

GENERAL PURPOSE STANDING COMMITTEE No. 4

Thursday 16 October 2008

Examination of proposed expenditure for the portfolio areas

TOURISM, HUNTER

The Committee met at 4.00 p.m.

MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. D. J. Clarke
The Hon. G. J. Donnelly
The Hon. M. J. Gallacher
Ms S. P. Hale

The Hon. R. A. Smith
The Hon. H. S. Tsang
The Hon. L. J. Voltz

PRESENT

The Hon. J. L. McKay, *Minister for Tourism, and Minister for the Hunter*

Department of State and Regional Development
Mr B. Buffier, *Director General*

Tourism NSW
Ms L. Grey, *General Manager*

Department of Premier and Cabinet
Ms J. Collinson, *Acting Regional Coordinator, Hunter*
Mr J. Scott, *Director, Regional and Strategic Issues*

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 budget estimates 2008-09 open to the public. I welcome the Minister for Tourism, and Minister for the Hunter, Ms McKay, and accompanying officials to the hearing. Today the Committee will examine the proposed expenditure for the portfolios of Tourism and the Hunter. Before we commence I will make some comments about procedural matters.

In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings*, only Committee members 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 and what interpretations they place on anything that is said before the Committee. The *Guidelines for the Broadcast of Proceedings* are available from the table by the door.

Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers while you are at the table. I ask everyone to turn off their mobile phones. The Committee has agreed to split the format of the hearing. The Hunter will be heard for half the time followed by Tourism.

The House has resolved that answers to questions on notice must be provided within 21 days, or as determined by the Committee. The Committee has not varied the 21-day time frame. The transcript of the hearing will be available on the web from tomorrow morning. All witnesses from departments, statutory bodies or corporations will be sworn or affirmed prior to giving evidence. Minister, I remind you that you do not need to be sworn because you have already sworn an oath to your office as a member of Parliament.

BARRY BUFFIER, Director General, Department of State and Regional Development, on former oath,

LYNDEL GREY, Acting Executive Director and General Manager, Tourism NSW, and

JOHN SCOTT, Director Regional and Strategic Issues, Department of Premier and Cabinet, sworn, and

JENNIFER COLLINSON, Acting Regional Coordinator, Department of Premier and Cabinet, Hunter, affirmed and examined:

CHAIR: I note that Mr Buffier has already been sworn and, if necessary, he will come to the table. I declare the proposed expenditure for the portfolios of Tourism and the Hunter open for examination. As there are no provisions for a Minister to make an opening statement before the Committee commences with questions we will commence with questions from the Opposition.

The Hon. MICHAEL GALLACHER: Minister, are you prepared to allow the GPT Group's proposed \$650 million redevelopment of Newcastle central business district to be withdrawn in order to maintain just over 2,000 metres of rail line between Wickham and Newcastle?

Ms JODI McKAY: Obviously you have been reading the newspaper.

The Hon. MICHAEL GALLACHER: No, I have been talking to people in the Hunter Valley.

Ms JODI McKAY: As you would be aware, the community has often spoken about this issue. In February 2006 the community said that it wanted the rail line to stay. At that time we listened and we made the decision to keep the rail line in place. The Government is working hard with council, the community and business at ways to improve connectivity in the city. That is why I set up the Newcastle CBD district task force. Its job is to drive investment and to work on ways to address challenges facing Newcastle into the future. Transport and connectivity are key parts of that.

The establishment of the task force through the Office of the Coordinator General was prompted by the Newcastle City Centre Plan gazetted in February this year and it was also based on the premise that there were potential developments, including a new justice precinct, the Royal Newcastle Hospital development, the completion of Honeysuckle, and the redevelopment proposal by GPT for the Newcastle CBD. The task force is preparing a submission, with its recommendations to go to the recently established Commonwealth Major Cities Unit in the Department of Infrastructure, Transport, Regional Development and Local Government.

In determining the best path to have the debate over connectivity, transport and growing the city, we make no apologies that we want Newcastle to be one of the first regional cities to benefit from the Federal Government's Major Cities Unit. The submission is being shaped by a series of workshops involving key community, business and government stakeholders.

The current situation sees the developer, GPT, coming forward with a wider urban vision as part of its proposed \$650 million retail entertainment and residential development of the CBD. GPT is now demanding removal of the rail corridor before it invests in a development of the Newcastle CBD. No doubt the CBD retail and business districts of the Hunter Street side of the rail line are in desperate need of rejuvenation to place them on the high levels of urban design achieved in the Honeysuckle redevelopment. I can assure the Committee that the Government will not bow to threats by developers. While GPT's proposal to make such a significant investment in rejuvenating Newcastle CBD is most welcome, it is disappointing that it now hinges on the removal of the rail line.

The Hon. MICHAEL GALLACHER: So if they say, Minister, and the question was quite specific—

The Hon. LYNDA VOLTZ: Point of order: The member should allow the Minister to finish her answer to his question before he asks the next question.

The Hon. MICHAEL GALLACHER: To the point of order: The question was very specific. I said in relation to the GPT development, are you satisfied for it to be withdrawn if it comes down to the issue of the railway?

Ms JODI McKAY: I am happy to answer the question. The developer went into this with its eyes wide open—or at least it should have. At no stage while GPT was buying up property owners in the Newcastle CBD did it mention that a condition of its overall investment in the project would hinge on the removal of the rail corridor. I have explained to the Committee the process that is in place: a task force will address the significant issues of connectivity between the Honeysuckle precinct and the Hunter Street side of the railway line. The Government listened when the community spoke in 2006 and acted to retain the rail line. At the time, those opposed to cutting the rail line raised concerns of increased travel time into the CBD, more cars on Hunter Street and its surrounds, and that people like the ease of catching the train right into the CBD.

It is important to mention to the Committee as well that thousands of residents across the Hunter—I am not just talking about the residents of my electorate—from Morisset to Maitland to Dungog rely on the train service coming all the way into the Newcastle CBD. There also appears to be an emotional attachment to the rail line and Newcastle station, not to mention the enormous cost involved in tearing up a heavy rail line. The latest proposal GPT has put forward differs somewhat from the original plan. The question is about halting the rail line at Wickham station rather than Broadmeadow?

The Hon. MICHAEL GALLACHER: Yes.

Ms JODI McKAY: While this idea has merits, many questions remain. Commuters will still need some form of extra transport to get from Wickham into the CBD. Who will pay for the works and the development of necessary infrastructure at Wickham? Much of the land identified for development by GPT in its grand plan for Newcastle is public land. This is not a time for knee-jerk reactions. However, it is a time to listen to the whole community—again I refer to everyone in the Hunter region. I challenge the developers to back up its claims with some research—rigorous research—on what the whole Hunter community wants, including those commuters who travel to the CBD from Maitland, not just the CBD business community. This rigorous research should be a transparent process that will truly reflect the Hunter community's wishes, not the wishes of the developer to dismantle public infrastructure in order to convince its board and its shareholders of the merits of continuing this investment during difficult economic times.

At the same time I can assure you that I want to hear from the community. To do that I will be establishing a web-based community forum where people can record their preferences, their ideas and engage in discussions. The forum at www.bangthetable.com will provide the community an opportunity to discuss and canvass the issues relating to connectivity. The results of the forum will be referred to the CBD connectivity as part of its consideration of these key issues. I can assure you that the Government is committed to providing the best services for the people of the Newcastle and Hunter region. We are committed also to ensuring growth, development and jobs. We will do this for the benefit of the whole community, not the benefit of a single developer.

The Hon. MICHAEL GALLACHER: Minister, apart from the GPT redevelopment proposal in Newcastle, what other like proposals of a large nature for the Newcastle CBD are you aware of?

Ms JODI McKAY: I am aware of the justice precinct proposal.

The Hon. MICHAEL GALLACHER: No, I am talking about the CBD, down on that stretch of land between the Newcastle business strip of Hunter Street and down around the foreshore.

Ms JODI McKAY: Are you talking about the mall area where GPT—

The Hon. MICHAEL GALLACHER: Yes, the mall.

Ms JODI McKAY: Are you talking about the east end?

The Hon. MICHAEL GALLACHER: Consistent with the mall, the location of the GPT proposal?

Ms JODI McKAY: I challenge you on that issue. At the moment the justice precinct, the State and the Federal governments are undertaking—

The Hon. MICHAEL GALLACHER: But that is your proposal.

Ms JODI McKAY: —a business case scenario—

The Hon. MICHAEL GALLACHER: Minister, please stop for one moment.

Ms JODI McKAY: —and it could be that it is located in that particular area.

The Hon. MICHAEL GALLACHER: Point of order: What I am after is private-sector investment proposals, not the Government's proposal. Had the Minister not interrupted me before I had an opportunity to put the question fully—

The Hon. HENRY TSANG: You asked the question.

The Hon. MICHAEL GALLACHER: No, no. I am talking about private-sector investment proposals for the Newcastle-Sydney CBD—for the Newcastle CBD—

Ms JODI McKAY: Certainly not the Sydney CBD.

The Hon. MICHAEL GALLACHER: —consistent with the GPT proposal.

Ms JODI McKAY: We also have the Royal development, which is also occurring at the east end of Newcastle.

The Hon. MICHAEL GALLACHER: How big is that?

Ms JODI McKAY: I think it is around \$200 million, \$300 million. I stand corrected on that figure. It is a private development, which is being undertaken by Mirvac and is on the Royal Newcastle Hospital site.

The Hon. MICHAEL GALLACHER: That proposal has been underway for a while. I am talking about new developments.

Ms JODI McKAY: Well, you need to say that you mean new developments.

The Hon. MICHAEL GALLACHER: Minister, the truth is that you have none.

The Hon. HENRY TSANG: Point of order: the Leader of the Opposition should speak through the Chair rather than challenging the Minister all the time.

The Hon. MICHAEL GALLACHER: No, I am assisting the Minister.

CHAIR: Order! There is no point of order.

The Hon. HENRY TSANG: The member should speak through the Chair as I am now doing, not directly to the Minister.

The Hon. MICHAEL GALLACHER: I ask the Minister another question. On 13 October you said in the *Newcastle Herald* that "The trains will run into Newcastle as long as the community want it." Is that correct?

Ms JODI McKAY: Yes.

The Hon. MICHAEL GALLACHER: On 14 October you were cited in the *Newcastle Herald* saying that you were not going to lead another public debate on the issue: "We're not going there." Do you remember saying that?

Ms JODI McKAY: Yes.

The Hon. MICHAEL GALLACHER: On 14 October you said you were not going to lead a public debate—"We're not going there"—and now you say before the Committee that you have opened www.bangthetable.com for comment. Is it not the case that you found out that the people of Newcastle are interested in looking at this proposal and you have been caught short and have opened www.bangthetable.com as a last-minute decision?

