

GENERAL PURPOSE STANDING COMMITTEE No. 5

Friday 17 October 2008

Examination of proposed expenditure for the portfolio area

STATE DEVELOPMENT

The Committee met at 11.25 a.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. R. L. Brown
The Hon. A. Catanzariti
The Hon. M. A. Ficarra

The Hon. T. J. Khan
The Hon. L. J. Voltz
The Hon. I. W. West

PRESENT

The Hon. I. M. Macdonald, *Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development*

Department of State and Regional Development

Mr B. Buffier, *Director General*

Mr W. Glenn, *Executive Director, Investment Division*

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 the meeting open and welcome Minister Macdonald and the accompanying officials to the hearing. Today we will examine the proposed expenditure for the portfolio of State Development. In accordance with Legislative Council guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. Messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. I also remind everybody to turn off their mobile phones.

BARRY BUFFIER, Director General, Department of State and Regional Development, and

WARWICK GLENN, Executive Director, Investment Division, Department of State and Regional Development, affirmed and examined:

CHAIR: We will start with Opposition questions.

The Hon. TREVOR KHAN: Is it the case that a feasibility study was undertaken into the V8 Supercars race being held at Homebush?

The Hon. IAN MACDONALD: Yes, considerable studies and effort have been put into looking at this area and an informed Cabinet process formed the decision made by the Government.

The Hon. TREVOR KHAN: Will you release that feasibility study?

The Hon. IAN MACDONALD: The studies are part of Cabinet in confidence. I would have to seek approval at other levels if I was to release it, and I will have those discussions.

The Hon. TREVOR KHAN: You have been alive to the issue for sometime, as has the Government, and to the desire to see essentially the economic modelling that underpins the argument to have the event at Homebush. Have you been alive to that fact?

The Hon. IAN MACDONALD: Yes.

The Hon. TREVOR KHAN: Therefore this is not a new issue or, indeed, a new request?

The Hon. IAN MACDONALD: Whether it is a new issue or new request, the Government does not normally release Cabinet-in-confidence documents.

The Hon. TREVOR KHAN: How many times prior to the making of the announcement that the event would be at Homebush did you, or members of your department, meet with representatives of the Sydney Olympic Park Authority?

The Hon. IAN MACDONALD: To put this into context, this is not a new proposal, as you are aware. The proponents over a period of years have put forward variations of the event to be held at Homebush Bay. In that context there would have been numerous discussions over a long period of time in relation to this particular event. In fact, the former Leader of the Opposition, Mr Peter Debnam, supported by way of press release very strongly the adoption of the proponent's plan a number of times. The proponents had many meetings, as I understand it, with both the Sydney Olympic Park Authority, and businesses that operate out there, particularly the Stadium, Acer Arena, the motels and Sydney Olympic Park Business Association, which had supported the proposition being brought to fruition. In answer to your question a large number of meetings were held in relation to this proposal.

The Hon. TREVOR KHAN: I take it from your answer you have not held discussions with representatives from the Sydney Olympic Park Authority?

The Hon. IAN MACDONALD: That is true. I have met the Chief Executive Officer, Mr Marsh, on one occasion I think, as far as I can recall, but the department had many meetings with the Sydney Olympic Park Authority.

The Hon. TREVOR KHAN: Accepting that you would need to take this question on notice, are you in a position to provide the Committee with details as to when those meetings were held regarding this topic?

The Hon. TREVOR KHAN: I will have a look at that and come back to you by way of an answer on notice in relation to it. I do not have a diary of when those meetings were held, but they were extensive and conducted in a pretty good spirit.

The Hon. TREVOR KHAN: The answer is, yes, you will provide the Committee with the details?

The Hon. IAN MACDONALD: I will try as far as practical to give you some indication of the meetings that would have been held and when they were held, yes.

The Hon. TREVOR KHAN: Was an environmental assessment undertaken prior to the announcement?

The Hon. IAN MACDONALD: In relation to the environmental issues, we did not do an assessment of the environmental issues at this point. That is required. There is a Federal biodiversity Act that applies and the proponents will have to put a case, if you like, or an assessment before the Federal authorities.

The Hon. TREVOR KHAN: For what precise purposes will the \$30 million allocated by the Government be used?

The Hon. IAN MACDONALD: These are all part of discussions that are held commercial in confidence with the proponents and I do not propose to release those at this point. I will consider the issues and take that on notice.

The Hon. TREVOR KHAN: You have said publicly that \$30 million is to be expended. Is the public entitled to know how \$30 million of government money is to be spent? The Government is not paying its hospital bills at the moment and yet \$30 million is found to throw at this event. Surely, people are entitled to have some idea as to what the Government is doing?

The Hon. IAN MACDONALD: I think that when discussions are finalised the Government will consider the issues but, of course, if you look at the proposal you have capital costs involved in the laying of a track. This is a track that is not, of course, to the standards of the F1 which would cost many hundreds of millions of dollars, but it is a cost that is, I think, quite modest within the framework of the proposition. The figure that is proposed is expenditure over five years, other than that initial capital costs.

The Hon. TREVOR KHAN: Did you meet with Mr Greg Jones and Mr David Coe at Buon Ricordo restaurant in Paddington in the first week of September?

The Hon. IAN MACDONALD: I have met with Mr Jones on many occasions. I have met Mr Coe on a couple of occasions. I am not sure whether it was at the beginning of September but I have met Mr Jones. I am not sure about Mr Coe, but I will provide an answer on notice.

The Hon. TREVOR KHAN: I am suggesting that that would be reasonably fresh in your mind because it was a fairly momentous week—there was a change in leadership of the party and a pretty exciting time, I would have thought, in the Australian Labor Party.

The Hon. IAN MACDONALD: I met a lot of people at a grouping at Buon Ricordo. The total participants I cannot recall particularly but I will get back to you. Mr Coe might have been there.

The Hon. TREVOR KHAN: What was discussed, beyond the wine list?

The Hon. IAN MACDONALD: We did not discuss the wine list because I was not drinking. But the whole of the discussion was very general. There were lots of people, like Mr Ian Courtlang, there, if I recall. It was just a general discussion of many items. It was not a V8 Supercars meeting, if that is what you are trying to infer.

The Hon. TREVOR KHAN: What is your opinion of Sports and Entertainment Ltd, the company that owns 25 per cent of V8 Supercars racing in Australia, and the majority shareholder of which is Mr Coe?

The Hon. IAN MACDONALD: I do not have opinions on that or any particular company.

The Hon. TREVOR KHAN: You knew that Mr Coe was the majority shareholder, did you not, of Sports and Entertainment Ltd?

The Hon. IAN MACDONALD: I am not aware whether he is the majority shareholder or not. I have not gone into the details of who owns what in relation to that particular company.

The Hon. TREVOR KHAN: You knew that he, in essence, was the embodiment—the one who you went to—in Sports and Entertainment Ltd? Is that how he represented himself?

The Hon. IAN MACDONALD: No. Mr Coe has been involved in many operations. I have had a discussion or two over years in relation to the museum down at the wharf. He is involved in many different aspects. This was not a meeting about the V8 Supercars at all. It was a general discussion. There were about 20 people there.

The Hon. TREVOR KHAN: You know that he is essentially the embodiment of Sports and Entertainment Ltd? He is the numero uno of that company?

