REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 1

INQUIRY INTO THE 2004 MINI-BUDGET

At Sydney on Friday 21 May 2004

The Committee met at 11.00 a.m.

PRESENT

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

The Hon. A. S. Burke The Hon. J. C. Burnswoods The Hon. C. E. Cusack The Hon. G. S. Pearce The Hon. H. S. Tsang Ms L. Rhiannon **CHAIR:** I declare open this public hearing of General Purpose Standing Committee No. 1. This is the second hearing of the Committee as part of its inquiry into the 2004 mini-budget. I remind everyone that evidence given before the Committee is protected by parliamentary privilege; that means that witnesses are given broad protection from action arising from what they say and that Parliament has the power to protect them from any action which disadvantages them on account of evidence given before the Committee. I remind everyone that the giving of false or misleading evidence to the Committee may constitute contempt of Parliament. An officer of a department shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a Minister. Under the terms of reference of this inquiry the Committee is required to conduct all hearings in public.

GARRY MORE, Director, The Council of Social Service of New South Wales, and

EVA MARIA COX, University Lecturer, affirmed and examined:

CHAIR: Mr Moore, in what capacity do you appear before the Committee?

Mr MOORE: As the chief executive officer of the Council of Social Service of New South Wales [NCOSS].

CHAIR: Ms Cox, in what capacity do you appear before the Committee.

Ms COX: On behalf of the Women's Electoral Lobby of Australia Inc. and probably also as a general commentator in this area, and as an academic who has done work in this area.

CHAIR: Mr Moore do you wish to make a brief opening statement?

Mr MOORE: Yes. Thank you for the invitation. As of December 2003, the mid-year budget statement in New South Wales revealed that the budget was already under significant pressure for things such as increased wages for teachers and nurses, extra spending to address a critical demand in disability services and policing. That occurred, of course, before the unfavourable Grants Commission decision. In addition, last year's State budget posed particular slowing of revenue from the property sector beginning in 2004-5. From the perspective of NCOSS it is true that the existing Grants Commission approach that funds distribution between the States and Territories is now unfair because of its failure to account for the congestion pricing in States such as New South Wales and Victoria. However, New South Wales and the other Labor States so far have failed to develop a coherent alternative to debate with the Commonwealth in relation to the Grants Commission decisions.

It should be noted also that the Commonwealth is continuing to provide New South Wales and some other States with compensation payments as part of the 2000 tax reforms, and the replacement of financial assistant grants, which shares the GST revenues. For New South Wales that means that despite the fact that the level of GST revenue has increased, as far as the cut-off point on taxes that we got rid of, New South Wales continues to receive Commonwealth compensation payments this year and will do for another couple of years. NCOSS is of the view that the Carr Government is its own worst enemy when it comes to the withholding of national competition payments by the Commonwealth in areas such as liquor retail, which was a \$12 million absence of payment which never needed to occur.

Finally, as Ross Gittens from the *Sydney Morning Herald* recently observed, it is reasonable to ask where the record revenues obtained by the Government in recent years have been applied. It is equally legitimate to note the extra spending in areas such as health, education, community services, corrective services and law and justice. The problem is, the public has little means to judge whether that spending is delivering acceptable results and whether the spending priorities are in the right areas. The mini-budget continues the lack of transparency of the New South Wales Government in this critical regard. I have some comments to make about property taxes and spending cuts, but I assume I may well be asked questions and will comment at that stage.

CHAIR: Ms Cox, do you wish to make a brief opening statement?

Ms COX: Yes. I am here with a much more limited brief this morning, which is to look at one of the particular cuts. I will use that to speculate more broadly about what the role of the budget and how it actually works, in order to affirm or deny a government's interest in particular areas of operations: that is, the cut to the

Department for Women. I will state the view of the Women's Electoral Lobby and my personal viewpoint. We are not particularly concerned about whether the Department for Women survives as a department, because that is not our particular brief and also because we thought there was something fairly dysfunctional about having a small department which was not necessarily involved closely in some of the determinations of some of the issues within the State.

Along with some other groups we have some criticisms of the way it was being run and what was happening with it. However, when a government slashes a budget substantially—and unfortunately I do not have the figures in front of me but I know there was a major cut in funding for the programs that were run within the department and therefore the staffing of the department—we can read that only as saying that this Government is not concerned about getting the best possible advice about issues concerning women. There has been a series of cuts over the past few years by the State Government. One was a major slashing of the Anti-Discrimination Board in the last budget, which took away almost everything apart from its complaints handling procedures capacities and its capacity to deal with very limited processes within it. It can no longer do education, and things apart from when it is being paid.

In a sense it gutted one of the major human rights functions within the State Government. Also, the Women's Equity Bureau disappeared in 2000, and more or less disappeared in the Department of Industrial Relations. The Office of the Director of Equal Opportunity in Public Employment, which looked at women in the public sector, was absorbed into another department and was cut. That was the fourth in a line of major cuts to that area. I agree with Garry, the State does have some problems within budget constraints. But actually knocking off tiny bits of programs that are designed to advise the State Government, or people within the State Government, of the best possible approaches to women and whether they were doing that as efficiently as they could, raises another set of issues. But not to slash the budget in such a way that it would be unable to deliver the sorts of advice it should deliver; to move it back into the Premier's Department, I personally believe was a good idea, because it will get access to documents, information and resources that it did not have when it was a separate department.

To then cut back its budget, to hold the budget for the grants, because they would not like to get rid of that, because it is a really nice way of paying off certain areas and putting money into certain projects in particular parts of the State, is useful. But to just hang on to that and to cut back on good policy advice, good research and good co-ordination across the State Government of programs targeted to women, as the fourth in a lot of cuts, can only indicate to groups like mine and to the women of New South Wales that the Government has actually stopped caring about women and has absolutely no recognition that a lot of policy that is formulated in a huge range of departments—transport, health, education, planning—require some central awareness of the fact that there are differences between the way those programs often affect males and females and the need for some decent advice in terms of Cabinet submissions and the development of policy in a central agency such as Premier's Department.

We are deeply concerned that this tiny little cut would make no difference really in the overall capacity of the New South Wales Government to meet its budgetary requirements. However, it signals not only that the cuts will do damage but also that other departments can forget about the issue of gender. This concerns me considerably and I am prepared to enlarge on that during our discussions.

CHAIR: Mr Moore, you referred to the national competition policy and the liquor issue. What are your views about the State Government's relationship to the national competition policy and whether it has been active enough in seeking concessions?

Mr MOORE: My view is that had the Government adopted the view that the Premier adopted after the 2002 Alcohol Summit, through that process it could have had an area of activity authorised so that it would not have had to expand, market and deregulate. It failed to do that at that time. The problem we now have is a patchup of something, because there was a different policy in 2002, because we had probity regulation. In 2003, after the Alcohol Summit, the evidence suggests increasing liquor retail outlets will increase social harm. Because many stakeholders told the Government, through the Alcohol Summit, we changed our tune and got caught in our own folly. That is my view.

Ms LEE RHIANNON: Mr Moore, you would be aware that the new stamp duty tax gives nothing to social housing. Could you comment on why you think that is the case?

Mr MOORE: That is one of the unfortunate areas of the mini-budget. People may be aware that NCOSS is in general support of the thrust of the property tax reforms contained in the mini-budget. To have not one cent of the \$690 million estimated to be raised on stamp duty will make its way into social housing, we think is disgraceful. The New South Wales Department of Housing loses \$5 million a week in its operational arrangements. The Commonwealth cannot escape criticism for that, because the major funding for public housing is a Commonwealth-State responsibility. Nevertheless, I recently attended the Future of Sydney Summit, which looked at the next 25 to 30 years.

One gets no confidence at all in thinking that the Government does not want to invest in social housing. If it is ever to get a mix of people in your communities in this city it will have to make that sort of investment, as well as developers and others paying. I think it is an area the Government has dropped the ball on massively. As I said, the Commonwealth bears some responsibility because for a decade it has reduced its level of funding, but other State governments have decided to invest in this area. I remind the Committee that the Tasmanian Government decided to put \$45 million of its excess stamp duty windfall into an affordable housing package in December last year.

Ms LEE RHIANNON: A question to Ms Cox: it is interesting what you had to say about the funding for the women's department. Now that it is coming over to Premier's and there has been a cut and the emphasis being on the grants to the Premier's women's program, do you see that is where this limited budget should be spent or are there other issues that should be picked up? I notice you gave emphasis to strategic planning and research when you spoke earlier. Can you say where you think this limited money should be spent if that is what we end up with?

Ms COX: I would like to pick up on a point Garry has made. Housing is an extraordinarily important area for women, yet as far as I know there has been very limited activity within policy areas looking at the needs of women. We have an ageing population, which means older women living on their own. We have older single women moving into retirement who cannot afford to stay in the rental market, who for various reasons have not succeeded in getting homes. We have younger sole parents, and that is the biggest group on the housing waiting list. You cannot run a project thing. It has been one of my criticisms of the Department of Women and the way it has been run for some time. It has been given a playpen of its own. It has been allowed to play around with having a committee, people who run around the State and look at things and come back with reports which are never implemented.

