

GENERAL PURPOSE STANDING COMMITTEE No. 5

Wednesday 3 September 2003

Examination of proposed expenditure for the portfolio areas

REGIONAL DEVELOPMENT, ILLAWARRA, SMALL BUSINESS

The Committee met at 8.00 p.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. I. W. West
The Hon. C. M. Robertson
The Hon. H. S. Tsang

The Hon. R. H. Colless
The Hon. M.J. Pavey

PRESENT

The Hon. D. A. Campbell, *Minister for Regional Development, Minister for the Illawarra, and Minister for Small Business*

Department of State and Regional Development

Dr L. Harris, *Director-General*

Mr M. Cullen, *Executive Director, Regional Development Division*

Ms J. Ricketts, *Executive Director, Regional Development Division*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded by 30 September 2003 to:

**Budget Estimates
General Purpose Standing Committee Secretariat
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: The Committee has determined that the allocation of questions will be left in the hands of the Chair. I propose to allocate questions in approximately twenty minute segments to Opposition cross bench and Government members. I propose to address the Minister's portfolios in the order of Small Business, Illawarra, and Regional Development.

Paragraph 4 of the Resolution referring to budget estimates to the Committee requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies are available from the attendants. I point out in accordance with the Legislative Council's guidelines governing the broadcast of proceedings only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Witnesses, members and their staff are advised that any message should be delivered through the attendant on duty or the Committee clerks. Minister, we appreciate with the set-up of this room that you have staff behind you directly, and that is fine under these circumstances. For the benefit of members and Hansard could departmental officers identify themselves by name, position and department or agency before answering any question referred to them. Also I might add that if anyone has mobile phones, even when they are not ringing they do disturb Hansard's recording, so all mobile phones should be turned off.

Where a member is seeking information in relation to a particular aspect of a program or subprogram it would be helpful if the program or subprogram is identified. The Committee has decided, if you are agreeable, that if there is a division, I presume the Lower House is sitting tonight --

Mr CAMPBELL: The Lower House is sitting but I have been given leave by the Government Whip that if there is a division in the Lower House we are able to continue here.

CHAIR: We appreciate that, Minister, thank you. I declare the proposed expenditure open for examination. Minister, do you wish to make a brief opening statement?

Mr CAMPBELL: No, Chair, I am happy to go to the questions.

CHAIR: Thank you, Minister. I will start with questions from the Opposition, Mr Colless?

The Hon. RICHARD COLLESS: Minister, do you have a policy, like the Minister for Transport Services' policy, that all Freedom of Information requests be brought to the attention of your Ministerial staff?

Mr CAMPBELL: I am advised by the department on a regular basis of the number of applications received, but I do not seek the detail of those applications.

The Hon. RICHARD COLLESS: In the past year how many Freedom of Information requests has your department advised your Ministerial staff of?

Mr CAMPBELL: I will ask Mr Harris to give us that exact number.

Mr HARRIS: Let me say that the advice is provided to the Minister's office, it is not necessarily provided directly to any particular staff member. It is a matter of police within the department that when we receive a Freedom of Information request we simply advise the Minister, as we would, that there is a Freedom of Information request and the topic on which it is placed. That is the advice that is provided. We do a routine advice process every fortnight, and I think in the past year my information that I have here would indicate that there were four Freedom of Information requests received, and I presume that we would have advised the Minister's office that we had received a Freedom of Information request.

The Hon. RICHARD COLLESS: Do you have a policy that all Freedom of Information requests be brought to your attention specifically?

Mr HARRIS: I do, on the same basis, and that is just provided to me by the officers who are charged with receiving and reviewing these things, so we know.

The Hon. MELINDA PAVEY: What initial budget was allocated in 2002/2003 for the Small Business Development Corporation?

Ms RICKETTS: The Small Business Development Corporation is provided for through the Small Business Development line item, and a notional allocation within that budget of \$30,000, I believe, was allocated.

The Hon. MELINDA PAVEY: Was this budget revised or exceeded, and if so by how much?

Ms RICKETTS: I don't believe it was exceeded.

The Hon. MELINDA PAVEY: What are the allocations for the Small Business Development Corporation for 2003/2004?

Ms RICKETTS: The same amount has been allocated. This amount is subject to quantity review of the expenditure, tracking against the many sub-items in the Small Business Development budget.

The Hon. MELINDA PAVEY: On how many occasions did the Small Business Development Corporation meet during 2002/2003?

Ms RICKETTS: I believe it was eight.

The Hon. MELINDA PAVEY: And on how many of those occasions did they meet with the Minister for Small Business?

Ms RICKETTS: I am sorry, I probably have to take advice. I believe between the two Ministers it was four.

The Hon. MELINDA PAVEY: Where were each of these meetings held? You can come back to it.

Ms RICKETTS: I will need to. There were two regional meetings in the year. Certainly one might have been June or July. I am not sure in what area it was.

Mr HARRIS: Could I make an observation that the aims of the meetings of the Small Business Development Corporation are to ensure that there are meetings out of Sydney as well.

The Hon. MELINDA PAVEY: We are just trying to get an idea of where they are actually held.

Mr HARRIS: The majority of them would be held in Sydney because that is convenient for most people who are attending.

The Hon. MELINDA PAVEY: But how are they spread throughout the State?

Mr HARRIS: We would be perfectly happy to give you information on what the spread was. Just for the one year?

The Hon. MELINDA PAVEY: Yes. How many formal papers or publications did the Small Business Development Corporation provide the Minister for Small Business during that year?

Ms RICKETTS: The Minister meets with the Corporation. It tends to be policy advice through discussion.

The Hon. MELINDA PAVEY: Through discussion, but no formal record of the meetings?

Ms RICKETTS: From time to time. Certainly there are minutes, and if we have reason that the Corporation Chair writes or contacts the Minister he takes up issues with him directly. The Corporation also brings out publications from time to time. They are currently working on one of business networks. Towards the very beginning of the financial year just completed there was one published on small business manufacturing in the next two decades. The formal publications tend to be of a more public, consultative and discussive nature. Policy advising tends to be done through the direct contact with the Minister and the corporation head.

The Hon. RICHARD COLLESS: Minister, does Miss Lyn Scott, Chair of the Small Business Development Corporation, receive any wage, payment, gratuity or attendance payment or anything like that from the New South Wales government?

Mr CAMPBELL: She certainly does not receive a wage. She is not on the payroll of the cabinet.

The Hon. RICHARD COLLESS: Does she receive any payment of any sort?

Ms RICKETTS: It is a Category D Committee and the Chair and the members are paid in accordance with the schedule for committees of that nature.

The Hon. RICHARD COLLESS: So how much would she be paid for each meeting?

Ms RICKETTS: Sorry, I don't have the exact figure. We could probably source it from here if we need to.

Mr HARRIS: It would be a relatively small amount. I imagine we are looking in the region of \$100 or thereabouts. It is one of the lowest categories; I think it is the lowest category.

The Hon. RICHARD COLLESS: Apart from her position as Managing Director and Master Franchisee of Creative Wardrobes Australia, what formal qualifications or experience does she have to suit her to this position?

Mr CAMPBELL: I think when you are asking for a group of people to come together to give some advise on the area of small business, there is no better person to chair it than a small business person.

The Hon. RICHARD COLLESS: Before her appointment to the reconstituted board on 10 April 2002, did Miss Scott hold any advisory position for the New South Wales government?

Ms RICKETTS: Not to my knowledge.

Mr HARRIS: I would say not to my knowledge, other than the position she formerly held in the Small Business Development Corporation.

The Hon. MELINDA PAVEY: If that stands to be corrected, would you let us know?

The Hon. RICHARD COLLESS: Apart from her employment as a teacher, has Miss Scott ever been employed by the New South Wales government as a consultant?

Mr CAMPBELL: I am not aware of that.

The Hon. MELINDA PAVEY: Again, you will come back to us if that is different to your knowledge?

Mr CAMPBELL: If we get some information we will let you know.

The Hon. RICHARD COLLESS: Minister, what sort of selection procedure is involved for the appointment of the chair of the corporation? Could you give us some detail of the advertising and selection process that was followed, and how many candidates might there have been for that position?

Mr CAMPBELL: I just point out that when the Small Business Development Corporation was reconstituted in 2002 I was not the Minister, so I was not involved in that process.

The Hon. RICHARD COLLESS: I would hope there is somebody in the room this evening that might be able to answer that question. Perhaps you could defer to them?