Ms JODI McKAY: As the member for Newcastle I have to engage regularly with my constituents and *www.bangthetable.com* is an opportunity for them to talk to me about connectivity. As I indicated to the Committee, the results of that will go to the CBD Taskforce, which is preparing a submission to put to the major cities unit of the Federal Government.

The Hon. MICHAEL GALLACHER: But you have closed off your mind; you said it is not going to happen now?

Ms JODI McKAY: The decision we made in regard to the rail line was based on community feedback. I am not going to bend to the will of a developer based on the need of a developer to establish an environment that satisfies its board or shareholders. This is about what is in the best interests of the community. Not once has the developer asked the community. I challenge the developer to ask the community what it wants.

The Hon. MICHAEL GALLACHER: In your mind, what is the percentage that will be required from the community for you then to change direction, or should I say changed track, in relation to this issue? What is the magic figure?

Ms JODI McKAY: As I have indicated to you, I challenge the developer to undertake a transparent and rigorous research process. It must consult with the community. The developer certainly cannot come to government and make a demand based on a piece of public infrastructure without knowing what the community wants regarding that. And as I have indicated to you, the Hunter region community is broad: it includes people in Morisset and Maitland who use that train.

The Hon. MICHAEL GALLACHER: So it will only be *www.bangthetable.com* that will be the only vehicle?

Ms JODI McKAY: It will be the vehicle for my constituents to talk to me about how they feel about connectivity in general.

The Hon. MICHAEL GALLACHER: And how else will they be able to do that? If they do not want to talk to you, what other processes will be available to them?

Ms JODI McKAY: I think if you would listen to what I am saying, I just said that I challenge the developer to ask those questions. The developer's premise for the removal of the rail line is based on its need to have an environment created for it to invest in. Governments do not bend to those sorts of ultimatums. We made a decision on the rail line; I ask the developer to go and connect with the community to show it the respect it deserves in this issue. We have not seen that.

The Hon. MICHAEL GALLACHER: Minister, on another subject, what written submissions have you personally made, as Minister for the Hunter, regarding the forthcoming mini-budget?

Ms JODI McKAY: I have made a written submission in regard to Maitland Hospital and the third river crossing.

The Hon. MICHAEL GALLACHER: Are you prepared to table those for the Committee?

Ms JODI McKAY: I do not see any issue in tabling them for the Committee at a future date.

The Hon. LYNDA VOLTZ: Point of order: I just wonder if it is appropriate to table Cabinet-in-confidence documents, given that the Minister is talking about the mini-budget process.

Ms JODI McKAY: This is a letter that I have written as Minister for the Hunter—

The Hon. MICHAEL GALLACHER: Are you happy to release that?

Ms JODI McKAY:—which is supporting, certainly, the member for Maitland in this process.

The Hon. MICHAEL GALLACHER: Have you publicly called for any submissions from any of the peak body groups, such as the coal industry, electricity, or, indeed, the Hunter Business Chamber in relation to the mini-budget?

Ms JODI McKAY: No.

The Hon. MICHAEL GALLACHER: You have not? Minister, just go back to that last one. Are you happy to table for the Committee the letters you have written?

Ms JODI McKAY: I am certainly happy to take that on notice and get back to you.

The Hon. MICHAEL GALLACHER: But they are not Cabinet documents, I take it—the letters you have written?

Ms JODI McKAY: They are not in-Cabinet documents, no.

The Hon. MICHAEL GALLACHER: In relation to the letter you have written, you supplied the member for Maitland with a copy of the letter?

Ms JODI McKAY: I only signed them recently, so I can get back to you on that.

The Hon. MICHAEL GALLACHER: Okay. Minister, you have not asked for any submissions in relation to the matter, such as in regards to any of the matters affecting the coal industry, electricity or the Hunter Business Chamber, apart from making a submission on behalf of your friend the member for Maitland. What was the other letter in relation to?

Ms JODI McKAY: To be honest with you, the chamber, or the coal industry, I think, and whatever else you have mentioned. I have not received any other approaches from any other organisation.

The Hon. MICHAEL GALLACHER: But you are the Minister for the Hunter. You are proactively out there, I take it, actually advocating on their behalf?

Ms JODI McKAY: I certainly am, but as I have just indicated to you, I have not received any approaches from them.

The Hon. MICHAEL GALLACHER: But how do you approach them and ask them to make an application?

Ms JODI McKAY: That is not my job.

The Hon. MICHAEL GALLACHER: What is your job, Minister?

Ms JODI McKAY: My job is to advocate on behalf of my constituents, and it is certainly to make sure that when projects have community support, I am in there supporting them. Now, in regards to your question—

The Hon. MICHAEL GALLACHER: So are the people of the Hunter your constituents?

Ms JODI McKAY: In regards to your question about the Hunter business chamber and the coal industry, I have not received any approaches. I am not aware of the projects that they would want supported within the mini-budget process.

The Hon. MICHAEL GALLACHER: But you have not asked them, either. You have not written to them and said, "We are going into the mini-budget process. I am the Minister for the Hunter. What are your areas of concern that I and the Government should take on board?" Have you written to them to that effect?

Ms JODI McKAY: I have not written to them, but I think as the Minister for the Hunter I am well aware of the projects that are within the mini-budget scenario.

The Hon. MICHAEL GALLACHER: But you are just assuming; you have not asked them.

Ms JODI McKAY: As you said, I am the Minister for the Hunter, so I should know that—and I do know that.

The Hon. MICHAEL GALLACHER: You have not written to them. Minister, as you are aware, of course, our region has desperate need of a number of infrastructure projects that have been outstanding for some years. Is that correct?

Ms JODI McKAY: I think you live on the Central Coast, do you not?

The Hon. MICHAEL GALLACHER: Yes. I live at Lake Macquarie—actually, in the Lake Macquarie electorate.

Ms JODI McKAY: Duralong Valley?

The Hon. MICHAEL GALLACHER: Lake Macquarie is in the—

Ms JODI McKAY: Central Coast.

The Hon. MICHAEL GALLACHER: Yes.

Ms JODI McKAY: So you are referring to the Hunter region?

The Hon. MICHAEL GALLACHER: Yes, our region. Could you please answer the question, Minister? Today is the time for you to answer questions, not ask them.

Ms JODI McKAY: So what was the question?

The Hon. MICHAEL GALLACHER: You were not listening, obviously—probably like you did with the Newcastle community. Minister, do you believe the region has a number of desperate infrastructure needs that need addressing and that have been in that state for some years?

Ms JODI McKAY: We have infrastructure requirements and, as a Government, our job is to prioritise those.

The Hon. MICHAEL GALLACHER: But do you believe that there are a number of infrastructure needs in the region that have been desirous of attention for some years?

Ms JODI McKAY: I refer to my previous answer.

The Hon. MICHAEL GALLACHER: No, you cannot do that, Minister, because the question was asked: Are there infrastructure needs?

The Hon. LYNDIA VOLTZ: Point of order: This forum is the forum for asking questions and receiving answers. It is not a forum for the member to debate with the Minister about whether he wanted answers or not. The appropriate process for an estimates committee is to ask Ministers appropriate questions relating to their portfolio. Whether the Legislative Council's Leader of the Opposition likes the answers or not, they are the answers the Minister gives.

The Hon. GREG DONNELLY: To the point of order: The Legislative Council's Leader of the Opposition is quite experienced and he knows the procedure and the drill. The question is posed to the Minister through the Chair, and the answer is provided. The honourable member does not appear to like the answer he is getting, but that does not mean he has not received an answer. The Minister's answer is quite appropriate by referring to her previous answer.

Ms SYLVIA HALE: Further to the point of order: It seems to me that it is perfectly appropriate for Mr Gallacher to be dissatisfied with the answer and to seek further elucidation of those answers.

The Hon. MICHAEL GALLACHER: Yes.

CHAIR: He may ask follow-up questions.

The Hon. MICHAEL GALLACHER: Minister, through the Chair, to assist you, I will ask you what are your top three infrastructure projects that you have turned your mind to as Minister? When will those projects be finalised?

Ms JODI McKAY: As I said, there are a number of priority projects in the Hunter region.

The Hon. MICHAEL GALLACHER: Your top three.

Ms JODI McKAY: I think that the Government's role is to prioritise those projects and to do that in consultation with the community.

The Hon. MICHAEL GALLACHER: It is lucky you did not continue. I asked you what are your top three projects, as Minister for the Hunter. I asked you which are the top three projects you are advocating on behalf of the Hunter region in Cabinet. What are they? I am just writing them down so I remember them.

Ms JODI McKAY: As has been previously said, that is Cabinet in confidence.

The Hon. MICHAEL GALLACHER: You are the Minister for the Hunter. I am asking you what are your three top infrastructure priorities. I am not after costings.

Ms JODI McKAY: You just said projects that I was advocating in Cabinet.

The Hon. MICHAEL GALLACHER: Do not play games. I asked you what are your three top priorities. I am not after who has a business plan in relation to it, or who is negotiating with you. What are your top three priorities as Minister for the Hunter?

The Hon. GREG DONNELLY: Point of order.

The Hon. MICHAEL GALLACHER: It is very clear, Greg.

The Hon. GREG DONNELLY: The question was this: What are the three top priority issues that the Minister is advocating for Cabinet?

The Hon. MICHAEL GALLACHER: I will withdraw the reference to Cabinet and ask what are the top three infrastructure projects.

The Hon. GREG DONNELLY: Then she is not playing games.

The Hon. MICHAEL GALLACHER: I am asking for the top three infrastructure projects that the Minister is advocating on behalf of our region.

CHAIR: Minister, can you answer the rephrased question?

The Hon. GREG DONNELLY: She may answer the question as she sees fit.

CHAIR: Order!

The Hon. MICHAEL GALLACHER: I am asking her what are the top three.

CHAIR: Minister?

Ms JODI McKAY: In regard to that, I believe that port infrastructure is important. I believe that the justice precinct is important. I also believe that the Federal Government has responsibility in regard to the separation of freight and passenger trains, and I believe that is a critical project for us going forward as a region.

The Hon. MICHAEL GALLACHER: So they are your top three. Could you just indicate to me exactly in relation to No. 3 what you mean by freight and passenger trains? I understand what freight and passenger trains are—

Ms JODI McKAY: You do not know what a freight or passenger train is?

The Hon. MICHAEL GALLACHER: I am talking about the role of the Federal Government in relation to passenger trains. I am looking forward to this one.

Ms JODI McKAY: The Federal Government has control of freight.

The Hon. MICHAEL GALLACHER: No, Minister—passenger trains.

The Hon. LYNDIA VOLTZ: You are separating the two.