The Hon. IAN MACDONALD: I am not aware of that characterisation.

The Hon. TREVOR KHAN: You also knew, did you not, that Mr Coe until recently had been the chair of Allco Finance Group, a group that lost something in the order of \$1.7 billion last year?

The Hon. IAN MACDONALD: Yes, I am aware that he was involved with Allco. That is true.

The Hon. TREVOR KHAN: You are also aware, are you not, that last year, that is the year in which \$1.7 billion was lost, Allco Finance contributed some \$82,000 to the Australian Labor Party?

The Hon. IAN MACDONALD: I am not aware of any donations from Allco to the Australian Labor Party, but I am not denying it. I am not denying that it might have occurred; I do not see the relevance of it. There are many companies I meet that donate to the Liberal Party.

The Hon. TREVOR KHAN: Is it not the case that on 5 March last year, that is, just prior to the last election, companies associated with Mr Jones and Mr Coe contributed \$35,000 to the Australian Labor Party at one lunch?

The Hon. IAN MACDONALD: Is that right? I am not aware of that, but I do not see anything wrong with it. As I would point out to you, there are many companies that donate to the ALP, to the Liberal Party and to others.

The Hon. TREVOR KHAN: You were aware, were you not, that Mr Coe had been a director of RHG Limited, which formerly had been known as RAMS Finance or RAMS Home Loans?

The Hon. IAN MACDONALD: I know he had an involvement—I am not sure if it is a current involvement—with RAMS.

The Hon. TREVOR KHAN: You are aware, are you not, that Mr Coe is on the board of RHG together with Mr Jones?

The Hon. IAN MACDONALD: I am not particularly aware of that fact, but I know that they have worked together over many years, that is true.

The Hon. TREVOR KHAN: With regard to RAMS Home Loans or RHG Limited?

The Hon. IAN MACDONALD: In relation to RAMS certainly, yes.

The Hon. TREVOR KHAN: Mr Jones has been appointed to the Chair of the New South Wales Wine Industry Research and Development Advisory Board?

The Hon. IAN MACDONALD: That is correct.

The Hon. TREVOR KHAN: Was that an appointment made by you?

The Hon. IAN MACDONALD: Yes.

The Hon. TREVOR KHAN: I take it you have a high degree of familiarity with Mr Jones?

The Hon. IAN MACDONALD: I have known Mr Jones and many others for 20 or 30 years. I do not deny that; I am not walking away from that. His appointment as chair of the ministerial wine industry research advisory council has been a very good step. He has done a fantastic job in that. He has managed to bring a lot of the industry together in a very positive way and has played a very positive role in promoting the wine industry in New South Wales, and I think if you were to talk to the key players in the industry many of them would endorse that.

The Hon. TREVOR KHAN: Is there a remuneration package that he receives for his position as chair and, if so, what is it?

The Hon. IAN MACDONALD: I do not think there is a remuneration package—this is really Primary Industries. I am advised that he does not take any payment for his contribution.

The Hon. TREVOR KHAN: Mr Jones is also the head of a firm known as Elect Interactive?

The Hon. IAN MACDONALD: Yes, I understand he has interests in that area.

The Hon. TREVOR KHAN: And that is a company that undertakes polling for the ALP, does it not?

The Hon. IAN MACDONALD: I am not sure precisely who its clients are, but I will take that on notice.

The Hon. TREVOR KHAN: I am not asking about other clients, I am asking about the ALP, an organisation with which you have some familiarity I suspect?

The Hon. IAN MACDONALD: I do not have that sort of relationship with head office or any part of the Australian Labor Party that gives me access to who they use for any particular issue or any particular role.

The Hon. TREVOR KHAN: You would agree that we have a Mr Jones and a Mr Coe who are involved in a wide variety of companies, both of whom it would seem are doing work for the ALP or making very large cash donations to the ALP. Is that not right?

The Hon. IAN MACDONALD: Whether they are or not, I am not aware of those particular donations. I am aware of the latter company that you mentioned. I am not aware of its particular work at any time. That is not my business. I do not get involved in what commissioning it does or what particular work it does. I have had a long-term relationship, which stems from the fact that we worked together. I do not reject my friends, and the decisions I make are based on what is best for the State. In this instance, I think the V8 Supercars event is important and will become an iconic event in this State.

The Hon. TREVOR KHAN: You will see that essentially we have people who are involved in companies, those companies having an interest, directly or indirectly, in the V8 Supercars race. That is right, is it not?

The Hon. IAN MACDONALD: I do not know if Mr Jones has any direct involvement in V8 Supercars—I cannot confirm that—but as Minister for State Development I have met with many business people and I have evaluated V8 Supercars on a broad basis. One of the more important contributions to my decision was in fact that raised by Sydney stadium, which made it clear that they need more significant events there to be viable in the future. I think that has been a marked influence on my views on this, sufficient to put the matter before Cabinet.

The Hon. TREVOR KHAN: But it would seem that again we have an instance where large amounts of money are donated to the ALP and, for instance, with regard to Mr Coe—

The Hon. LYNDIA VOLTZ: Point of order: Questions to the Minister should be relevant to the portfolio area. We have had continual questions about the ALP. The Hon. Ian Macdonald is not the Minister for the Australian Labor Party; he is here as a representative of the Crown and a New South Wales Government Minister, and questions should be directed to him as such.

The Hon. MARIE FICARRA: Further to the point of order: This goes to the heart of management of the Minister's portfolio and decisions that he makes with taxpayers' money, namely, \$30 million. It goes right to the heart of his ministerial responsibilities.

The Hon. LYNDIA VOLTZ: Further to the point of order: The Minister has already indicated that he is unaware of those matters with the ALP. They cannot in any way go to the heart of relevant administration as a Minister.

CHAIR: Could I suggest that questions be directed primarily to the portfolio in question, the subject of which is the Minister's responsibility? There can be questioning on donations and activities of people directly involved with the Minister's portfolio, if you would be cognisant of that fact and continue, Mr Khan?

The Hon. TREVOR KHAN: We have talked in terms of a feasibility study and you are not prepared at this stage to release that. Is that right?

The Hon. IAN MACDONALD: It is a Cabinet document and subject to the normal rules.

The Hon. TREVOR KHAN: There would have been some legal advice that I assume you received with regard to the implication of staging this event at Olympic Park and its effect upon the Sydney Olympic Park Authority. That would be right, would it not?

The Hon. IAN MACDONALD: We have received advice from many sources in relation to all matters relevant to this event.

The Hon. TREVOR KHAN: Did you receive legal advice?

The Hon. IAN MACDONALD: I cannot say whether we have received legal advice, but lawyers are heavily involved, as you can imagine, in this proposal.

The Hon. TREVOR KHAN: Assuming there is legal advice, would you please release it?

The Hon. IAN MACDONALD: As I said, discussion on this issue was part of Cabinet in confidence and I would have to take that issue on notice. I want to make it clear to you that in 2006 the Sydney Olympic Park Business Association, which I mentioned before, stated that the V8 proposal presents a unique opportunity for the New South Wales Government to send a clear message that it has developed a proactive and competitive major events strategy. That was in its letter to the Premier's Office at that time and that position was endorsed by the Opposition. In relation to legal documents, as you would be aware, there is a principle called legal privilege.

