table it or the Premier might like to table the document.

Mr BARRY O'FARRELL: I request that the document be tabled.

Document tabled.

Dr JOHN KAYE: Before the adjournment Reverend Nile asked you a question about Barangaroo. I think I heard you say no decision had yet been made on the second casino licence for Sydney. Did I misunderstand that?

Mr BARRY O'FARRELL: What I said was that, as I have indicated previously, Crown has expressed an interest. Crown since then has entered into an agreement with Lend Lease in relation to having exclusive right to develop a hotel at Barangaroo south, I think for a period of two years. I then took Reverend Nile to the fact that if it was to be progressed further it would presumably come under the unsolicited proposals policy that is available on the Department of Premier and Cabinet website, which has clear guidelines. I instanced the Transurban F3-M2 proposal and made the point that stage one of the unsolicited proposals policy is to identify whether there may be some benefit to the State from the proposal. That then is considered by Cabinet and an announcement is made before it proceeds to stage two and stage three. I said in relation to Reverend Nile's comments that Cabinet has not considered a proposal around Crown at Barangaroo.

Dr JOHN KAYE: I am specifically talking about the licence. As you are aware, there is legislation that maintains a monopoly licence until 2019.

Mr BARRY O'FARRELL: I did say explicitly that there had been no consideration of the matter of exclusivity.

Dr JOHN KAYE: So at this stage you will not rule out a second licence for Sydney?

Mr BARRY O'FARRELL: I have made the point from moment one that I would be a mug to turn my back on the potential benefit of a \$750 million to \$1 billion development that I first read about in the newspapers along with everyone else in this city. As I said at the time, I think that proposal could add some life to Barangaroo, but importantly what it would help deliver to this city and this State is economic development. There would be jobs in the construction phase and there would be jobs in the operation phase if it were to proceed. But right from day one, missed by some observers and inaccurately reported by the *Sydney Morning Herald*, there were and are a number of regulatory hoops to be jumped both in the planning space as well as the gaming space before that comes anywhere near Government.

Dr JOHN KAYE: I am interested in the planning space, as you put it. Echo paid \$100 million to purchase its licence at its casino site in Ultimo. If indeed the legislation is changed to allow another licence before 2019 are you giving consideration to compensation to Echo?

Mr BARRY O'FARRELL: No-one has suggested to me that there be a change to the current exclusivity arrangement, so we have legislation in place.

Dr JOHN KAYE: Until 2019. There is no consideration currently being given—

Mr BARRY O'FARRELL: As I say, under the system that we have, which is open, transparent, and, as I understand it, ticked off by the Independent Commission Against Corruption—like the Transurban F3-M2 proposal—should Government determine that we are going to consider a proposal in this space, there will be a public announcement made. I have to say, I have been pretty up-front about it in the past. I have met Mr Packer on two occasions: first after his original announcement and then subsequently. On both occasions, I made sure that was known.

Dr JOHN KAYE: There are two ways there can be a second casino. The first way is by a change to the current Act that allows for a second licence. The other way is by splitting the Echo licence.

Mr BARRY O'FARRELL: I do not think the latter is an option.

Dr JOHN KAYE: You are ruling out the idea that Echo could, in a deal with Crown—

Mr BARRY O'FARRELL: I am happy to take that on notice, but I do not believe the current legislative provisions allow that to occur.

Dr JOHN KAYE: Allow Echo, under its licence, to run a second off-site high-roller room?

Mr BARRY O'FARRELL: As I understand it, and I have not looked at the legislation, the exclusivity relates to a single casino licence in Sydney.

Dr JOHN KAYE: But does it relate to a single site?

Mr BARRY O'FARRELL: As I understand it does, but I am happy to get you that answer on notice.

Dr JOHN KAYE: Crown has purchased land; Crown has a financial interest in the Barangaroo site.

Mr BARRY O'FARRELL: Lend Lease announced—and I will just find the words again—that it had entered into an exclusivity arrangement; announced that it "entered into a two-year agreement with Crown Limited to work exclusively to develop proposals for a world-class six star hotel at Barangaroo South". That is, I imagine, what it is described as. It is a two-year window to see whether or not such a proposal can proceed. There are such agreements reached commercially, including locally, with developers quite regularly. Some come to fruition, others don't come to fruition.

Dr JOHN KAYE: On the morning of 16 February this year you told ABC radio that I was a liar. You said so because I had said earlier on the same program that your Government intended to rollout the Illawarra trial of special needs education in public schools. On 27 March, 17 days later, your education Minister, Adrian Piccoli, announced Every Student, Every School, which was indeed a rollout of the Illawarra trial across New South Wales. I ask you now, Premier, on oath, who do you think was a liar on the morning of 16 February?

Mr BARRY O'FARRELL: I stand by the remarks made on the basis of information provided to me. Dr Kaye, I think if you were to raise this with Mr Piccoli in Education estimates, he would beg to differ with you as to whether or not the Illawarra trial was being rolled out across the State, but let's cut to the chase. What is happening in relation to the provision of support services for children with disabilities in our public schools is that positions are being located to the front line, into schools, to support those students, not sitting in regional offices where not all of their time was directly engaged with students.

Dr JOHN KAYE: Premier, I beg to differ. It was you who called me a liar, not Adrian Piccoli. What I was warning about was what then became 272 schools that lost special needs funding; 272 schools, five of them in Penrith, an area you are supposed to have ministerial responsibility for. I ask you again, was I scaremongering with respect to those 272 schools? Was I a liar when I warned parents across New South Wales what your Government was about to do?

Mr BARRY O'FARRELL: You continue to scaremonger because the fact is that resource allocation for schools varies from enrolments year to year. So if there is—

Dr JOHN KAYE: No, it doesn't, not under this scheme.

Mr BARRY O'FARRELL: If there is—

Dr JOHN KAYE: That's a severe—

Mr BARRY O'FARRELL: If there is a greater proportion of students with needs, funding tends to follow it. I say again, the allocation of resources under this program and other programs seeks to identify where need exists and, obviously, because Governments have to operate within budgets as well, there is not unlimited funding, and decisions are made about where those resources are applied.

Dr JOHN KAYE: Premier, are you sure that is so?

Mr BARRY O'FARRELL: As I say, you get the opportunity—

Dr JOHN KAYE: I think you need to talk to Adrian.

Mr BARRY O'FARRELL: You get the opportunity—

Dr JOHN KAYE: It is the exact opposite.

Mr BARRY O'FARRELL: You get the opportunity to sit on Education estimates, and I am happy for you to ask me any question.

Dr JOHN KAYE: It is the exact opposite. I am amazed that you called me a liar. Then what was rolled out you did not even understand. Premier, just before afternoon tea—and I have one question on this issue—you talked about Roger Massy-Greene. You said the name Roger Massy-Greene was put forward to you. Can I ask who put forward the name Roger Massy-Greene to you?

Mr BARRY O'FARRELL: I think I consulted reasonably widely, not just—

Dr JOHN KAYE: No, Premier, to be clear, you said the name was put forward to you.

Mr BARRY O'FARRELL: Yes, as a result of my asking a number of people, across business, across Government, across private offices for the sorts of people who might be able to do the job. It is the sort of conversation I have—

Dr JOHN KAYE: Who put it forward?

Mr BARRY O'FARRELL: It is the sort of conversation I have fairly regularly when I have positions to fill, because I don't believe that having an identified list in your top drawer is the way to go. I am happy to try to engage others in securing those sorts of positions.

Dr JOHN KAYE: But who put the name forward? Exactly who advanced the name to you? You said the name was put forward to you, twice. Who put that name forward?

Mr BARRY O'FARRELL: His name did come forward. It came forward after consultations that I initiated, but, Dr Kaye—

Dr JOHN KAYE: Deus ex machina. How did it happen? Where did the name come from?

Mr BARRY O'FARRELL: Our commitment was to establish this body. My determination was to put in the chair of the body someone who could deliver for the State. That was the question I was asking any number of people, at least for a month, as I was considering names for the role. Massy-Greene's name came up. As I say, I interviewed him. I then recommended him to my colleagues and he came in that way.

Dr JOHN KAYE: I understand that. This is a very narrow question. The question I want to ask is who put forward his name? You said his name was put forward, in the active voice—that is the passive voice.