It runs a whole lot of projects that are not followed up. If it is a really good project it is called a pilot project but it finishes and that is the end of it. There is no pick up with other government departments. It runs some of those project things that you are talking about. It should be run by a mainstream department. It is all right to do a bit of piloting from that but the main function should be to look, for instance, in the housing area—what is happening to women in public housing, what is happening in other forms of social housing, what are the most appropriate ways one can develop social housing means that meet the needs of women, who are by far the majority of public housing tenants? As far as I know there is nothing within the Department of Housing that looks specifically at gender issues.

It goes back to the role of Premier's, and this is where I put on my social policy hat because I teach it and it is an area I have researched. You need within the Premier's Department sources of good advice, co-ordination, assessment, evaluation and monitoring of what goes on to make sure that policies are well devised. Had there been a much more articulate advice, not only from the welfare sectors but also from other sectors like women's groups and other groups about housing issues maybe the Premier and the Treasurer would have made the decision that none of this money is to go into social housing. There is a much greater capacity if you have a diverse group of advisers, particularly for groups that are not able to articulate on their own behalf, within Premier's. That is the role of the Premier's Department and Cabinet Office and they should not be piddling around the countryside running little projects. It has to be a thoroughly professional advising, respected unit.

Ms LEE RHIANNON: Does that mean in the old department you would prioritise the audit, the policy advice and the research before the grant from the Premier's program?

Ms COX: Yes. I know a lot of people like NCOSS wanted grants there because they are one of a few sources you get for funding odd bits and pieces but it ought to be looked at, and issues around pick ups, and major projects elsewhere should be picked up. That may be done in conjunction with Health, Education and the Department of Community Services, so that if projects are relevant to those portfolios, as they finish they are

picked up if they are worth picking up. That is a system that has worked in other grants projects. That would be a much healthier way of dealing with the grants program.

Occasionally it is worthwhile to do a pilot of something within an area like Premier's in order to do it, and we have just seen it, I suppose, with Families First, which has now been pushed back into the Department of Community Services. It should only be there short-term as a way of initiating something, showing it works, it is no use leaving it to be run by a central co-ordinating agency because that is not the role of the central co-ordinating agency. I would be very concerned if this Government, as I suspect it might try to do, attempts to buy off the women of New South Wales by giving them a couple of new projects in the next budget and therefore shut up and do not complain that you have lost that advising capacity.

It was not all that good where it was. Because the Department of Women was an outlying department it could not do that job effectively. It was out of the loop of information so it was not able to do the advising it should have been doing. It needs to be upgraded and its competencies expanded in order to gain legitimacy so we can get a decent debate on social housing, so we can get a decent debate on recreation spaces and how they are used by women, so we can get a decent debate on sports and images and various other things. There are lots of things where the Premier and the State Government need a source of excellent advice, and that has to be the priority.

Ms LEE RHIANNON: Mr Moore, do you think it is better for the department to be under Premier's?

Mr MOORE: I think I probably do agree with Eva. Having worked in central agencies of government at various times in recent years I think there is a certain truth about the degree of influence in a policy sense and a cross-government sense that you attain in central agencies rather than a line situation. The other comment I would have to make is, if the Government proceeds with the scale of cut that was in the mini-budget in the second year, 2005-06, and if it keeps the grants programs, it will be able to afford to employ three people in that unit. That is the bottom line as far as the money goes. That is the scale of the cuts in year two as announced in the mini-budget, and that is significant. Whether it is in Premier's or separately in another agency, and if it does retain a grants program—and I am not saying it should slash the grants program to increase the number of staff—how in the hell with three staff do you perform a cross-government role, whether you are in Premier's, Cabinet Office or whatever?

The Hon. CATHERINE CUSACK: The Government will be recruiting staff at some stage to lead the new unit. I think Dr Coombs was only acting in that position. What sort of person do you think it should be seeking to recruit to that position?

Ms COX: It probably depends partly on how it is going to be graded in the Premier's Department and that is something we do not know yet. It has not been revealed what particular level it will be at, what authority it will have and how it will operate. We do not know anything about its structure.

The Hon. CATHERINE CUSACK: Assuming it was graded as you would like to see it graded?

Ms COX: It should be director, assistant director level, or senior officer level of some sort. It needs to report directly to the director-general at one level but also to have some good liaison with the existing areas of the Premier's Department that monitor government programs that work within that. So, it is no longer doing audit work but is pushing the rest of the Premier's Department to take on the gender analyses it has been working on for some time but has not been very effective in being able to implement. It should certainly be somebody who has political nous and the respect of other public servants, because if you do not have those you will not get anywhere, no matter how brilliant an analyst you are. We know that from the past. This is a public service job. It should not be somebody who has a highly feminist or activist profile within the community because that sometimes counts against them unless they are also a senior public servant.

So I think what you need is a senior public servant who has some interest and knowledge of the area, is very respected and then therefore has some sort of gravitas in what they are trying to do, and has the ability, which not many public servants have, to push the boundaries and make sure they can push unpopular issues. Unfortunately for a lot of public servants that becomes quite typical because they worry about their own promotions if they push issues that are a bit out of fashion. It is difficult. The fact that the Premier and the Treasurer thought they could cheerfully lop off another female poppy head as they were plunging their way through the garden shows that this is not seen as an area with a high level of legitimacy at the moment. It is very

important that whoever gets this position is capable of and interested in making it a legitimate thing. This is not just an issue of equity and justice, it is an issue of good government.

The Hon. CATHERINE CUSACK: Garry, you mentioned salary increases putting pressure on the budget. Do you think we have reached the stage where that is chewing up too much money?

Mr MOORE: There is no doubt that public sector wage increases should be paid to reflect the quality of people we want, particularly in our frontline services, but in some agencies, some of the big human services agencies, when we look at the expenditure increase in recent years in health, education, community services and ageing and disability, by far the most significant part of that is in wage increases. In one sense, the other way of looking at this is that because we simply have not been on top of the level of demand and understanding how they have grown, even during a period of good economic growth, and also because we seem to do very little about accessing the performance of what we do and therefore its effectiveness and value for money.

We are in a position of chasing our tail with increased demand. We do have skill shortages in a range of human services areas at the moment, in both the public sector and the not-for-profit sector, and part of what we have to do is to pay well and have career development paths, whether it is in childcare, aged care or in various forms of allied health professionals, particularly in the bush. So, it is difficult. Certainly, wage increases take up significant of the new spending that is going on but I am not here to say we should not have the wage increases. The issue is about understanding the demand, putting the investment in and managing the performance and picking the priorities to get the best results. That is the real issue.

Ms COX: This is a perfect example of what I am talking about when looking at gender issues. A large proportion of the really low paid workers in the human services are females. My preference is to reduce the difference between the top and bottom by raising the bottom and lowering the top, but that is not very popular and the people who make the decisions are not prepared to lower their own wages. So that is a bit of a problem for the one of the issues I would like to throw in. It is an important issue and comes through again and again, particularly in surveys of nurses and teachers, that people's main desire in the workplace is to be respected and valued. Money is only part of that process. One of the things we have to seriously look at is why there is such a level of discontent among teachers and nurses.

Part of it is because everybody bags these services constantly and a lot of the people within these areas. If you are working under a lot of political pressure and constantly see yourself labelled in the headlines as incompetent and your services are labelled as that, often the response is to ask for more money because that is the only tangible way you can push for it. There is a real need to work out how you create more satisfactory workplaces. I am not saying we should screw workers down and pay them peanuts, but there is certainly a question about worker satisfaction that also relates to wages. I cannot imagine why we think paying childcare workers less than we pay people who park cars in parking stations has any logic.

Ms LEE RHIANNON: With regard to mental health, which did receive a mention in the mini-budget, how adequate do you think the allocation was and what they are targeting?

Mr MOORE: Firstly to say, yes, the mini-budget did indicate an increase in mental health spending. From memory, I think the figure was just over \$240 million over four years; \$77 million of that had already been announced in September last year. Part of the problem is that since 6 April neither the Government nor NSW Health has been able to indicate where that money is going to be spent. Part of our concern would be that notwithstanding the unfortunate things mentioned yesterday in the public arena, that the money hopefully will not simply all go to additional acute beds in public hospitals. I think people are generally well aware that New South Wales per capita has always been a lower spender on mental health than all of the other States. It has improved in recent years but we still lag below the national average. We have a long way to go.

Ms LEE RHIANNON: When the mini-budget came down there was all the carry on about the politics of it and then there was the response from the Leader of the Opposition with regard to GST revenue. How did that sit with NCOSS? To what degree did you think that was a real argument?

Ms COX: As I mentioned before, it is certainly true that New South Wales has received increasing shares of GST revenue. It is probably debatable. Putting GST on top of stamp duties and other sorts of State taxes generates an additional level. But as I also mentioned, if we were rolling in it with GST at the moment the Commonwealth would not pay any compensation payments. That is the bottom line. There are two other States

to which the Commonwealth will not be paying any more compensation payments for State taxes that have been reduced since 2000, but that is not the case with New South Wales. So I think the Opposition Leader was right in part about the growth of revenue but in relative terms it is not right to suggest that New South Wales has significantly much more, that the mini-budget was for no reason at all. There are other issues that one might want to countenance in that sort of arena.