The Hon. TREVOR KHAN: Which can be waived, Minister.

The Hon. IAN MACDONALD: There is legal privilege in place and, as for the documents that you are talking about, they are subject to Cabinet in confidence.

The Hon. TREVOR KHAN: Let us deal with another round of documents. Let us talk about correspondence with the Sydney Olympic Park Authority. Legal professional privilege will not attach to those. Are you prepared to release the exchange of correspondence between your department, yourself and others and the Sydney Olympic Park Authority regarding this proposal?

The Hon. IAN MACDONALD: These matters are being dealt with under a freedom of information application.

The Hon. TREVOR KHAN: I am asking whether you are prepared to release the documentation.

The Hon. IAN MACDONALD: No, I am not prepared, in answer to your question here, to make any particular statement about what we do. This decision will be taken by the Ministers involved.

The Hon. TREVOR KHAN: So much for transparency.

The Hon. IAN MACDONALD: It is not a question of transparency.

The Hon. ROBERT BROWN: I will not discuss the very exciting prospect of the V8s screaming around Olympic Park. I get a great deal of pleasure of listening to the super sprint cars on Friday and Saturday nights at Parramatta. I sit on the veranda and hear them going vroom. Let us move to a matter related to Sydney. I take it that Sydney probably still is regarded as Australia's finance capital even though we are in the midst of turmoil in financial circles. I do not think Melbourne has taken that cap off us yet. What is your Government going to do, if anything, to support the consolidation of the financial services sector in New South Wales, particularly in regard to maintaining Sydney as the de facto financial capital of Australia?

The Hon. IAN MACDONALD: I thank the honourable member for his question. As he is probably aware, finance and insurance is the third largest industry in New South Wales. It is one of five target sectors in the New South Wales Government's Statement on Innovation. The statement advocates a stronger focus on improving productivity in those five sectors because they are most likely to produce benefits for the broader New South Wales economy. The Government, through the Department of State and Regional Development, has completed a detailed analysis of the financial services sector. The analysis looks at the competitive position of Sydney as a regional and international financial services centre. The analysis highlighted that Sydney is facing increasing competition from other cities in the region. At present Sydney is dominant in finance in Australia. Its proportion of Australian financial services grew from 39 per cent in 1995 to 44 per cent in 2007. Sydney's financial services workforce has been growing strongly and is nearly half the size of London's and more than 40 per cent of the size of New York City's. Sydney needs to leverage this current strong domestic leadership position and its leading regional niche capabilities to become an integrated part of the capital flows and transaction activity within the region.

Sydney's key strengths are in infrastructure finance, alternative asset financing, project financing, real estate financing, and funds management, and as a location for high-end middle office activities. Sydney is also well positioned to become the centre of Australia's carbon market and a regional carbon emissions trading hub. A New South Wales Financial Services Action Plan is being developed. The action plan is based on work done earlier this year and discussions at the Financial Services Hub Summit held in Sydney in July. The summit was a major step in forging a stronger future for the Australian financial services industry. The summit brought together more than 100 leaders from business, government and academia who were keen to tell the Australian and New South Wales governments their ideas on how to advance Australia as a regional financial services hub. The summit was hosted by the Department of State and Regional Development and was addressed by the Prime Minister, the Assistant Treasurer, the Premier of New South Wales and the Minister for State Development. Delivery of the action plan is delayed until the impact of the current global financial volatility on Australia is better understood.

The Department of State and Regional Development has had a longstanding strategy to develop Sydney as a global financial services centre. The department works with global financial services firms and their stakeholders around the world. The department has focused recently on India, China and the Middle East and continues to work with longstanding clients in Europe, the United States, other Asian economies and Australia. The aim is to secure high-value, high-skill projects that generate jobs, investment and exports for the New South Wales economy.

Sydney is a globally competitive financial services location in the Asia-Pacific region. It has experienced finance and administrative staff with extensive language skills, particularly Asian and European languages, a significant number of global firms with financial service operations, a stable business environment, competitive office costs and New South Wales Government assistance. Areas currently generating strongest project growth are funds management and high-end middle office activities, such as human resources, legal, accounting, exception processing of financial transactions and funds administration. In addition, the department is currently developing an investment attraction strategy to make Sydney the centre of Australia's carbon market and a regional carbon emissions trading hub. All this is against the backdrop of the current global financial markets turmoil. Australian financial services institutions and the Australian subsidiaries of global financial services institutions are in a strong position and no major job losses have occurred to date in Sydney.

The Government plans to develop Barangaroo as a financial services centre in Sydney. The Barangaroo precinct comprises 22 hectares of docklands at East Darling Harbour. Under the Government's plans this site should be reviewed as an extension of the Sydney central business district with particular focus on attracting financial institutions currently in high-cost locations such as London, New York and Hong Kong. Barangaroo is a key part of the New South Wales Government's plan to make Sydney the leading financial services hub of the Asia-Pacific region.

The Department of State and Regional Development has worked with the New South Wales Government development team to ensure the project definitions meet the needs of potential financial services occupants. Barangaroo is expected to provide workspace of 220,000 square metres for 15,000 workers. A proposal to increase the amount of prime office space by another 50,000 to 120,000 square metres is currently being assessed. Construction is due to commence in mid-2009 and be completed by 2020. New offices are to be progressively completed from 2013 to 2020. The New South Wales Government has short-listed three consortiums to submit formal bids for the development of stage 1 by the end of this year. We are working to position the financial services sector into the future by taking advantage of export opportunities that present themselves and by attracting more international players to Australia to service global markets, particularly the Asian economies.

The Hon. ROBERT BROWN: I think it is implicit in your answer that the commercial property sector in Sydney is pretty much dependent upon the health of the financial services sector, including insurance et cetera. Do you still believe that all those glossy projections and the commencement dates will stand given the uncertainty we are currently undergoing?

The Hon. IAN MACDONALD: I would hope so. As I flagged in my answer, the depth and extent of this current crisis will impact upon those timelines. There is no question of that. We still have had some success. For instance, recently the Industrial and Commercial Bank of China, which is the largest commercial bank in China, opened its regional headquarters in Sydney, so there has been some continuing movement in that area. Let us hope that the timelines are not affected. Let us hope—I have used the word "hope" again, Mr Khan—that this crisis goes away in a reasonably short time frame.

The Hon. ROBERT BROWN: I refer to decentralisation and regionalisation. Does the Government have any major plans to shift any Government people infrastructure out of Sydney?

The Hon. IAN MACDONALD: I am not aware of any specific plans although there is discussion in certain areas, which has been ongoing, about locating some office capacity in regional areas.

The Hon. ROBERT BROWN: I do not mean Parramatta.

The Hon. IAN MACDONALD: No, west of the Divide, if you like and south of the Illawarra and north of the Hunter. There has been some ongoing discussion on that but I am not aware of any particular plan by any department at this point in time.

The Hon. ROBERT BROWN: So there is not a policy in place as there was 20 or 30 years ago to actively look at decentralisation of Government services?

The Hon. IAN MACDONALD: I think the decentralisation policy that was in currency in the 1970s and perhaps up to the mid-80s was broader than just Government offices, although at that time some did go out. Some went out to various parts of the State under this Government and some under the previous Government. The most recent case involved the Department of Mineral Resources relocating from north Sydney to Maitland four or five years back.