Ms RICKETTS: It was outside the budget year in discussion, so I am not very well prepared to cover your question.

The Hon. MELINDA PAVEY: But she is still the chair of the committee, so you would have some understanding of her background.

Mr HARRIS: But the process occurred in a different financial year.

The Hon. MELINDA PAVEY: I understand that, but you would have some understanding of the person who is still the current chair.

Ms RICKETTS: There is a list of candidates for all the committees held in the Premier's Department. That list was consulted. There are a number of members, all of the members that were carrying forward were asked their interest in being maintained on the committee, and a number of them were reappointed. There was a number who resigned or indicated that they did not wish to carry forward, and nominees were sought to cover the areas of expertise of those who were vacating the group.

Mr CAMPBELL: It might be helpful for the Committee to know that Miss Scot received the Telstra Business Owner of the Year in New South Wales awarded in 1997, and indeed was inducted into the Business Women's Hall of Fame in 1999. So there have been some other processes where her skills as a business person have been reviewed.

The Hon. MELINDA PAVEY: Why are there no members of the Small Business Development Corporation whose businesses are located west of the Great Dividing Range?

Mr CAMPBELL: As I said, I was not the Minister at the time that the present board was appointed, so I am not aware of the process.

The Hon. MELINDA PAVEY: Are any of the corporation members of the Australian Labor Party or former members of the Australian Labor Party?

Mr CAMPBELL: Not that I am aware of.

The Hon. MELINDA PAVEY: Are you able to get back to us on that?

Mr CAMPBELL: If we have got some information that would be helpful.

The Hon. MELINDA PAVEY: Have any members of the Small Business Development Corporation ever made any donations of money, voluntary work or assistance to the Australian Labor Party?

Mr CAMPBELL: I am not quite sure how relevant that is to the budget.

The Hon. MELINDA PAVEY: This Committee costs the taxpayers money to run, so I think there is a relevance there.

Mr CAMPBELL: I am clearly not aware of that.

CHAIR: I think, Minister, questions relevant or irrelevant you can answer as you see fit, but I think similarly these are reasonable questions to be asked.

The Hon. HENRY TSANG: Can I perhaps ask the same question, could those members who are Liberal Party or National Party also be listed?

The Hon. MELINDA PAVEY: There are none, that's the point.

CHAIR: You will have your opportunity to choose to ask questions in a moment. Mr Colless and Miss Pavey are in their time spot to ask, thank you. Would you like to continue?

The Hon. RICHARD COLLESS: The important point coming out of these questions that Mrs Pavey raised, there are no members of the corporation west of the dividing range.

The Hon. HENRY TSANG: May be there are no national party members in country New South Wales.

CHAIR: Order!

The Hon. RICHARD COLLESS: That concerns us as people who have a great interest in areas west of the range.

The Hon. MELINDA PAVEY: Which of the forty-eight Business Enterprise Centres located across the State have the Department of State and Regional Development officers collocated with the BEC, as is the case in the Goulburn BEC?

Mr CAMPBELL: I do not think we are able to give you the exact list this evening. We are happy to take that on notice.

The Hon. MELINDA PAVEY: How many inquiries have the Department of State and Regional Development officers received for the provision of start-up or expansion assistance to small business?

Mr CAMPBELL: Are you able to State which place in the estimates documents you are referring to?

The Hon. MELINDA PAVEY: I am referring to the Department of State and Regional Development cost in assisting small business across the State. I am asking how many inquiries you have received in the office for the provision of start-up or expansion assistance to small business?

Mr CAMPBELL: Ms Ricketts are you able to assist?

Ms RICKETTS: Start-up advisory services are outsourced through Business Enterprise Centres and other organisations including innovation advisory centres. The number of business inquiries received in the department's offices is recorded. The start-up business inquiries are generally referred to the purpose built organisations we have engaged under contract to offer services to people starting business. The Business Enterprise Centres recorded 136,068 inquiries in 2002/2003 and 41,679 services to business in the start-up and early stage business group.

The Hon. MELINDA PAVEY: Of these inquiries how many were eligible for State Government assistance programs?

Ms RICKETTS: I couldn't answer that. If they went forward to apply then we would know.

Mr CAMPBELL: Mr Harris?

Mr HARRIS: It would be almost impossible to answer that question. Ms Ricketts has covered it quite well. Unless the company is determined to go ahead with their business plans, unless the companies decide to make an application it is virtually impossible to determine how many may be eligible for assistance from the Government.

The Hon. MELINDA PAVEY: How many businesses were eligible for assistance?

Mr HARRIS: How many were eligible or how many sought and were successful?

The Hon. MELINDA PAVEY: Yes.

Ms RICKETTS: The budget records that we provided services to 2,571 small businesses.

The Hon. MELINDA PAVEY: In the particular case of the Goulburn office, how many inquiries did that office receive during 2002/2003?

Mr HARRIS: This is the Business Enterprise Centre in Goulburn or the Department of State and Regional Development in Goulburn?

The Hon. MELINDA PAVEY: How many inquiries did you receive in the Goulburn office?

Mr HARRIS: We wouldn't have that degree of detail. There are fifty or forty-nine such offices around the State, together with eighteen officers of the department. To have the detail to that degree for sixty-eight officers would be just impossible for us to bring along this evening. I would be perfectly happy to consult our records and provide you with the information. I am sure we have information that will satisfy your inquiry.

The Hon. MELINDA PAVEY: While doing that can you, confirm how many businesses in the Goulburn area received assistance following on from those inquiries?

Mr HARRIS: Yes I think we can do that. We will certainly attempt to do that as best we possibly can.

CHAIR: Minister, could you describe to the Committee what you and your department are doing to promote small business incubators, particularly in areas of higher than average unemployment such as in northern New South Wales?

Mr CAMPBELL: We have been talking about the BEC's and as you have heard the department funds fifty BEC's or equivalent organisations on a tender basis around the State. Their particular role is to work with small start-up businesses to help people work through a business plan, to develop a business plan, to perhaps help people seek finance in the establishment of the business. One argument could be that there are fifty incubator organisations around the State.

CHAIR: Are you targeting specifically higher than average unemployment areas?

Mr CAMPBELL: We are actually targeting the whole of the State that is why there are fifty organisations around the State.

CHAIR: How many new jobs in small businesses have been created?

Mr CAMPBELL: There are about 372,500 small businesses in New South Wales and they employ approximately one million people throughout the State, so they play a significant role in local communities and they certainly make a significant contribution to employment throughout the whole of the State and through all of that are very important to be State's economy.

CHAIR: How many of those businesses can the activities of your department in putting in incubators take credit for? We have the figures in terms of results of your efforts in the rural areas.

Mr CAMPBELL: In terms of the support BEC's have given, Ms Ricketts has some figures that we are happy to talk about.

Ms RICKETTS: The Business Enterprise Centres report quarterly to the department on a range of variables, inquiries, businesses they have worked with, number of businesses started and in the two categories of the start-up business and established business they also give us numbers on the jobs that have been created through their efforts. In two categories, new businesses and new employment, they report and we aggregate to create a new employment figure and the figure for 2002/2003 is 5,444.

Mr CAMPBELL: A 2002 survey evaluated responses from 465 businesses drawn from across the range of the Government's programs in business expansion, technology and exporting and I am able to report that sales increased by 16 percent between 2000/2001; and in 2001/2000 to an average of \$2.7 million. 47 percent of respondents in the survey I have referred to exported goods or services in 2001/2002. Exports increased by 19 percent to an average of \$2 million in 2001/2002. The total export income for small business clients in this area in 2001/2002 is estimated to be \$2.4 billion. Businesses that received assistance from the Government experienced a 7 percent growth in the number of people employed to an average of thirteen staff in 2001/2002. The total employment by departmental clients as at 30 June 2002 is estimated to be 34,000. The respondents to the survey indicated that they expected significant growth in sales, export and employment in 2002/2003. Ninety percent of the firms that participated in the survey programs were satisfied or very satisfied that the services provided had been useful to their businesses now or in the future. Thirty-nine percent of the surveyed businesses reported that without the department's assistance they would not have undertaken the project on which they received support. An additional 28 percent indicated they undertook the project earlier than they would otherwise have done.

This independent evaluation demonstrates that the small business programs are effective in boosting small business growth.

CHAIR: Regarding small business is your department supporting and encouraging the establishment of farmers markets?