If I may say one small thing about another spending cut, it concerns two labour market programs in the Department of Education and Training. I know that you will be speaking with senior officers of that department shortly. I want to indicate for the record that both the mature workers program and the skilled migrant strategy have been highly effective, highly successful programs in operation since 1989 in this State. They deliver real results in terms of vocational training and assistance into employment. The two target groups—people aged over 40 and migrants with skills but unable to obtain positions in the work force—experience unemployment rates well above the State average. We have two concerns: the way it was done and the fallacy of the policy argument. It is only \$5.5 million a year out of a total budget of \$19 billion in that portfolio.

It is argued that it is a Commonwealth responsibility. Say that to Premier Bracks, to Premier Beattie, to Premier Gallop and to Premier Rann, who have all increased their spending in these sorts of programs in recent years. Premier Bracks has just announced a new Victorian skilled migrants strategy and South Australia is about to announce one shortly. It just does not cut in a policy sense. Secondly, the programs are not like the Job Network. In fact, the majority of clients of both programs will not get Job Network assistance even though the Commonwealth did put a small amount of money in its budget for mature workers. New South Wales received about \$800,000 and it will not go to the clients of these programs. So come 30 September, or well before that, a number of workers of mature age will be made redundant and 67 projects will be out the door, with a lesser number in the skilled migrant strategy. We think that this was a very silly decision, a very counterproductive decision. It is worth nothing in total State budget terms but as far as impact on people it is really significant.

Ms COX: I would like to add a very brief point to support what Garry was saying. Many women are helped by those programs. They are another example. I wanted to point out to this Committee that maybe the sort of squashing generally of the voices of the various groups does add to the reputation of New South Wales as being a fairly mean State. The other area that I have done some work in, which I will just mention in passing, is the issue of asylum seekers, refugees and temporary protection visas. We provide far less than most of the other States do on exactly the same excuse, that it is a Commonwealth responsibility. New South Wales is the biggest State and in some ways it is a quite affluent State despite the fact that the Commonwealth does cut us back on the Grants Commission formula. It is really to our shame that we do that. The lack of alternative voices within Premier's Department and the lack of concern by this Government to hear alternative voices add to the fact that in many ways we tend to be a fairly mean and nasty State compared with our Labor colleagues in other States.

(The witnesses withdrew)

PAMELA MARGARET CHRISTIE, General Manager, State Training Services, Department of Education and Training, affirmed and examined:

ROBIN JAMES SHREEVE, Deputy Director-General, TAFE and Community Education, Department of Education and Training, sworn and examined:

CHAIR: Do you wish to make a brief opening statement?

Ms CHRISTIE: No.

Mr SHREEVE: No.

The Hon. CATHERINE CUSACK: Mr Shreeve, what is the dollar value of the savings your organisation is meant to achieve as a result of the mini-budget?

Mr SHREEVE: In terms of the area of my responsibility the migrant program has had a dollar value in this year of \$2.4 million.

The Hon. CATHERINE CUSACK: This related to the dollar value of what you were required to achieve. Were you given a target of savings?

Mr SHREEVE: Not in this context.

The Hon. CATHERINE CUSACK: When did you become aware that this program was to be cut?

Mr SHREEVE: With the formal announcement of the mini-budget.

The Hon. CATHERINE CUSACK: So you were not aware of that prior to the announcement of the mini-budget?

Mr SHREEVE: We have programs constantly under review and we were looking at a range of programs and information was requested about a range of programs.

The Hon. CATHERINE CUSACK: Who requested it?

Mr SHREEVE: In terms of the overall budget of the agency obviously we have discussions with the Minister's office about priorities.

The Hon. CATHERINE CUSACK: When did they make that request?

Mr SHREEVE: I think it is ongoing in terms of the program review that we do.

The Hon. CATHERINE CUSACK: Was a specific request made in relation to the mini-budget?

Mr SHREEVE: No.

The Hon. CATHERINE CUSACK: It came as a surprise to you then when it was announced on 6 April?

Mr SHREEVE: I was aware in terms of the overall budget situation because of a whole variety of things that were happening within the TAFE and post-compulsory sector—for example, the nonsigning of the ANTA agreement and the Commonwealth cuts to New South Wales—that some programs might be under review in terms of their continuation.

The Hon. CATHERINE CUSACK: But you did not ever make a recommendation to the Government as part of the mini-budget process that the program should be cut?

Mr SHREEVE: No.

The Hon. CATHERINE CUSACK: So it was a decision of the Minister's office?

Mr SHREEVE: Yes. It was a policy decision.

Ms LEE RHIANNON: I understand that the finishing date for the Mature Workers Program has been changed.

Mr SHREEVE: The Mature Workers Program is not in my portfolio; it is within Ms Christie's portfolio.

Ms LEE RHIANNON: Is it the case that it has been changed?

Ms CHRISTIE: The Minister has approved an option to extend projects for three months until September this year to help with the windup of the program. We are currently negotiating with the 37 organisations that manage the different projects whether they wish to take up that extension. But it is an option that we have made available to all projects.

Ms LEE RHIANNON: Why was that variation made on the original announcement?

Ms CHRISTIE: The decision was made in recognition of the need for those projects to provide referral services to their clients, to help their clients update their resumes, give them information about other services. There were reporting requirements and record keeping requirements under the program. So it was in recognition that there was an effort required to wind up the projects.

Ms LEE RHIANNON: Have most of the groups indicated that they will take up the offer?

Ms CHRISTIE: We have not had responses from all. Some have indicated that they will not take up the offer and that they will close at the end of this financial year, but I could not give you exact figures on that at this time.

Ms LEE RHIANNON: Why was it done for the Mature Workers Program but not for the migrant program?

Ms CHRISTIE: I can only really speak for the Mature Workers Program. There was funding available from within this financial year's budget, unexpended project funds from a number of projects that had closed down. So there was capacity within the budget to assist those organisations in winding up the projects.

Ms LEE RHIANNON: Mr Shreeve, can you speak about the skilled migrant strategy?

Mr SHREEVE: Yes, we are having ongoing discussions with the providers. The contractual obligation is to the end of the financial year. We had representations from those providers in some cases about what they perceived to be their difficulties. Individual negotiations are going on to make sure that we can have as smooth a transition is possible. We might need to have a look at their performance indicators to make sure that they can receive the final payment.

Ms LEE RHIANNON: Does that mean that you would consider giving them until the end of September as with the Mature Workers Program?

Mr SHREEVE: That is not on the agenda at the moment because of budgetary constraints.

Ms LEE RHIANNON: Why was the Mature Workers Program given this reprieve but not the skilled migrant strategy?

Mr SHREEVE: Because they were in a different budget situation.

Ms LEE RHIANNON: I do not understand that. There was money there for this program to be ongoing, the mini-budget comes along and cuts back both of them. Why can one get a reprieve until the end of September but the other cannot?

Mr SHREEVE: I think the Mature Workers Program had some unexpended funds. The contracts for the skilled migrant strategy ended in June and therefore the funds were not in the same situation as we were with the Mature Workers Program.

Ms CHRISTIE: The situation with the Mature Workers Program was that a number of projects had closed down so there were unexpected savings within the financial year.

The Hon. GREG PEARCE: How much was that?

Ms CHRISTIE: It was \$830,000. That was to extend the projects and also we are looking at making some professional development opportunities available to the project officers.

CHAIR: Ms Christie, earlier you said that the extension to September was to assist clients with resumes and things like that. Was any consideration given to the providers, to the organisations, the 37 agencies? We have had submissions from them that the skilled people who run the programs will be unemployed as well. Have you considered the loss of skills in the people that run the programs?

Ms CHRISTIE: Yes, it has. We have been working very closely with the organisations and talking to them about those needs. The Minister did approve, as part of the transition arrangements, some funding to support a professional development or recognition of skills of some of those workers, workers on projects, to assist them in gaining other employment. We are not able to meet the organisations employment cost; that has been an issue raised by the projects and it is quite clear under the terms of our contract with those organisations. But we have felt the three-month extension has assisted them in dealing with some of those issues and assisting their employees.

Ms LEE RHIANNON: It has been recognised that there is a benefit for the Migrant Workers Program to have this time to wind up. Could not a similar case be put for the skilled migrant strategy? I understand what you said about the budget, but we are not talking about a large amount of money. Clearly, it would give these people some dignity and time to be able to consolidate the skills they have and, hopefully, go out into the marketplace and have some success.

Mr SHREEVE: Certainly, the discussions we have had with the providers have been predicated on the basis of the legal obligations between us as the funder and them as the provider. So all our announcements have been to the effect that we are looking to wind up the programs at the end of the contractual period. We have taken steps to make that wind-up as easy as possible for them. But at this stage we have not had any discussions of doing anything similar to what happened with the Mature Workers Program.

Ms LEE RHIANNON: That means that you would be willing to have those discussions if you were approached?

Mr SHREEVE: In terms of the approach, certainly people could put the position to us. But I am not in a position to make any commitments because I am not exactly sure of the budget situation.

CHAIR: Both of you have indicated that the hope is that the Commonwealth will take up this responsibility. Are there any negotiations with the Commonwealth and any sign of hope that they may take up this \$5 million, which is only a very small amount of money in the Commonwealth budget? Might that funding be taken over by the Commonwealth by the end of September?