CHAIR: Is it reasonable to say that your department sometimes supports various sporting events, be it tennis, soccer, swimming or whatever, to encourage participation in the community? Would you agree that these types of projects create enthusiasm, result in children emulating their sporting heroes, and children's fitness levels are raised? Would you see that as being the purpose of these projects?

The Hon. IAN MACDONALD: The more sporting activity we can encourage in this State the better it is for obesity and fitness campaigns. It is part of our proactive and preventive strategy.

CHAIR: In that theme, what impact does the V8 Supercars series have on young people?

The Hon. IAN MACDONALD: I do not think the V8 Supercars series is about encouraging people to be in their vehicles 24 hours a day, seven days a week.

CHAIR: Do you agree that the encouragement and glorification of the use of high-powered streetcars could impact on road safety and result in people emulating such behaviour? Does the Government not have a responsibility in that area?

The Hon. IAN MACDONALD: Generally, that is a pretty long bow to draw. The event is watched by many people, the vast majority of whom do not go out and—

CHAIR: But would you agree that some go out and fang their cars?

The Hon. IAN MACDONALD: I did not see any at Bathurst; it was well run.

The Hon. TREVOR KHAN: That is because there was a traffic jam.

The Hon. IAN MACDONALD: Once they got away from Bathurst I did not hear of too many incidents. The V8 Supercars put in place a program in the context of the Sydney 400—a young driver program that targets schools and talks about responsible driving. As I understand it, that program will be conducted next year throughout Sydney. I think it has been successful in other areas where the program is held. There are 14 events and a fair bit of driver education in the schools program.

CHAIR: Fair enough, but do you not think it a bit incongruous that your Government is promoting such a high-profile event when economically and socially, and because of the cost of fuel, et cetera, drivers should be encouraged to buy smaller and less powerful vehicles and there should be a greater emphasis on safety? Do you not see how incongruous it is to promote such an event?

The Hon. IAN MACDONALD: It is a bit like saying we should oppose rugby league because some big blokes biff one another here and there, which then encourages violence. I think we have to be careful when making these assumptions. The plain fact of the matter is that this sport, as I understand it, has significant support across this State. I understand that it is the third most watched event on Australian television.

The Hon. TREVOR KHAN: That is Bathurst.

The Hon. IAN MACDONALD: No, the series is the third most watched event on Australian television. Bathurst had phenomenal viewership, something to which Andrew Fraser and I will attest after last Sunday. This event has high drawing power. Getting back to the reasons why this event will be taking place, Oran Park is closing later this year. Earlier in the year it was decided that the V8 Supercars would not to go back to Eastern Creek for a number of reasons, specifically because of transport issues and the difficulties experienced in getting crowds to that venue, and also because of the unsuitable nature of this track—a track designed in great haste primarily as a motorcycle track to attract the Motorcycle Grand Prix.

CHAIR: The Premier made significant claims about the contribution to the economy over the next five years of additional hotel visitor nights, payroll taxes, et cetera. Are you in a position to release the modelling or analysis that underpins these predictions of economic benefit?

The Hon. IAN MACDONALD: I referred to that earlier.

CHAIR: I am sorry; I must have missed that. At the last estimates committee hearings your predecessor, Mr Campbell, referred to regional development and said—

The Hon. IAN MACDONALD: I do not cover regional development.

CHAIR: State development?

The Hon. IAN MACDONALD: State development, yes, but I do not think he was the Minister for State Development.

CHAIR: Does your department support small-scale development in other areas of the State?

The Hon. IAN MACDONALD: Yes. There is a big program under regional development.

CHAIR: Does your department also participate in that activity?

The Hon. IAN MACDONALD: Absolutely.

CHAIR: Do you have a list of grants that have been given and projects that have been supported in the past year? Perhaps you could take that question on notice?

The Hon. IAN MACDONALD: I will take that question on notice and consult with my colleague the Minister for Regional Development, Mr Costa, who will be appearing this afternoon. Perhaps you could address those questions to him.

CHAIR: Whatever way we look at the equation there has been a great deal of debate about the peak oil issue. Has your department done any work recently such as forming a peak oil task force, similar to the work undertaken by the Queensland Government?

The Hon. IAN MACDONALD: No, we have not formed a task force as such. I am happy to have a look at this area for you and see whether there is a way of giving you comfort.

CHAIR: Are you looking specifically at new rail infrastructure? Because of the Federal Government's recent call for State governments to make suggestions about public infrastructure development, has your department made a separate application under those auspices to the Federal Government, or has it looked at implementing infrastructure of that type?

The Hon. IAN MACDONALD: The Government has a whole-of-government approach to this issue; it would not make separate submissions. From time to time proponents put proposals before us. In fact, we have received a significant number of proposals, not just proposals relating to the V8 Supercars. We have received proposals from Virgin Australia right through to the film industry in New South Wales where our payroll deduction scheme comes into play in assisting that industry.

I have had meetings relating to rail infrastructure, for instance, the very fast train link between Sydney and Newcastle, specifically Williamstown, for the development of an international terminal. We have received a proposal to base an international terminal there—a second airport, if you like—and to link it with a very fast train to Sydney. We have also dealt with intermodal terminals. We receive a number of proposals and we work with other departments to determine their feasibility.

CHAIR: It is often suggested that this Government is city-centric. Are you contemplating any major infrastructure projects in regional areas?

The Hon. IAN MACDONALD: You should probably address that to the Minister for Regional Development. Significant funds are available for projects across the State and to help many companies in this particular area. I am the Minister for State Development and I have overall budget responsibility, but the Minister for Regional Development has carriage of policy matters. We do spend a considerable amount in this area.

The Hon. TREVOR KHAN: When you were asked about releasing the modelling I think your answer was that it was a Cabinet-in-confidence document. As I understand, the new Premier, Nathan Rees, made the announcement of the project design. He was asked about releasing the modelling at that time. Do you recollect that?

The Hon. IAN MACDONALD: I recall that he was asked questions on that.

The Hon. TREVOR KHAN: Could I suggest that at least as far as an authority on journaling matters, the *Sydney Morning Herald* is concerned, this observation was made:

He could not release the economic modelling forecasting these benefits until he checked whether the document was bound by a cabinet confidentiality. The Premier's office confirmed later that the modelling report had not gone to cabinet but would still not be released because it was now classified "commercial in confidence".

Which is it? Is it covered by Cabinet confidentiality or are you hiding behind commercial in confidence in releasing the model?

The Hon. IAN MACDONALD: You would have to speak to the Premier about that issue. It sounds to me that it is covered in one way or the other. The matter was dealt with within the context of Cabinet, but there is no question it still has commercial-in-confidence matters in it.

The Hon. TREVOR KHAN: Is that really the case? Let us assume that it is commercial in confidence on which you are relying. What has been undertaken is some modelling that looks at, for instance, how much employment will be generated in this State, how many beds stays there will be and how much income purportedly will be generated for the State. How can that possibly be described as commercial-in-confidence material? It is modelling done by the State Government to determine whether it should chuck \$30 million into a project in trying to work out if it is going to generate something good, apart from another media release?