Mr CAMPBELL: The department employs a number of agribusiness development managers in regional parts of the State. Those agribusiness development people work in a whole range of fields in and carriage in business out of agribusiness and, in some instances, yesterday do support the development of farmers markets.

The Hon. MELINDA PAVEY: There is one in Coffs Harbour.

CHAIR: Does your department see these markets as a highly effective method in providing a significant range of fresh produce direct from farm to consumer?

Mr CAMPBELL: The whole focus on agribusiness is to encourage the growth of agricultural enterprise. Certainly the farmers market is one of those. As a consumer I am always delighted to buy fresh produce.

CHAIR: Will the department make the setting up of farmers markets a high priority in the coming year, particularly if it ensures farmers receive a fair return for their efforts in producing food?

Mr CAMPBELL: The whole purpose of the agribusiness development managers and their work is to get a value-add and to improve the value-add for primary producers, whether it be in terms of product, such as in terms of market gardening for fruit and vegetables or whether it be in raising beef or sheep our whole purpose is to encourage growth in agribusiness so that the business chain does receive increased growth and certainly through that the grower – the person who is putting the blood, sweat and tears and effort into it – we want to encourage expansion of their income as part of that.

CHAIR: So you would give high priority in the coming year to the farmers' markets?

Mr CAMPBELL: It would be location specific. I do not know that it is possible for the Government to simply say, "In location X there is going to be a grower's market." We have to work with people where there is a network of primary producers who actually want to be part of that. You have to encourage that growth from the bottom up and we would support that. I do not think it is possible for us to just walk into a town and say, "We will have a grower's market here."

CHAIR: No but similar to your business incubators, you can assist organisationally, with some advertising or promotional concepts?

Mr CAMPBELL: I have certainly indicated that we do with some of that work through the agribusiness development managers in the regional offices of the department. Mr Cullen, Executive Director of the Regional Development Division might wish to add something.

Mr CULLEN: As the Minister said there has been quite a lot of work in terms of putting farmers' work and markets together. We have ten agribusiness development managers across the State and they have been quite an important part in setting up farmers' markets in places like Wagga Wagga. It is part of an overall food and wine strategy as well. The whole thing about it is to create wealth for those regions but also value adding jobs, investment and all the things that we look for at the department. Certainly the farmers' markets are an important part of the chain. As the Minister said there are some locations where you need to work with local stakeholders who are prepared to see this as part of a chain of the events. The farmers' market works best when it is part of an overall food and wine strategy for a location.

The important thing we are looking to see is value adding businesses as well as farming produce. It needs to try and be pushed up the chain. A lot of work we are doing through our agribusiness development managers is aimed at just doing that actually not the farming ended but actually beyond the farm gate value adding, how to give people alternative incomes et cetera, how to give that communities not only an asset about produce but also an asset in terms of a tourism mechanism as well. We certainly see it as an important part of the strategy and something that will continue to be done but again it relies very much on stakeholders who are prepared to take that cudgel themselves and make it work.

CHAIR: Minister are you aware there are a growing number of small businesses such as pubs, clubs and restaurants sending unsolicited SMS messages to promote their products? Do you see that as an issue to be looked at by your department?

Mr CAMPBELL: I am not aware of it but I do not see that it is an issue that the Department of State and Regional Development is able in any way to influence or police. The telecommunications network is a Federal responsibility, so that short answer is that I do not see that as a role for the agency to be involved with at all. I understand it can be frustrating to be on the receiving end of an unsolicited SMS message but it is not something that I could justify allocating some resources from this agency to try to overcome.

CHAIR: Maybe it is a Fair Trading issue, but I understand the Small Business Development Corporation is purchasing software from mobile phone service providers which enable them to send multiple SMS messages with ease, and I am wondering if the Australian Direct Marketing Association could introduce a code which prohibits unsolicited SMS messages?

Mr CAMPBELL: If it is an issue of Fair Trading, and you mention it is an issue of Fair Trading in your question, that is clearly better put to the Minister for Fair Trading. I do not have those Ministerial responsibilities.

CHAIR: That may well be the case, but it is small businesses that are, I understand, activating this particular method of advertising. I am wondering whether it is of interest to your department to monitor such unsolicited advertising.

Mr CAMPBELL: The answer is no, I do not believe it is a responsibility for my agency to be monitoring unsolicited advertising.

CHAIR: Do you have more on small business at this point?

The Hon. MELINDA PAVEY: No.

CHAIR: Does the government have any questions it would like to ask?

The Hon. CHRISTINE ROBERTSON: No, thank you.

CHAIR: We will move on to the Illawarra if we may, Minister. Melinda Pavey?

The Hon. MELINDA PAVEY: Regarding the Regional Development Port Kembla Main Street Program, what is the total allocation to the Port Kembla Main Street Program, and please give details of the allocation to date, and the estimated ongoing allocation?

Mr CAMPBELL: Under the Main Street Small Towns Program the Department of State and Regional Development has funding available for economic development coordinators. The department makes available up to \$50,000 to applicant organisations. Since January 2001 nineteen economic development coordinator's roles have been funded through this program. Local councils or chambers of commerce are required to match the funding that is made available through the program. Over the period from January 2001 until 30 June 2003 this program has received a total of \$868,000 in funding. The Port Kembla Chamber of Commerce and Industry has been funded \$45,000 under this initiative since April 2001.

The Hon. MELINDA PAVEY: And the program current funding expires when?

Mr CULLEN: It is a two year funding program. This is actually the second year of its funding, so it expires in February 2004.

The Hon. MELINDA PAVEY: And that will be a total of \$90,000?

Mr CULLEN: No, that was the total of \$50,000 altogether, of which \$45,000 has been drawn down to date.

The Hon. MELINDA PAVEY: So they have still got quite a bit to run, and not much money left.

Mr CULLEN: Basically it is a matched funding. That is the funding that comes from the department. The local chamber of commerce and local councils are co-contributors to that funding.

The Hon. MELINDA PAVEY: What is the salary or fee or other remuneration of the Economic Development Coordinator of the program, Mr Gino Mandorino?

Mr CAMPBELL: I think that is a question that is more particularly directed to the Port Kembla Chamber of Commerce and Industry, who are the employer. The government, or indeed the Department of State

and Regional Development, are not the employer. We provide some funding, which as I just indicated, under the Main Street and Small Towns program, is half funded. So there may be other costs. I don't think we should assume that the matched funding for the whole period is just for salary for an employee. There may well be other costs that are drawn down from that, and the salary paid to a particular employee is something that is negotiated through the host body, in this case being the Port Kembla Chamber of Commerce and Industry.

The Hon. MELINDA PAVEY: So \$44,000 has so far been extended by the Department of State and Regional Development to that program, the other half being matched by the council? Has the department any say in the process of and the appointment of the successful candidate, Mr Gino Mandorino?

Mr CAMPBELL: I point out that this is the second person who has been employed under this particular funding arrangement, so he hasn't been the employee for the whole time.

The Hon. MELINDA PAVEY: So he has just been recently appointed?

Mr CAMPBELL: He is the second person.

The Hon. MELINDA PAVEY: When was he appointed?

Mr CAMPBELL: I am not a member of the employing body, the Port Kembla Chamber of Commerce and Industry. They are the people who make the decision as to who is employed.

The Hon. MELINDA PAVEY: But Mr Mandorino is an associate of yours, Mr Campbell?

Mr CAMPBELL: Mr Mandorino is an employee of the Port Kembla Chamber of Commerce and Industry.

The Hon. MELINDA PAVEY: But you would know Mr Mandorino from party circles?

Mr CAMPBELL: I have been an elected representative in the Illawarra since 1987. I was elected to the Wollongong City Council in 1987 and served on Wollongong Council until 1999, and I have a member of the Legislative Assembly since 1999. There are many, many people in the Illawarra who I have met over that period of time.

The Hon. MELINDA PAVEY: And Mr Mandorino is one of those, and he is in quite a significant position within the Department of State and Regional Development?

Mr CAMPBELL: Well no, I think it is important to say that he is not in a position within the Department of State and Regional Development. I made the point a number of times, and I need to make it again to be very clear that Mr Mandorino is an employee of the Port Kembla Chamber of Commerce and Industry.

The Hon. MELINDA PAVEY: Part funded by the Department of State and Regional Development, right?

Mr CAMPBELL: That has been made clear. He is not an employee of the Department of State and Regional Development.