Mr BARRY O'FARRELL: If I misspoke, Dr Kaye—

Dr JOHN KAYE: In the active voice who put his name—

Mr BARRY O'FARRELL: If I misspoke, Dr Kaye, I apologise for that, but the fact is I was asked—

Dr JOHN KAYE: Who recommended him? Was it your idea or did somebody say to you, "Hey, Barry, what about Roger? He is a great bloke."

Mr BARRY O'FARRELL: As I have just explained, Dr Kaye, because of its critical importance to delivering the \$400 million-worth of savings that not only ensured that the existing low income rebate could be increased but that a new family rebate could be introduced to assist people struggling with high electricity prices. I was out there consulting people. It was one of those issues that if I was talking to people, I would say, "By the way, we have this coming up; anyone you can recommend?" Mr Massy-Greene's name came through that process. Ultimately, it would have gone no further if I hadn't been satisfied.

Dr JOHN KAYE: I understand that. You are not prepared to tell this Committee who it was who said to you in that process "Roger Massy-Greene"?

Mr BARRY O'FARRELL: As I say, if I misspoke by suggesting that the name either came in through the window with a dove or appeared in my email, the fact is for some time I had been considering the sorts of

people we needed with the sort of skill set. I think Mr Massy-Greene has the skill set. He is a very successful person.

Dr JOHN KAYE: I understand that. I am trying to say, was it your idea or did somebody suggest it to you?

Mr BARRY O'FARRELL: As I say, it came out of deliberations I had with people in business, in Government, and across—

Dr JOHN KAYE: So somebody suggested his name to you?

Mr BARRY O'FARRELL: It may have been a number of people, Dr Kaye, but I am sorry because I may have misspoken under the weight of massive pressure from the Opposition—

Dr JOHN KAYE: I actually wasn't interested in this issue, but I am now. I just want to know, was it your idea or did somebody suggest Mr Massy-Greene to you?

Mr BARRY O'FARRELL: I had certainly met Mr Massy-Greene. I was aware of his background, but, like most things that I do, it was something that I consulted on, but, ultimately, Dr Kaye, I am the bloke who invited him for a discussion. I am the bloke who said, "Are you interested?"

Dr JOHN KAYE: I think you haven't got my point. The question is—

Mr BARRY O'FARRELL: Well, I'm saying that I—

Dr JOHN KAYE: —did you come up with the idea or did somebody else suggest it to you? Did somebody say to you, "Barry, it's a great idea to have Roger Massy-Greene", or did you wake up one morning and go, "Got it. Roger Massy-Greene"?

Mr BARRY O'FARRELL: No, no, the Liberal Party doesn't operate the way The Greens do. There is no divine inspiration. Maybe there is in the Christian Democrats, Fred, but not in most other parts.

Dr JOHN KAYE: You are not going to answer that question, are you? You will not provide an answer to that question?

CHAIR: The Premier has answered the question.

Mr BARRY O'FARRELL: Yes, thank you.

CHAIR: He said as a result of consultation with many, many people.

Dr JOHN KAYE: It must be a huge number of people who think Roger Massy-Greene is a great idea.

Mr BARRY O'FARRELL: At least 21 people in Cabinet have signed off on it.

CHAIR: You have outlined some of the exciting projects being developed in Sydney. Can you provide more details about the plans for the Sydney International Convention, Exhibition and Entertainment Centre precinct at Darling Harbour and how we can recapture the big events for Sydney?

Mr BARRY O'FARRELL: As I said, the Sydney Convention and Exhibition Centre is a pretty exciting project. While in opposition, the Coalition took the unprecedented step of commissioning and paying for a study to see how we could benefit the State in line with the O'Neill report, which sat collecting dust on a shelf under two successors to Morris Iemma. The convention and exhibition facility will deliver expanded world-class convention and exhibition facilities and honour the Coalition's election commitment. The latest milestone is that the tender has closed and, as I indicated, an interim facility for large exhibitions has been approved for Glebe Island. This Government is committed to reclaiming Sydney's position on centre stage with the implementation of the Sydney International Convention, Exhibition and Entertainment Centre precinct project at Darling Harbour.

We should not see ourselves competing only with Melbourne and Brisbane; we should see ourselves competing within our region—that is, with Singapore, Hong Kong and so on. The Government is partnering with the private sector in what will end up being a joint investment of about \$1 billion to build Australia's largest events facility. I have asked Infrastructure NSW—it was my decision, Dr Kaye—to assist in the delivery of what will be the largest events facility at about the end of 2016. As I said, the tender closed on 31 August. Two groups of companies comprising leading event organisers, property experts, builders and financiers have submitted bids to design, plan, build and operate the new facilities. Infrastructure NSW is supervising this process on behalf of the Government and will conduct a rigorous evaluation process to recommend a successful proponent by the end of December this year.

One of the proponents is Destination Sydney, which comprises Capella Capital Pty Limited, Lend Lease Project Management and Construction, AEG Ogden Pty Limited, Hassell and Spotless Facility Services Pty Limited, and VeNuSW, which comprises Plenary Group, Brookfield Multiplex, Francis-Jones Morehen Thorp and Sydney Place Management, which is a joint venture between Plenary Group and Hilton Worldwide. The quality of the bidding companies reflects strong private sector interest in what will be one of Sydney's largest infrastructure projects. The project will involve a complete facelift of 20 hectares around Sydney's iconic Darling Harbour and the development of a new residential hotel and commercial area of Sydney. It will create significant value for taxpayers and jobs, and it will obviously encourage economic growth.

As part of the project, the public domain areas, including Tumbalong Park, will be retained and revitalised to bring them up to date and to provide an active and vibrant space for recreation and events. Pedestrians and cyclists will enjoy easier and better connections to Ultimo and Pyrmont in the west and central Chinatown in the south. While Darling Harbour will remain an active and vibrant area to allow construction of the new facilities, the existing convention, exhibition and entertainment centres will be closed from December next year until December 2016, when the new world-class facilities will be opened. As I said, this decision follows strong representations from industry, which called for the shortest possible construction period.

Infrastructure NSW has developed a Sydney-wide solution, including a dedicated interim facility for large exhibitions at Glebe Island, to ensure that the New South Wales events industry stays number one during the construction of the new precinct. The interim facility at Garden Island will host large public exhibitions and trade shows such as the International Boat Show, some of which require up to 25,000 square metres of floor space. The Glebe Island exhibition facility will be a well designed, climate-controlled pavilion that will remain in place from 13 December until world-class facilities are opened at Darling Harbour in December 2016. The Government is as confident as it can be that the combination of the interim facility and other venues such as Sydney Olympic Park will satisfy the needs of industry and that the vast majority of potential bookings will be accommodated in Sydney. There will be no need for the events industry to seek locations outside Sydney.

By way of background, large exhibitions can attract more than 500,000 people a year and generate around \$100 million of economic benefit to the State annually. For example, the aforementioned Sydney International Boat Show organisers report that each of their shows turns over \$450 million, including follow-up orders. That means \$5 million is generated each hour during the show. The show and its flow-on business provide work for about 5,000 people. Thousands of exhibitors and associated contractors and traders depend on the large exhibition industry to stay in business. I am confident that the long overdue upgrade of the Darling Harbour convention and exhibition facilities will provide opportunities and jobs, and create economic activity. The \$100 million of economic activity generated by conventions and the \$450 million generated by the Sydney International Boat Show also attract State taxes and charges, which, of course, feed into our revenues, which in turn help us to provide the services that people expect.

CHAIR: What is the seating capacity of the new convention centre?

Mr BARRY O'FARRELL: There will be 8,000 seats in the new convention centre. I hate to mention the village south of the Murray, but if members were to visit the new Melbourne convention facility they would see that it does not simply have a large arena; it also has many breakout rooms of various sizes that can also be utilised during conferences. I am happy for Mr Broad to make a contribution in answer to this question, but the other benefit of the redesign—subject to the final proposal—is that not only will there be breakout rooms but, like the Melbourne facility, the main arena will also be a flexible space.

Mr BROAD: That is absolutely correct.

CHAIR: The challenge is the artists who attract audiences of 12,000, 15,000 or 20,000.

Mr BARRY O'FARRELL: Mr Chairman, the next time AC/DC performs and you want to watch them from your usual box, I assure you that there will be enough room for you and all the other fans.