The Hon. IAN MACDONALD: I stand by the Premier's and my statements on the matter.

The Hon. TREVOR KHAN: I am inviting you to intelligently describe how this can be commercial in confidence?

The Hon. IAN MACDONALD: I stand by our previous decisions and statements I have made.

The Hon. TREVOR KHAN: The earlier statements you made were that it was Cabinet in confidence. With the greatest of respect, that appears to be wrong. So now we are hiding behind commercial in confidence. I am inviting you to explain how documents designed to give a general overview as to how this \$30 million is supposed to generate all these benefits are commercial in confidence? It is not?

The Hon. IAN MACDONALD: To determine the modelling, certain information is supplied, which would be commercial-in-confidence material supplied by the proponents. It is quite clear-cut. Given that we have a number of these events in other parts of Australia, including through the main streets of Adelaide, through residential areas of the Gold Coast and soon to be through the streets of Townsville, there are precedents for these events. A lot of the determination and economic modelling has to go on assumptions made by and put forward by proponents so that they can be tested. In doing that there is considerable commercial-in-confidence material relating to the department for it to test the model.

The Hon. TREVOR KHAN: There is supposed to be 70,000 people who will attend on race day. That figure no doubt is put forward by the proponents: that cannot be commercial in confidence, can it? The number of beds stays is a calculation based on the number of people who are going to attend: that cannot be commercial in confidence? It is said to generate \$100 million for the State. Surely that cannot be commercial in confidence?

The Hon. IAN MACDONALD: That is your view. It is not necessarily my view.

The Hon. TREVOR KHAN: Perhaps it is your view that we just do not want to release the material because it might embarrass us that the modelling is spongy in the extreme?

The Hon. IAN MACDONALD: That is not the case.

The Hon. TREVOR KHAN: We have only your word to support that proposition?

The Hon. IAN MACDONALD: I believe that we have presented to the people of New South Wales substantial information relevant to this event. It will be a great event despite your carping behaviour. It will generate massive enthusiasm and contribute over the five-year period \$100 million or more to the New South Wales economy. I see the positive side of this. In fact, as I understand it, when the modelling was done we took a conservative approach to all of the issues relevant to the information that had been supplied to determine the economic impact.

The Hon. TREVOR KHAN: But you still will not release the modelling?

The Hon. IAN MACDONALD: I stand by what the Premier and I have said both today and in the past, yes.

The Hon. TREVOR KHAN: Prior to the Government's announcement, with whom did your department meet by way of commercial tenants in the Homebush area?

The Hon. IAN MACDONALD: I think we have met a number of the commercial tenants in the area. I have met with Colonial, for instance, which owns the Commonwealth Bank site. I think I have met GPT representatives—I am not entirely sure but it has made representations to us. I have met a number of the other businesses in the area. The overwhelming number of businesses with whom I have spoken to support the project. That includes Sydney Stadium, which I think has very important needs going forward—given that, as I understand, the National Rugby League has already spoken about not playing semifinals at that venue, and it does not look forward to income being generated from cricket. Sydney Stadium has specific needs in the area. I have spoken to its representatives and they have been incredibly strong advocates for this event to improve economics in the area. ACorp has put representations to me supporting the event—it has hotels in the area. I have spoken to the Chief Executive of the Royal Agricultural Society of New South Wales, which is clearly committed to this event and believes that it provides substantial opportunity for the Royal Agricultural Society to be part of it and to receive economic benefit from it, which is a good thing. I have met also the head of the Business Association.

The Hon. TREVOR KHAN: Have you met with the Commonwealth Bank of Australia?

The Hon. IAN MACDONALD: I cannot recall actually meeting with the Commonwealth Bank, but the same issues were raised with me by Colonial, which owns that site. We have decided to have further discussions.

The Hon. TREVOR KHAN: The Commonwealth Bank is not an enthusiast for this proposition, would that be right?

The Hon. IAN MACDONALD: The Commonwealth Bank had some issues that it needed to discuss with us. Of course, part of the difference in this proposal from the original proposal that was dealt with a couple of years ago has been some track alterations, with which the Commonwealth Bank is far more comfortable. The Department of State and Regional Development has met with CBA representatives to discuss its issues, some of which lie outside issues of the race and its impact on the area. As I understand, a survey was taken of Commonwealth Bank staff, who, I have been advised, were substantially in favour of the race being conducted in the area. The Business Association made it clear that it supports the event. I know some people either do not have a fondness for V8 Supercars races or events across Australia.

I know also that some people think that Olympic Park should be free of this type of event. But, in the end, if you saw Bathurst and if you had seen just how you can organise a magnificent event for Sydney, such as they have done in South Australia with Clipsal or the Indy car race on the Gold Coast, on balance, despite some issues and some opposition, the Government has taken the view that this particular event will be iconic, will receive enormous support, and will be an event that Sydney can be truly proud of.

I am sure that most members will agree that the event will go over very well indeed and will fill a gap for those who, according to the survey, comprise 20 to 25 per cent of Sydneysiders who take an interest in this sport. The event will translate to 800,000 people across the Sydney Basin who have an interest in this sport. In the Government's view they have a right to be able to participate in their sport. As regards my position, I am not, and never have been, a car racing enthusiast. Over the years I have occasionally watched the Bathurst 1000 for a few minutes. I have attended only two races in my life, and I would much prefer other types of entertainment more on the arts side. But I believe that 800,000 people, according to the surveys, deserve an outlet in this city for their interest.

Given that Oran Park is closing, given that the V8 Supercars for many reasons do not want to go to Eastern Creek, and given that the cost of rectifying some of the problems at Eastern Creek is many times the figure that the Government will invest in this event, for all of those reasons we have taken the step to support the proposal put forward by V8 Supercars Australia.

The Hon. TREVOR KHAN: You indicated earlier that essentially the public has been apprised of various materials relating to this event. Apart from a couple of media releases, what other material has the public of New South Wales been apprised of to work out whether this is actually a good deal, or a dud deal?

The Hon. IAN MACDONALD: I think if you read both News Ltd publications and the extensive interest of the Fairfax media in relation to this, particularly the *Sydney Morning Herald*, you will realise the public will get, and has got, a lot of information in relation to this event. You can rest assured that there will be a lot more information released once the agreement is finalised with V8 Supercars.

The Hon. TREVOR KHAN: Are you therefore able to tell us now, for instance, who will be liable for the cost of such things as insurance?

The Hon. IAN MACDONALD: These are final decisions that will be made. Insurance is covered, we believe quite aptly, by the fact that V8 Supercars has enormous insurance coverage—massive coverage. I think it is in the order of coverage that is held by Sydney Stadium itself, which is in the order of the hundred-odd millions.

The Hon. TREVOR KHAN: What about the initial cost of public transport? Who will bear those costs?

The Hon. IAN MACDONALD: We are getting down to the details of the agreement, but it is envisaged—

The Hon. TREVOR KHAN: We are getting down to the \$30 million and whether that is included in the figures or not—the sort of things that the public may be interested in knowing, Minister.

The Hon. IAN MACDONALD: Give me a chance. You have made enough speeches, Trevor. The answer is that it will be integrated ticketing with transport charging embedded in it, as they do in other jurisdictions.

The Hon. TREVOR KHAN: What about the added cost of security? Who will bear that?