The Hon. MICHAEL GALLACHER: No, Minister, explain further to me what you mean by the Federal Government's role in relation to freight and passenger trains.

The Hon. LYNDIA VOLTZ: Point of order. We cannot have this whereby the member asks a question and does not accept the response. He clearly asked: What is the relationship with the Federal Government in regards to—

The Hon. MICHAEL GALLACHER: Passenger trains.

The Hon. LYNDIA VOLTZ: But the member has clearly said it is about the separation of passenger trains and freight trains from the one line. He went on to imply that freight trains are not part of the Minister's answer. The Minister referred to the Federal Government freight line. He cannot keep changing the questions from what he has asked.

The Hon. MICHAEL GALLACHER: Minister, is the Australian Rail Track Corporation [ARTC] agreement part of the Hunter rail infrastructure?

Ms JODI McKAY: I have to take that on notice.

The Hon. MICHAEL GALLACHER: You do not know?

Ms JODI McKAY: I am not sure.

The Hon. MICHAEL GALLACHER: So much for freight rail. She does not know. They are all the questions I have.

Ms SYLVIA HALE: Minister, I would like to ask you a few questions about mining in the Hunter region. How is the New South Wales Government monitoring and regulating the cumulative impacts of coalmining in the Hunter?

Ms JODI McKAY: I think that that is probably a question that is best directed to the Minister responsible.

Ms SYLVIA HALE: Yes, but given that you are the Minister for the Hunter, and that you have, as you have said on numerous occasions, the interests of the residents at heart, do you not take an interest in those cumulative impacts? Do your residents not approach you about their concerns?

Ms JODI McKAY: I can actually say no. They have not approached me, but I have only been in this portfolio for a month, as you would be aware. Directly in regard to what the Government is doing, again I would refer you to the relevant portfolio Minister.

Ms SYLVIA HALE: You would not seek to find out and inform the Committee as to what the Government's intentions are in that area?

Ms JODI McKAY: I can certainly take it on notice and come back to the Committee.

Ms SYLVIA HALE: If you would; for example, it might be worth your while talking to the residents of Muswellbrook to find out what their concerns are.

Ms JODI McKAY: I actually have a meeting with the Mayor of Muswellbrook next Friday.

Ms SYLVIA HALE: Good. That will no doubt inform the answer that you supply to the Committee in relation to that question. Do you know how the cumulative impacts on water sources, air quality, amenity and prime agricultural land are considered in the process of auctioning or tendering for exploration licences in the Hunter?

Ms JODI McKAY: Again, I would refer a specific question like that to the relevant portfolio Minister.

Ms SYLVIA HALE: How will the rehabilitation of open-cut mines in the Hunter be managed and regulated in the context of the latest climate change predictions for the region, that is, lower rainfall, higher temperatures and higher evaporation rates?

The Hon. LYNDIA VOLTZ: Point of order: clearly, questions should be asked to relevant Ministers. Obviously, open-cut mines and development applications for those open-cut mines have outlines on their management. It is appropriate to ask them to either the Minister for Planning or the Minister for Energy. I do not think it is appropriate to ask them of a Minister who does not have portfolio coverage. Otherwise you would ask the Minister whether the sky is blue and whether it will be pink tomorrow.

CHAIR: Only if it is in the Hunter Valley.

Ms SYLVIA HALE: To the point of order: I appreciate that Labor members of the Committee feel that the Minister is incapable of answering the questions without their assistance. I believe that these questions all deal with the amenity, health, safety and future prospects of the people of the Hunter, and I would have thought that these were relevant concerns with which a Minister whose specific portfolio is the Hunter should acquaint herself.

Ms JODI McKAY: As I said, specific questions should be directed to the relevant portfolio Minister. However, as you are aware, all new coalmine proposals are fully considered under the Government's planning legislation. The development assessment and approval process for coalmine proposals is extensive, transparent and rigorous, and it provides for community input. As part of that process, all relevant environmental, cultural and heritage issues, including cumulative effects or impacts, are comprehensively considered in that process. The New South Wales Government will not approve any mining proposal that is likely to have an unacceptable impact on the environment.

Ms SYLVIA HALE: When such applications are being considered, will you ever make submissions concerning the matters I have raised to ensure that they are taken into consideration when a licence is granted?

Ms JODI McKAY: I will certainly listen to the needs of the communities that are affected and I will make a judgement call based on the proposal and the information that I am receiving at the time.

Ms SYLVIA HALE: Are you aware of any funding or proposed funding for a new full-time EPA office in Muswellbrook to address mining pollution problems in the Upper Hunter?

Ms JODI McKAY: No, I am not aware of that.

Ms SYLVIA HALE: Would you support such a proposal were it to come to your notice?

Ms JODI McKAY: I would have to understand the reasoning behind establishing it. I would have to understand what it would actually do. There is an EPA office in Newcastle, and I would take advice from the Minister responsible.

Ms SYLVIA HALE: Have you been to Muswellbrook in your capacity as Minister?

Ms JODI McKAY: As I said, that is next Friday.

Ms SYLVIA HALE: You have not been to Muswellbrook itself; you are going next Friday.

Ms JODI McKAY: Not in the past month, no.

Ms SYLVIA HALE: If you go will you make it your business to talk to local residents about their concerns about the forms of cancer that are appearing in that community that they believe can be directly attributable to the air pollution created by the mines, and their concerns about the impact of the run-off from the mines on local water supplies?

Ms JODI McKAY: I will certainly make it my business to talk to the residents of Muswellbrook and other communities in the Hunter about a whole range of issues.

Ms SYLVIA HALE: There has been concern in the area and a wish for a Hunter-wide health study that addresses the impact of coalmining on human health, particularly the health of the residents in the Hunter area. Would you support the provision of funding for such a study?

Ms JODI McKAY: Again, I would take advice from the relevant Ministers involved in that.

Ms SYLVIA HALE: But it is an issue that you will look into and consult with—

Ms JODI McKAY: Certainly, if it came before me I would take advice from the relevant Ministers.

Ms SYLVIA HALE: Do you know if there is any budget allocation for the completion of the solar retrofit for the Liddell power station?

Ms JODI McKAY: I can take that on notice and get back to you.

Ms SYLVIA HALE: Will you assess the impact of any future offshore underground coal gasification operations off the coast of Lake Macquarie, Newcastle and Stockton Bite on Hunter regional tourism and on the coastal environment?

Ms JODI McKAY: How did you start that question?

Ms SYLVIA HALE: Will you assess or be examining the impact of coal gasification operations off Lake Macquarie, Stockton Bite and Newcastle on tourism and the coastal environment?

Ms JODI McKAY: Obviously, for any project of that nature that comes before government, a rigorous assessment and planning approval process has to be gone through. If that particular issue arises in that process, I am happy to look at it.

Ms SYLVIA HALE: So you will seek to inform yourself on the matter and to make a submission?

Ms JODI McKAY: I said that if the issue arises I am happy to look at it.

Ms SYLVIA HALE: But you will not act proactively.

Ms JODI McKAY: All I can tell you is that, as you well know, there is a planning and assessment framework, and if that issue arises I am happy to look at it.

Ms SYLVIA HALE: We know that under Part 3A the Minister for Planning can override various coastal protection, heritage or environmental legislation and approve a proposal, and I assume there is a preparedness to do so in the absence of submissions that directly address these issues. I would have thought that a submission coming from your office as the relevant Minister would carry particular weight in the assessment of any project. Do you not feel that it is incumbent on you as the Minister for the Hunter to address these issues and make submissions?

The Hon. GREG DONNELLY: Point of order: The nature of the questioning at an estimates hearing does not go to hypotheticals. That was a long-winded set of hypothetical assumptions. The question should be ruled out of order.

Ms SYLVIA HALE: To the point of order: I am trying to find out the parameters of the Minister's responsibilities, whether the Minister for the Hunter feels that she should intervene actively, rather than wait for matters to come to her.

The Hon. GREG DONNELLY: That was not the question.

Ms JODI McKAY: I am happy to answer that question. Would you like me to answer that question?

Ms SYLVIA HALE: I would like an answer to my previous question.

Ms JODI McKAY: I refer to what I said before. Whichever planning framework is used, there is an assessment process, and if that issue arises I am happy to look at it.

Ms SYLVIA HALE: And the second question?

Ms JODI McKAY: My role as the regional Minister is to be available to represent the Hunter community which, as this Committee knows, is a large and dynamic region. I speak up for the region to address issues and provide the Hunter community with a strong voice throughout government. That includes advocacy with my Cabinet colleagues on issues that affect the region. I can facilitate meetings between community members and relevant Government Ministers as required. Through my local base I am able to hear from the community on issues and I am able to ensure that concerns are raised with the relevant Minister.

Ms SYLVIA HALE: Do you know the value of coastal tourism activities such as fishing expeditions and whale watching operations to the Hunter?

Ms JODI McKAY: I do not know the value of coastal tourism. Can we answer that question?

Ms GREY: We know that that is a strong interest area in the Hunter. We would need to look into the question of the value.

Ms JODI McKAY: With regard to coastal tourism in New South Wales, last week we were looking at surfing, which is also an important generator—in fact, about \$11 million.

Ms SYLVIA HALE: If in the wake of offshore mining it transpires that those industries, whether it be fishing expeditions, surfing, whale watching or whatever, suffer a decline and their operators suffer losses, will the Government undertake to compensate those businesses for any subsequent losses?

Ms JODI McKAY: As I have indicated there is a planning framework and those issues are addressed within that.

Ms SYLVIA HALE: Has the Minister had any meetings with anyone from Energy Future Pty Ltd. about offshore coal exploration off the Hunter coastline?

Ms JODI McKAY: No.

Ms SYLVIA HALE: Have any of the Minister's officers had any meetings with individuals from that company?

Ms JODI McKAY: Not that I am aware, but I can certainly come back to the Committee if that is the case. I am certainly not aware of it—keep in mind I have been a Minister for a month. I assure the Committee that I have not met with them.

Ms SYLVIA HALE: Not only will the Minister ascertain whether officers of her department have met with people with Energy Future Pty Ltd but also with anyone from Bounty Oil and Gas or MEC Resources concerning petroleum exploration off the Hunter coastline?

Ms JODI McKAY: The names certainly are not familiar in my diary. I certainly have not met with anyone and if there is the possibility within the last month that someone from my office has met with any of those companies, I am happy to provide that information to the Committee.

Ms SYLVIA HALE: Has Bounty Oil and Gas and/or MEC Resources commenced exploratory drilling off the coast anywhere in the Hunter?

Ms JODI McKAY: I will take that on notice as well and get back to you. I am not aware of that.

Ms SYLVIA HALE: If you would like to take any excess time.

The Hon. MICHAEL GALLACHER: I am more than happy.

The Hon. LYNDA VOLTZ: I think it is our time.