CHAIR: The Government has also had to face the challenge of the Solar Bonus Scheme reimbursement program and how it should be wound back. I helped to retain it because of the need to honour a promise made to consumers.

Mr BARRY O'FARRELL: You did, indeed.

CHAIR: What is the situation with the scheme?

Mr BARRY O'FARRELL: I acknowledge your role, Mr Chairman. This is a good example to demonstrate that before implementing programs one must ensure that not only are the objectives met but also that the budget is appropriate. This scheme was meant to cost less than \$400 million. However, according to the report we received last year—and I think it has since been confirmed—it would have cost as much as \$1.9 billion. Mr Chairman, you know that the Government's initial response was to try to wind back the generous feed-in tariff that applied. You and other members of the upper House made the point that that would be hard on the people who had entered into contracts with a feed-in tariff in exchange for committing capital to install solar panels. We were seeking to try to limit the impact upon other energy customers who either did not have the opportunity to engage in the Solar Bonus Scheme or did not have the dollars to do so. The fact is that as we have seen in the most recent increases to the State's electricity prices, almost half of the increase is made up through Federal and State renewable energy schemes.

Dr JOHN KAYE: That is not true.

Mr BARRY O'FARRELL: I am happy to get you those figures. I am quoting Chris Hartcher's press release.

Dr JOHN KAYE: He was not true either. It is a dangerous thing to do. Just look at the Independent Pricing and Regulatory Tribunal report, Premier.

Mr BARRY O'FARRELL: The Independent Pricing and Regulatory Tribunal has estimated that the green schemes contribute \$316 per year to an average regulated annual electricity bill which comprises the Commonwealth carbon tax of \$168, the Commonwealth renewable energy target of \$102, the New South Wales energy savings scheme of \$13 and the New South Wales Climate Change Fund of \$47. So \$150 of the \$316 comprises Commonwealth and State renewable energy schemes. The Independent Pricing and Regulatory Tribunal was asked by the Minister for Energy to look to see how we can increase the take-up of renewable energy sources without it having an impact upon other electricity consumers.

That is clearly a challenge but the fact is that, as I am told by those who supply systems and solar panels, people are still taking up those systems, even though in this State the benefit through feed-in tariffs and the like are pretty light. We all know that across this State one of the biggest imposts upon family and business budgets are increasing electricity prices and that is why we have Mr Massy-Greene driving \$400 million worth of savings out of the energy sector and why we had the review conducted into what we thought was gold plating by energy companies in relation to investment. It is also why we have sought to ensure that we do not, through renewable energy schemes, add additional unsustainable costs upon electricity consumers across the State.

The Hon. LUKE FOLEY: How can the Premier say that front-line health services will not be impacted when doctors are subject to his cuts?

Mr BARRY O'FARRELL: Because, as I said before and as the Minister for Health said yesterday, the \$2.2 billion is being redirected to front-line service provision, so that means there will be more money available within hospitals and clinics where people front up for procedures and for treatment. As I said to you a moment ago, do not believe that redirecting resources from back office to front office delivers fewer front-line personnel because the whole point of doing it is to bolster front-line services. I think yesterday the Minister for Health outlined these figures, but returning \$2.2 billion over four years to the front line will help fund this year 50,000 additional patients treated in emergency departments by the sorts of health professionals and allied health professionals that you are talking about.

It will help fund this year 30,000 more overnight hospital stays where people will be cared for by nurses, other health professionals, including doctors and allied health professionals of the type you are talking about. It will help fund 2,000 more elective surgery procedures which, as you know, are actually undertaken by doctors. We are moving money again to the front line to support services in hospitals and clinics that treat people. We cannot treat those people unless we have doctors, nurses and allied health professionals who are available.

The Hon. LUKE FOLEY: Earlier you said that doctors and indeed every occupational group bar nurses are subject to the labour savings cap. Will they be reduced?

Mr BARRY O'FARRELL: No. I do not know whether you have the same commitment as the member for Maroubra to middle managers, but we want to have slim head offices.

The Hon. LUKE FOLEY: Why not exempt doctors from the labour savings cap? Are they middle management?

CHAIR: Let the Premier finish his answer.

Mr BARRY O'FARRELL: Some are, as there are doctors in management positions in the Department of Health.

The Hon. LUKE FOLEY: You can do with fewer doctors in our hospital system—is that your policy?

Mr BARRY O'FARRELL: No, our policy is very clear. We are slimming head offices and back offices to provide more services and funding in our hospital system and other systems that governments provide. Having an additional 50,000 patients treated per year this year as a result of putting more money to the front line obviously involves more nurses, doctors and those allied health professionals who provide the care.

The Hon. LUKE FOLEY: So cutting doctors is good for hospitals, is it? It is like logging protects koalas?

Mr BARRY O'FARRELL: Cutting back offices, slimming headquarters and putting the money into hospitals to support health professionals and allied health professionals makes lots of sense because that means when people front up whether in the Tweed, Dubbo or Campbelltown they get treatment earlier.

The Hon. LUKE FOLEY: Are occupational therapists, mental health specialists, speech pathologists and radiographers middle managers?

Mr BARRY O'FARRELL: No. Why are you asserting that?

The Hon. LUKE FOLEY: Because they are subject to your labour savings cap. You told us every occupational group bar nurses are subject. Why are you cutting them?

Mr BARRY O'FARRELL: No, what I have said is that we are cutting back offices and head offices, and I will not apologise for that. I have also said that as a result of the savings being redirected to the front line—the places where doctors, nurses and allied health professionals work and treat patients—50,000 additional patients will be treated this year, and 2,000 additional elective surgery procedures will take place this year. Those procedures will be undertaken by doctors, assisted by nurses, with possibly anaesthetists and other allied health professionals, for example, if the person happens to suffer a disability. There will be an additional 30,000 overnight stays in hospitals—again, people who will be attended by the people who work in our hospitals. As I kept saying during the election campaign the fact is, given population projections across the State we need more front-line personnel and that is why since we were elected 2,900 additional nurses have been recruited within our hospital system.

In relation to Western Sydney and the health system we are employing additional medical interns. Whichever way you look at it, under the Minister for Health Jillian Skinner we are ensuring that our health services are better able to respond to the growing demand out there. There will be an additional 2,900 nurses across the State; in Western Sydney hospitals an additional 300 nurses will be employed. The number of medical intern positions at Western Sydney hospitals has been increased by 11 per cent so that in the next year there will be 322 medical interns starting in Western Sydney hospitals. That is an example of what Jillian

Skinner and Mary Foley, her departmental head, are able to do when they understand that big head offices and big back offices are not needed and what we should do is move those resources to the front line to support the people who actually provide the services to people across this State.

The Hon. LUKE FOLEY: You referred to the front line in Western Sydney. Are you aware that hospital waiting lists at Liverpool Hospital have grown to 2,358, an increase of 10.7 per cent since you came to Government?

Mr BARRY O'FARRELL: That explains why Ms Skinner, the Minister for Health, is so determined to redirect that \$2.2 billion over four years to the front-line services provided by hospitals. That explains why this year an additional 50,000 patients will be treated in emergency departments. Does not that explain the sense in a policy—

The Hon. LUKE FOLEY: It does not explain why every occupational group in the hospital system is being cut, Premier.

CHAIR: Let the Premier complete his answer, please.

Mr BARRY O'FARRELL: Does it not explain why putting additional money to the front line will assist 30,000 more people to access overnight stays in a hospital system and it will help 2,000 more people get elective surgery across the State's hospital system. What you are describing are symptoms. Jillian Skinner is getting on with solving the problem. She is doing so—and I know the Labor Party because of the union movement is opposed to this—by sliming head offices.

The Hon. LUKE FOLEY: Too right, Premier; you are cutting doctors.

Mr BARRY O'FARRELL: We are sliming back offices and we are providing \$2.2 billion over four years to support doctors, nurses and allied health professionals, providing the services that people want when they front up to a hospital or a clinic across the State.

The Hon. LUKE FOLEY: Premier, you talk about the front line in Western Sydney. Are you aware that at Macarthur hospital the waiting list, on your official figures, is now 23,016—an increase of 28.2 per cent since you came to office?