The Hon. IAN MACDONALD: The added costs of security?

The Hon. TREVOR KHAN: Police officers and all those sorts of people wandering around.

The Hon. IAN MACDONALD: It will finally be determined in the terms of the agreement, which are being finalised at the moment, but the overall police services—as you would realise, it is being done at Bathurst, and you would have some idea of Bathurst—will be shared between the proponent and the Government.

The Hon. TREVOR KHAN: I will put this to you: We were told in terms of World Youth Day originally that it was going to cost \$20 million and it ended up costing something in excess of \$100 million.

The Hon. IAN MACDONALD: That is a good question.

The Hon. TREVOR KHAN: Why do you say that the public of New South Wales should be any more confident of either the cost exposure or the projections of benefits in the light of what turned out to be extraordinarily more expensive than predicted, and perhaps produced far less a return than had been proposed when World Youth Day was announced?

The Hon. IAN MACDONALD: World Youth Day was an absolutely magnificent event for New South Wales and I think for the days on which was conducted, there was a wonderful spirit in this city.

The Hon. TREVOR KHAN: I am talking about costs and economic return, Minister.

The Hon. IAN MACDONALD: Let me answer the question, thanks.

The Hon. TREVOR KHAN: It would be good if you could answer the question.

The Hon. IAN MACDONALD: You threw in World Youth Day as a gratuitous insult, and it needs to be dealt with. World Youth Day was a magnificent event for Sydney and gained us immeasurable economic return, in my view, in two ways: one is the international exposure and the other is the fact that many tens of thousands of the pilgrims will return to Australia in the future because they basically had such a good time here in Sydney.

The Hon. TREVOR KHAN: It would be interesting to find it out.

The Hon. IAN MACDONALD: It is not the sort of event that I would rush around to go to, but I believe in being rather catholic about these sorts of things and in providing opportunities for people of all types and all interests so that they can basically have a pleasant time. In fact, we believe it had around one billion—

The Hon. TREVOR KHAN: Minister, answer the question.

The Hon. IAN MACDONALD: No, I will get to the question in my own time, thank you. You threw in the insult, and you can sit there and cop it. My understanding is that roughly a billion people watched parts of this event, World Youth Day, on television. That is of immeasurable value, and it is that intangible factor that the Premier was discussing when he was asked questions about the V8 Supercars in his three hours. With one billion television viewers, I think that was a magnificent success. Getting to the question and the particular issue, I point out that, as the Premier has made clear and as I have made clear, the Government's contribution will be capped in a contractual arrangement. Anything above that will be met by the proponents.

The Hon. TREVOR KHAN: And the determination of the economic return?

The Hon. IAN MACDONALD: The determination of the economic return has been done, as I said, by extensive use of the models that the department uses to look at events of this nature.

The Hon. TREVOR KHAN: And do I take it that they are the same boffins who did World Youth Day?

The Hon. IAN MACDONALD: Oh!

The Hon. TREVOR KHAN: They got it wildly wrong there. Why would we think they got it right this time?

The Hon. IAN MACDONALD: No, they did not. There are two things going on there and you are confusing them. One is the cost of the event to government, and secondly it is the benefit to the community of New South Wales, right?

The Hon. TREVOR KHAN: I understand that.

The Hon. IAN MACDONALD: There are two separate things there. I believe, in terms of the—

The Hon. TREVOR KHAN: We are going back to terms.

The Hon. IAN MACDONALD: I am not going to couch my answers in the way you would like, Trevor. I will deal with the question as I see fit. In relation to that event, I believe it was a magnificent one for New South Wales. Anyone who was part of it could see that. I believe it will have a substantial economic impact. We will await the assessments that are currently being done in relation to it. In South Australia the Clipsal 500 is a substantial event that 296,000 people attended. The previous year's audited report on its economic benefit showed it produced \$26 million in economic benefit for South Australia in that year alone, as I understand it. I believe that these events provide a significant economic benefit as well as a tangible benefit with people thinking and having a spirit of goodwill because of successful events of this nature. I make no apology for supporting the business community at Homebush Bay in wanting this event. They see it as a necessary part of their economics for the future that events are held out there. After all, it is an entertainment and sports precinct, and they want more events out there. I have been out there and had a big effort in working with people to see if this was feasible. I have a few more events in mind but not racing events. Proponents are seeking support for various events of a non-car racing nature out there, and we will look at them, too, because we need more events in this precinct.

CHAIR: I met the Dalai Lama out there. That was wonderful.

The Hon. IAN MACDONALD: We would have supported that, too, but I would get into trouble with someone.

CHAIR: I understand that you held a future freight seminar some time ago. Has your department developed any concrete plans to look at dealing with freight?

The Hon. IAN MACDONALD: Neither of my departmental officials—

CHAIR: Okay, maybe that is a mistake.

The Hon. IAN MACDONALD: It might be someone else, but I will take it on notice and come back to you if we can.

CHAIR: Prior to World Youth Day being held there was a report about the costs of that project; that the project would incur in the economic benefits that would flow to New South Wales. Will you release that report?

The Hon. IAN MACDONALD: I think you should direct that question to the Minister who was responsible, the Minister for Planning.

CHAIR: After all this talk about World Youth Day.

The Hon. IAN MACDONALD: The Hon. Kristina Keneally was the Minister responsible for World Youth Day.

CHAIR: Did your department prepare a report on that?

The Hon. IAN MACDONALD: Yes. The department provided detailed modelling.

CHAIR: After the event there was a further report. Is that publicly available?

The Hon. IAN MACDONALD: There is a report looking at the benefits and impact on business of World Youth Day. It will also look at regional impacts. I am quoting from Ms Kruk's evidence when the Premier was attending his session. She said, "I understand a report is being compiled which looks at the full conduct of the World Youth Day event—the costs, the benefits and the impact on business. It will also look at regional impacts. I believe that it is in its final stages."

The Hon. MARIE FICARRA: I realise that the commercial aspects are in confidence, but can you guarantee to the taxpayers of New South Wales that due diligence was conducted?

The Hon. IAN MACDONALD: Yes.

The Hon. MARIE FICARRA: All your economic modelling was internal and you did conduct due diligence on the commercial aspects?

The Hon. IAN MACDONALD: Every aspect of this event has received more due diligence than just about any other issue I have encountered in the past three or four years. It has involved a number of agencies and some very detailed work being compiled. We are satisfied that the proposal that we have put before the public—that is when the Premier announced it—has rigour and the targets will be met.

The Hon. MARIE FICARRA: How many trees you have estimated are due for removal?

The Hon. IAN MACDONALD: This issue has captured the imagination of some of the Greens in recent times.

The Hon. MARIE FICARRA: And taxpayers in general and residents, not just the Greens. We are all interested in trees.

The Hon. IAN MACDONALD: Do not get wound up. There are about 140 to 150 trees to be removed. The Manchurian pear trees will be retained. They will be replanted somewhere at the discretion of the Sydney Olympic Park Authority [SOPA]. The eucalypt trees will be removed almost entirely from Australia Avenue. There is a widely held view that the eucalypt trees are inappropriate for median strips because they drop limbs and lift pavement, and therefore will ultimately have to be removed. That is the advice I have received. If

the removed trees cannot be replanted, V8 Supercars Australia has confirmed that it will replace each tree with three semi-mature trees in locations nominated by SOPA.