The Hon. MELINDA PAVEY: But the money that employs him is made available in part by the Department of State and Regional Development?

Mr HARRIS: I think that it is more correct to perceive that the funding from the Department of State and Regional Development supports the program. It is not necessarily to pay the salary of an individual. So in think it is inaccurate to suggest that funding from the department is to pay a particular salary. The funding, as in the other nineteen cases, goes towards a particular program that provides a benefit in a community. The way in

which those funds are expended surely is the issue, and I think that is the point the Minister is making, is an issue for the Port Kembla Chamber of Commerce. A person is not directly funded by the department, the program is funded.

The Hon. MELINDA PAVEY: But clearly Minister you would have a significant interest as the Minister for the Illawarra and Minister for Regional Development, in the successful management of the Main Street Program in the Illawarra. What was the selection process for the appointment of the successful candidate, and who was on the selection panel?

Mr CAMPBELL: I am not able to answer who was on the selection panel here this evening.

The Hon. MELINDA PAVEY: Can that be provided to us?

Mr CAMPBELL: Sure.

The Hon. MELINDA PAVEY: Thank you. How many candidates were recommended for the consideration of departmental officers for the position of Economic Development Coordinator?

Mr CAMPBELL: Again I just need to make the point that departmental officers are not the employer.

The Hon. MELINDA PAVEY: But they surely would have had an input into the major expenditure of their funds for that program?

Mr CULLEN: Just as a matter of principle, as a condition of funding of these sorts of panels, we actually ask that a departmental officer to be on basically these panels. However, generally there can be an interview panel of perhaps up to five people.

The Hon. MELINDA PAVEY: Can we find out who was on that particular panel?

Mr CAMPBELL: We have already undertaken that.

The Hon. MELINDA PAVEY: Can we also find out what the key performance indicators for Mr Mandorino were, and what evaluation accountability procedures were undertaken?

Mr CAMPBELL: We will see if we can get that information from the Port Kembla Chamber of Commerce and Industry.

Mr HARRIS: I am not sure, isn't it up to them –

The Hon. MELINDA PAVEY: It is a lot of funding coming from the taxpayer for that program.

Mr HARRIS: I understand. Again, Mr Chairman, I am just trying to shed a little light on this.

The Hon. MELINDA PAVEY: I understand the light; I am actually quite familiar with the programs up the coast. We have some Main Street Coordinators employed by the local council in Coffs Harbour. The Chamber of Commerce there was unsuccessful in doing that, so it has gone through the local council. So I understand what you are saying, but I think it is an important matter of principle that we understand, as taxpayers, how that money is expended and the performance indicators, and all those proper assessments, are carried out when huge chunks of taxpayers' money are spent in a region.

Mr HARRIS: I must say, Mr Chairman, I couldn't agree more. The thing that I think applies here is that our concern would be, particularly with the capacity of the organisation to deliver the program, not necessarily specifically focussing on the categorical qualities of one of the individuals involved in delivering that. So our interests will be broader.

The Hon. MELINDA PAVEY: But it is an important factor in consideration when a large chunk of the money that is expended by the department on these programs actually is in wages. You need to have someone that can do the job for the community.

Mr HARRIS: Absolutely.

The Hon. MELINDA PAVEY: So can we enquire also, when you are enquiring, what are the working hours of the Economic Development Coordinator?

Mr CAMPBELL: Perhaps if I could ask for clarification here.

Mr CULLEN: When we provide funding for the Main Street Small Towns Program we have some key performance indicators against project and the funding, but it is not against the person. So what we are judging it against is when the program is initiated, and what results have been had twelve months down the track. So with that sort of information we collect regularly. In terms of an individual, that is not the focus. It is about the success of the program

The Hon. MELINDA PAVEY: But in this particular case, because of the scrutiny and the media attention now focussed on this, it is probably in the department's best interest to get some key performance indicators of the individual in the role as well?

Mr CAMPBELL: Mr Chairman, I make it clear as I did a second ago, that we will seek to get that information from the employer, the Port Kembla Chamber of Commerce and Industry.

The Hon. MELINDA PAVEY: In addition to the position and the person who holds that position, we would also like to know the annual cost of maintaining the offices and the premises. So you will seek to give us the cost of the office?

Mr CAMPBELL: No, I will make it clear again that I will seek to get that information from the employer, the Port Kembla Chamber of Commerce and Industry Incorporated.

The Hon. MELINDA PAVEY: We would also like to see if you can access from the Port Kembla Chamber of Commerce the telephone bills, the taxi costs, the postage costs, the motor vehicle costs, the electricity costs and catering costs, if any, expended in connection with the work of the Port Kembla Main Street Program, from the department through the Chamber of Commerce?

Mr CAMPBELL: Well no, not from the department, from the Port Kembla Chamber of Commerce and Industry Incorporated.

The Hon. MELINDA PAVEY: Given Mr Mandorino is described as an ALP activist –

CHAIR: Miss Pavey, perhaps you could reword that slightly. If you have a specific question about this gentleman, please do, in his absence perhaps it is not fair to make a broad allegation?

The Hon. MELINDA PAVEY: On behalf of the taxpayers of New South Wales I am asking the question, are you absolutely confident, Minister, that Mr Mandorino, who is partly funded through the department, is not undertaking any ALP activities out of that office of the Main Street Program?

Mr CAMPBELL: Let us be clear, it is a matter for his employer to determine what those conditions of employment are, and what activities are taken. It is for the employer, as Mr Cullen has indicated. The department is wanting to see the outcomes for the community rather than the fine detail of how an employer manages an employee.

The Hon. MELINDA PAVEY: What is the purpose of the Illawarra Advantage Fund? Would you please give details as to the purpose of the expenditure in 2002/2003 and intended expenditure in 2003/2004?

Mr CAMPBELL: The Illawarra Advantage Fund was established in addition to other programs to assist economic growth in the region. It is in place to support investment by new enterprise in the region to employ people across the region or to assist existing business in the Illawarra region to expand through that to create additional employment. The Government has approved specific assistance through the Illawarra Advantage Fund to thirty-four enterprises and it is projected that this will create almost 1,300 full-time jobs over the period of time of the assistance. Across the region the Government has also run fifty-nine business seminars with 1,768 participants. Fifty-five local companies across the region have participated in the Small Business Expansion Program and the High Growth Business Program. Nine firms have participated in the Australian Technology Showcase. Illawarra companies have won fifty-four contracts to the value of \$79,344,000 with assistance from the Industry Capability Network. The Small Business Advisory Services have provided assistance to 3,569 businesses with an estimated employment impact of 356 new jobs.

The Illawarra Innovation Advisory Centre has provided 4,995 services. In addition the relocation of PILLAR, the former Superannuation Administration Corporation to Wollongong brought 311 positions to the region. The Department of State and Regional Development is working on approximately twenty leads that have confirmed an interest in doing business in the Illawarra and these leads have a potential to generate substantial new jobs and investment. A couple of specific companies that have been supported through the Illawarra Advantage Fund is a small business that now employs five or six people in Moss Vale, which bottles and sells spring water. They have plans to expand that business as well. Quite proudly and quite rightly we will be seeking to assist in that process.

Herd Bars and Bodies, a firm that started its life making aluminium bull bars in Revesby, with the support of the Illawarra Advantage Fund has relocated to Kemblawarra. The company has now grown and provides products such as security vans, typically for the Chubb organisation that ferries money around the place filling ATM's; they build the backs of the vans for the police service in Victoria and South Australia. They are looking to work for the police service in New South Wales. They recently won an open tender to construct prison transport vehicles in New South Wales. They have a very strong workforce. They have also recently developed, at their site at Port Kembla, an aluminium semitrailer top, which replaces a steel version and is therefore much lighter and means these particular trailers can carry more product and therefore there is efficiency because the weight is not in the vehicle but in the product. They have a strong interest in that and are looking at exporting it to the point that although they have been in operation in Wollongong for not quite twelve months they are looking to expand their premises. They are employing a number of trainees. They are very successful and very visible example of the work of the Illawarra Advantage Fund.

Another local company that has established is Orrcon Engineering, which just recently, after about six or nine months operation, has doubled its investment in a site at Unanderra with some new equipment, which is worth about \$10 million, which takes flat steel and makes it into pipes. They are a couple of very recent examples of the way the Illawarra Advantage Fund has been used to encourage some investment in traditional engineering and blue collar jobs in the region.