Ms CHRISTIE: We have had ongoing discussions with the Department of Employment and Workplace Relations. Since the mini-budget and since the Commonwealth budget we have had discussions with them about the ability of their programs to meet the wider target group. The Commonwealth did announce a mature age employment and workplace strategy as part of the budget. We do not understand that was any additional money, but it was a recognition that people over 45 and people who were not necessarily currently eligible for the job network services need to be serviced, and they have announced a number of initiatives that they are developing. We are continuing to discuss with them what we consider to be the needs of that group. We certainly would like to see the Commonwealth take greater responsibility in this area, and we are working closely with them.

The Hon. CATHERINE CUSACK: Did your organisation recommend the cutting of this program?

Ms CHRISTIE: No.

The Hon. CATHERINE CUSACK: When did you become aware that it was going to be cut?

Ms CHRISTIE: As Mr Shreeve said we provide ongoing regular briefings. I was requested to provide a briefing on this program. However, I was not aware of the decision until it was made.

The Hon. CATHERINE CUSACK: When were you asked to provide the briefing?

Ms CHRISTIE: Ongoing briefings, but in the week prior to the budget I provided some further advice.

The Hon. CATHERINE CUSACK: Were the briefings in the context of, "Why are we doing this? Shouldn't it be the Commonwealth?"

Ms CHRISTIE: No, the briefing was in the context of an overview of the program.

The Hon. CATHERINE CUSACK: Did you know why you were requested to give that briefing?

Ms CHRISTIE: Not specifically, no.

The Hon. CATHERINE CUSACK: What they really wanted were the budget figures?

Ms CHRISTIE: It was like a briefing, an overview of how the program operated, funding, et cetera.

The Hon. CATHERINE CUSACK: On 6 April you became aware of this?

Ms CHRISTIE: When it was announced, yes.

The Hon. CATHERINE CUSACK: In the contracts that you have with these organisations, is there no requirement to give notice of funding being stopped or the program ending?

Ms CHRISTIE: There is, but that was certainly within the timeframe. There is a clause in the contract. I am sorry, I do not have the exact details of that in my mind, but that was within the timeframe. The extension for three months was not a requirement under the contract, that was an additional strategy we put in place to assist the projects.

The Hon. CATHERINE CUSACK: Were the transition arrangements initiated by you?

Ms CHRISTIE: Yes, by the department.

The Hon. CATHERINE CUSACK: By the department. They were not initiated by the Government?

Ms CHRISTIE: We were in very close discussion with the Minister's office all through, since the announcement. We closely liaised with the Minister's office over the transition arrangements, which were approved by the Minister.

The Hon. CATHERINE CUSACK: I understand that, but you initiated the proposal when you recognised that you expended money that you could use for that purpose?

Ms CHRISTIE: Yes, in discussion with the Minister's office.

Ms LEE RHIANNON: I am not sure if you had arrived when Mr Moore from NCOSS spoke. He described these two programs as very effective, very successful, and very much delivering results in terms of employment outcomes and employment opportunities. Considering these comments, do you anticipate that these programs could be reintroduced when there is more money?

Mr SHREEVE: That is a policy decision for the Government to see whether we are involved in employment and migration programs. I think historically, over the last 13 years since I have been with the agency, State Government has lessened its involvement in employment programs over the period.

Ms LEE RHIANNON: You would be called on to give advice about possible areas for cuts. Was this an area that you recommended should be cut?

Mr SHREEVE: No.

Ms LEE RHIANNON: What areas did you recommended should be cut?

Mr SHREEVE: As Ms Christie said, we report on programs and there are policy decisions in general over what we should and what we should not do. As the Minister said in his press release, he acknowledged that these were valuable programs, but it was conceded that the core business of the Department of Education and Training was education and training not employment programs. It was in that context, which is my understanding, the Government made its decision that it would not continue to fund these employment and migration programs because they were not education and training delivery programs, which is the core business of the agency.

Ms LEE RHIANNON: It makes me wonder about the future of TAFE when you put it like that.

Mr SHREEVE: No, these do not involve the delivery of education in the TAFE context. We are still, within TAFE, targeting migrants as one of our key client groups. But what these programs are about is the provision of work experience placements. There is no educational outcome in the sense of running an accredited course. It is quite different.

(The witnesses withdrew)

ELIZABETH MARY COOMBS, Acting Director-General of the Department for Women, sworn and examined:

CHAIR: Do you wish to make a brief opening statement?

Dr COOMBS: No, I do not.

The Hon. CATHERINE CUSACK: When will the Department for Women officially cease to exist?

Dr COOMBS: The new arrangements come into place from 1 July 2004

The Hon. CATHERINE CUSACK: Can you outline for us what the new arrangements are?

Dr COOMBS: Not in detail, no. We are currently in the planning process, which is actually looking at what the new arrangements will be.

The Hon. CATHERINE CUSACK: How many staff do you envisage will be on the new unit?

Dr COOMBS: That is going to be determined very much by the decisions that need to be made about the mix between programs and, for example, the grants program. I would be very loath to make a prediction at this stage.

The Hon. CATHERINE CUSACK: The money that is currently allocated for the grants program is not guaranteed? That quantum is under review as well?

Dr COOMBS: I think there has been very strong commitment that has been made to the grants program, but in the overall new arrangements I think it is important to have a look to see what is going to be the best way to advance the Government's objectives.

The Hon. CATHERINE CUSACK: Basically, all options are on the table at the moment?

Dr COOMBS: The Minister has made a very strong commitment to the grants program, and it is probably intended to keep it at whatever the highest possible level. But we are still looking at those recommendations.

The Hon. CATHERINE CUSACK: Is there an indication at all of how many staff will be in the new unit?

Dr COOMBS: No, as I said previously I am not in a position to make any statements about numbers.

The Hon. CATHERINE CUSACK: Has there been a review of the Department for Women in the past 12 months?

Dr COOMBS: No, not a review. I have had someone who has been assisting me with the transition planning process, but not a review that I am aware of in my time at the Department for Women, which has been since December 2003.

The Hon. CATHERINE CUSACK: There was no review done by you during that period?

Dr COOMBS: No.

The Hon. CATHERINE CUSACK: And no review that you are aware of prior to December?

Dr COOMBS: Not that I am aware of, no.

The Hon. CATHERINE CUSACK: With the mini-budget announcement, one of the things we are trying to understand is how that decision came about, who made it and who recommended it.

Dr COOMBS: Those matters were subject to Government deliberations.

The Hon. CATHERINE CUSACK: When did you become aware of the decision?

Dr COOMBS: I attended the mini-budget announcement on 6 April. Of course, I had some understanding that there were going to be decisions announced about structural arrangements inside government prior to that, but details were not available.

The Hon. CATHERINE CUSACK: And not particularly in relation to the Department for Women?

Dr COOMBS: Not that I recall specifically, speculation most certainly.

The Hon. CATHERINE CUSACK: I think there was speculation in the media. Was that the first you became aware of that speculation?

Dr COOMBS: To the very best of my recollection, what I can definitively say as a fact is when I heard the Treasurer give the mini-budget speech in Parliament there had certainly been discussions, but nothing had been confirmed.

The Hon. CATHERINE CUSACK: Have you been consulted at all regarding options for achieving savings from the department?

Dr COOMBS: All public servants heading up departments have always been asked to keep a very close eye on what savings were possible inside the department. As part of my review where I would be looking across government, and that goes back to my role inside Premier's Department of corporate services reform, you are always very conscious of statements that could be made.

The Hon. CATHERINE CUSACK: Any formal submissions?

Dr COOMBS: No.

The Hon. CATHERINE CUSACK: Is Robyn Henderson still in the employ of the Government?

Dr COOMBS: My understanding is that Robyn Henderson is currently an unattached officer, and is doing other projects.

The Hon. CATHERINE CUSACK: There is no settlement of the matter as the previous chief executive officer?

Dr COOMBS: She is still an unattached officer?

The Hon. CATHERINE CUSACK: In the Premier's Department?

Dr COOMBS: Yes.

The Hon. CATHERINE CUSACK: Have there been any offers of redundancy to the current staff of the Department for Women?

Dr COOMBS: The current staff since I have been there?

The Hon. CATHERINE CUSACK: Since 6 April.

Dr COOMBS: There have been no offers of voluntary redundancy.

The Hon. CATHERINE CUSACK: They are still basically functioning as they were?

Dr COOMBS: The department complement is still working as it was, yes, prior to 6 April.

The Hon. CATHERINE CUSACK: And it will be implemented on 1 July?

Dr COOMBS: 1 July.

Ms LEE RHIANNON: Could you outline the audit work that I understand the Department for Women has undertaken?

Dr COOMBS: The audit work which leads to the Government's action plan?

Ms LEE RHIANNON: Yes. Could you outline briefly how that works please?

Dr COOMBS: The department contacts the bureaucratic colleagues in other departments to let them know that the process is occurring. It formally starts with a letter from the Minister for Women to her ministerial colleagues in agencies selected to be those that are the most likely to be making significant efforts in the area of women. Those agencies are then asked to fill in electronically what they have been doing for women and that then goes into a database which is used to prepare the action plan.

Ms LEE RHIANNON: So that helps draw up the action plan and does it also help determine future research that you might recognise is required?