The Hon. MARIE FICARRA: How many kilometres of road have to be removed for this V8 Supercars race?

The Hon. IAN MACDONALD: Road removed?

The Hon. MARIE FICARRA: Tarmac, the roads that you have to remove.

The Hon. IAN MACDONALD: The course is in the order of 3.4 kilometres. They will not remove roads as such. It is about paving—a new surfacing.

The Hon. MARIE FICARRA: Will the pit lane be permanent or a temporary structure?

The Hon. IAN MACDONALD: It will all be temporary, as is in place in other street races that are popular around Australia.

The Hon. MARIE FICARRA: Do any legislative amendments need to be passed for this race? Under the Sydney Olympic Park Authority Act, are legislative changes required?

The Hon. IAN MACDONALD: I have not seen any legislation at this point but it will require some legislation.

The Hon. MARIE FICARRA: What aspects will need to be changed, such as road closures, environmental aspects?

The Hon. IAN MACDONALD: I cannot give you details of anything of that nature.

The Hon. MARIE FICARRA: Surely your senior officers know what needs to be changed under the legislation to enable this race to go ahead?

The Hon. IAN MACDONALD: It would be legislation that will enable the event to go ahead and will be considered by Cabinet in due course.

The Hon. TREVOR KHAN: You mentioned before that ACOR was in favour of the event going ahead. Is that correct?

The Hon. IAN MACDONALD: Yes.

The Hon. TREVOR KHAN: Have you met with ACOR yourself?

The Hon. IAN MACDONALD: No. I have received correspondence from one of its senior officers.

The Hon. TREVOR KHAN: Are you aware that ACOR Asia-Pacific donated \$85,400 to the ALP in the latest reporting period?

The Hon. IAN MACDONALD: I am not aware of that.

The Hon. LYNDIA VOLTZ: You are now.

The Hon. IAN MACDONALD: I am now.

The Hon. LYNDIA VOLTZ: Point of order: Questions need to be relevant to the Minister. The Hon. Trevor Khan should stop asking the Minister about issues outside his portfolio.

The Hon. TREVOR KHAN: It is relevant to this extent: we now have a variety of circumstances where companies involved in this transaction are making large donations to the ALP. The people of New South Wales are entitled to know that.

The Hon. LYNDIA VOLTZ: To the point of order: If the Hon. Trevor Khan wants to make an allegation he should do so to ICAC; otherwise he should direct to the Minister questions that are relevant to his portfolio.

The Hon. MARIE FICARRA: Further to the point of order: This is publicly available information on the website of the electoral funding authority. It is important for the Minister to answer this because there are conflicts of interests, pecuniary interests, codes of conduct for not only members of Parliament but Ministers in particular. It goes to the heart of the discussions on political donations. So it is very appropriate.

The Hon. IAN MACDONALD: I was happy to say that I was not aware, which I was not. I was not aware of any of the donations raised today, and I do not see them as relevant to the discussion. If I was to deny access to corporations in New South Wales that made political donations I would be a very lonely man. And I am not.

The Hon. TREVOR KHAN: Are you aware that a number of feasibility studies have been undertaken into the V8 Homebush proposal?

The Hon. IAN MACDONALD: For an event of this nature there would have to be due diligence, as I said to your colleague when you were out of the room, and that would require plenty of work to ensure that the proposition has rigour.

The Hon. TREVOR KHAN: Back in September 2006 or thereabouts was a feasibility study undertaken into holding a race at Homebush?

The Hon. IAN MACDONALD: I understand there was some work done by the department and others at that time. The proposition at that time is different to what we have finally nailed in terms of the discussions with V8 Supercars in the past few months.

The Hon. TREVOR KHAN: So you would agree that at least in terms of that previous assessment or feasibility study that was involved, the information that is contained in it is essentially old now. Is that right?

The Hon. IAN MACDONALD: I am not aware of precisely what the department did in 2006 and whether it could be called a feasibility study or a look at the proposition. This year the proposal was put forward, it was modified by the proponents and the Government re-looked at the issue and came to the conclusion that the holding of a V8 Supercars event as part of that series at Homebush Bay stacked up economically and stacked up in terms of it being an event which would be of significance to Sydney and New South Wales.

The Hon. TREVOR KHAN: I am just talking about assessments or feasibility studies that were undertaken in 2006. If assessments were done in 2006, taking into account that they have now been superseded by others, are you prepared to release those studies?

The Hon. IAN MACDONALD: I am not prepared to release those. They would be subject to the same sort of discussions and points made by the Premier and myself. But I understand that the preliminary studies done at that stage were based on a proposition that is significantly different to the current one.

The Hon. TREVOR KHAN: On 9 March was an Australian Labor Party luncheon held at which \$35,000 in political donations were made, and I think I referred to that earlier? Were you present at that function?

The Hon. IAN MACDONALD: I do not think so.

The Hon. TREVOR KHAN: Amongst those who were present was Mr Greg Jones.

The Hon. IAN MACDONALD: On 9 March when?

The Hon. TREVOR KHAN: On 9 March 2007.

The Hon. IAN MACDONALD: No, I was not there, nor do I see anything significant in it. I mean it is still lawful in this country for people to donate even to the Liberal Party. I do not see anything sinister or difficult in that issue.

The Hon. TREVOR KHAN: You talked about a cap on the funding of some amount.

The Hon. IAN MACDONALD: The Premier has announced that there will be a cap on the funding.

The Hon. TREVOR KHAN: What is the cap going to be?

The Hon. IAN MACDONALD: I have not got to the point of finalising that but it is around the figure the Premier mentioned.

The Hon. TREVOR KHAN: It is a cap somewhere. Surely you can disclose the cap.

The Hon. IAN MACDONALD: Yes, that will be finalised. It is around the \$30 million mark, as the Premier said.

The Hon. TREVOR KHAN: Does that mean it could be around 40?

The Hon. IAN MACDONALD: No.

The Hon. TREVOR KHAN: Could it be 35?

The Hon. IAN MACDONALD: It is around the \$30 million mark that the Premier mentioned. We have not finalised the actual figure at the moment. That is in the discussion.

The Hon. TREVOR KHAN: It is right therefore to conclude—I suggest we are pulling teeth to get there—that the \$30 million is not necessarily the cap? It could be more than that?

The Hon. IAN MACDONALD: Whether it is \$30,000,001 or \$30,000,100 or \$29 million that is to be determined. Are you trying to force me into a situation of announcing prior to agreement and whilst we are having discussions a figure? The Premier has made it clear it will be capped in the order of \$30 million.

The Hon. TREVOR KHAN: It was the Government's decision to run the media event to announce the race at Homebush. Plainly from what you are now saying it has been done prior to being in a position to reach a figure as to what is the cap?

The Hon. IAN MACDONALD: No, you are trying to second-guess the negotiations, undermine the negotiation position of the Government by trying to utilise this committee's hearings to force us into a figure that has not been finally negotiated but it is around the \$30 million figure, within the framework of what the Premier has said. You are going on about it but it is going to be capped and that is the order of it. It will not be \$40 million. It will not be \$20 million.

The Hon. TREVOR KHAN: You have indicated an agreement has to be reached?