The Hon. MELINDA PAVEY: Back to my favourite topic, in relation to the funds expended from the Department of State and Regional Development to the Port Kembla Chamber of Commerce for the Port Kembla Main Street Program, are there any other staff engaged by the Port Kembla Main Street Program? If so, who are they, what are their positions and their remuneration?

Mr CAMPBELL: We will seek to get that information from the sponsor of the project, the Port Kembla Chamber of Commerce and Industry Incorporated. [*Time expired*]

CHAIR: Minister, I understand a media report in the Illawarra Mercury on 18 August ridiculed the Illawarra Greens study of budget capital works expenditure. Why?

Mr CAMPBELL: The short answer is because it was wrong. The 2003/2004 State budget allocates \$262 million in capital works in the Illawarra. That equates to about \$640 per capita, this is 21 percent above the average expenditure or in the past four years. This investment will sustain approximately 3,900 jobs in the Illawarra. The Illawarra region received its share of the State's record capital works and roads maintenance budget.

CHAIR: Perhaps Minister you could release an itemised breakdown of capital works expenditure in the Illawarra for 2003/2004?

Mr CAMPBELL: I do not have it with me but perhaps I could take that question on notice.

CHAIR: Could you explain why the Hunter region received some \$592 million for capital works expenditure as compared to the Illawarra's \$112.3 million, based on a Newcastle Herald investigation the results of which were published on page 1 on 26 July 2003?

Mr CAMPBELL: I am sure you would agree it is always important to compare apples with apples and the capital works spending for the Hunter for the current year is equivalent to about \$620 per head per capita and that is roughly equivalent to the figure I gave for the Illawarra a minute ago of \$640. I think it is a little misleading to include in the figures for the Hunter the contract for the construction or fabrication of some new trains for CityRail and to consider that to be local capital investment in the Hunter. I think most people would appreciate that capital investment in a region is on the schools, hospitals and roads for that region rather than the purchase of goods and services from that region. It is not that you have to always compare apples with apples.

CHAIR: I have the figures of funding per head for the Hunter of \$869 whereas the Illawarra receives \$277 per head. I take your point in terms of expenditure on the CityRail equipment, rolling stock I presume, but if you dispute those figures, I understand you stated \$640 per head in the Illawarra as quoted in the Illawarra Mercury article on 18 August?

Mr CAMPBELL: I am not sure, I do not have the quote in front of me but it is not my recollection. I think the figures are very close, they are certainly not that far apart.

CHAIR: Perhaps you could take that on notice and have a look at the figures? If you are right that is fine but I would be interested to see them. In terms of the budget papers showing capital works expenditure for rail, which comes to more than \$200 million in the Hunter and less than \$2 million for the Illawarra, would you explain that? Is that part of the building of the rail infrastructure in the Hunter that explains that differentiation?

Mr CAMPBELL: Again I would need to take that on notice. The actual capital expenditure in the Hunter is clearly not part of my Ministerial responsibility. I have not brought that information with me.

CHAIR: I appreciate that. Perhaps you could take that on notice? Minister why is it that a regional budget paper is provided for the western Sydney region and not for areas such as the Illawarra and Hunter?

The Hon. MELINDA PAVEY: Or the North Coast, the Murray/Darling, the northwest or anywhere else?

Mr CAMPBELL: In terms of the shape of the budget documents, they are questions you should be directing to the Treasurer.

CHAIR: Is not a regional budget paper of interest to your Ministerial responsibility for the Illawarra?

Mr CAMPBELL: As I said the shape of the budget documents as a whole, and they are voluminous as we all know, are questions that should be directed to the Treasurer.

CHAIR: You would be interested as Minister for the Illawarra to provide a separate budget paper for the Illawarra in 2004/2005?

Mr CAMPBELL: I can only repeat the answer that the shape of the budget documents and questions about them is best directed to the Treasurer.

CHAIR: Would you agree there is a capital works "black hole" of some \$150 million that was found for the Illawarra this year? Is that not a concern for you?

Mr CAMPBELL: I do not understand what you mean by that. There is a budget capital allocation for the Illawarra of \$262 million and, as I said, that equates to about \$640 per capita, which is roughly equivalent to other regions in the State.

The Hon. RICHARD COLLESS: Minister if we could go back to the appointment of Mr Mandarino? The position, as you made quite clear, was attached to the Port Kembla Chamber of Commerce and disgraced brothel owner and Labour Party branch member Neville Hilton heads that organisation. Is that correct?

Mr CAMPBELL: I understand that at the annual general meeting of the Port Kembla Chamber of Commerce and Industry on about Tuesday of last week Mr Hilton was elected as a junior vice president.

The Hon. RICHARD COLLESS: In your appointment as the Minister for Illawarra what is your attitude to Mr Mandarino's comments in the Illawarra Mercury on 11 December 2002 stating that the concept of a Minister for the Illawarra was "symbolic sloth"?

Mr CAMPBELL: The concept of Minister for the Illawarra is a policy position that the Premier announced in February of this year. It is a bipartisan policy position that the Coalition has.

The Hon. RICHARD COLLESS: It is.

Mr CAMPBELL: It is now in place and I have the privilege of occupying that position and I will work as hard as I can in that role to bring dignity to it and to the region.

The Hon. RICHARD COLLESS: It must be somewhat disconcerting for you to have those sort of comments coming from people who are known ALP Branch members within the region, referring to something that we obviously see, and as you say is a bipartisan approach, that it is important to have a Minister for the Illawarra but that does not seem to be supported by your local branch structure?

Mr CAMPBELL: I can assure you that Labour party branches across the region are supportive of a Minister for the Illawarra and the community, more particularly, broadly across the Illawarra is supportive of the fact that there is a bipartisan policy approach to have a Minister for the region. That is what counts at the end of the day. What is important is that the broad community across the region think that there is important value in having a Minister for the region.

The Hon. MELINDA PAVEY: Given your assertion that you have no control over the Port Kembla Chamber of Commerce expenditure on the Port Kembla Main Street Program yet taxpayers are contributing \$50,000 to this program will you commit to an audit of expenditure on all details of this program in light of the attention that has been drawn to it?

Mr CAMPBELL: The Port Kembla Chamber of Commerce and Industry Incorporated, because it is an incorporated body, would be required in any case to have an annual audit of its activities. I cannot be certain, but I understand, as I mentioned, that the annual general meeting was held last week, and normal practice for incorporated bodies of this nature is their audited accounts would be provided to the annual general meeting. I want to make it clear I do not know whether that was the fact or not because I was not there, I am not a member of the organisation, but it is normal practice that that will occur.

The Hon. MELINDA PAVEY: But in light of the question looming over your Ministry through your association with these people, I just wonder whether it may not be in the department's interests to clear itself of any suggestion by having a special audit of the expenditure in the Main Street Program by your department, just to ensure everything is okay?

Mr CAMPBELL: I have undertaken to get a deal of information from the Chamber of Commerce if I can. I think that it would be wiser to get hold of the latest audited accounts and have a look at them, and your suggestion of a broader audit is one that is worthy of consideration in the light of what that information unveils.

The Hon. RICHARD COLLESS: Minister, could we turn now to some of the regional development issues more broadly across the State?

CHAIR: Could I just ask Mr Colless, we fully intend to go into regional development, but I think Mr Tsang had a question on the Illawarra.

The Hon. HENRY TSANG: Recognising the Minister for Illawarra, I just want to congratulate the Minister in helping the recent signing of a memorandum of understanding between Wollongong University and the Institute of Technology in Indonesia. Minister, you have a strong role in the promotion of the Wollongong University?

Mr CAMPBELL: Chair, the University of Wollongong is a significant driver of economic development in the region. Its research and development activities are growing in stature and are internationally recognised. It has a number of campuses across the region, in the Shoalhaven, in the Southern Highlands, and as far down the south coast as Bateman's Bay. So it has those significant roles. It has very strong international links, it has a strong program of international students, and those students coming to study at the university have given a real strength to the diversity of the region's community. They certainly add economic value through the goods and services that they purchase.

The university also has, I might say, an international campus in Dubai and has established links with a number of other international education providers. The most current one is, as the Hon. Henry Tsang indicates, that it has signed a memorandum of understanding with an educational institution in Indonesia, and that will add again a strength to the university, in all likelihood bringing more students to study at the main campus. It will add, I am sure, to the impetus for the innovation campus on the Brandon Park site in the Illawarra, which the government has supported to the tune of 24 ½ million dollars.