Mr BARRY O'FARRELL: Again, I welcome your endorsement of Jillian Skinner's policy of redirecting resources—

The Hon. LUKE FOLEY: I do not endorse it. Do not put words in my mouth. I do not endorse cutting doctors when waiting lists are blowing out under your watch.

Mr BARRY O'FARRELL: But we are not cutting doctors. We are putting more money to the front line, which enables, for instance, another 50,000 patients to be treated, and most of those patients will be treated by doctors.

The Hon. LUKE FOLEY: Will you exempt front-line doctors from the labour savings cap? Give us a commitment now.

Mr BARRY O'FARRELL: It will enable 30,000 more overnight hospital stays, most of those people tended to by doctors and nurses. It will enable 2,000 additional elective surgery procedures to occur this year, those people treated by doctors. This is freeing up additional money that would otherwise have been used by your friends in the back offices and head offices and put into hospitals to support the doctors, the nurses and the health professionals who provide the care, whether in the Macarthur area, whether in the north-west or whether in the far west, that people need when they turn up to hospital.

The Hon. LUKE FOLEY: I invite you to give us an undertaking now that front-line doctors will be made exempt from your labour savings cut. Will you do that?

Mr BARRY O'FARRELL: The undertaking we give is very clear.

The Hon. LUKE FOLEY: You will not, will you?

Mr BARRY O'FARRELL: Can I answer it? What we are offering is \$2.2 billion extra for our hospitals and our clinics so that they support the doctors, the nurses and the allied health professionals to provide the 2,000 extra elective surgery procedures, the 30,000 more overnight hospital stays and the 50,000 additional patients who will be treated in emergency departments under a policy that sees Jillian Skinner directing money to where it is most needed—that is, the front line of the Health system.

The Hon. LUKE FOLEY: Given that waiting lists increased from 68,500 to 71,509 in your first 12 months in office, why will you not give the people of New South Wales an undertaking today that front-line health workers will be exempted from your labour savings cap?

Mr BARRY O'FARRELL: Front-line health workers benefit to the tune of \$2.2 billion over four years, which enables those 50,000 extra emergency department presentations to be treated, the 30,000 additional overnight stays to be accommodated and the 2,000 additional elective surgery procedures to be undertaken by some of the finest doctors, finest nurses and finest health professionals anywhere in the world.

The Hon. LUKE FOLEY: Are you aware that in your first 12 months in government the waiting list for surgery—now 71,509—is the largest waiting list in the history of New South Wales?

Mr BARRY O'FARRELL: I welcome again the de facto endorsement of a policy that sees more than \$2 billion being redirected to the front line of our Health system in order to cater to the needs of a growing population. That is in addition, of course, to the capital being put into hospitals that for too long were ignored by the former Government.

The Hon. LUKE FOLEY: Do you have full confidence in your Minister for the Environment?

Mr BARRY O'FARRELL: I do.

The Hon. LUKE FOLEY: Will she remain the Minister for the Environment for this term of Parliament?

Mr BARRY O'FARRELL: That is my expectation.

The Hon. LUKE FOLEY: When did you tell her that you would open up our national parks estate to hunting and hunters?

Mr BARRY O'FARRELL: I cannot remember the actual day. I know that you and Dr Kaye seem fascinated about these things, but do remember that unlike the Labor Party's approach to dealing with the upper House, on the day in which Cabinet made the decision I fronted a press conference to explain that decision and the legislation went through in accordance with the democratic mandate.

The Hon. LUKE FOLEY: It was not a Cabinet decision. It was a decision in your office with Robert Brown and Robert Borsak and some of your Cabinet on the evening of 29 May, was it not?

Mr BARRY O'FARRELL: We certainly had discussions with crossbenches but ultimately our decisions are decisions endorsed by Cabinet.

The Hon. LUKE FOLEY: No, a deal was done and shaken on in your office on 29 May with the Shooters and Fishers Party, was it not?

Mr BARRY O'FARRELL: I stand by the answer I have just given you.

The Hon. LUKE FOLEY: Your Minister for the Environment, who is responsible under the Allocation of the Administration of Acts for the National Parks and Wildlife Act 1974, was not even in the room when you did the deal with the Shooters and Fishers Party on opening up our national parks estate to amateur hunters, was she?

Mr BARRY O'FARRELL: My Minister for the Environment is a member of Cabinet; Cabinet signed off on the decision.

The Hon. LUKE FOLEY: Why did you not let her in the room when the deal was done?

Mr BARRY O'FARRELL: The fact is that feral animals—such as pigs, dogs, cats and goats—kill native animals, degrade native vegetation, kill stock and damage crops. As I said when I announced our plans, because of the amount of rainfall that we had over the summer period the expectation was that the number of feral animals in our national parks doing damage to the national estate, but equally doing damage to adjoining farms, would be greater than ever this year. It would have been last week that the ABC *AM* program talked specifically about the growth of feral animals—sorry, John, I was not talking about anyone else—across Australia.

Dr JOHN KAYE: Sorry, Barry, he was talking about goats.

Mr BARRY O'FARRELL: So we were talking about The Greens.

Dr JOHN KAYE: He was talking about goats. Sorry, no offence to your caucus.

CHAIR: Let the Premier answer the question.

Mr BARRY O'FARRELL: Having been up to Dungog for the brick throwing, the issue there is wild dogs and what those wild dogs do in particular to sheep, alpacas and other stock. It is pretty gruesome to come across a herd or a flock of animals that have had their throats ripped out by wild dogs that live within the national parks. I say again that what we are seeking to do is to ensure that, as happens in other jurisdictions and as happens overseas, we are able to engage licensed shooters to engage in the pest control in 79 of the State's 799 national parks, nature reserves and State conservation areas. That participation will be under strict conditions. The Minister for the Environment, of course, will have responsibility. Participants will need to be licensed by the Game Council. It is akin to the program put in place by the former Government in relation to State forests.

Ultimately this is about trying to manage our national estate. I have said before, not that our plans apply to parks within metropolitan areas, but there are parks within this metropolitan area where, under pest management plans, there have been shootings either by contractors or by National Parks and Wildlife Service staff to eradicate feral animals. That is a sensible thing to do and we believe, as happens in other States, it is equally sensible at a time when we have an explosion of feral animals—whether they are pigs, goats, dogs and the like—in national parks because of a good season that we seek to not only protect habitat within those national parks but also seek to stop farmers from being subject to the ravages of those feral animals upon their land and upon their stock.

The Hon. LUKE FOLEY: Come on, Premier, you did not utter a word about feral animal control in the first 14 months of your premiership. This was a dirty deal with the Shooters and Fishers Party.

CHAIR: The Hon. Luke Foley will frame a question, not make speeches.

The Hon. LUKE FOLEY: Is it not the case that the Shooters and Fishers Party are calling the shots here. It will decide who comes to our national parks and the circumstances in which they come?

Mr BARRY O'FARRELL: You are channelling John Howard now, are you?

The Hon. LUKE FOLEY: Indeed. I am glad you got it.

Mr BARRY O'FARRELL: I knew you were Right Wing but not that Right Wing.

The Hon. MATTHEW MASON-COX: He is a closet Right Wing.

Mr BARRY O'FARRELL: There are no Howardites in the Labor Party; none of them are that good with money. The fact is, as I said on the day that I fronted the media, we were very upfront about the interest of the State. We have no doubt that the sale of generators can free up capital to invest in the sorts of infrastructure that this State needs. That infrastructure not only overcomes an infrastructure backlog inherited from your side of politics but, as I have said earlier today, it provides the services that people need, whether in the city or the country, but critically and importantly, as evidenced in the Infrastructure NSW report that sought to focus on the economic impact of different infrastructure projects, it will help grow the State's economy, it will help provide

the jobs that a strong economy creates and it will help generate additional revenue to provide services across New South Wales. That is what we are on about.

I say again, having observed the upper House for most of the time that I was here, having observed it particularly closely for the 16 years that Labor was in power, it was always of interest to me when former Labor Premiers got the support of some of the crossbenchers—I understand your position always, Chairman, but some of the other crossbenchers. Rarely was there an announcement upfront as to what the trade-off was. Normally you had to wait a month or six months or 12 months and suddenly the light would go on when you saw another bill or another proposal initiated.

The Hon. LUKE FOLEY: Well, why will you not admit it is a broken promise? It was just a trade-off, was it not?