Dr COOMBS: Yes.

Ms LEE RHIANNON: In light of the cutbacks that have occurred, how would you prioritise what would be the most useful programs within the Department for Women for the women of all New South Wales?

Dr COOMBS: As the head of the agency I need to be guided by government policy commitments in this area in addition to actually reviewing the issues which have been identified through the audit plan. So it is not just based entirely on the audit plan. I think that the Government's commitments are quite clear; there is a very strong commitment to young girls to the mentoring process underneath there through the Lucy program, for example, and the Diversity Foundation, thereby increasing the representation of women in leadership positions. In addition, there have been commitments to the area of indigenous women.

Ms LEE RHIANNON: So if we lose the audit we therefore lose the means to draw up the action plan, is that the case?

Dr COOMBS: It is too soon to say that the audit will not be continuing. As I indicated, we are still planning to look at what should be the priorities and the work programs, and that would be recommendations to the Minister on which she would then make determinations.

Ms LEE RHIANNON: I know it is difficult when you are put in that situation where there are limited monies and valuable programs, but would you prioritise the audit before grants and the Premier's program?

Dr COOMBS: They would not be matters that I would be determining.

Ms LEE RHIANNON: So who will determine that?

Dr COOMBS: We would be making, through the planning process that we are working on—and that is of course in conjunction with the Premier's Department—recommendations to the Minister and the Government, but I would not be deciding what should be policy priorities.

Ms LEE RHIANNON: You say it has not been ruled out yet, but the decision has not been made?

Dr COOMBS: That is right.

Ms LEE RHIANNON: When do you anticipate it will be made?

Dr COOMBS: I would be anticipating that we would be doing that in June so that on 1 July when the department becomes the Office for Women inside the Premier's Department most of those matters would be concluded and we would be in a position to start on a new work program.

Ms LEE RHIANNON: From the announcements to date we are hearing, if it is correct, about an emphasis on the grants program being retained. Considering the first lot of cuts and the second lot of cuts, it really does not leave much money to be able to cover the audit work and any research or strategic planning that flows from that. So is it reasonable to conclude that if the grants program goes ahead with the cuts that have been foreshadowed that we would lose the audit?

Dr COOMBS: I do not believe that we should assume that. I think that one of the strong reasons for taking the department into the Premier's Department is about that policy leadership across government, and that is basically what we are trying to get: that balance between, I use the term, "programs", including the audit inside that, as well as the grants program.

Ms LEE RHIANNON: But would you acknowledge that if the grants program was retained and the budget cuts go ahead in the first and the second stages that you cannot have grants and audit?

Dr COOMBS: I think that you can manage to utilise some of the resources inside the Premier's Department to balance what might seem to be inevitability about the severity of those cuts, and I think that there is a very strong commitment to maintain that policy leadership in addition to the commitments made to the grants program. That is basically what the planning process is about: how we maximise those opportunities.

Ms LEE RHIANNON: So what you are saying is that there could be money in other areas that could allow that work to continue?

Dr COOMBS: We are trying to identify how we could actually carry forward the work program, yes.

CHAIR: Just to clarify some of the information coming out about the Department for Women, you said a moment ago that the department is going to have a role in the Premier's Department and that gives a greater influence. Would you see this as an upgrading influence of the Department for Women rather than a downgrading through the mini-budget?

Dr COOMBS: I have worked in both the Premier's Department and also now as an Acting Director-General inside the Department for Women. I think that being inside a department that has the auspice of the Premier's Department can really very strongly assist you in influencing the directions and the nature of the service provisions inside some of those mainstream services and very large agencies such as health and education. I think that there are always challenges in the role wherever you are, whether it is inside the Premier's Department or a stand-alone department. The Premier's Department has very considerable influence and the auspice that it does provide is considerable.

The Hon. CATHERINE CUSACK: I think you were appointed as acting chief executive officer in December essentially to mind the shop while Robyn Henderson was on holidays?

Dr COOMBS: I commenced on 1 December.

The Hon. CATHERINE CUSACK: Basically while the director was on leave?

Dr COOMBS: Yes.

The Hon. CATHERINE CUSACK: So it has probably been a longer and more interesting appointment than you had originally anticipated?

Dr COOMBS: It has certainly been a longer and more interesting appointment, yes.

The Hon. CATHERINE CUSACK: What is your substantive position in the Premier's Department?

Dr COOMBS: My contract appoints me to the position of Assistant Director-General. The title then was Reviewing Reform Decisions Inside the Premier's Department. Since I have been out of the Premier's Department there has been a name change in the division and I think it is Performance Measurement Division.

The Hon. CATHERINE CUSACK: It is still there for you to return to after this position?

Dr COOMBS: Yes.

The Hon. CATHERINE CUSACK: When do you anticipate reporting back on the review that you are undertaking at the moment?

Dr COOMBS: The planning process—I prefer to use that term. The timeframe that I want to work to is very much to have those matters concluded in June so that the Office for Women will be very clearly set up to start on 1 July. Obviously, on occasions there is slippage in the best-laid plans, and that may occur, but where I sit I would like to have that undertaken in June.

The Hon. CATHERINE CUSACK: Would you anticipate the need to continue on into July to oversee that change?

Dr COOMBS: I just could not speculate on that.

The Hon. CATHERINE CUSACK: Is there a budget figure that you are working to for 1 July?

Dr COOMBS: The figures that were announced in the mini-budget, yes.

The Hon. CATHERINE CUSACK: Can you just tell us what those figures are? What would be the budget for the department next year?

Dr COOMBS: The net cost of service, \$3.165 million.

The Hon. CATHERINE CUSACK: And in the forward estimates what is the figure that you are working towards?

Dr COOMBS: That is the figure that we are working towards, the net cost of services figure.

The Hon. CATHERINE CUSACK: But that anticipates the transition costs of—

Dr COOMBS: That is the budget from 1 July for the Office for Women.

The Hon. CATHERINE CUSACK: But that will include funds that you will need to make staff redundant, to pay staff, because obviously they will not just drop off on 1 July, they will still be there and need to be paid until some arrangement has been made?

Dr COOMBS: Some of those funds may need to be used for that purpose if, for example, voluntary redundancy does proceed or other things occur. In the planning process we are looking to see what transition costs can be incurred in this financial year, and that is still something which, as I indicated, is being resolved.

CHAIR: Does that figure include the grants, or is that a separate figure?

Dr COOMBS: That is a total figure. \$3.165 million is the total budget figure for net cost of services for the Office for Women for 2004-05.

CHAIR: Do you know what percentage of that is grants though?

Dr COOMBS: In the past the grants program has been \$1.155 million.

The Hon. CATHERINE CUSACK: In the savings measures announced by the Government it says, "Abolish the Department for Women and replace it with a new Office for Women, saving \$2.5 million in the first year, rising to \$4 million a year". So there must be something in the forward estimates that you are working to, the final figure that your planning process will lead to on an ongoing basis?

Dr COOMBS: I am working to those figures. They are the figures that we are working towards.

The Hon. CATHERINE CUSACK: So you are anticipating an ongoing budget for the department of \$3.165 million?

Dr COOMBS: We are working very much on that first year's planning budget as we speak now, yes.

The Hon. CATHERINE CUSACK: And you are expecting that to continue into the future?

Dr COOMBS: We have been given the figure of \$1.265 net cost of services, so \$1.125 for the second year and thereafter. We are currently planning for the first year on \$3.165 million.

The Hon. CATHERINE CUSACK: Just to clarify, the \$1.125 million is the grants program?

Dr COOMBS: The net cost of services.

The Hon. CATHERINE CUSACK: That is what you are anticipating will be available in 2005-06, is that right?

Dr COOMBS: That is the figure which comes from the mini-budget announcements that apply to the financial year 2005-06, yes.

The Hon. CATHERINE CUSACK: \$1.125 million?

Dr COOMBS: That is net cost of services, yes.

The Hon. CATHERINE CUSACK: So the grants program then will be office budget and everything will need to be fitted into that figure, and you have got 12 months in order to get there?

Dr COOMBS: Yes.

The Hon. CATHERINE CUSACK: Do you know where the new office will be located within the Premier's Department?

Dr COOMBS: Physically, no, I do not. In terms of its accommodation and in terms of its reporting lines, those matters are still being determined.

The Hon. CATHERINE CUSACK: Will it be the Premier's Department or the Cabinet office?

Dr COOMBS: No, it is the Premier's Department. The Director-General of the Premier's Department said he considers it a very high priority and it will be reporting at the most senior level that he can possibly organise. But those matters are still being finalised.

CHAIR: Thank you very much for appearing before our committee and providing that important information. We appreciate your attendance. All the best with the Department for Women.

(The witness withdrew)

ELIZABETH CORBYN, Director-General, Department of Environment and Conservation, and

SIMON ARTHUR YARWOOD SMITH, Deputy Director-General, Department of Environment and Conservation, affirmed and examined:

CHAIR: Do either of you want to make an opening statement?

Ms CORBYN: No, I do not.

Mr SMITH: No, I do not.

Ms LEE RHIANNON: How many jobs are going to be lost from your department?