Ms SYLVIA HALE: My time has not expired so I am offering it to the Opposition.

The Hon. LYNDA VOLTZ: Point of order:

The Hon. MICHAEL GALLACHER: Ms Sylvia Hale can offer her time to whomever she wants.

The Hon. LYNDA VOLTZ: Where is that written in the rules? It is a rotation.

The Hon. MICHAEL GALLACHER: It is under the tarpaulin Act: it covers everything. Ms Sylvia Hale can give her time to whomever she wants.

Ms SYLVIA HALE: It is customary practice that that happens. It is conducive to good relationships between members of the Committee.

CHAIR: Let us not waste time.

The Hon. MICHAEL GALLACHER: A short time ago the Minister mentioned surfing. How much money was the Government prepared to put into the Swansea Belmont Surf Life Saving application for the Australian Surf life Saving championships?

Ms JODI McKAY: I am not aware of that. I am happy to take that on notice and get back to you.

The Hon. MICHAEL GALLACHER: What type of surfing were you, as Minister, referring to?

Ms JODI McKAY: The only surfing I know. You are obviously referring to surf life saving and then there is surfing and they are two separate sports.

The Hon. MICHAEL GALLACHER: I gathered that but I was not sure whether you were aware. Do you have an electoral office in Newcastle?

Ms JODI McKAY: Yes.

The Hon. MICHAEL GALLACHER: Where is it?

Ms JODI McKAY: Bolton Street.

The Hon. MICHAEL GALLACHER: Does the Minister have a ministerial office as Minister for the Hunter?

Ms JODI McKAY: Yes, it is located with the Department of Premier and Cabinet in Honeysuckle Drive.

The Hon. MICHAEL GALLACHER: Do you have a ministerial office as Minister for Tourism as well?

Ms JODI McKAY: As you would be aware all Ministers have offices in Governor Macquarie Tower.

The Hon. MICHAEL GALLACHER: Approximately, how many days a week do you commit to each office? You have three offices to which you have to commit to a certain degree, given that tourism is a very major portfolio.

Ms JODI McKAY: I do not personally have an office within the office of the Department of Premier and Cabinet. I have staff there but not an office. My office is my electoral office in Bolton Street. During the

past month we have been trying to get into a routine where it is about four days in Newcastle and the Hunter and three days in Sydney. But due to occurrences such as budget estimates and other events, and depending on what happens with Parliament, the timing can vary.

The Hon. MICHAEL GALLACHER: By four days, three days, do you mean you spend four days in the Hunter and then the next three days, and you include the weekend, or is it four days one week, three days the next?

Ms JODI McKAY: In the lower House we usually work on a weekend.

The Hon. MICHAEL GALLACHER: Usually, I know, but it is not common in Newcastle. Please continue.

The Hon. GREG DONNELLY: Point of order:

The Hon. MICHAEL GALLACHER: The Minister likes to throw it by having a go at you as a member of the upper House by saying you do not work on the weekends. If she wants to play, let her play.

The Hon. GREG DONNELLY: It is my point of order. The position is that the nature of questioning of a Minister has to be appropriate and relevant to the portfolio and responsibility which is under consideration. I am not aware of any general procedure with these sorts of hearings where sarcasm is accepted as part of the questioning process. If the honourable member wants to continue with the sarcasm I will continue to intervene. I am happy to use up his time.

CHAIR: We will leave it to the transcript tomorrow.

The Hon. MICHAEL GALLACHER: How many staff does the Minister have in her Hunter ministerial office?

Ms JODI McKAY: I have two.

The Hon. MICHAEL GALLACHER: How many days a week do you conduct meetings in this office as a Minister as opposed to your electoral office?

Ms JODI McKAY: It varies. My electoral meetings are conducted in my electoral office and the ministerial meetings are conducted in the ministerial office.

The Hon. MICHAEL GALLACHER: You have a series of meetings so you do use the separate office in the Hunter?

Ms JODI McKAY: I use it to have meetings as a Minister.

The Hon. MICHAEL GALLACHER: Therefore technically you have an office there. You may not have a room but you do have an office?

Ms JODI McKAY: I have a table where I sit my bag.

The Hon. MICHAEL GALLACHER: The Minister referred earlier to submissions to the mini-budget. Has the Minister made any submissions to the mini-budget process in relation to payroll tax from the Hunter region?

Ms JODI McKAY: No.

The Hon. MICHAEL GALLACHER: Has the Minister made any submissions to the mini-budget process in relation to coal royalties?

Ms JODI McKAY: No.

The Hon. MICHAEL GALLACHER: None whatsoever? You wrote two letters, one about the hospital and what was the second?

Ms JODI McKAY: The third river crossing. Do you know where that is?

The Hon. MICHAEL GALLACHER: Yes, I do.

CHAIR: Order! Committee members ask questions, Minister, not you.

The Hon. MICHAEL GALLACHER: Did you make any submissions to the mini-budget process in relation to the F3 link road extension?

Ms JODI McKAY: Is this the Branxton F3 to which you are referring?

The Hon. MICHAEL GALLACHER: It is called the F3 link road, yes.

Ms JODI McKAY: As you would be aware there is a Lower Hunter Transport Needs study.

The Hon. MICHAEL GALLACHER: I am aware of that. Did you make any submissions to the mini-budget in relation to it?

Ms JODI McKAY: Again I would refer you to the study that is currently being undertaken by the New South Wales and Federal governments of which you are aware. It is very much looking at projects like that. The New South Wales Government has committed approximately \$200,000, I believe, and the Federal about \$800,000 to that project, as well as a number of other road proposals being considered as part of that. That study is examining the overall transport needs of Newcastle, Lake Macquarie, Port Stephens, Maitland and Cessnock.

The Hon. MICHAEL GALLACHER: Apart from that you have not made any independent applications to the mini-budget in relation to the F3 link road?

The Hon. LYNDIA VOLTZ: Point of order: I am concerned that the member keeps asking questions relating to submissions to the mini-budget process which he knows full well would be Cabinet in-confidence documents.

The Hon. MICHAEL GALLACHER: No, they are not Cabinet in-confidence. I am asking her as the Minister for the Hunter and the local member whether she has made any applications. I am not asking to look at the applications.

The Hon. LYNDIA VOLTZ: As the Minister for the Hunter if she made an application as part of the mini-budget process, which as you are aware is a Cabinet process.

CHAIR: There have been a number of questions to various Ministers over the past several days on exactly the same subject.

The Hon. LYNDIA VOLTZ: And all Ministers have made that point.

The Hon. MICHAEL GALLACHER: The answer is obviously no.

The Hon. HENRY TSANG: That is not obviously the answer at all.

The Hon. MICHAEL GALLACHER: It is obviously the answer otherwise she would have said so because she has not said yes in relation to anything.

The Hon. GREG DONNELLY: You can draw your own conclusions but that is not her answer.

The Hon. MICHAEL GALLACHER: She can answer to the media in about five minutes' time.

Ms SYLVIA HALE: The attack dogs are so busy defending her she does not have time to answer.

The Hon. HENRY TSANG: Will the Minister provide details on improvements to bus services for Newcastle on the Newcastle buses and ferry network?

The Hon. MICHAEL GALLACHER: When were you last there?

The Hon. HENRY TSANG: I took a whole group there.

Ms JODI McKAY: I can certainly agree that the Hon. Henry Tsang has recently been to the Hunter region.

The Hon. MICHAEL GALLACHER: On a bus?

Ms JODI McKAY: He was on a bus.

The Hon. HENRY TSANG: Minister, can you answer my question?

Ms JODI McKAY: The Government has responded to the changing face of Newcastle and Lake Macquarie's public transport needs by improving transport links. It is also about simplifying networks and providing more direct services. This followed the recent review of the services of Newcastle buses and ferries. The Government's network review of Newcastle's bus services has produced a new system of five strategic corridors. This provides faster and more direct routes to major hubs throughout Newcastle and Lake Macquarie, including Wallsend, Charlestown, Belmont, Glendale and Swansea. This follows an extensive period of public consultation, which commenced almost 12 months ago.

The Government took the view it was vital that the system meet the needs of Newcastle's commuters whilst working within the ministry of transport's contract with Newcastle buses, which provides the area to be covered and number of kilometres that can be covered by Newcastle buses. The new network will provide more direct routes to major hubs, such as John Hunter Hospital, the University of Newcastle and major shopping centres. Residents in my electorate were concerned that they had to catch up to three buses to travel from Mayfield to the John Hunter Hospital and that journey could take over one hour. Under the new timetable, just one trip, and much less time.

There were some hard decisions, but it is simply not viable to operate bus services that no-one uses just because historically the route has always existed. We are really pleased that the new routes will be introduced on 30 November. The new timetable has been released and the Government is confident that passenger numbers will continue to grow following the introduction of the new network. We are committed to improving public transport services, particularly in the Hunter region.

The Hon. HENRY TSANG: The Hon. Michael Gallacher challenged me that I had never been to Newcastle and I want people to be aware that I recently was in Newcastle university talking on details of clean coal technology research.

The Hon. MICHAEL GALLACHER: You flew up there on a private Lear jet as you normally do.

Ms SYLVIA HALE: What a fanciful issue—clean coal.

The Hon. GREG DONNELLY: My question relates to the issue of alcohol-related crime in Newcastle. Minister, can you update the Committee on measures that have been put in place to reduce such crime in the Newcastle area?

Ms JODI McKAY: I thank the member very much for his question because this is something that is of concern to the entire community. Alcohol is the most commonly misused substance in Australia and the outbreak of alcohol-fuelled violence is really a national challenge. This Government is working with community leaders, police and hoteliers to curb alcohol-related crime and violence. I am very pleased to report to the Committee that our initiatives in Newcastle to stamp out inner city drunken violence are having a significant impact.

A number of government agencies are working in partnership in the Newcastle area to manage licensed premises and deal with alcohol-related crime. This is being done through the crime prevention partnership, which was established by the Government in early 2007. These restrictions include a reduction in trading hours. A number of government agencies are working in partnership and looking at ways to deal with alcohol-related crime. These initiatives include a reduction in trading hours, restriction on entry and re-entry, enhanced responsible service of alcohol practices, and improved communication within and between licensed premises.

I can also inform the Committee that the Government has delivered a mobile police van to target crime hotspots. We have also conducted a safety audit of the central business district. This was an initiative of mine that was taken up by the crime prevention partnership because I believe it had been some four years—and I stand corrected on that—since a safety audit was undertaken within the Newcastle central business district. We have worked in conjunction with Newcastle council and business owners to make sure that we identify the risks within the central business district, particularly when young people are moving around.