I was pleased to be able to make a Ministerial statement yesterday that to continue to support the economic growth and contribution the university makes to the City of Wollongong and the region broadly, the New South Wales government has contributed 4.2 million dollars for broadband and fibre optic access from Sydney to the major campus and the innovation campus. It was an interesting pleasure, I have to say, an interesting exercise to make that announcement jointly with the Federal Minister for Education, Dr Brendan Nelson, because the Federal Government made a matching contribution to that fibre optic cable. That will certainly add a strength to the teaching environment and the learning environment for the students at the university, and certainly with the improved broadband access, the research and development role of the university will be enhanced.

So in talking about regional development in the Illawarra, with this latest contribution the New South Wales government has now made a commitment of some 28.7 million dollars to the innovation campus as part of its support for the University of Wollongong, and as Mr Tsang says, those ties internationally will continue, and I know that the initiative that Mr Tsang referred to is one that he supports strongly, and rightly so.

CHAIR: Minister, just one more question on the Illawarra; does the Illawarra Advantage Fund provide annual reports and or annual accounts showing expenditure for salaries, overheads and operating expenses, and can you indicate its budget for the year 2003/2004?

Mr CAMPBELL: I will ask Mr Harris to comment on that, Chair.

Mr HARRIS: Minister, thank you. The overheads associated with the Illawarra Advantage Fund are essentially borne within the department because it is an operating program of the department in much the same way as the regional business development scheme or other specifically targeted schemes are delivered. It would be difficult, I think, to apportion the amount of time that individual officers have spent on projects that were Illawarra Advantage Fund projects without dividing up a billable hours rate amongst individual business development managers.

In terms of the fund itself, the fund is represented in the budget papers each year, the allocations that have been made through the fund, and in terms of the commitments to expenditure that are there, and the commitments that will be available for the coming year within the budget.

Mr CULLEN: In the budget papers it indicates, as Mr Harris said, the forward commitments. That changes throughout the year as new projects come on board, and the cash flow of projects that are already in place will alter too because the fund is actually tied to reaching certain employment and capital investment milestones. A budget can be delayed six months, three months, something along those lines. So new projects coming along, and existing projects changing timeframes can actually change what that cash flow is. But it is recorded each year in the budget papers.

CHAIR: Thank you. We will turn to regional development. Mr Colless?

The Hon. RICHARD COLLESS: Thank you, Mr Chairman. Minister, as I was alluding to a few minutes ago, I would like to turn to the cross border issues of business taxation and so on and the regional development portfolio. Has the department done any research into business and investment leakage in border areas around the State?

Mr HARRIS: Mr Chair, I would be hard put to find specific examples of a comprehensive survey of business leakage. The main area that we have concentrated on in relation to cross border activities of course is to do with the provision of support for investment activities, where the department can from time to time find itself supporting an investment proposal, or should I say has found itself in the past, being approached by the proponents of an investment who will, as I am sure you are aware, often try to effectively play one State off against the other. The Premier announced about two years ago, I think, an agreement with the Victorian government where we would seek to avoid, I think the term was "unnecessary bidding wars" on a cross border basis, and I have to say that has worked extremely well.

The Hon. RICHARD COLLESS: Can I suggest to you, Mr Harris, that perhaps the Premier had good reason to put that on the agenda, to try to downplay the issue of bidding wars, because New South Wales was losing quite badly in those bidding wars, given the changes in workers' compensation, payroll tax, those sorts of issues?

Mr CAMPBELL: The changes in payroll tax are important to note, given that they reached a peak under the last Coalition government of 8 percent and progressively this government has been able to reduce them to 6 percent. The other salient point about payroll tax to make is that something like 94 percent of all businesses in New South Wales pay no payroll tax at all.

The Hon. RICHARD COLLESS: The point you rightly make, Minister, does not apply to some of the biggest employers around our border areas. I refer in particular to one of my local businesses in my home town, an abattoir which employs about a thousand people, and of course they do pay payroll tax, and a lot of it. They have a business of one of their abattoirs also in Merbein, across the border, where they pay much less payroll tax and much less workers' compensation premiums, and that is the issue. That is why the Premier, I put to you, has in fact been trying to avoid the bidding wars between the States, because New South Wales is losing out. Whether or not it is the previous Coalition government which had 8 percent payroll tax or not is not the issue,

because that happened nine years ago now. That was nine years ago, and all this competition has been in fact happening in the last few years. Could I just perhaps further ask then, are there any estimates of the value of investments and the number of businesses that have left New South Wales for interstate?

Mr CAMPBELL: I think you missed the point, quite frankly, in that the bidding wars are not about small to medium enterprises, the bidding wars are about attracting major new investments.

The Hon. RICHARD COLLESS: That is what I said. I was referring to the large businesses, like the abattoir industry.

Mr CAMPBELL: I think the figure is something like 65 percent of the regional headquarters locations in the last few years that have come to Australia have located in Sydney. So in that context the State is not missing out.

The Hon. RICHARD COLLESS: We are talking about regional development, not urban or Sydney development.

Mr CAMPBELL: We are talking about investment in the State in regional headquarters, and we are talking about the bidding wars. The bidding wars are not traditionally around the types of businesses that are likely to relocate or establish in regional New South Wales.

The Hon. MELINDA PAVEY: So you are not aware of one New South Wales business that has left New South Wales for Queensland because of lower payrolls and workers' compensation rates?

Mr CAMPBELL: That is not the comment I was making.

The Hon. MELINDA PAVEY: Are you aware of any?

Mr CAMPBELL: I was making the comment about the sense of bidding wars, and the State is not losing out in the sense of bidding wars. Certainly the national economy was suffering where States were trying to entertain bidding wars, and New South Wales has taken the lead, as it has done in a whole range of other areas, in this regard, in seeking to stop the bidding wars and make sensible offers and sensible support to new investment in New South Wales and the other States.

The Hon. RICHARD COLLESS: How many businesses has your department assisted to relocate from Sydney to country and coastal New South Wales, excluding the Illawarra and Newcastle regions?

Mr CAMPBELL: Mr Cullen?

Mr CULLEN: In terms of the budget paper that was 135 regional projects that we helped establish through the facilitation of the department. The important point to make is that new investment is not just about relocation it is actually about existing businesses reinvesting and growing. That is an important point because if you look at any of those figures about 80 percent of new growth is either from businesses in an area that are already there or someone in their supply chain, about 20 percent may represent new businesses. I do not have the exact figures off the top of my head about which ones relocated to regional areas but it is not a straightforward equation because, as I said, what we really want to see is businesses that are already in a region as well as investment in new projects as well. In terms of relocation of businesses, as a rough figure, about 20 percent of that 135 we talked about would be relocation from the Sydney area or from Melbourne or Brisbane. It is very important that you do not just look at this is being relocation but as new investment by someone already there or someone in their supply chain.

The Hon. RICHARD COLLESS: Are you aware of any Queensland businesses that are winning tenders in northern New South Wales due to their lower cost base?

Mr CAMPBELL: I do not sit on the tender panels for the New South Wales Government, whether they are tenders for the Government you are referring to or tenders for other organisations. The question is a clear for me.

The Hon. RICHARD COLLESS: The department must be concerned if there are tenders being won in northern New South Wales by Queensland businesses when really those tenders should be won by New South Wales businesses?

The Hon. CHRISTINE ROBERTSON: Are you aware of any?

The Hon. RICHARD COLLESS: Not always.

Mr CAMPBELL: I understood that we broke down the trade barriers between the States a long time ago.

The Hon. RICHARD COLLESS: True but they are still there.

The Hon. MELINDA PAVEY: They were re-established under your tax regime.

The Hon. RICHARD COLLESS: As a side issue, and this is a very important point in my local area, did you receive a delegation yesterday to move a manufacturing business from Queensland into northern New South Wales?

Mr CAMPBELL: Yes I did. The Member for Northern Tablelands brought some people from the Inverell area to see me and their project is one that has important implications and one on which we want to work with them to see if we can assist.

The Hon. RICHARD COLLESS: Is your department going to consider their proposal sympathetically? We are talking about moving 100 jobs into New South Wales eventually, in a small town that has suffered quite an economic down turn over a number of years?