Mr BARRY O'FARRELL: No, let us be clear—

The Hon. LUKE FOLEY: It was just a deal, was it not?

Mr BARRY O'FARRELL: Let us be clear, this is—

The Hon. LUKE FOLEY: You repeatedly said you would not allow it, did you not?

Mr BARRY O'FARRELL: This is about pest eradication and pest management control in 79 of 800 parks reserves across the State.

The Hon. LUKE FOLEY: So you did not break a promise?

Mr BARRY O'FARRELL: What I was asked about during the election campaign was whether we would open up our national parks to random hunting. That is not the proposal; that never was the proposal.

The Hon. LUKE FOLEY: Come on, Premier. You did not break a promise that there would be no hunting in national parks and James Graham did not bite Billy Slater on the ear in the grand final, did he?

Mr BARRY O'FARRELL: Well, I was there. I did not see it, though.

The Hon. LUKE FOLEY: On YouTube there is footage of you at a rally in 2009 where you state:

The next Liberal-National government will ensure that mining cannot occur here, will ensure that mining can't occur in any water catchment area, and will ensure that mining leases and mining exploration permits reflect that common sense. No ifs, no buts, a guarantee.

They are your words in February 2009 on You Tube for all to see. Why have you reneged on that guarantee?

Mr BARRY O'FARRELL: We have not reneged on it. What we put in place for the first time is not just an aquifer policy that covers the entire State but also a strategic land use policy that seeks to put some rules, guidelines, science and caution around the process of exploration in New South Wales but previously—

The Hon. LUKE FOLEY: But mining can occur in catchments, can't it?

Mr BARRY O'FARRELL: Can I answer the question? Previously there were no rules around these things.

The Hon. MELINDA PAVEY: You took the Minister to lunch.

Mr BARRY O'FARRELL: Was that the rule, was it? We will leave that to the Independent Commission Against Corruption next month to work out, but 24 per cent of the State is covered in coal seam gas exploration licences granted in areas where they should never have been granted.

The Hon. LUKE FOLEY: What about your guarantee, Premier?

Mr BARRY O'FARRELL: And, of course, if cancelled—

The Hon. LUKE FOLEY: You just ban it?

CHAIR: Let the Premier finish his answer.

Mr BARRY O'FARRELL: And of course if cancelled by the State Government would open up the State Government to hundreds of millions of dollars worth of compensation so an incoming Government has decided to put in place policies around the way in which land is used in part. That includes strategic agricultural land, it includes viticulture, and it includes the thoroughbred racing industry. It also includes an aquifer policy that ensures that science determines whether or not extraction can occur. If you compare what we are proposing with what existed previously, finally we have some process, but am I prepared—

The Hon. LUKE FOLEY: Some process? You promised a guarantee.

Mr BARRY O'FARRELL: Am I prepared to risk hundreds of millions of dollars worth of compensation to the mining sector rather than use that money properly for infrastructure or would I prefer to see a rigorous process that ensures that no mine can be developed in New South Wales unless the science, including impact upon water supply, is in place? That is the path we have taken.

Dr JOHN KAYE: Just in respect of the question that Mr Foley asked you a minute ago, when you made the announcement about recreational hunting in national parks, had you been presented with any scientific evidence other than possibly material that came from the Game Council that suggested in any way whatsoever it was an effective way of controlling feral animals?

Mr BARRY O'FARRELL: I think we were presented at the time with information around the likelihood of growth in the number of feral animals in our national parks given the season that we have had. I think we were also presented with some information about the way in which the scheme had operated in other States and overseas.

Dr JOHN KAYE: At the time you made that announcement you had no evidence whatsoever that it would be an effective way to control invasive species?

Mr BARRY O'FARRELL: As I understand it, under the pest plans of management that National Parks and Wildlife Service has put forward for sometime, shooting of ferals has always been an option. That is why in a park very close to where I lived in a metropolitan area that was in fact occurring.

Dr JOHN KAYE: Yes, but that was occurring, was it not, Premier, at the hands of professional shooters not recreational hunters?

Mr BARRY O'FARRELL: So if it is done by National Parks and Wildlife Service people it is okay, is that what you are saying?

Dr JOHN KAYE: No, Premier. First of all, I ask you the questions.

Mr BARRY O'FARRELL: I am actually trying to clarify it.

Dr JOHN KAYE: You make no distinction between a professional shooter and a recreational hunter?

Mr BARRY O'FARRELL: No, what I am—

Dr JOHN KAYE: Premier, the way this works is that we ask you the questions and you answer them. My question to you is: Do you make no distinction between the skills at pest eradication of a professional shooter versus a recreational hunter?

Mr BARRY O'FARRELL: What we are proposing is that licensed shooters will be able to participate as part of pest plans of management in 79 of 799 national parks—

Dr JOHN KAYE: Yes, I know that, but you are not answering my question.

Mr BARRY O'FARRELL: I understand the question and I just make the point, as I was trying to make, that some seek to suggest that it is okay for National Parks and Wildlife Service officers to engage—

Dr JOHN KAYE: Or professional contractors?

Mr BARRY O'FARRELL: —as they can under existing plans of management in the shooting of ferals. Some seem to suggest it is okay for professional contractors, some of whom are licensed shooters who are actually members of the Game Council, to participate in feral eradication programs as permitted under pest plans of management by a number of national parks and reserves across the State but that the same person who is not doing it as a contractor but doing it as a volunteer, as a licensed professional shooter, should not be able to do it. My point is that at the end of the day as long as they are licensed, as long as they are focusing on the objectives set by the National Parks and Wildlife Service to eradicate feral goats and feral animals across national parks because of the damage they are doing to habitat within those national parks and because of the impact they are having upon adjoining farmland and adjoining farm stock, that is a good thing.

Dr JOHN KAYE: For the last time, will you present any evidence that an enthusiastic amateur hunter, a recreational hunter, would be as effective as a professional, trained shooter?

Mr BARRY O'FARRELL: In South Australia, Victoria and New Zealand where similar programs exist, for sometime that has been operational.

Dr JOHN KAYE: That is not my question. What about the effectiveness in those States?

Mr BARRY O'FARRELL: I know, for instance, that the Minister and officers of the National Parks and Wildlife Service have been into those States to look at the way those programs have operated.

Dr JOHN KAYE: Premier, you very sensibly advocated the use of digital copies of reports and documents, the so-called paperless State, and that is something that of course The Greens thoroughly endorse and welcome.

Mr BARRY O'FARRELL: Now I am worried.

Dr JOHN KAYE: Can I ask why it is that your Government has cut funding to the digital archive project at State Records?

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

Dr JOHN KAYE: Do you recognise that if we are going to go to an all digital State, something we would support, there need to be ways to archive those materials indefinitely?

Mr BARRY O'FARRELL: I do. I also know the high cost of digitalisation and in tough economic times where belts have to be tightened and savings have to be found it is not always possible to invest in these programs. I know having spoken to some of those other than the States Records Authority, where I will get you the answer, in other establishments across the State where digitalisation and putting records into digital format are part and parcel of their goals, they, too, have recognised that there has to be a balance.

Dr JOHN KAYE: At the last budget estimates we talked about your head of department, Mr Eccles, and TAFE. We agreed on two matters: one that he had been quite determinant in the way the changes to the Victorian TAFE had occurred and, two, that he had some significant influence over the direction of change of TAFE here in New South Wales. Could I ask Mr Eccles, through you, Premier, is the evolution of the Victorian vocational education and training system as it has evolved in the past few months in accordance with your original plans for the Victorian TAFE and Victorian private providers?

CHAIR: Could you direct the question to the Premier?

Dr JOHN KAYE: I just did. I said, "through you, Premier".

CHAIR: You have to allow the Premier to decide whether it goes through.

Dr JOHN KAYE: I said, "through you, Premier" I direct the following question.

Mr BARRY O'FARRELL: You have to wait for the Premier to make the decision.

Mr BARRY O'FARRELL: And through you, Chairman, I am happy for Dr Kaye's question to be answered through the director general.

Mr ECCLES: The skills reform agenda is currently being developed by the Minister for consideration by Government and I have no more involvement in the design of that public policy than I do with any other area of significant public policy that is, in particular, the subject of intergovernmental debate through the Council of Australian Governments.

Dr JOHN KAYE: But you have agreed that you had a significant role in the Victorian TAFE outcome?