We have also looked at additional training for licensing police in Newcastle and secure taxi ranks. We currently have two secure taxi ranks: One is in Beaumont Street and the other is now located near the railway station in inner Newcastle. These are certainly proving to be popular with late night revellers and we are encouraging them to use secure taxi ranks. We have also conducted a licensing blitz by liquor licence inspectors and 17 late night bus services on a Friday and Saturday night have been introduced.

I would like to pay tribute to Newcastle buses because we introduced the new late night services in November last year and, as the Committee would be aware, there has been a curfew and lock-out imposed in Newcastle. The times for that have changed a number of times, particularly recently when police and licensees reached agreement on a 1.30 and 3.30 lock-out and closure. The services that we have introduced relating to public transport are being well used and we have been able to make sure that trains coincide with the closing and lock-out times in the inner city. It is important from a government perspective that we are providing public transport when it is required to ensure that young people can leave the city when they have left the licensed premises. I can report to the Committee that public transport, particularly Newcastle buses, is being very well patronised. We are seeing on average about 800 young people—and I stand corrected on that figure—using those bus services.

What I can also report to the Committee is that I am advised that there was a 30 per cent drop in assaults in the three months to August this year in Newcastle's inner city. We certainly had an unenviable reputation in the inner city of Newcastle as it related to alcohol-related assaults and so the 30 per cent drop is indeed welcomed by the community, particularly police and business owners. Business owners have been at the brunt of some fairly nasty antisocial behaviour over a weekend period. I also report that hospital emergency figures have shown a decrease of almost 28 per cent in alcohol-related presentations to Newcastle's emergency departments on Friday and Saturday nights compared to last year.

In closing on this question, I want to congratulate the NSW Police Force, local hoteliers and the community for their efforts to drive down alcohol-related crime and illness in our community. We still have some way to go, but we are certainly making progress.

The Hon. GREG DONNELLY: My next question goes to the issue of manufacturing in the Hunter. Can the Minister outline some of the initiatives that have been taken to support and encourage manufacturing industries in the Hunter?

Ms JODI McKAY: I thank the member for his question. The New South Wales Government is committed to working with industry in the Hunter to maintain its position as a leading manufacturing region. Just recently it was my privilege to be present at the 2008 Hunter Manufacturing Excellence Awards in Newcastle. The Hunter manufacturing awards have always been important to me. As a former director of the HMA, I had the privilege of working with local industry to bring jobs and investment to the Hunter and, in my capacity as Minister for the Hunter, I can continue to drive programs and initiatives to create jobs and grow investment.

The Hunter manufacturing awards showcased the best and brightest in manufacturing in our region. Among the winners were some of the well-known big names of manufacturing, including Tomago Aluminium and OneSteel Contistretch plant; lesser known names but certainly significant companies such as the Whiteley Corporation, which manufactures cleaning products, and CQMS Razer, which is delivering products to the mining and conveying industries. The awards showcased a wide range of manufacturers. Newcastle has long since shed its tag as a steelworks town.

While there has been a decline in the numbers of jobs in the manufacturing sector in the Hunter over the years, the industry remains a significant provider of jobs, directly employing more than 27,000 people. The Hunter Defence industry is a great example of how projects and opportunities can be delivered by innovation. There are now around 4,000 people directly employed in defence-related areas.

With our particular expertise and skills base the Hunter is well placed to bid successfully for more lucrative defence contracts. Earlier this year the New South Wales Government provided the Hunter Economic Development Corporation with a \$100,000 grant to employ a project manager to coordinate what is a regional approach to promoting the Hunter's defence industry. I am advised that the new project manager has been appointed in the last week. She will be responsible for establishing and promoting a defence industry cluster in the Hunter that will allow Government to partner with local businesses to compete for defence contracts. The Government is also encouraging industry through the Hunter Advantage Fund and the supported projects are expected to create over 2,700 full-time jobs and represent over \$400 million in new capital investment. For example, the government is assisting Tropic Asphalt Pty Ltd to establish an asphalt manufacturing plant at Tomago and the new project will result in investment of \$2.6 million and 26 new jobs. The New South Wales Government has also assisted Ampcontrol Pty Ltd in expanding its transformer manufacturing facility. It is a \$19 million investment with 94 jobs. The New South Wales Government is determined to support and foster innovation in the manufacturing sector in the Hunter to ensure jobs growth and economic development.

The Hon. HENRY TSANG: Can you update the Committee on tourism growth in the Hunter and any programs that are in place to increase visitor numbers to the region?

Ms JODI McKAY: I am very happy to answer that question wearing both my ministerial hats. I thank the member for his interest in that area. While the Hunter region has faced similar challenges in tourism to those faced by other regions, visitor numbers have remained relatively strong. However, there is a real need for a strong drive to attract more visitors to the region. The total number of visitors was down but due to the length of stay both for domestic and international visitors to the region the total number of nights stayed in the area was up. The Hunter region received 2.1 million domestic visitors in the year to June 2008, down by 2.3 percent on the previous year. In 2008, domestic visitors spent 5.7 million nights in the Hunter region, up by 6.7 per cent on the previous year, and the Hunter received 108,700 international overnight visitors, down by 2.8 per cent on the year ended June 2007. I can also inform the Committee that international visitors spent almost 1.6 million nights in the region, up by 8.3 per cent on the year ended June 2007.

Tourism New South Wales has undertaken some key campaigns to drive visitation jointly to the Hunter and the North Coast. For example the campaign for the North Coast, which was in market in April and May last year, was jointly promoted with Tourism New South Wales partner Jetstar. The \$1.1 million campaign promoted routes from Melbourne and Brisbane to Newcastle as part of that campaign. A similar campaign in partnership with Virgin Blue that ran online and in print, which was supported by the Hunter Regional Tourism Organisation and operators promoted routes from Brisbane to Newcastle into the Hunter Valley as well as routes to the Coffs Coast and the Tweed in October and November.

Short breaks from Sydney were advertised in two bursts in August-September last year and in March-April this year to drive the number of visitors taking short breaks in the region. The first of these was jointly funded by the Federal and State Governments in response to the flood relief campaign. The Committee would be well aware of the June storms and the significant damage that occurred in the Hunter region. A Tourism New South Wales analysis of the campaigns that ran for the region from 2005 to 2008 estimated the total circulation was well in excess of 150 million. This represents a total advertising equivalent value of publicly generated content in excess of \$15.1 million. In relation to the extensive marketing undertaken, a four-page regional flagship events feature was inserted into News Limited publications on 20 January this year. The Hunter also featured the Kurri Kurri Nostalgia Festival and Cruise, which received \$10,000 in funding, and the Lovedale Long Lunch, which is in its second of three years of funding and received \$20,000.

We need to do more and I am confident that we will be able to further expand our regional tourism efforts in the very near future. I certainly am looking forward to working with the Hunter Regional Tourism Organisation.

The Hon. MICHAEL GALLACHER: You did not mention a word about cruise lines, though. They will not go there because the Newcastle CBD is a mess.

The Hon. LYNDIA VOLTZ: Point of order: It is not the place for the member to be making his running commentary.

The Hon. MICHAEL GALLACHER: It is a major part of the tourism market and she does not talk about it.

The Hon. GREG DONNELLY: My question to the Minister relates to indigenous employment in the mining industry. Can you outline initiatives the Government has introduced to help Aboriginal men and women get good jobs in the mining industry in the Hunter?

Ms JODI McKAY: It was my great privilege to sign a memorandum of understanding last week initiating an exciting program to provide training opportunities and jobs in the mining industry for local Aboriginal men and women in the Hunter. The program is a joint initiative involving the New South Wales Department of State and Regional Development, TAFE New South Wales Hunter Institute and a leading Hunter Valley specialised industrial services company, Thomas & Coffey Ltd. They have got together to start a pilot training course this month. It has been aimed at providing Aboriginal people with skills to work in the mining sector. Thomas & Coffey and Hunter TAFE are working together to select the course content, teachers and participants to take part in this pilot program. The goal is to provide as many as 200 good meaningful jobs for Aboriginal people living in the Hunter. As I said, this is a pilot program and the aim is to expand it and possibly replicate it in other areas. This is certainly evidence of a practical example of the Government working to increase Aboriginal employment, address the skills shortage and increase business and investment in regional New South Wales.

The Hon. LYNDIA VOLTZ: Going back to the tourism element of the Hunter region—

Ms SYLVIA HALE: Point of order: While the member is gathering her thoughts, in answering earlier questions the Minister has referred to matters that clearly fall within the purview of the Ministry of Health, the Police Department and also Hunter regional development. If the Minister thought it was appropriate to canvass issues within those portfolio areas I cannot see why the Minister has been unable to answer my questions that relate to the Hunter.

The Hon. LYNDIA VOLTZ: I refer to the big surfing event that has received significant support from Events New South Wales.

The Hon. MICHAEL GALLACHER: Australian Surf Life Saving never got a cent from it.

The Hon. LYNDIA VOLTZ: As the member knows very well, Surf Life Saving gets \$2 million a year to put into the surf lifesaving fund. I am referring to surfing. Obviously the member does not understand the difference.

Ms JODI McKAY: I thought that as well. Surfing is one of the strengths of Newcastle and indeed Port Stephens and Lake Macquarie. We have the Surfest festival, which is supported by Events New South Wales. It is one of three surfing festivals in New South Wales, including the event run last weekend at Manly, the Layne Beachley Classic. There is also the surfing festival at Port Macquarie.

From a tourism perspective the Government is keen to support these events. As I said, we have 33 accredited surf schools, surf lessons that generate around \$11 million annually, and it is a significant market for backpackers. About 500,000 backpackers come to New South Wales and around half of them participate in surfing while they are here.

Ms SYLVIA HALE: I do not think Ms Lyndia Voltz was interested in the Minister's answer; she was otherwise preoccupied.

CHAIR: Order! We will now move to tourism. Minister, I wish to ask you about the just announced Breakfast on the Bridge event. Could you advise the Committee of the cost projections for that event?

Ms JODI McKAY: That event comes under Events NSW. As you rightly pointed out, it was announced today and I believe it is part of the proposal that is being considered.

CHAIR: Do you as the Minister for Tourism have any idea of the cost of the event?

Ms JODI McKAY: Again, Events NSW does not come under my portfolio.

CHAIR: So you do not know anything about it? Did Events NSW tell you about it before it was announced?

Ms JODI McKAY: I was briefed on the master calendar that was launched today. I indicate that that question should be directed to the Premier as Events NSW comes under his portfolio.

CHAIR: Do you see it as a tourism event?

Ms JODI McKAY: There is significant benefit for the New South Wales Government to aggressively promote events in New South Wales. We have made no secret of the fact that we want events to be held in New South Wales because of the domestic and international tourism that comes with it. From a Tourism NSW perspective we are working to support Events NSW.

CHAIR: But you cannot help the Committee with the specifics of that event?