Mr CAMPBELL: They talked about the fact the company currently employs about five people, from memory, and they would seek to relocate five people. As I just said and as I indicated to them, we would want to work with them to understand the business model and if what they propose fits within the guidelines of a program that we have then we will look at it. I did not say to them it will be fine and I am not going to say to you it will be fine.

The Hon. RICHARD COLLESS: I understand that. Could you advise what type of assistance is available to those sorts of proposals, which want to shift into New South Wales from interstate?

Mr CAMPBELL: There is the Regional Business Development Scheme, the Regional Economic Transition Scheme, for example, which are a couple of the programs that we have that might typically provide some support for some vital piece of infrastructure. One of the important things that the department staff does is actually work with businesses and link them with local partners and find a pathway through the development process. Often the support that the department gives, in a circumstance like this, is not necessarily financial but is moral and, if you like, some assistance through the various bureaucracies of the approval process. Typically it is not necessarily always a matter of dollars.

The Hon. RICHARD COLLESS: I look forward to your supporting the project development it is a very worthwhile one.

The Hon. MELINDA PAVEY: How does the department is fine rural and regional New South Wales? Is the money spent in the Illawarra and Hunter counted in the overall development figures you quoted?

Mr CULLEN: In terms of the figures we use basically we count regional as being outside Sydney. Basically the sorts of projects talk about are in the Hunter and the Illawarra also.

The Hon. MELINDA PAVEY: What proportion of regional development funds is allocated to the Hunter and Illawarra as a total of funds allocated to regional development?

Mr CULLEN: In terms of the specific funds that are set up, which have already been mentioned, there is the Hunter Advantage Fund and the Illawarra Advantage Fund, which typically would have – if you are talking about expenditure in a year versus commitment because there is a difference between that – typically you might have an expenditure of around \$1.5 million or \$2 million per year under those programs. Under the Regional Business Development Scheme, which is outside those areas, you are talking about an expenditure of about \$7 million a year. On top of that we have a number of programs that go right across regional New South Wales, for example, for New Market Expansion Programme, which has an allocation of \$500,000 a year. By way of explanation that program is about helping firms look at markets outside their area so it is a really important thing to do particularly when they are based on brittle local economies. We would have helped 88 firms. An example of what we do there is in the Darling Harbour in a couple of weeks time there is a Fine Food Exhibition. We have 18 regional firms going along to that. There is a whole heap of buyers, people who have not looked at their produce outside a region before. We are working with them, giving them some training about how you sell and they are helped to set up their standard fare as well.

On top of that we have our Community Economic Development Programs available across the State. They are programs like the Towns and Villages Futures Programs, which has a \$300,000 allocation and that helps communities across regional New South Wales outside of Sydney. We also have the Main Street Small Towns Program and our Developing Resources Community Program that is probably about another \$2 million that typically is tilted more to rural areas than the Hunter and Illawarra.

The Hon. MELINDA PAVEY: In relation to clubs as a major contributor to State's economy – and in my home town the club is the single biggest employer – has the department done research or investigation into the impact of the club tax hike in rural regional and coastal areas?

Mr HARRIS: No.

The Hon. MELINDA PAVEY: Minister you supported the club's tax hike in Caucus yesterday despite the widespread evidence that it will cost jobs and take money out of regional communities. Are you comfortable with that position?

Mr CAMPBELL: It is clear to most reasonable people that budgets have two aspects, one is expenditure and one is income. If Government is to continue to provide services across the State those services will be provided through the expenditure of significant amounts of funds. If I recall correctly this year's budget provides something like 34 percent of its expenditure to parts of New South Wales outside Sydney, Wollongong and Newcastle to something like 28 percent of the population. If that sort of expenditure, whether it is on transport infrastructure, as we were talking about earlier, rebuilding of hospitals, whether it is an allocation for improvement to schools, whether it is to support salaries we pay our nurses, teachers or frontline police, all of that is going to need income. As I said at the beginning of this answer most reasonable people understand there is a balance in that.

We have seen in the Legislative Assembly the Premier and the Minister for Health, particularly, pointing out the way that the Federal Government has, through the most recent health funding arrangements, reduced what the community of New South Wales might reasonably have expected to be an allocation for health expenditure. Another example is the way that funds from a range of excise taxes the Federal government collects and normally would have handed over to the States have been reduced by some significant amounts. If there is going to be that level of increasing demands on expenditure across the State, then there will also need to be increased levels of income. It has been made very clear by the Treasurer that income from increased taxes on poker machines will be

hypothecated to the health system. I think many people when they come to understand that see that as a sensible allocation of that income.

The other thing that is important to be clear on is that the Treasurer has made abundantly clear, and correctly so, that there is only the top one-third of licensed clubs in New South Wales who will pay increased amounts of tax. In the main I would not have thought major clubs in that category would be in the rural parts of the State.

The Hon. MELINDA PAVEY: There is quite a view and it will have a big impact on regional development.

CHAIR: Minister are you aware of the SAE College in Byron Bay that has recently been developed by an international network of colleges owned by Mr Tom Meissner? Did the State pay for the development application and/or rezoning fee for the SAE College in Byron Bay and whether your department or the State has paid for any other? If so, which ones have been paid for by the State?

Mr CAMPBELL: What you refer to is the \$20 million audiovisual and digital film educational facility in Byron Bay. In July 2000 the Department of State and Regional Development began negotiations with SAE to facilitate the establishment of this facility in Byron Bay. The facility serves as the international headquarters of SAE's global network of colleges incorporating recording, mastering and film score studio and caters for teaching, research and development. SAE has recently completed the construction of that facility. The department supported the project, including assistance in negotiating. You will recall I mentioned, in reply to a previous question, one of the things the department does is not always necessarily providing financial support but walking proposals through the bureaucratic maze. In regard to this project there was some support in that with the convening of some meetings.

It is important to note that this new facility means a \$20 million investment and 33 jobs for the region. It fits well with the concept of creative industries in the region. I understand the department has provided some financial support that is tied to the numbers of jobs, so we do not just pay the money upfront and hope for the best. There are some hurdles and it is drawn down over a period of time. Whether the department physically paid fees associated with the development I am not able to answer as to that part of the process as it was before my time as Minister. I will see if Mr Cullen can give us some details on the level of support and what it is tied to in this particular instance.

CHAIR: Minister, you said some financial support as well as support in kind in terms of facilitating meetings and various stages of the development, I understood. Can you actually indicate what type of financial support, the levels of financial support?

Mr CAMPBELL: I will see if Mr Cullen can give us the detail of that information. As I did say, it is most typically linked to hurdles, and those hurdles most typically relate to the number of people employed at given stages over a period of time. I will see if Mr Cullen can give us some details.

Mr CULLEN: Mr Chair, what we provided through the Regional Business Development Scheme is a modest financial assistance towards establishment costs. As the Minister said, the assistance is tied to basically achieving both employment and capital investment milestones.

CHAIR: What is "modest", Mr Cullen, might I ask?

Mr CULLEN: I think in terms of the level of financial assistance that is something we generally seek the company's permission to provide the detail, because we sign contracts with companies, etcetera. But modest, in terms to give you a scale, means certainly no higher than \$100,000, if that gives you a scale.

CHAIR: So you are saying that specific financial support, but this is not including the potential or the possibility of the State paying the development application, or is it connected to the development application process for the company?

Mr CULLEN: Typically when they are establishing grants they recognise a whole series of costs that are involved in infrastructure, etcetera, but we would not provide assistance to grant development approval fees. That is something that is commercially undertaken by a company. We would provide them with simply a grant that is towards employment and investment milestones, and actually link that way rather than just specific costs when we provide establishment grants.

Mr CAMPBELL: Chair, can I make it clear that when I made the comment about support through the bureaucratic maze I was not indicating that part of that was doing the work or actually paying fees in that sense. It really is some advice, setting up some meetings, facilitating some negotiations.

CHAIR: I appreciated that. I think you were clear and I appreciated that. I understand that you were indicating support in terms of the process of developing the whole project, in lending expertise in certain areas, which is quite understandable. I understand that also Mr Cullen is projecting what is seen as modest establishment grants, if I have it correctly, of in the vicinity of \$100,000, but you are limited in terms of commercial confidence to be able to indicate it, although I think it is a shame because it is taxpayers' money that is going toward a private institution such as this.

What I am interested in, and you may not know this but if you could also take on notice, is did the State pay in any way for development application or rezoning fees as part of this development? If you cannot answer now or if there is any uncertainty, I certainly would appreciate that taken on notice, and any information being furnished as to whether it is or not.