Mr ECCLES: Indeed.

Dr JOHN KAYE: My question then stands: Is the evolution of the vocational education and training system in Victoria that we have seen over the past few months what you had in mind?

Mr ECCLES: I suspect that is a matter that would be best put to the Minister, Dr Kaye.

Dr JOHN KAYE: I do not know how the Minister would know what you had in mind when you were in the Victorian public service.

Mr BARRY O'FARRELL: Mr Chairman, could I make what I think is an obvious but important point? For the past 18 months Mr Eccles has been employed by New South Wales to run the Premier's Department. He came to me from the South Australian Premier's Department. Unlike some Greens, he has never disowned his past; he has never disowned his involvement in the development of TAFE reforms in Victoria. It is a long time since he was involved in those TAFE reforms and to ask him subjective questions on areas that have not been his responsibility for at least five or six years seems to me to be a waste of good opportunities when Dr Kaye could be giving me a hard time on other issues.

Dr JOHN KAYE: Thank you Premier. Could you answer the question, Mr Eccles?

Mr ECCLES: You would probably need to remind me of the question, Dr Kaye.

Dr JOHN KAYE: That is a shame. Let me go somewhere else. Premier, with 800 jobs cut from the TAFE sector, that is about 5 per cent of the TAFE teaching workforce gone, and a 9.5 per cent increase in TAFE fees coming on top of massive cuts to TAFE funding by the previous Labor Government, what is your vision for TAFE in five years time? Is it going to look like Victoria where TAFE institutes are going bankrupt?

Mr BARRY O'FARRELL: I want TAFE, both city and country, to be a trainer of first choice of the sorts of skills that we need in a modern economy.

Dr JOHN KAYE: You achieve that by cutting 800 jobs?

CHAIR: Let him answer the question, Dr Kaye.

Mr BARRY O'FARRELL: The fact is that particularly for the three Coalition members who sit on this Committee, each of whom comes from a regional area, the importance of TAFE is further heightened because often there is no alternative training organisation in those places. We need to ensure that TAFE, as it has been asked to, is able to deliver the skills that not only are needed today in our economy but also are needed in the years and decades ahead. There is not much point in equipping people with skills that do not ultimately lead them to the jobs that they are hoping for and need to get on in life. The labour expense cap does apply to all TAFE staff. While every effort will be made to minimise the impact on front-line services, there will be a review of education, central support functions and rationalisation of some low-demand course facilities, and it is estimated that these measures will result in the equivalent of 800 positions over four years.

Dr JOHN KAYE: Can you align the two parts of those answers? In one answer you want it to be the system of choice and in the other answer you are cutting 800 jobs. How will that work?

Mr BARRY O'FARRELL: A system of choice that is tapped into the skills need of our economy today and in the decades ahead, so clearly a focus on bankable skills. I was in the Hunter a month or so ago at the opening of a new WesTrac facility. WesTrac is a provider of trucks and other things to the mining industry. What it also provided in its facility was I think a \$160 million investment in a registered training organisation that provided training for people in the Hunter Valley, principally from Newcastle, in trades associated with mining, construction and transport. Clearly, there is already competition in the sector and for TAFE to respond to the challenges posed by a \$160 million investment in a new registered training organisation [RTO]—a first-class registered training organisation in the Hunter operated by WesTrac—we have to look at the way in which we provide an opportunity for young people to front up to TAFE to get skills so that they can be bankable, whether they want to go and work in those three sectors or other sectors that will make up our modern economy.

Dr JOHN KAYE: You do that by cutting 800 jobs? It just does not make sense.

Mr BARRY O'FARRELL: It does, Dr Kaye, if the focus is on equipping people with skills that are going to lead to jobs. There are some courses that are being run in TAFE. I saw the Deputy Leader of the Opposition in Newcastle saying on television that it does not matter if TAFE courses do not lead to jobs. Well, that is one view of the world. The technical and further education system was started to equip people—principally young people—with skills that would enable them to pursue careers. I think that is a worthwhile goal. If it requires some adjustment to TAFE in order that the objectives of the TAFE system are met as well as the objectives of those people who front up to get skills in the hope that they can get employment to get on with their lives, I think that is a good thing.

CHAIR: One of your areas of responsibility is, quoting the budget papers, using a whole-of-government approach to special events. Could you outline some of those special events? I understand the V8 Supercars event at Olympic sites is now continuing.

Mr BARRY O'FARRELL: Chairman, I will defer to your greater knowledge of V8 and motor sports—I basically focus on treadmills. What we know is that one of the economic growth buttons for the State is major events. It was an issue that I suppose Jeff Kennett, when he was the Premier of Victoria, brought into focus firstly, not long after he was elected in Victoria, by securing for Melbourne what had been a grand prix in Adelaide.

Dr JOHN KAYE: For how long?

Mr BARRY O'FARRELL: It is still there. But the point, Dr Kaye and Chairman, is that it was very quickly realised that, along with the spring horse racing carnival and the AFL grand final, it provided an enormous shot in the arm to both the Melbourne and Victorian economies because people came to Melbourne from around Australia, from around the region, they got off planes and got into taxis—cash; they got into hotels—cash; they got into restaurants—cash; and they got into shops—cash. There was an injection of capital as a result of these major events and what the Kennett model sought to do, aided by Ron Walker who had been appointed by Joan Kirner to head the major events organisation in Melbourne, was to attract an event a month.

We were very slow as a government to pick up what was happening in Victoria, and I have to say that Morris Iemma finally got this underway with our own major events body. That model is being followed by us, but we are also seeking to lift it up. So whether it is V8 races at Homebush or Bathurst, whether it is some of the Asian Cup games that we have been part of, whether it is the Cricket World Cup, which is subject to negotiations with Cricket Australia at present, or whether it is the securing of the Bledisloe Cup, which we saw for the first time this year, on the same weekend for the next number of years, we understand that major events are important for Sydney and the New South Wales economy. They bring people to the State and they bring economic development, which makes all these things.

I should also say, because it has had some media attention in recent days that next year there is a celebration to do with the Australian Navy. The last time I was briefed on it by the relevant admiral, ships from 75 nations were to front up in Sydney Harbour. That in itself will be spectacular and that will probably not be repeated in the lifetime of many of us. We are blessed with the best natural harbour in this country and we will be blessed next year with the visits of all these vessels. I am sure that not only will that prove exciting for people who live in New South Wales and Sydney but, as with the other projects, it will see people come in from elsewhere. Our argument has always been that if we are able to secure these projects for Sydney, whether it is a sporting event, an academic convention or the Rotary convention that is coming up in a year or two, it is another way in which we can seek to grow the State's economy, provide those jobs that are essential for everyone's

household and generate the revenue we clearly need to keep our services going. More importantly, they provide opportunities for people who might see other chances to get on with life in particular ways.

CHAIR: Another area for which you are responsible is working with Aboriginal communities, private and public landowners to protect and conserve Aboriginal heritage. There is a large number of native title claims in New South Wales. Are they creating any dilemmas for you in future developments and projects? How are you handling that?

Mr BARRY O'FARRELL: I am happy to take that on notice. There are discussions ongoing—they have been ongoing for some time—about Aboriginal heritage items and how we can better seek to provide a regulatory and protective framework around those things. The Minister for Aboriginal Affairs, Victor Dominello, more broadly across the Aboriginal Affairs portfolio has sought to sensibly engage the Indigenous community, along with relevant Ministers, to try to find a way forward in relation to not just issues that might revolve around land claims but also governance issues across the community. There is also, as I alluded to earlier, the Connected Communities approach, which is all about trying to provide what might be termed "lighthouse schools" in communities with high Indigenous populations. Not only will they provide a super principal in those schools who is paid more to manage the program but also they aim to lift both outcomes and the sight of young Aboriginal people across the State.

You have been in this place for a very long time, Reverend Nile, and lots of words have been spoken and lots of money has been directed to this area but regrettably, as we sit here today, the life expectancy and other indices for New South Wales Indigenous citizens are well below the rest of the New South Wales population. It might be acceptable—I do not think it is—if those related to remote communities in northern Australia. I do not think it is acceptable when we are talking about townships across New South Wales, which is after all the country's premier State. I will get you the answer about land claims and the like, but the other issue is how we deliver services to Indigenous communities in remote areas. Through the Council of Australian Governments [COAG], New South Wales is partnering with the Commonwealth in a service delivery initiative at Wilcannia and Walgett to identify and prioritise service needs and responses.