Ms CORBYN: We are currently in the process of actually defining the implications of the savings strategy, so we do not have a total figure at this point. I know there has been some speculation about the numbers but we are taking a process of analysing the savings that we need to achieve and what areas we can take those savings from, whether they would affect positions or not, or whether they might be in other administrative areas such as advertising or travel, et cetera. So at the present state we do not have a finally determined number. We are going through the entire department looking at division by division.

Ms LEE RHIANNON: Is it true that all the workers in the sustainability programs division have been offered a redundancy package?

Ms CORBYN: We have actually a process in place within the organisation that we have negotiated through an overall approach with the unions in looking at an expression of interest process. If your question is: have we offered voluntary redundancies to individuals across-the-board, what we have done is actually sought an expression of interest first.

Ms LEE RHIANNON: That is within the sustainability programs division?

Ms CORBYN: That is right. Each individual within the sustainability programs division has actually been given a letter to seek an expression of interest so nobody has been offered voluntary redundancy at this point.

Ms LEE RHIANNON: Just to clarify, an expression of interest is the first stage of offering redundancy?

Ms CORBYN: It provides an opportunity for us, as an organisation, to understand people's desires in the overall context of our approach.

Ms LEE RHIANNON: Are these discussions being undertaken in conjunction with the Public Service Association?

Ms CORBYN: Yes. I should probably lay it out a little bit. We became a department in September 2003—we merged four agencies—and as a result of that we actually set up a restructuring program. We have a consultative committee with the unions and a restructuring subcommittee, so we have been discussing the restructuring process with the unions.

Ms LEE RHIANNON: When you answered earlier that decisions had not been made but that you are looking across all areas, does that mean that you are looking to spreading the cuts across all areas or possibly focusing within certain areas? Have you got that far?

Ms CORBYN: What we are doing in the overall approach—and again it is a combination of looking at the restructuring program that we are progressing for the organisation as well as savings that we are attempting to achieve—we are actually identifying the implications there might be, division by division. We have a number of divisions within the organisation and in understanding what the implications of those would be, I have been quite clear to say that we do not have a one-blanket approach across the overall organisation. This covers the restructuring process as well as the other savings work that we are actually doing and to be quite clear that there is an individual approach appropriate for each division that is appropriate for the areas. In the work that we have

been doing, we have been very clear that we want to minimise any impacts associated with the core functions of the department, division by division.

Ms LEE RHIANNON: Will the head office and some regional offices of the National Parks and Wildlife Service have job cuts?

Ms CORBYN: We are identifying savings that might need to be taken across each division. We are looking broadly to make sure that the savings that we actually achieve particularly come from corporate services areas and we expect that the bulk of the savings would actually be achieved from head offices in the Sydney area, although there will be some implications particularly in the corporate services areas within regions.

Ms LEE RHIANNON: Many of your answers refer to savings not job losses. Is that just the way you like to talk about it or can I take it from your answers that you are looking to savings in other areas to minimise job losses?

Ms CORBYN: We certainly have a strategy in place to try to look first and foremost at duplicate areas where we brought the agencies together. There would be areas where there would be a duplication so there will be some impact on jobs in those particular areas, but we are also looking at areas where we would have savings from administrative perspectives, so we are highlighting those areas where we would actually achieve savings without job losses as well and we are looking at a combination of those areas. Then we are continuing to progress analysis implications for particular programs where we have discretionary programs versus statutory programs. Some of those will be savings from a financial perspective and others will actually affect staff positions.

Ms LEE RHIANNON: Within that context can you give us a rough idea of how many jobs could be lost?

Ms CORBYN: At the present time what we are actually doing is going through—it is not finalised so it really would not be appropriate to try to identify a particular number. We are identifying savings division by division and the strategies are being worked out. We are currently consulting not only with staff but with the unions.

Ms LEE RHIANNON: When will we know what the job losses will be?

Ms CORBYN: We are trying to unfold the strategy and take progressive steps so that we can actually achieve the restructuring program. It is unfolding because we started that from about October and also from the mini-budget perspective we are looking at savings unfolding between now and July and throughout the next financial year. We have been requested to make a submission by our Minister to the budget committee of Cabinet, I think, on 18 June.

Ms LEE RHIANNON: Is 18 June the date by which you will publicly announce how many jobs are going to be lost from the DEC?

Ms CORBYN: We are actually progressively implementing the strategies. Much of that we may not know because of the different variety of strategies that might be in place and it does depend certainly on what different people wish to do, so we will not actually know particular numbers on a particular date.

Ms LEE RHIANNON: It is starting to sound like there is an unwillingness to go public on how many jobs are going to be lost.

Ms CORBYN: Certainly, from the Department of Conservation there has been speculation about the numbers of jobs for a long time, even in the papers. My reluctance is, in trying to actually pick in number, we truly do not know what the specific number will be until we have unfolded all the strategies and then it does depend very much on how the implementation actually works through. I do not believe that speculating on numbers actually helps. We are quite clear in our program that we are actually discussing with people, division by division, what the budget implications might be but just adding up numbers does not really assist us.

Ms LEE RHIANNON: But surely if you have been told that this much money is going to be cut from your budget, there are only so many ways you can do it and jobs are a big cost. Surely you must have an idea of

some ballpark figures on the number of jobs that will be lost. At the moment I am hearing a reluctance to actually pinpoint that.

Ms CORBYN: Because the number is not final, yes, that is true from my perspective.

Ms LEE RHIANNON: But a ballpark figure like 200, 300, 500?

Ms CORBYN: From my perspective it is generally not productive to actually try to speculate on the numbers. We have not actually finalised the overall analysis of areas that are operational versus staff. Of course we have some idea, if you use the average figures, but it very much depends on the amount of salary per position and we have not actually finalised that, so at this point it is too early to give any sort of definitive figure.

Ms LEE RHIANNON: You spoke earlier about the desire to minimise the impacts of these cuts. Are you confident that once these cuts are in place, your feral animal control programs, weed eradication programs, fencing and other major jobs that are ongoing within the National Parks and Wildlife Service can continue?

Ms CORBYN: We have a strong principle and the Minister has been very clear that we are to minimise impacts on core services, and that includes park management and the Government has a strong policy, which we will continue to implement, to deal with those areas that you have mentioned like wild dogs, pests and the management of parks. We have a strong principle in the work that we are doing now to actually progress that so, yes, I am confident that we will continue to implement strongly those programs dealing with management, pests, wild dogs, et cetera.

CHAIR: You mentioned earlier that there may be some savings in discretionary programs. What programs do you anticipate you may have to cancel?

Ms CORBYN: Some of our programs that are not statutory programs deal in educational work. They are quite productive and important but they are discretionary programs. We also have some advertising programs that are discretionary programs. They will clearly be areas that will be reduced.

The Hon. GREG PEARCE: How much did you spend on advertising this year or budgeted for?

Ms CORBYN: I am sorry, I cannot give you that off the top of my head. I do not know the answer to that. Because we have amalgamated four different departments I do not know the combination figure off the top of my head.

The Hon. GREG PEARCE: Could you take that question on notice and get back to the Committee?

Ms CORBYN: Yes.

CHAIR: Advertising may have to be reduced, although you probably would not be able to stop all advertising.

Ms CORBYN: Yes. We do not have the final figures, nor would it be appropriate for us to try to project, but we will know this year what our budget was for advertising and we can provide that on notice.

Ms LEE RHIANNON: Is there a land acquisition allocation for the 2004-05 financial year and do you have any details?

Ms CORBYN: We have not actually finalised the budget yet. I do not have the details with me. We do have a land acquisition program that we will be implementing but I do not have the budget details with me.

Ms LEE RHIANNON: Could you take that on notice, please?

Ms CORBYN: Yes. I would like to clarify, if I could, that obviously there will be estimates committees where the budget will be discussed so it would not be appropriate for me to try to present budget material pre the budget but I am certainly happy to take it on notice in that context.

Ms LEE RHIANNON: Will the DEC's concurrence role prior to any conversion of perpetual Crown leasehold land to freehold title be maintained?

Ms CORBYN: I am not prepared to answer that. Is that a question that falls within the terms of reference of this inquiry? I did not come prepared for that information.

Ms LEE RHIANNON: We are happy for you to take the question on notice.

CHAIR: If you could take it on notice and if you feel it is relevant to this inquiry, you can answer it.

Ms CORBYN: Yes, I would have to take it on notice.

Ms LEE RHIANNON: Just back on the jobs issue, I appreciate what you said earlier. Once you have all your planning in place, the redundancy packages have gone out and decisions have been made, do you anticipate that there will be any further job losses in the DEC in the 2004-05 financial year?

Ms CORBYN: If I understand your question correctly, what we are doing is planning our approach now for one program associated with the savings that we are to achieve both in 2004-05 and 2005-06. It is our plan to make sure that we do one program rather than actually doing several programs.

Ms LEE RHIANNON: The loss of jobs, whatever number, would be gradual between 2004-06?

Ms CORBYN: The mini-budget did identify that there were savings to be achieved associated not only with 2004-05 but 2005-06, and as a result we are planning the overall program now for the rollout to cover both years.

Ms LEE RHIANNON: Are any funds available to allow assessment of the conservation values of land before any acquisition in the event that a landholder is willing to sell?

Ms CORBYN: Again I will have to take that question on notice.