Ms JODI McKAY: No. As I said, Events NSW comes under the portfolio of the Premier.

CHAIR: Will your Government guarantee to maintain the extra \$40 million in tourism funding over three years, which was promised by your Government in June this year?

Ms JODI McKAY: I will commence by letting the Committee know that tourism's contribution to the New South Wales economy is greater than that of agriculture, forestry and fishing, mining, communication services, personal and other services, electricity, gas and water supply. Our activities in tourism will continue to raise awareness of and drive visitation to New South Wales destinations with an investment of \$43.6 million this financial year. The former Minister, in consultation with industry, drafted a tourism strategy that proposes an additional spend from Government and significantly increased cooperative funding from industry in Tourism NSW programs.

As the Committee would be aware, this undertaking was made in response to a review into tourism in New South Wales conducted by Mr John O'Neill. We recognise the value of tourism to the economy of New South Wales, and we are serious about making reforms that will drive growth in all sectors of the industry. The O'Neill report vindicates the direction that the Government has taken in many areas, but more changes are needed to deliver continued growth and to make the most of opportunities in an increasingly competitive tourism environment. The draft strategy addresses both demand and supply side issues for the New South Wales tourism sector.

On 13 August a final industry consultation and sign-off took place, and industry sadly endorsed the draft strategy. As we all know, the State is facing some serious economic challenges. I place on the record my thanks to industry for the great amount of time and effort that it put into working with Government to develop the joint draft strategy. I am aware that the tourism industry is concerned about the commitment to additional funding but, as the member is well aware, the Government is in the process of developing a mini-budget statement and all new spending will be considered within the mini-budget process, including the tourism strategy.

CHAIR: So the answer is that you will not guarantee that you will maintain the extra \$40 million in tourism funding over the next three years as promised?

Ms JODI McKAY: Over the past few weeks, since taking on this portfolio, I have met with significant stakeholders in the tourism industry and I have held many meetings. Overwhelmingly, industry has confidence in the reform process that has been undertaken. Industry is confident that Government will work in partnership with it and that the New South Wales Government is heading in the direction that industry believes it needs to go. As you are aware we are in a mini-budget scenario, and as the Premier indicated everything is being considered as part of that process.

CHAIR: You mentioned Mr O'Neill's report that showed, rather shockingly, the neglect shown by the New South Wales Government or Tourism NSW that led to \$3.5 billion in lost revenue over the past eight years. Do you understand why there is so much concern in the industry about whether the promised extra \$40 million will be forthcoming?

Ms JODI McKAY: Tourism generates around \$24 billion into the State's economy and it creates around 156,000 jobs. Tourism is a critical industry for government. The Government has embarked on a process of reform. We realise that we need to do better, which is why we commissioned the O'Neill review and that is

why we engaged in consultation with industry. In the visits that have been made in the past, in particular to regional tourism organisations [RTOs], the Government has told them what to do. We are now working in partnership with those 13 regional tourism organisations. They know their local areas and our role in government is to support them. We know that we have to do better. I can state with confidence that the process of reform on which we have embarked has the full support of industry.

The Hon. DAVID CLARKE: Minister, would you agree that any decrease in that promised \$40 million in funding over three years will have an adverse effect on tourism in New South Wales?

Ms JODI McKAY: I again state that we are in a mini-budget scenario and the funding is being considered as part of that. We have a current budget of \$43.6 million and we have active partnerships with industry. Because we are in a mini-budget scenario it does not mean that tourism and our support for the industry stops. We are working with them every day, through Tourism NSW, to ensure that we support the campaigns of regional tourism organisations in particular. As part of the process of reform and the tourism strategy that was presented to industry, the Brand Sydney project was commenced and is continuing. It is important for us to work with industry to determine how best to promote Sydney's ongoing global gateway project.

The Hon. DAVID CLARKE: On that specific issue, if there is decrease in the extra \$40 million that was promised, surely it will have an adverse impact on tourism in New South Wales. Do you agree with that proposition?

Ms JODI McKAY: We are confident about the process of reform. While that \$40 million formed part of that strategy, it was not the only initiative that we came up with. Industry spoke to us also about the need for structural reform and the need for us to work in partnership with it. Part of the approach that this Government has taken is to look at how it can do that better. Structural reform, both within Tourism NSW and the industry in general, is part of that strategy. While the \$40 million is important we still have a current budget of \$43.6 million and we are still moving forward on some of the initiatives that were part of that draft strategy.

CHAIR: Other statistics show the poor performance of tourism in New South Wales. For example, Tourism Research Australia latest figures show that overnight visitor numbers in New South Wales have dropped by 511,000 over the past 12 months while at the same time Victoria's tourism overnight visitor figures increased by 378,000. How are you going to better compete with Victoria in this field if the promised and needed extra funding turns out to be pie in the sky?

Ms JODI McKAY: As I have indicated, we are very well aware of the contribution that tourism makes—around \$24 billion to the State's economy, and 156,000 jobs representing about 4.7 per cent of all jobs in New South Wales. Like any sector where expenditure is discretionary, tourism feels the effect of any downturn in the economy; there is the rise in the cost of living, the petrol price hike and the interest rates hike. That means that there is not a lot left in the family budget for holidays. The most current survey shows New South Wales still has the largest market share of domestic visitors at 33.5 per cent compared with all other States. But there has been a drop in visitor numbers and this has occurred across Australia.

CHAIR: I just read the statistics from Victoria, which also has higher fuel prices and so on. Its overnight visitor numbers have increased.

Ms JODI McKAY: The results for New South Wales are still generally in line with the Australian average, which I think is actually good news for the tourism industry. Those particular results showed that people are taking trips and are spending more money. Returning to your question, clearly we need to keep working with the tourism industry to ensure that these results are maintained and improved. New South Wales is still number one in tourism. Our share of visitor nights has remained fairly steady over the past five years. It is important not to forget that Sydney remains Australia's only global city. We are the gateway to Australia. When people choose to come into Australia, the majority will choose to come into Sydney. That is something about which we can all be proud and it is something the Government is determined to maintain. We can learn lessons from Victoria. The process of reform we have embarked on, the establishment of Events NSW, Brand Sydney and the O'Neil review shows that the Government is serious about supporting the tourism industry.

The Hon. DAVID CLARKE: What lessons do you think we can learn from Victoria regarding tourism?

Ms JODI McKAY: What we have seen within the O'Neil review and the draft tourism strategy certainly is reminiscent of that; it is about strengthening our support for the regional tourism organisations [RTO]. Previously we told the RTOs how to market their own regions; now we are working hand in hand with them. We have mentioned previously that we are making sure that we are supporting events, such as allocating \$85 million to Events NSW—this falls within the Premier's portfolios. Again, we are aggressively taking on Victoria in that market and certainly make no apology for that. We can do more to push Sydney as the global gateway to Australia. Part of the strategy was about identifying a unit within Tourism NSW that would firmly focus on increasing visitation to Sydney.

The Hon. DAVID CLARKE: You spoke approvingly of the O'Neil report. Does that mean your Government will be implementing all the recommendations made in that report?

Ms JODI McKAY: The Government reported back to industry on 13 August with the draft strategy. A number of recommendations were adopted, specifically in regard to strengthening the support of regional tourism organisations. So the draft strategy that was presented to industry is the Government's response to the O'Neil review.

The Hon. DAVID CLARKE: Does that include the implementation of all the recommendations in the O'Neil report?

Ms JODI McKAY: Not all the recommendations. For instance, the O'Neil report recommended Newcastle as the second international airport. Obviously, that presents difficulties because it is located on defence land; certainly the Federal Government has its own views on the future of that particular airport. Recommendations similar to that were not adopted. In general, what we have done is pick up on some of the more pertinent points that the O'Neil review raised: a greater profile for Sydney, greater support for Sydney as the gateway to New South Wales, support for regional tourism organisations, and structural change within Tourism NSW and within the tourism industry in general.

There was also a recommendation by the O'Neil review regarding establishing Visit Sydney as a separate entity. When we went to industry—keeping in mind that I am advised of this because I was not the Minister when the consultation took place—it was firmly conveyed to us that that unit was better placed within Tourism NSW and the Department of State and Regional Development.

CHAIR: You mentioned regional tourism. Is it not a fact that the O'Neil report recommended that \$21 million be allocated for regional tourism for this year alone, yet the announcement made in August by the Government was for \$10.5 million over three years. Firstly, will you guarantee that the \$10.5 million for three years already announced will be delivered? Secondly, in the lead-up to the mini budget are you plumping for regional tourism to be given the priority Mr O'Neil recommended?

Ms JODI McKAY: I am pleased that you have asked questions on regional tourism organisations because supporting tourism organisations in our regional and rural communities is critical: they are central to promoting tourism throughout New South Wales and they are independent incorporated organisations. Their role is to market their region and foster tourism development. Currently there are 13 RTOs in New South Wales and they are and will continue to be supported by government. Since 2000 New South Wales has been providing funding to RTOs through the regional tourism investment program. In 2007 the major focus of a review of New South Wales tourism by Mr O'Neil was on regional tourism, as I have indicated already to the Committee.

In response to the review the Government developed the draft New South Wales tourism strategy with industry, which included regional tourism organisations. A key component of the strategy is regional tourism, which includes new funding arrangements between the RTOs and Tourism NSW. I am certainly aware that the tourism industry is concerned about the commitment of additional funding but again, as the Committee is aware, the Government is in the process of developing a mini budget statement. Until the draft strategy is finalised, RTOs are being provided with up to 50 per cent of their current annual funding to ensure that they are able to operate and promote tourism throughout New South Wales. Even though we are in a mini budget environment, we are maintaining our support for the tourism industry through Tourism NSW: it does not stop. I am advised that RTOs have been told of the current funding arrangements and also that the strategy is currently within the mini budget scenario.

We are certainly making every effort to ensure that the regional tourism operators are kept up-to-date with the progress of the draft tourism strategy. We will certainly continue to work with regional tourism operators and all of industry to encourage and promote travel through New South Wales.

CHAIR: Minister, is it not true that the annual report also identified the lack of State Government funding for transport and visitor infrastructure as a significant constraint on development of the industry in the State, and that investment in transport infrastructure was likely to be "the most powerful contribution government can make to the tourism industry"? What specific visitor and transport infrastructure projects is the Government implementing as a result of those findings?

Ms JODI McKAY: I can certainly give an indication to the Committee that the Government, through the O'Neill review, was committed to looking at some of the supply side issues. That also includes aviation, education, working with local government, and some of the planning issues that are around tourism. Certainly we are committed to that process. As I have also indicated to the Committee, there were certainly recommendations made, particularly in relation to Williamstown airport and its status as a second international airport. Quite early the Federal Government had a very strong view about that, and that was expressed by the Federal Minister for Defence. We are certainly committed to supporting tourism in our State, as I have said. Aviation in particular is a key part of meeting that tourism objective, both for Sydney and regional areas.