Local plans have been developed and agreed between the local communities and government. Responsibilities for service response have been identified and performance is being monitored through a State management committee. Those plans are outcomes focused—they are not just words—in the areas of youth, health, community safety, school participation, employment and housing, and very early indications suggest they are having a positive outcome. I have to say that it is one of the better pieces of work that I have seen between the Commonwealth and the State. There is lots of rhetoric about closing the gap, but it will be practical initiatives like that and the State-sponsored Connected Communities, that the Minister for Education and the Minister for Aboriginal Affairs are pursuing, that hopefully will ultimately ensure that well within our lifetimes the Indigenous citizens of this State will have not only the same outcomes but also the same life expectations as the rest of us.

CHAIR: There have been some rumours that the pensioner rebate scheme, which provides rebates to local councils of up to 55 per cent of eligible pensioner council rates, may be cancelled. Can you give an assurance there is no plan to scrap that pensioner rebate or any other pensioner concessions in this State?

Mr BARRY O'FARRELL: I have not heard that proposal. The rebate scheme you refer to is funded on the basis of 55 per cent provided by the State Government and 45 per cent by councils. The level of rebate has remained constant for a number of years. There is no proposal before the Government to change the rebate. I suspect that given the budget we have just framed if there had been such a proposal I would be aware of it, so I am happy to give you that commitment.

CHAIR: To maintain that rebate? Thank you. We are coming to the end of the hearing so the time allocated for questions will be shorter. The Opposition will have eight minutes, Dr Kaye will have four minutes and I will have four minutes. That will take us 5.20 p.m. given the Government members will not ask questions.

The Hon. LUKE FOLEY: Do we get another 15 minutes?

The Hon. CATHERINE CUSACK: It does not work like that. We have forgone 40 minutes so it needs to finish at 5.20 p.m.

CHAIR: It takes us to 5.20 p.m., so you have eight minutes.

The Hon. LUKE FOLEY: Premier, do you give a guarantee that the WestConnex project will be completed?

Mr BARRY O'FARRELL: You said something earlier about the way governments are formed. There are elections every four years. I can say we have committed \$1.8 billion to WestConnex. Should we win the next election we will continue to fund the WestConnex proposal because, as I said last Wednesday, it is a project that is needed in this city. It is needed not just for the city but for the State's economy and it is a project that will deliver benefits for people across the city.

The Hon. LUKE FOLEY: When will construction commence?

Mr BARRY O'FARRELL: As I said last Wednesday, we have established a joint project team to put detail around the concept to make the concept a reality. That Sydney motorways project office will do detailed planning work, which includes project definition, including reference, scope, costs, resource requirements—in other words, amongst other things, route identification—and project milestones around program staging and funding strategies, the start of the environmental assessment and the planning approval strategy. That work is expected to be complete by the middle of next year so I should have an answer for you by the middle of next year.

The Hon. LUKE FOLEY: Has Treasury modelled the costings that Infrastructure NSW has provided?

Mr BARRY O'FARRELL: Having received the Infrastructure NSW response we made a decision as a Cabinet to commit the \$1.8 billion. We know these are tough times but as I said earlier, despite the tough times we have still found, thanks to the asset realisations we have engaged in where the proceeds are heading to Restart NSW, money not just for WestConnex but also for Bridges for the Bush because we recognise that investing in economic infrastructure is going to be critical. No-one has any illusions about the state of New South Wales finances; no-one has any illusions that we need to manage the State's finances very, very carefully. We are committed to the triple-A credit rating because without the triple-A credit rating we would add something like \$3.75 billion in interest onto the taxpayers of New South Wales. We have made sure that we have made a responsible decision in tough times to invest in a piece of infrastructure that will deliver, as Infrastructure NSW made clear, significant economic benefits to New South Wales.

The Hon. LUKE FOLEY: Given that a route has not yet been finalised for this project, why have you not taken up the Federal Government on its offer of \$30 million for planning of the proposed M4 East extension?

Mr BARRY O'FARRELL: As I understand it, that money, along with money we allocated in the last budget, is to be used as part of the detailed planning of this project.

The Hon. LUKE FOLEY: But is it not the case that the Federal Government has written to you with an offer and you have not even sent it a written reply?

Mr BARRY O'FARRELL: I know I have not received a letter since the Infrastructure NSW report has been released because I have seen Mr Albanese, who I think is the Federal Minister responsible, on television on a number of occasions trying to duck Mr Abbott's commitment of \$1.5 billion to WestConnex by saying that he is waiting on an Infrastructure Australia review of Infrastructure NSW, but I say again, as I said last Wednesday, the money we set aside in the budget this year, matched with the Federal funding that has been provided, will be used for the developing up of the detailed work to make WestConnex a reality in Sydney.

The Hon. LUKE FOLEY: Why will you not take up the Federal Government on its offer of money for planning when you do not even have a route?

Mr BARRY O'FARRELL: We are.

The Hon. LUKE FOLEY: It has written to you, Premier, after the Federal budget and you have not even given it the courtesy of a reply to its offer of tens of millions to help you plan a road that you have committed your Government to.

Mr BARRY O'FARRELL: I think I answered that a moment ago. Last Wednesday, when I responded to the Infrastructure NSW report, I committed to the \$1.8 billion to WestConnex. I made the point publicly, I think it was in the press release, but I certainly made it publicly—that the detailed work undertaken by Sydney Motorways project office would be jointly funded by the State and Federal governments.

The Hon. LUKE FOLEY: Will taxpayers be potentially up for more than \$1.8 billion or is that \$1.8 billion a cap that you will not exceed over time?

Mr BARRY O'FARRELL: The Infrastructure NSW report is clear about this, a 75-25 split of funding. Of course, we will give a response to the broader Infrastructure NSW report by the end of the year, but I understand the point about proving these things up in the next six to nine months to have the work done by the middle of next year is to test and ensure that the concept becomes a reality.

The Hon. LUKE FOLEY: If the project goes from being a \$10 billion project to \$15 billion or \$20 billion once the detailed plan is done, will the proportion of public funds going to it remain the same, that is a significant increase over the \$1.8 billion from your Government?

Mr BARRY O'FARRELL: I am not going to anticipate the hypotheticals. I cannot quite work out whether Labor supports or opposes this scheme. I have seen what the de facto leader, Mr Hoenig, has said but I am not quite sure what the Leader of the Opposition has said about it. As I said on Saturday, if we were to get a fair share of funding from the Federal Government, it would ensure that the 75 per cent of the project that relied upon tolls would be reduced and therefore the toll would be reduced.

The Hon. LUKE FOLEY: Is it not the case that the WestConnex is at this stage an attractive proposition, but simply a road without a route—an uncostered and unfunded pipedream at this stage?

Mr BARRY O'FARRELL: No. There is \$1.8 billion that has been set aside for it. There is a \$1.5 billion commitment by a Coalition federally that looks as though it will be the next Federal Government, and certainly on the basis of its commitment to a major piece of Sydney infrastructure most voters across Sydney would hope it will be the next Federal Government. Last Wednesday we gave the green light to WestConnex. Last Wednesday we announced a \$1.8 billion in WestConnex. Last Wednesday we highlighted the fact that tolling would pay part of the construction of WestConnex. We have been very upfront with the public about it. The alternative, which is what you seem to be suggesting, is to continue to do nothing. I should be fair, it is you and the *Sydney Morning Herald* who seem to be suggesting that we continue to do nothing. That is no alternative, because doing nothing, building roads that are too narrow, refusing the offer of Leightons to expand the original M5 East Tunnel, has got us into this mess. We are determined to get us out.

The Hon. LUKE FOLEY: Given that before the election you promised more public servants not less, increased funding for public schools, no hunting in national parks, no deals with minor parties and no mining in water catchments, is it not the case that your word is not your bond?