Mr SMITH: I can answer that question. We have within the department people who perform the function of assessing the conservation values of land and that is conducted for a wide range of purposes, whether to identify candidate areas for new national parks, whether to help us prioritise our threatened species recovery efforts or to give input to government when it is conducting regional assessments, looking at how land might be managed, and we will maintain a very strong capability to do that. We have never had the capacity to assess every single request. We seek to respond to requests in accordance with conservation priorities and will continue to do so.

Ms LEE RHIANNON: I asked you earlier about the sustainability programs division and you indicated that expressions of interest were being sent to staff. Will the state of the environment unit within the sustainability programs division be abolished also or will that be retained but somewhere else?

Ms CORBYN: I do not believe there is a state of the environment reporting unit within the sustainability programs division.

Ms LEE RHIANNON: I thought that unit was there?

Ms CORBYN: No, not in the sustainability programs division.

Ms LEE RHIANNON: Do you have it somewhere else?

Ms CORBYN: We have a state of the environment reporting area in our policy and science division and, as part of the restructuring proposals, we are looking overall at changes within the policy and science division, but that is not surprising because it is one of those areas that has actually brought together a variety of people across the different organisations.

The Hon. GREG PEARCE: Do you happen to have with you your current staffing levels for the department?

Ms CORBYN: No.

The Hon. GREG PEARCE: Could you take that on notice and provide those to us, division by division?

Ms CORBYN: Yes.

The Hon. GREG PEARCE: You indicated earlier in answer to another question that you had the capacity to work out on an average basis the number of staff that would have to go in order to speak to meet the savings. Do you have that figure with you?

Ms CORBYN: No. As I said, right now it depends on the actual mix of operating—

The Hon. GREG PEARCE: But you said that you could work it out.

Ms CORBYN: We have an average staff cost that we can give you but it does depend—

The Hon. GREG PEARCE: That is what I would like you to provide to us.

Ms CORBYN: I can provide you with an average staff cost but I cannot provide you with how it relates to the numbers because we have not finalised the operating expenditure. So it will depend on that operating expenditure how it will write down. I can certainly give you an average cost for the employees within the department.

CHAIR: Mr Pearce, do you want the average cost?

The Hon. GREG PEARCE: Yes—the actual staffing positions and the number of positions occupied across each division, with the average—

Ms CORBYN: We can give you the number of positions within the organisation and I can give you an average cost for the staff but I cannot give you the split between staffing and operational expenditure.

The Hon. GREG PEARCE: That is all right. In relation to the staffing, I do not want just the authorised staffing but the real people—the actual number of jobs occupied.

Ms CORBYN: Calculating staffing numbers is highly complex because it depends, day by day, on the number of people—

The Hon. GREG PEARCE: At the end of the day someone draws the cheques to pay the wages.

Ms CORBYN: Yes, but it changes every day.

The Hon. GREG PEARCE: A snapshot of today will be fine.

CHAIR: As of today.

Ms CORBYN: I can provide an estimate of the number of staff within each division.

The Hon. GREG PEARCE: You have undertaken to give us the current budget for advertising. Could you also give us the current budget for travel?

Ms CORBYN: In 2003-04?

The Hon. GREG PEARCE: Yes.

Ms CORBYN: Because we have amalgamated four different departments it will be merely an addition of the existing budgets of those agencies as projected in the original budget documents.

CHAIR: Which may be reduced.

Ms CORBYN: Yes, it may change next year.

The Hon. GREG PEARCE: Have you given any thought as to how you will manage the extra 65,000 hectares of national park estate in north-eastern New South Wales added this year in light of these cuts?

Ms CORBYN: We are certainly looking at the overall management approach. As I said, the Minister has been quite clear and it is our intention to ensure that we minimise the impact on park management in relation to these budget savings as well as the restructure.

The Hon. GREG PEARCE: From what you have said, at this stage, while you intend to try to minimise the impact, no area has been quarantined from the cuts—for example, front-line rangers.

Ms CORBYN: We have been quite clear that we will minimise—I could not say quarantine—the implications—

The Hon. GREG PEARCE: But you understand the difference?

Ms CORBYN: From a regulatory perspective as well as from a park management perspective we have been very clear.

The Hon. GREG PEARCE: Were there any objectives in terms of savings and reductions in duplications from the restructuring program? What was the program time frame?

Ms CORBYN: We published an establishment plan, which is a public document, that dealt with our objectives for the restructure and how we intended that to roll out. I can certainly provide a copy of that establishment plan. It will change into the future.

The Hon. GREG PEARCE: Thank you.

CHAIR: That concludes this segment of the inquiry. We have not yet established a time frame for answering the questions on notice. The Committee is supposed to report by 3 June so I suggest that answers be provided by 12 noon on 1 June. If you could aim for that we would appreciate it. Thank you for appearing before the Committee. We thank you for your co-operation and the information that you have provided.

(The witnesses withdrew)

PHILIP JOHN WESTERN, Valuer-General New South Wales, affirmed and examined:

CHAIR: Thank you for appearing before the Committee. I appreciate your giving us your time. Do you wish to make a brief opening statement?

Mr WESTERN: No, I do not.

CHAIR: We will proceed with questions. I call Mr Pearce.

The Hon. GREG PEARCE: When were you first advised of any changes in the mini-budget?

Mr WESTERN: I received a request from Treasury in the week before the mini-budget in relation to providing it with some data in regard to valuations.

The Hon. GREG PEARCE: What was that data?

Mr WESTERN: We were asked to provide the number of properties within specific zones—when I talk about zoning I am talking about local government zoning—and also the values associated with those zones. That is aggregated values not individual property values.

The Hon. GREG PEARCE: To be clear, was it the total number of properties within each local government area?

Mr WESTERN: No, we were asked to provide the number of properties by zones. We were asked to provide that because the database we have in terms of interrogating and enacting queries upon it—the main means of being able to do that—is through the zoning process and local government zoning. I am talking about residential, business, industrial or commercial zoning.

The Hon. CATHERINE CUSACK: So you gave a breakdown.

Mr WESTERN: We provided it by zoning.

The Hon. CATHERINE CUSACK: The total number of properties?

Mr WESTERN: We said, for example, as to residentially zoned New South Wales, X number of properties are associated with that particular zoning and the total land value asset at 1 July 2003 is X.

The Hon. GREG PEARCE: Did you give the total number of investment properties in New South Wales?

Mr WESTERN: No.

The Hon. GREG PEARCE: Do you ask for that?

Mr WESTERN: No, we did a breakdown just by zoning.

The Hon. GREG PEARCE: Was there the number of investment properties in each zone?

Mr WESTERN: No. We just gave a total zoning. For example, within the business zone, the properties that could be investment properties could also be properties that are residential. All we were asked to do is to supply the data, and that is what we did.

The Hon. GREG PEARCE: Could we have a copy of that data? Is there a document provided?

Mr WESTERN: We applied to Treasury—

The Hon. GREG PEARCE: Two pages.

Mr WESTERN: Yes, it was just an email directed to Treasury in terms of that data.

The Hon. GREG PEARCE: Could we have a copy of that email? It is probably covered by the order for papers next week.

Mr WESTERN: I do not have any problems supplying that information.

The Hon. GREG PEARCE: Thank you. Can you tell us the total number of investment properties in New South Wales at this point in time?

Mr WESTERN: No, I cannot.

The Hon. GREG PEARCE: Have you calculated that number?

Mr WESTERN: No. Let me go back a step. My role is obviously a statutory position. I have a service level agreement with land and property information in relation to providing valuation services as far as the land tax and for local government rating. In terms of the numbers involved, we obviously must look at, from a planning point of view, what the implications are in terms of resourcing. It is sensible business practice to do that. But as part of that process we work through and look at estimating what number of properties might be involved. That is what we have done to date. We do not know the actual numbers—no-one will—until such time as the data is worked through, and it is not our role to do that.

The Hon. GREG PEARCE: So you have an estimate?

Mr WESTERN: We have prepared an estimate of what we think is the likely number of properties.

The Hon. CATHERINE CUSACK: Was that after 6 April?

Mr WESTERN: Yes, it was after the mini-budget.

The Hon. GREG PEARCE: What is that estimate?

Mr WESTERN: At this stage our estimate for the likely number of properties is that about a total of 800,000 will be subject to land tax in one form or another.

The Hon. JAN BURNSWOODS: When you say that there are 800,000 properties in total, would that include weekenders?

Mr WESTERN: Yes, it would.

The Hon. JAN BURNSWOODS: The question related to investment properties but your answer goes much broader than that.

Mr WESTERN: As I said, all we can provide that this stage is an estimate because until the Office of State Revenue [OSR] matches up that data against its criteria as far as land tax is concerned we will not know accurately what the figures are. Obviously from a work planning point of view we have tried to overestimate the number of properties on the basis that we need to do that from a resource planning point of view.

The Hon. JAN BURNSWOODS: Do you deliberately overestimate?

Mr WESTERN: No, not deliberately overestimate. But we have said that the scenario is that we think it will probably be about 800,000 properties in total but it could be as low as 750,000 properties. But we will go to the upper end of that in terms of planning.

CHAIR: To clarify that point, you call them investment properties but do you treat all properties the same, even if they are weekenders with no investment component? There is no income received but they are still subject to land tax.