The Hon. IAN MACDONALD: That is correct.

The Hon. TREVOR KHAN: Will you undertake to release the agreement when it has been reached?

The Hon. IAN MACDONALD: I think that was made clear at the particular press conference that it would be a commercial-in-confidence document.

The Hon. TREVOR KHAN: Is there an obligation in some contracts in New South Wales to disclose them?

The Hon. IAN MACDONALD: Depending on the issue and on commercial in-confidence issues that are in it. If you put all your questions on notice, you will get the same answer when it relates to commercial in-confidence issues.

The Hon. MARIE FICARRA: Has State Government or your department had recent consultation with residents concerned? How many consultations have you had? When have you informed them of what is ahead of them?

The Hon. IAN MACDONALD: I have had two meetings with the residents of the local community of Newington. They have been conducted in pretty good spirit and a number of concerns they have raised with me I have agreed, along with the local member, Minister Perry, to address, which we will set about doing.

The Hon. MARIE FICARRA: In December 2006, Minister Perry invited residents to send her their views on the proposal to hold the V8 Supercars race at Homebush. Has the member for Auburn given you those responses? Are you aware of what she discovered once she consulted with residents?

The Hon. IAN MACDONALD: Minister Perry has put her views to me on a number of occasions and we have had some pretty good discussion about it. I think that the latest iteration of the proposal meets many of the concerns of both residents and others that are interested in this issue. I believe we have met many of those. They have raised some other issues with Minister Perry and me and we have agreed to work with the community for resolution of those issues.

The Hon. MARIE FICARRA: Is Minister Perry quite happy with the current proposal?

The Hon. IAN MACDONALD: You would have to ask Minister Perry for her views. The Government has made a decision.

The Hon. MARIE FICARRA: Have you canvassed the opinion of Councillor Nicole Campbell from Ryde Council on your announcement?

The Hon. IAN MACDONALD: I have not spoken to the councillor. If the Government were to conduct a race in 2009—and that was the decision—it had to make a decision expeditiously to be able to meet the timeline for the holding of this event, and that is the reason why the announcement was made at that time. I have not spoken to the candidate for Ryde but I am aware of her position on it, and the position of a number of people but in the end the Government is of the view that this will have positive benefits for the State. It will be a significant event. We will get massive national viewership. We have also secured, in conjunction with it, the annual awards night that was previously conducted at Crown Casino with 1,500 people invited and part of it televised and that will add to the economic value for Sydney by the holding of this prestigious event in our city.

The Hon. MARIE FICARRA: What is the future of Eastern Creek Raceway, considering that it recently lost the A1 Grand Prix and the V8 Supercars obviously? It was once the host of 500cc motor grand prix. What is your department doing to ensure that Eastern Creek Raceway does not become a white elephant?

The Hon. IAN MACDONALD: The department has attended discussions in relation to Eastern Creek. In fact, a member of my staff went to an event at Eastern Creek in relation to the release of material relevant to its future. You have got to remember that the proposal for Eastern Creek is far more substantive in terms of dollar impact on the State than this current proposal and it would require re-orienting the entire track and removing some hills. There has to be a lot of work done in relation to transport and access, and the factor in relation to Eastern Creek is a lot more than the proposal at Eastern Creek. We do not see them as mutually exclusive. In time, work will have to be done at Eastern Creek and when viable projects are put before the Government I think that they will get due consideration.

The Hon. MARIE FICARRA: Let us move on to Events NSW, for which the Government has promised \$85.3 million over three years. I am told Victoria spent \$67.5 million in this financial year alone and similar spending has been scheduled for next year. How do you expect Events NSW to compete for highly coveted international events with a substantially lower budget than Victoria?

The Hon. IAN MACDONALD: I agree we need to work in this area. I am glad to see now that the more positive side of the need for events is coming out. I do not have carriage of Events NSW; that rests with the Premier. If you want to do calculations, we have \$85 million plus \$30 million, so we are up to \$115 million, and hopefully if a few more of the projects I have in mind come to fruition over the next six months we might add to that.

The Hon. TREVOR KHAN: Is that your time frame—just six months?

The Hon. IAN MACDONALD: No, these are some projects that we are working on.

The Hon. MARIE FICARRA: The \$30 million is on top of the \$85.3 million?

The Hon. IAN MACDONALD: Correct. Events NSW released their program yesterday, which I think was a pretty good program and it received some positive media attention. I am not sure how Victoria's \$67 million is made up. I am not sure if it includes their contribution to Formula One. I had better be careful because one of my friends who lives in the area was a bit concerned about the figures, but I think you will find that it was \$40 million-plus, so when you strip out the contribution to Formula One the figure is comparative with what we have, and over the five-year period of the V8 Supercars it works out at \$6 million a year—a lot less than \$40 million.

The Hon. MARIE FICARRA: Minister, are you aware that a substantial number of major international car brands were absent from the 2008 Motor Show recently in Sydney?

The Hon. IAN MACDONALD: Like you, I have read some of the media speculation on this issue. I have sought a meeting with the proponents of the event. It is important that we keep it in New South Wales and I think we should work assiduously to make sure that happens. We do not want to lose other events to other States, do we?

The Hon. MARIE FICARRA: No, we do not. Why do you think there is a concern? Why are they not present and why are they threatening to leave New South Wales entirely?

The Hon. IAN MACDONALD: I will not comment on press speculation about this, I will give you an answer after I have had the appropriate meeting, but Events NSW is also working on this issue.

The Hon. MARIE FICARRA: They are concerned that they are beyond one international motor vehicle industry exposition. Is that your belief?

The Hon. IAN MACDONALD: We are of the view that we want to keep this event for Sydney.

The Hon. MARIE FICARRA: What is your opinion on musical events? Do you believe that musical events are important to the economy of New South Wales?

The Hon. IAN MACDONALD: Absolutely. I am pretty Catholic in my musical taste. I like musicals, classical music, opera, so whatever you want, if we can give a hand and it has an economic benefit, after looking at the proponent's information and making a model, if it is worth it to the State, we would try to help, but we have not done much of musicals, I must say.

The Hon. MARIE FICARRA: That is where my question was leading, and you have just acknowledged that your department has not done much to attract musical debuts here in New South Wales.

The Hon. IAN MACDONALD: I have had the portfolio for 18 months and I have not had—and I am not saying the department has not—one proponent of a musical seek a meeting or discussion, but if they have a project in mind—

The Hon. MARIE FICARRA: I believe there is a lot of concern.

The Hon. IAN MACDONALD: Do you have a project in mind?

The Hon. MARIE FICARRA: There is a lot of concern that your department is not doing enough to attract the Phantom of the Opera sequel to New South Wales.

The Hon. IAN MACDONALD: Are they worried about my department or are they worried about the Arts department?

The Hon. MARIE FICARRA: They are worried about coordination of New South Wales Government in responding because musical debuts are going to Melbourne.

The Hon. IAN MACDONALD: I am glad you have put me on to an issue and, if you give me the appropriate details of the people involved, I will certainly seek a meeting with them to see how we can address the issue.

CHAIR: Thank you, Minister and staff. As you are well aware, there is a 21-day period for questions on notice.

(The witnesses withdrew)

The Committee proceeded to deliberate.