Mr BARRY O'FARRELL: No. The fact is we are providing additional funding to our public schools, an additional 500 teachers have been delivered. We have put in place a strategic lands policy and aquifer policy that, for the first time, puts science, including the science of water, around mining proposals in this State that were allowed to get out of hand—and I suspect next month will be seen to have done worse than that, when the Independent Commission Against Corruption starts its hearings. In relation to pest management schemes, in 79 out of 799 national parks we are adopting a regime that works in two other States and in New Zealand and which is designed to address the problems that feral animals create, not just to habitat within those parks but also, as I have said before, to farmland and farm stock on adjacent properties.

Dr JOHN KAYE: Premier, how many days a week does Justice Levine work as an inspector of the Police Integrity Commission?

Mr BARRY O'FARRELL: I think it is two.

Dr JOHN KAYE: How many staff does he have?

Mr BARRY O'FARRELL: Just give me a minute on that. The point you might be getting to if I can seek to—

Dr JOHN KAYE: No, do not do that. Generally it is better for you to let me ask the question.

Mr BARRY O'FARRELL: I make the point that I wrote to Justice Levine in May asking him to provide me with advice as to whether or not the Emblems report could be made public, which is what I would like to do with it. He has indicated that he is getting on with his work. I am advised that he has on at least two occasions indicated that additional resources were not necessary other than the barrister that Mr Levine has engaged to assist him in his work. I can say that the Government remains willing to provide further resources should he indicate that he would be assisted by those. There has been, on a number of occasions, the offer of additional assistance.

Dr JOHN KAYE: You have made offers but he has no additional assistance other than one barrister?

Mr BARRY O'FARRELL: We have made offers. He has indicated that those offers were not necessary and he has indicated, yes, he is using a barrister to assist in the work.

Dr JOHN KAYE: Can you get back to me with the additional resources, apart from that barrister, that you have provided him with?

Mr BARRY O'FARRELL: I am happy to get back to you with the resources he is provided with.

Dr JOHN KAYE: But you are saying in personnel there is only one, which is the barrister?

Mr BARRY O'FARRELL: I am not sure that is right, but I will get back to you with the details. I make the point again that on a number of occasions Mr Levine, the Inspector General of the Police Integrity Commission, has been asked whether he needs additional resources to undertake requests made of him by the Minister for Police and Emergency Services in relation to Emblems and by me in relation to the Emblems report. On those occasions he has indicated that additional assistance was not required.

Dr JOHN KAYE: Do you accept the scientific evidence that there is anthropogenic climate change? I am looking for a yes or no answer.

Mr BARRY O'FARRELL: The answer is yes.

Dr JOHN KAYE: You also accept that this State produces, roughly speaking, 60 million tonnes of carbon dioxide each year from the six remaining coal-fired power stations?

Mr BARRY O'FARRELL: I do.

Dr JOHN KAYE: Do you perceive an urgent need to reduce that 60 million tonnes?

Mr BARRY O'FARRELL: I think we should do what we can. That situation has been addressed, I think mistakenly, at a Federal level through the introduction of a carbon tax, a carbon tax that will affect one of the greatest competitive advantages that Australia has always enjoyed as an economy and as a country, and that is the availability of what until recently had been cheap coal-fired power. What I know is BlueScope Steel or other manufacturers will now be paying more for their electricity because of a carbon tax, competing on the international market with products that are not subject to a carbon tax. As a result, I am not surprised at the closure of part of the facility in Wollongong last year. That is regrettable. The point is do I think we should, to paraphrase me earlier, send our community back to caves, wearing skins, huddled around fires to keep warm?

Dr JOHN KAYE: Eating moss.

Mr BARRY O'FARRELL: No, I want to protect our economy, I want to ensure that what transition occurs, occurs responsibly without additional cost being put upon individuals or businesses who ultimately provide the jobs, the incomes that most people rely upon.

Dr JOHN KAYE: But you accept there has to eventually be a transition away from coal?

Mr BARRY O'FARRELL: I am not putting a time frame around that, and I don't think—

Dr JOHN KAYE: But you do accept that eventually—

Mr BARRY O'FARRELL: —it will ever be in your lifetime or the lifetime of your children.

Dr JOHN KAYE: Probably not. I don't have any.

CHAIR: Following up on the question from Dr John Kaye about the Emblems inquiry, I understand the issue has been referred to the Ombudsman's office, and the question was raised whether he had adequate powers.

Mr BARRY O'FARRELL: Yes.

CHAIR: I understand from the latest report I read that you were promising to extend his powers, if necessary. Could you update us on that?

Mr BARRY O'FARRELL: Yes. As I said in May, Mr Levine, as Inspector General of the Police Integrity Commission, was asked to review the report, to advise whether recommendations have been implemented and, at my request, to see whether or not the report could be released. I should make the point I have not seen the report, nor has my department seen the report. I have certainly read the newspapers, but I have not seen a copy of the report. Over the weekend, I announced that the Ombudsman and the Police Integrity Commission inspector had conferred and agreed that the Ombudsman would undertake an independent investigation of Strike Force Emblems and any relevant matters leading up to it.

That followed the receipt by both parties, the Inspector General and the Ombudsman, of a number of complaints and submissions relating to Emblems from various individuals. The breadth of those complaints received by both offices meant that, between them, they agreed that it was a sensible thing for the Ombudsman to investigate. The Ombudsman is the appropriate independent body to review the matters. The Government will give the Ombudsman the appropriate powers he needs to do that inquiry. I want to table, if I may, a media statement issued by the Ombudsman on Monday in which he seeks to make clear in paragraph 3:

The NSW Ombudsman has extensive Royal Commission powers. We are able to require the production of documents and information and compel witnesses to attend to give evidence at hearings. Amendments to legislation will ensure unhindered access to critical documents and witnesses, and if any other statutory impediments to the investigation are identified, the Government has committed to addressing these.

I can also indicate that through proclamation assented to by the Governor jurisdiction will be inferred upon the Ombudsman to investigate the conduct of the Crime Commission on referral of the Police Integrity Commission inspector or the inspector of the Crime Commission.

Document tabled.

We have sought, through using the good officers of the Inspector General and the Ombudsman talking to them about the powers that are currently available, using existing powers, and, if necessary, committing to legislate for further powers in order that this matter may be resolved. I am still hopeful that in a matter of weeks we will have Mr Levine's answer to the letters sent by the Minister for Police and Emergency Services and I as to, first, whether the recommendations of the report have been implemented and, secondly, whether the report can be made public. As you know, this is a report that relates to matters that occurred a decade ago. The sooner it is resolved, the better. It has regrettably become a matter of some public controversy that I do not think benefits anyone involved. It certainly does not assist in inspiring the confidence that a community should have in its police force, as long as there are questions and allegations being made.

CHAIR: There will be some urgency in regard to that legislation? That is really the bottom line of my question. I know there is a gap.

Mr BARRY O'FARRELL: As I understand—

CHAIR: How quickly will you draft the legislation dealing with the power of the Ombudsman?

Mr BARRY O'FARRELL: There are proclamations being signed by the Governor this week that will enable certain powers to be provided to the Ombudsman without the legislation. I think the full answer to your question, Reverend Nile, is we will act with all the urgency needed, notwithstanding the usual requirements of the State's upper House, because the State's upper House has never, ever, in my view, put an obstacle in the path

of legislation that was absolutely vital, but we are waiting on advice from the Ombudsman and the Inspector General as to whether a specific legislative remedy is required.

CHAIR: Thank you, Premier, for giving us all the time you have been here before us. We appreciate your frankness and your answers to questions, and your staff members.

Mr BARRY O'FARRELL: Can I raise a small issue, and I do not want this to be seen in any way to be ungrateful? I am always happy to front. Chris Eccles is always happy to front. I know that you are entitled to ask Mr Broad and Mr Head to be here, but, frankly, I would have preferred them to have spent the last 3½ hours working for the people of New South Wales, rather than sitting here listening to me answer your respectful questions. If we are going to invite senior officers—officers who are paid well to get on and deliver for New South Wales—to these hearings in future, can they be questioned. If they are not questioned, can we let them go about their work? I do not want to be in any way disrespectful, Chairman, but you don't like having your time wasted, or, worse still, if you have got things to do, you want to get on with them.

CHAIR: You were well briefed and you knew all the answers to the questions, so we didn't have to draw on the other members for answers.

Mr BARRY O'FARRELL: Thank you, Chairman.

CHAIR: I have just had a motion for the last document to be tabled.

Document tabled.

(The witnesses withdrew.)

The Committee proceeded to deliberate.