Ms SYLVIA HALE: Minister, with increased numbers of visits by tourists to national parks, what are you urging other ministers to do to ensure that the integrity of natural areas is preserved and enhanced?

Ms JODI McKAY: I would certainly indicate that I can talk to you about tourism and visitor numbers to national parks, but in regard to conservation and the approach by the National Parks and Wildlife Service to national parks, I would think that that question is perhaps best directed to the relevant Minister. Unfortunately I do not have carriage of setting policy in national parks as it relates to national parks.

Ms SYLVIA HALE: But you must have a vested interest in ensuring that the goose that lays the golden egg is not killed off by neglect or by overuse. Is this a matter on which you have expressed or evinced any interest?

Ms JODI McKAY: Most certainly. One of the areas we are looking at, and as I have indicated, is the supply side issues. They are some of the issues that we need to address as a Government. I keep coming back to the point that in regards to setting policy within national parks, that really should be directed to the relevant Minister. What I can tell you is that the Government established a national parks task force in June 2008. The aim of that task force in general is to provide advice on practical methods to promote and protect the State's biodiversity and cultural heritage values through the use of national parks. That task force was established by the previous Minister for Tourism and the previous Minister for the Environment and Climate Change.

The task force is also looking at ways to increase visitor numbers and tourism expenditure. It will also look at identifying ways to increase management resources and conservation benefits from tourism in national parks. I am advised that the task force has been well received by industry. We are certainly working actively with conservation groups who also have representation on the task force. I am advised that there are some 293 written submissions to the task force that are currently being reviewed. But, again, in regard to policy as it relates to national parks, I would certainly direct that to the relevant Minister.

Ms SYLVIA HALE: Minister, in 1999, the then Premier, Bob Carr, and the then Minister for Tourism, Sandra Nori, promised to introduce a model of eco-certification for tourism in New South Wales. Can you explain or offer any reason why eco-certification has not yet occurred? Can you outline what you will be doing to expedite the introduction of this initiative to ensure a natural habitat protection?

Ms JODI McKAY: What I can tell you is that ecotourism is not the core business of Tourism New South Wales, but we are certainly supportive of initiatives that industry may come forward with.

Ms SYLVIA HALE: But the former Minister, Sandra Nori, believed that that fell within her portfolio area of responsibility because she was involved with the announcement. Can you take the question on notice and provide a full answer to the Committee?

Ms JODI McKAY: I can certainly take the question on notice, but I certainly cannot speak for the previous Minister for Tourism. I can take the question on notice and come back to the Committee in regard to

what industry is doing and what Tourism New South Wales is doing in support of industry in regard to those initiatives.

Ms SYLVIA HALE: Thank you. Some 10 years ago there was a report prepared entitled "Anxiety to Access". What has been done in the intervening period, or what are you aware has been done, by Labor Ministers for Tourism and the department to ensure that people with disabilities are able to access public events and festivals and ensure that the tourism industry meets the needs of people with disabilities?

Ms JODI McKAY: I am certainly not aware of that particular report that you are speaking about, but again I can take that on notice and come back to you.

Ms SYLVIA HALE: Right. Are you aware of a report entitled "Flight closed—Report on the experiences of people with disabilities in domestic airline travel in Australia", which was prepared by the Public Interest Advocacy Centre?

Ms JODI McKAY: No, I am not aware of that report.

Ms SYLVIA HALE: Can I ask you if you could outline what program initiatives you have taken, or that your department has taken, to bolster the capacity of people with disabilities to utilise tourism transport services?

Ms JODI McKAY: I can certainly undertake to come back to you. I think what it is important to note is that aviation and the management of that is the responsibility of the relevant airlines. I think what it is important to note is that there are also disability requirements. Perhaps that question would also be best directed to the relevant Minister.

Ms SYLVIA HALE: I can appreciate the need to address these questions to relevant Ministers, but they do seem to me to have a significant impact on tourism, and it is an aspect that you would do well to address yourself.

Ms JODI McKAY: I am certainly happy to take the question on notice and come back to the Committee.

Ms SYLVIA HALE: Minister, I understand that the Seniors market is the fastest growing population group in New South Wales, and that more than 2.9 million people in Australia who belong to this group, which is people over the age of 60, spends something like \$986 million on domestic travel annually. Is any funding being made available to ensure that domestic tourism is able to cater for this booming market in a sustainable manner?

Ms JODI McKAY: What I can tell the Committee is that we have been very pleased to support the Sydney 2009 World Masters Games. We committed approximately \$8 million to fund the Sydney 2009 World Masters Games, and we are really looking forward to the benefits for New South Wales, which are put at more than \$60 million. We are expecting approximately 25,000 athletes and their families to visit. As you would be aware, many of those are in the age bracket you mentioned. The interesting thing about the masters scenario is that it varies, depending on the sport. While for diving I am advised that the age is 25, we are certainly expecting people up into their eighties and nineties to be competing at the Sydney 2009 World Masters Games.

Ms SYLVIA HALE: I think there are centenarians as well, but I stand to be corrected on that.

Ms JODI McKAY: There are.

Ms SYLVIA HALE: Are there other initiatives that are aimed specifically at this older group?

Ms GREY: Obviously the over-55s market is particularly important for tourism because this is where we find people who have the time and the interest to tour throughout our great State. Many of our campaigns are targeted to the wanderer segment, which is a name we put around these people who have the time to explore. So we develop campaigns, particularly working in partnership with regional tourism organisations, to promote the types of experiences that people with the time, the means and the interests want to see throughout the State. So the over-55s market is important to us. Likewise, we are working with industry to investigate the opportunity to do more research into the over-55s market to further understand their triggers for travel.

Ms SYLVIA HALE: What is your response to the vexed issue of holiday letting? Holiday letting is seen by many as a valid form of tourism, but equally it results in the unregulated and non-prescribed use of dwelling houses and therefore places visitors at risk because insurance policies are not applicable when a dwelling is used for a non-prescribed use.

Ms JODI McKAY: As you are probably aware, Australian families have enjoyed the convenience and affordability of holiday letting since the 1880s. More recently we are finding that international visitors have also come to enjoy the advantages of renting private, non-commercial accommodation during their stay in New South Wales, and of course other parts of Australia. I am advised that about 75 per cent of international visitor nights in Sydney and New South Wales and 54 per cent of New South Wales domestic visitor nights are spent in non-commercial accommodation. This could be the home of a friend or relative, a rented house or flat, or the visitor's own property. Despite the vital role this form of accommodation plays in the New South Wales tourism industry, there have been calls from a small number of organisations and individuals to have holiday letting closely regulated or even banned.

While I understand the concerns of those who have raised these issues, it is the case that holiday lettings are meeting the needs of the visitor market and supporting local economies. I understand that many local councils actively support holiday lettings through their local environmental plans. Short-term letting of holiday homes and apartments is meeting a particular accommodation need among visitors to New South Wales, particularly those on extended stay. I am advised that the average length of stay for international visitors staying in holiday let accommodation is 101 nights, compared to between four and 14 nights for various commercial accommodation providers. There would simply not be enough commercial accommodation to meet the current demand for international and domestic visitors were this option not available.

The quality of our tourism product is what makes New South Wales strong, and I am keen to work with our stakeholders to ensure that this is maintained. I am also advised that the Department of State and Regional Development is liaising with the Department of Planning on a broad range of accommodation issues, one of which is holiday letting. There are also ongoing discussions between the Directors General of the two departments concerning accommodation issues overall. I am happy if the Director General wants to provide any further information on this.

Mr BUFFIER: The Minister has encapsulated the issue well. On the supply side, we are having some discussions with the Department of Planning, and hotel accommodation in Sydney is on the agenda. Holiday letting is an important component of tourism. There are some divergent views on the matter, but I think we will be able to resolve that issue relatively quickly.

Ms SYLVIA HALE: You say that you are consulting the Department of Planning. Are you also consulting the relevant local councils?

Mr BUFFIER: That would be part of the process, yes.

Ms SYLVIA HALE: Consult them directly.

Mr BUFFIER: Yes.

Ms SYLVIA HALE: You say that the average length of stay in holiday lets, or at least in non-commercial accommodation, is 101 days. That poses a serious risk for people staying in that accommodation, given that such things as public liability insurance presumably could well be void, as could any other form of house insurance.

Ms JODI McKAY: I refer to my previous answer. The Director General has advised that the issue is being considered by the Department of State and Regional Development, and is liaising with the Department of Planning.

Ms SYLVIA HALE: I have some questions about the Casino to Murwillumbah rail line. Before members spring to your defence, I realise that it falls within the responsibility of the Department of Transport, but my questions relate to the closure of that line and its impact on tourism. Has the department every made any assessment of the impact on tourism to the North Coast as a result of the closure of that line?

Ms JODI McKAY: As I said earlier, I have been in this role for one month. Do we know if that has occurred?

Ms GREY: I am not aware of any analysis of that, although in the past we have cooperatively marketed with Countrylink to promote North Coast destinations. We continue to promote North Coast destinations through a range of programs and working with the airlines and car rental companies.

Ms JODI McKAY: If we have done any studies on that we can certainly provide them. We can take that on notice.

Ms SYLVIA HALE: Certainly, because earlier we were talking about the seniors market. Clearly, for many seniors, particularly those who are less affluent, the ability to catch a train to the North Coast and not have to remove all their luggage from the train and put it onto a bus and then disembark yet again is a major feature. Would the department—

The Hon. GREG DONNELLY: Point of order: To clarify this, are you talking about travel to the North Coast from Sydney or specifically, because I am confused?

Ms SYLVIA HALE: I am talking about people who might leave from Sydney, for example, but they could leave from anywhere, catch the train to Casino and then have to disembark in order to get to areas such as Murwillumbah and on to the North Coast area.

The Hon. GREG DONNELLY: I was just confused.

Ms SYLVIA HALE: I understand for seniors in particular, and especially for people with disabilities, that need to move from one form of transport to another is a major disincentive. While your department looks into that area, will you also calculate the potential increase in tourism income for the region against, and then compare it to the funding needed to maintain the rail corridor and to repair the existing bridges?

Ms JODI McKAY: I think that would be quite difficult to do so no.

Ms SYLVIA HALE: Are there any plans in the pipeline to connect the rail line with Queensland rail services? Would you see this as producing benefits for tourism?

The Hon. LYNDIA VOLTZ: Point of order: We had this discussion yesterday morning with the appropriate Minister—

Ms SYLVIA HALE: The Minister can inform me of that.

The Hon. LYNDIA VOLTZ: —who was responsible for that portfolio.