Mr WESTERN: As I said, my role is to supply valuations to the Office of State Revenue. That is solely what we do. For example, come 31December each year when the land tax assessment is made we supply to the Office of State Revenue something in the vicinity of 2.3 million valuations as at 1 July in the previous year. From that, OSR does the work in terms of which ones will actually be assessed.

The Hon. CATHERINE CUSACK: Are they valuations on all properties in New South Wales?

Mr WESTERN: That is correct.

The Hon. CATHERINE CUSACK: As to the figure of 750,000 to 800,000, how many properties will attract land tax for the first time?

Mr WESTERN: We do not know precisely. I can say that last year approximately 260,000 properties were subject to land tax. If you do the maths, you can see that there are about 540,000 additional properties this year.

CHAIR: They are the ones under the threshold figure of \$317,000.

Mr WESTERN: We are working under the scenario of the threshold figure of \$317,000. It will include some of those. Obviously it takes account of the fact that premium property tax has gone out. It is the best-case scenario that we can do at this point.

The Hon. GREG PEARCE: Do you have a breakdown or an estimate of how many of those 800,000 properties are houses and how many are units?

Mr WESTERN: As I said, it is solely by zoning at this point. We do not have a specific breakdown, no.

The Hon. GREG PEARCE: What is the average increase in valuations in Sydney in the past five years?

Mr WESTERN: I do not have that figure available, I am sorry.

The Hon. GREG PEARCE: Do you have that figure?

Mr WESTERN: When you say "in Sydney" do you mean within the Sydney greater area?

The Hon. GREG PEARCE: You do it by local government area.

Mr WESTERN: We provide that figure but it will be an overall figure in terms of the total property market as opposed to breaking down specifically within residential or business zones.

The Hon. GREG PEARCE: I get the impression from what you have said—

Mr WESTERN: It is aggregated data.

The Hon. GREG PEARCE: Is it a great deal of trouble to provide that figure?

Mr WESTERN: No. Is it the figure for the past five years?

The Hon. GREG PEARCE: Yes. Do you think the property market is slowing?

Mr WESTERN: I am unable to comment on that at this point.

The Hon. GREG PEARCE: When would you be able to comment on it?

Mr WESTERN: I do not believe it is within the terms of reference of this Committee to ask me that question.

The Hon. GREG PEARCE: Except that if the property market is slowing that will obviously affect the amount of revenue for new land tax.

The Hon. JAN BURNSWOODS: Point of order: this issue has been concerning me for some time. The witness has pointed out, I believe absolutely accurately, that this line of questioning is not within the terms of reference of this Committee. The terms of reference are very precise: they are about the mini-budget. Asking the witness to speculate as to what might happen to the New South Wales property market is absolutely outside our terms of reference.

CHAIR: That question is probably outside Mr Western's expertise.

The Hon. GREG PEARCE: Were you a valuer in New Zealand?

Mr WESTERN: That is correct.

The Hon. GREG PEARCE: Is there a system of land tax in New Zealand?

Mr WESTERN: No, there is not now. There was until 1988.

The Hon. GREG PEARCE: Is there stamp duty in New Zealand?

Mr WESTERN: Yes.

CHAIR: Earlier you mentioned your role is calculating the values for land tax and for local council ratings. Are those valuations the same or different?

Mr WESTERN: Generally the same.

CHAIR: They should be the same on a property?

Mr WESTERN: There would be some allowance for local government rating in terms of heritage values and things like that. Generally those properties would be exempt from land tax anyway.

The Hon. CATHERINE CUSACK: Of the additional properties, is it possible to find out how many are coming from non-metropolitan areas? Or, is it possible to get information by LGA?

Mr WESTERN: I do not know whether it is possible or not. Certainly it is possible to run a query on the database, but it would take some time. Obviously there is a large LGA. The number we have are solely our best estimate at this point, in terms of total aggregated information. We have not tried to break it down by individual local governments. To do that would need a bit of detail.

The Hon. CATHERINE CUSACK: My suggestion is that a lot of non-metropolitan properties are more likely to be under the threshold for land tax. There may be a disproportionate number of non-metropolitan properties affected by the abolition of the threshold. Is there any way of getting some information that is not too complex to explore that further?

Mr WESTERN: The Office of State Revenue [OSR] would be the best to do that. It has the data. My understanding is that it would be working on the preparation for the 2005 land tax year at the moment.

The Hon. CATHERINE CUSACK: They would have a breakdown of properties. They could compare a breakdown of properties from last year/s budget that will be subject to land tax, compared to the current financial year?

Mr WESTERN: My understanding is that RSR has a ongoing system where it continues to assess who might be liable for land tax. I am not certain whether it can break that down. You will have to ask RSR.

The Hon. CATHERINE CUSACK: It would receive the details of properties from you, by LGA?

Mr WESTERN: They receive aggregated information in terms of the 2.3 million properties throughout New South Wales. When we supply it to them, we do not necessarily break it down by local government area.

The Hon. GREG PEARCE: In delivering the 2.3 million valuations, obviously you do not revalue every property every year. Or do you?

Mr WESTERN: We do revalue every property every year. In local government rating valuations, they are undertaken on a cyclic basis. The revaluation, or the general valuation cycles, of those properties are between two and four years. Generally most in New South Wales are on a three-year basis. We provide valuations on that cyclic basis. For the land tax, our role is to supply only the valuation. We supply and revalue each year 2.3 million properties for that purpose.

The Hon. GREG PEARCE: We are talking about nine million properties if you take a three-year cycle.

Mr WESTERN: No. The total number of properties in New South Wales is 2.3 million. Of that on average we revalue about 750,000 each year for local government rating.

The Hon. GREG PEARCE: One third?

Mr WESTERN: Yes.

The Hon. HENRY TSANG: I do not understand how you can value. For instance I have my home. How do you revalue so many properties? Do you do an index, or look at sales?

Mr WESTERN: Do you want me to answer that question within the terms of reference?

The Hon. CATHERINE CUSACK: It has to do with revenue, and how it is calculated.

Mr WESTERN: Basically Land and Property Information receives sales notifications on every property sale in New South Wales. Effectively, the contractors for Land and Property Information go through the vast majority of sales and analyse the sales; they break down the sale price, and might talk to the vendor to get more details. That information is interrogated and for each local government area we have components of properties. We can then say that for a particular area the market would move at the same rate. That gives us benchmarks. We then value each individual benchmark properties in relation to the sales information we have and we come up with indices that indicate how much over last year properties in that component have increased in value.

That index is applied and in that component area different properties will be affected by the market in different ways. We look at a proportion of those properties and make sure that we are reasonably satisfied that the valuations are close to what we anticipate if a property is sold on the open market. That is an ongoing process. During the year sales are analysed and they are represented in the individual component areas.

The Hon. GREG PEARCE: With the changes to the land tax rules, do you envisage requiring extra resources? Do you anticipate instituting a new process, or will you continue in the same manner?

Mr WESTERN: Part of my role is to look at the whole valuation system. I am looking at existing systems, what they provide, and how they work within the infrastructure. It is an ongoing process in reviewing and undertaking valuations and how they are supplied to stakeholders. The mini-budget has come in during part of that process, but nothing has changed from that point of view. The review of the system is continuing.

The Hon. GREG PEARCE: Do you envisage doing a new valuation for the 750,000 properties that would normally be done in next year's cycle, and bringing that forward?

Mr WESTERN: No.

The Hon. GREG PEARCE: You will continue with the same cycle?

Mr WESTERN: On the basis that every year we look at local government areas and talk to local councils about whether they want to bring a revaluation forward.

The Hon. GREG PEARCE: When do you give that information to the OSR, to enable it to issue land tax notices?

Mr WESTERN: We usually supply that information by the middle of November each year for ti to be able to commence modelling. We will supply it with the final values as at 31 December. Generally between the middle of November and the end of December. There is little change between the unders and overs in the aggregated values for modelling purposes.

The Hon. GREG PEARCE: From the point of view of Treasury working out the expected revenue for land tax, they would still go through the structure up through the OSR, effectively looking at the December 2003 valuations.

Mr WESTERN: I cannot comment on how Treasury undertake that.

The Hon. GREG PEARCE: But would your office know the last set of numbers?

Mr WESTERN: That is correct.

The Hon. GREG PEARCE: They did not have any extra numbers for the mini-budget process? The best you have provided would be December 2003, in the normal cycle?

Mr WESTERN: That is right. The value as at 1 July 2003.

The Hon. GREG PEARCE: The first opportunity to reassess it is when you give the figures this coming November, and your figures will be finalised in December?

Mr WESTERN: That is correct.

The Hon. GREG PEARCE: Do you have any projections or views as to what direction those figures are going?

Mr WESTERN: No. We have done no analyses in that area.

The Hon. GREG PEARCE: Did you discuss your evidence for today with anyone before you came?

Mr WESTERN: No.

The Hon. GREG PEARCE: Were you given a notice or the Premier's Department circular as to how to answer questions before parliamentary committees?

Mr WESTERN: No.

CHAIR: Any answers to questions taken on notice are to be provided by noon on 1 June 2004.

(The witness withdrew)

(The Committee adjourned at 12.56 p.m.)