Ms SYLVIA HALE: I was at pains to put a proviso on my question. If the Minister can provide me with this information I would be delighted to hear it. As presumably any rail connections with Queensland would have a substantial immediate impact on tourism numbers, would you support any move to extend the rail links to Queensland?

The Hon. LYNDIA VOLTZ: Point of order: Yesterday we had the answer from the Minister about what the New South Wales and Queensland governments are doing with regard to this rail line.

Ms SYLVIA HALE: I was not here for that question; neither was this Minister.

The Hon. LYNDIA VOLTZ: It was General Purpose Standing Committee No. 4. It is your committee. The answer was given in the estimates hearing yesterday.

The Hon. MICHAEL GALLACHER: Which portfolio?

The Hon. LYNDIA VOLTZ: Transport. To then relate in some way that a flow from Queensland to New South Wales in tourism is somehow going to be reflected on the Minister's answers yesterday is bizarre. The appropriate Minister gave the answer yesterday.

CHAIR: There is no point of order. The member asked a question from the perspective of tourism in relation to the lack of a connecting railway line from south-east Queensland to the Northern Rivers. Will the Minister comment on that?

Ms JODI McKAY: I indicate to the Committee that we would hate to lose New South Wales tourists to Queensland. I refer the Committee to the answers of the transport Minister in relation to this issue.

Ms SYLVIA HALE: I am sure Ms Voltz would be delighted to know that I am happy to cede my additional time to Mr Clarke or yourself.

The Hon. LYNDIA VOLTZ: Point of order: Given that everybody has already had 20 minutes and the Government has not had any questions, and we still do not have 20 minutes left to allocate to the Government, I believe that is inappropriate.

Ms SYLVIA HALE: My time has been used.

CHAIR: Any questions from the Government?

The Hon. LYNDIA VOLTZ: Yes, we have lots of questions.

The Hon. MICHAEL GALLACHER: You said that before and you did not have one. Remember you nodded off and could not find the papers.

The Hon. LYNDIA VOLTZ: Madam Chair, I find it offensive that the Leader of the Opposition is rude and obnoxious.

CHAIR: Have you any questions?

The Hon. LYNDIA VOLTZ: The *Condé Nast Traveller* reader poll out of which Sydney has done quite well in the past and is normally a goal as to how well a city is performing is due to release its readers' poll. Will the Minister update the Committee on that matter?

Ms JODI McKAY: I am very pleased to announce that today Sydney was voted the number one city in the world for the thirteenth time as the prestigious *Condé Nast Traveller* Awards in New York. For a record twentieth year in a row readers of the influential American travel magazine also voted Sydney the top city in the Australia Pacific Cities category. As the Committee would recognise, this is a fantastic achievement and clearly says to the knockers of Sydney that we are Australia's global city and, according to the poll, the best city in the world.

Sydney consistently delivers a friendly, unique and unforgettable experience to international travellers. Condé Nast readers are well travelled and so it is an even more impressive tribute. Condé Nast has a circulation of 3.1 million in the United States of America, and 32,633 readers participated in the annual survey. The magazine described Sydney as "laid back, vibrant and gorgeous". The city has food to rival any in the world and is at the forefront of cutting edge design, with chic hotels and excellent restaurants. In the awards, Sydney scored the highest of all the cities in all categories, with a ranking of 87.2, San Francisco was second at 85.2, Florence with 84.5 and Capetown at 83. The top four cities in the Australia Pacific category were Sydney at 87.2, Melbourne at 78.8, Queenstown 77 and Christchurch 73.2.

The awards have been running for 21 years and Sydney has won the top city award from 1988 to 2008 in the Australia Pacific Cities category. *Condé Nast Traveller* readers voted for different global cities on a variety of criteria including ambience, friendliness, cultural sights, restaurants, lodging and shopping. The award reinforced the international marketing campaign of Tourism NSW. There is no place in the world like Sydney and the position of Sydney as a global brand. The new brand Sydney will take the city's reputation and credentials to the next level by promoting its business, education and cultural attributes. Over the past decade, Sydney and New South Wales have received more than 60 tourism awards recognising the beauty, location, restaurants, hotels and tourist experiences. We are very pleased with this latest accolade.

The Hon. LYNDIA VOLTZ: That is really good news. It is always good news to hear Sydney being included in the campaign, particularly following the inability of the Federal Minister, Fran Bailey, to put Sydney in an international tourism campaign during the Howard Government \$5 million waste on advertising due to the

failure of the "Where the bloody hell are you?" campaign that had to be dumped. How do high petrol prices and other current economic challenges impact on the tourism industry? What initiatives are underway to ensure continued growth in tourism, especially for regional areas?

Ms JODI McKAY: I thank the member for her interest in regional areas. The challenges being faced by the tourism industry in New South Wales are indeed large. High petrol prices, the current economic downturn both here and overseas, as well as strong competition from the other States and New Zealand are factors that contribute to a squeeze on the tourist dollar. Tourism NSW is monitoring the various economic factors that are challenging the State's tourism industry. For example, retail petrol prices have escalated rapidly over the past two to three years, and this may be having an impact on travel patterns.

We have seen some reduction in travel demand over the short term that may have been led by consumer price shocks. We have also noticed a resumption of normal travel patterns within a few weeks of significant price rises. From a tourism perspective, fuel accounts for approximately 11 per cent or \$4.9 billion of all domestic overnight expenditure and 27 per cent or \$3.8 billion of all day-tripper expenditure in Australia. In July 2008, an NRMA survey of 1,300 motorists in New South Wales and the Australian Capital Territory found that the traditional getaway has been significantly impacted by petrol prices with families choosing to holiday closer to home and spend less.

While it is intuitive to think that petrol prices have a direct relationship to drive-travel choices, the greatest impact on tourist demand could well be through indirect means, that is, consumer sentiment for general belt tightening rather than the direct impact of fuel prices. Fuel prices are likely to be amongst a mix of factors that affect consumer choices. These include interest rates, retail and other spending patterns, and it is highly likely that the current worldwide economic situation will also be a consideration. Tourism NSW will continue to keep a watching brief on those issues so we can advise the industry and adjust our activities to take them into account.

People are still travelling and taking holidays, but where, when and how long is subject to those conditions, so the challenge for the New South Wales tourism industry is to present an attractive proposition to consumers. It is vital in these tough times that we maintain our market share, both domestically and internationally, and we give good value for the tourist dollar. In the domestic arena, Tourism NSW has been actively engaged in working with the regions to promote destinations to target markets where they can achieve the best return on investment. Internationally we will be working to leverage Tourism Australia's new advertising campaign, produced by Baz Lurhman. I am sure that the Hon. Lynda Voltz will agree with me that compared to the campaign of the former Federal Government this campaign is sophisticated and in the direction that we would expect to go.

The Hon. LYNDIA VOLTZ: It might actually translate into some new markets, unlike the "Where the bloody hell are you?" campaign.

Ms JODI McKAY: The campaign advertisements are already appearing in cinemas, on television, in print and on-line coinciding with the promotion of the new film in November. It is a sophisticated and strategic campaign to tie it to the movie. It is very much, as you correctly identified, a welcome change of direction for Australia.

It does promise good returns for Sydney and New South Wales. As Australia's gateway State we receive 54 per cent of all international tourists and we can certainly expect that New South Wales will benefit substantially from the tourists that this campaign aims to attract, and I very much thank the member for her question.

The Hon. HENRY TSANG: The international visitor forecast predicts growth from China and other emerging markets. What is Tourism NSW doing to tap these potentially lucrative travel regions?

Ms JODI McKAY: I thank the honourable member for his question and the work that he has done in these markets to promote New South Wales. He is highly regarded and I know the great work he has achieved in recent times.

It is the traditional international markets of the United Kingdom, the United States of America and New Zealand that provide a huge market in terms of international visitors to New South Wales. However, changes to the international tourism market, shifts in economic situations, mean that we have to work hard to ensure that

we have the capacity and suitable product to meet a growing demand from emerging markets, such as India and China.

China's growing affluence and development means that it is now identified as an important growth market for tourism to New South Wales. Favourable tourism policies and strong consumer confidence in China have continued to grow demand for travel abroad. Aviation capacity for this market has also increased substantially since 2006. I am advised that there were 263,300 Chinese visitors to New South Wales during the year ending June 2008, which is an increase of 4.7 per cent on the previous year. In addition, 73.8 per cent of all Chinese visitors to Australia stopped over at least one night in New South Wales during the year. Chinese visitors spent \$812 million in New South Wales, an average of \$3,081 per visitor during 2007-08. This excludes pre-paid inclusive package tours and pre-paid international airfares. Chinese visitors to Australia are expected to increase from 358,000 in 2007 to over 1.1 million by 2017, which is an average annual growth rate of 12.2 per cent.

Tourism New South Wales has developed a strategic partnership, of which I am sure the member would be aware, with the China UnionPay [CUP] and the bankcard switching system or Cirrus of China linking 1.2 billion cardholders. Under the memorandum of understanding which was signed between Tourism New South Wales and CUP in November 2007, Tourism New South Wales will develop a year-long collaboration plan with CUP to leverage on the various marketing opportunities that lie ahead. Qantas Airways now operates three flights per week from Beijing to Sydney and five flights per week from Shanghai to Sydney. Tourism New South Wales has a North Asia office located in Hong Kong, which is working to promote New South Wales as a preferred holiday destination.

Tourism New South Wales is also working hard to generate awareness about Sydney and New South Wales in the world's fast-growing tourism market, India. India is forecast to have the highest growth of any international tourism source market over the next decade. Currently the Indian inbound tourism market is worth \$173 million to the New South Wales economy. New South Wales already receives the lion's share of Indian visitors to Australia—about 55.1 per cent—so it is important that we continue to develop our tourism trade relationships in India.

Every year a key activity for Tourism New South Wales in India is participation in Tourism Australia's Indian Travel Mission. This year the Mission was held in September in Chennai. The chairman of the Tourism New South Wales Board, Les Cassar, led the New South Wales contingent. I am advised that the Acting Executive Director and General Manager of Tourism New South Wales, Lyndel Grey, did not attend. The contingent included about 15 New South Wales tourism businesses joining the mission. The businesses were varied, but all had a specific interest in the Indian market. Mr Cassar also visited Singapore for meetings with Singapore Airlines, Tiger Airways and Air Asia X, focussing on expanding marketing opportunities and aviation capacity to New South Wales. I think that all of this demonstrates that Tourism New South Wales is serious about pushing into the growing markets in Asia.

CHAIR: Thank you, Minister. That brings us to the advertised closing time for this hearing. I would like to thank you, the Minister, Mr Buffier and Ms Grey for your assistance today.

(The witnesses withdrew)

The Committee proceeded to deliberate.