Mr CULLEN: In terms of establishment grants, again the actual assistance is provided towards employment, when they reach employment and capital investment milestones. What we do is basically look at the precise case, and if it differs from that then we can advise.

CHAIR: Thank you very much, Mr Cullen. I would appreciate any further advice on that matter. Minister, I am wondering if your department has criteria for assessing social impacts with funding of projects under your regional development portfolio?

Mr CAMPBELL: There are a number of programs that we have to encourage investment in what I will call the rural parts of the State. We understand that there a population drift from a number of the smaller towns, and that is why we have got programs such as the Country Lifestyles Program and the Towns and Villages Program, which were referred to earlier. The Towns and Villages Program particularly is targeted to communities of less than 2 ½ thousand people, to try to give them support in maintaining capacity. So there are those sorts of programs that are targeted, as I said, in the rural parts of the State particularly, because they are targeted at the small villages, to try to maintain some social cohesiveness in an economic sense, if that makes sense.

CHAIR: It makes a lot of sense actually, and I can appreciate that.

Mr CAMPBELL: So we have put together some programs specifically aimed at that.

CHAIR: Thank you, Minister. How many regional groups, other than business groups, for example Chambers of Commerce, does your department support?

Mr CAMPBELL: Chair, an example I can give you is the Regional Development Boards. There are thirteen of those across the State. I do not believe that, for example, outside of the sorts of funding programs that we have been talking about, where there is a specific project funding that might be jointly funded under the Main Street Program, for example, with the Chamber of Commerce, that we fund the normal operating regime of a

local Chamber of Commerce. I stand to be corrected, but it is more targeted to projects that we might do in a partnership sort of way. Certainly the department does support the thirteen Regional Development Boards around the State.

CHAIR: And perhaps in terms of the Chamber of Commerce you could get back to me?

Mr CAMPBELL: Mr Harris wanted to add to that.

Mr HARRIS: Mr Chairman, the other point I would add is that in the department's annual report we list grants to community groups. I am afraid I cannot tell you off the top of my head how many there are, but they are listed there quite comprehensively in the annual report. We can provide that to you very easily.

CHAIR: I would appreciate that, Mr Harris. That would be most appreciated, and if there is any situation of funding outside, as the Minister clearly indicated, of joint projects with the Chamber of Commerce in various areas, if there is specific targeted funding there toward Chambers of Commerce, perhaps you could provide that information as well, if that is the case. I take your point, Minister, that you see it as a specifically targeted joint activity situation.

Minister, Tourism New South Wales calls northern New South Wales coastal regions "Tropical New South Wales". In terms of regional development it has been a catch cry, but seeing the area is subtropical I am wondering if there is anything you can possibly do to correct this direction of attention to a particular area. I am wondering how the truth in advertising might sit with you as a Minister, and perhaps you can discuss the matter with your Tourism counterpart?

Mr CAMPBELL: Chair, if I was to receive correspondence in that regard I would take it up with the Minister.

CHAIR: I thank you for that, Minister. Minister, do you invest in educational opportunities in the portfolio of regional development?

Mr CAMPBELL: I think an example of that may be the SAE project for Byron Bay we were talking about. It is not education per se, but an organisation that offers education from time to time.

CHAIR: I see that as a very specific and special answer, and I can understand your support as a large institution, but I am talking about other more on the ground educational facilities. Or is that the only one perhaps?

Mr CAMPBELL: No. Rather than in a regional development sense I think in a small business sense there are many, many seminars and programs we put on that are about educating business people. For example, you may or may not be aware that September has been designated as Small Business September. New South Wales is the only State in Australia that provides a focus on small business. There are about 430 different events that will be on throughout the month to highlight the contribution small business makes to the State, and in that context to regional development, because as I said earlier, there are 372,500 small businesses and they employ a million people.

The very first event of Small Business September was a Sky channel broadcast on Monday this week where there were about a thousand participants. The broadcast was an educative program about family owned businesses, and the notion of how you pass the baton on, and how you work with different generations in a business, where some components were covered by a panel of people who work as advisers in the small business field. Another program that was on, which I think is educative, was an annual get-together of about two hundred hairdressers at a function on Monday night, where they get some speakers to talk about some trends in the business; not in hair styles or products necessarily, but business trends. Importantly, it was about educating salon owners about how they might be able to grow their business, how they might be able to market it.

So Small Business September is really based around trying to get different components of small business to look at training, and the phrase is to get them or work on their business as well as in it, and through that to strengthen the business and grow it. So I think that is one aspect of the way the government supports regional development through educating business owners.

From time to time, under a whole range of programs, of course, there are joint projects, again funded usually jointly, maybe with a TAFE institute, maybe with one of the regional universities around the State. I know the department funded a joint initiative with Charles Sturt University with Griffith, the Riverina Institute, which was a joint course in management skills. The Riverina Regional Development Board had identified that there was a drift away of management skills in medium enterprises, and that there really wasn't a course, so the department jointly funded the development of the course, which the two institutions were going to then offer. So that is an example in a more broad sense, that is carefully targeted again to look at education in a regional location, to maintain skills and through that maintain strength in the local economy, and help those local businesses to grow.

The Hon. MELINDA PAVEY: Minister going back to the Port Kembla Chamber of Commerce and your answers earlier when you said you would endeavour to get information in relation to the expenditure on telephones, taxis, postage, motor vehicles, electricity, catering and all costs associated with running the program, I wonder if you could do better and give a commitment because of the attention that has been drawn to the allegation that Gino Mandarino is actually running his preselection campaign for the seat of Throsby out of that office? Is there something better that you can offer the Committee for the sake of the integrity of the department in that you could give a commitment to oversee a full audit of the operations of that office and table the documents and related material to this Committee?

Mr CAMPBELL: I indicated earlier that I would seek that information from the body that holds it, the Port Kembla Chamber of Commerce and Industry.

The Hon. MELINDA PAVEY: My concern for you, as the Minister, is that it is \$50,000 of public monies being spent and the suggestion is a preselection campaign is being run out of the office. The taxpayers of New South Wales need to be assured that is not happening. I think you need to get back to us with a full audit of the operations of that office so that we can be guaranteed that is not happening.

Mr CAMPBELL: I repeat the same undertaking I have given the Committee a number of times.

The Hon. RICHARD COLLESS: Minister if I could turn to something a little less controversial in your local area but something that is controversial in western New South Wales and that is the management of the Brigalow Belt South Bioregion. Do you have any idea of the value of the timber industry in the Brigalow Belt South Bioregion?

Mr CAMPBELL: The responsibility for the timber industry rests in other portfolios. It is not a responsibility of this portfolio.

The Hon. RICHARD COLLESS: I am aware of that but surely your department would have an interest in this industry and what is going on in the Brigalow Belt because of the huge impact it is going to have on regional development and small business in towns like Coonabarabran, Baradine and Wobegah, although small western towns that rely so heavily for their survival upon the timber industry. There is the potential for further development of that industry and further employment within that industry. Consequently if the decision on the Brigalow Belt South Bioregion goes against the timber industry there will be a huge impact on the current employment in those towns. Are you familiar with the work that is happening out there?

Mr CAMPBELL: As I said earlier the responsibility for those resource management issues rests in other portfolios and is not part of the estimates that are under examination this evening.

The Hon. RICHARD COLLESS: If we could turn to rail and regional development, and you can make similar comments with respect to rail being the portfolio of the Minister for Transport Services, but what is happening in the rail industry also impacts severely on regional development. That is why I think your department needs to look at and familiarise you with some of these issues to make sure that regional development in towns like Coonabarabran, Coonamble and Baradine is not restricted by Government policies being brought to bear from other areas.

Mr CAMPBELL: I think that was a statement and I noted the statement and the advice of Mr Colless.

The Hon. RICHARD COLLESS: How would you describe the New South Wales rail freight system for bulk commodities and manufactured products?

Mr CAMPBELL: The provision of those services does not rest with this portfolio. I am not in a position to answer in any detail the operation of other portfolios.

The Hon. RICHARD COLLESS: I take your point, Minister. I am a little disappointed that you are passing it on so quickly given that there is a huge impact in some of those portfolio areas on regional development and it shows the Government is not working in a coordinated manner to make sure that all things are considered when some of these programs are put forward. I turn to some of the regional development offices. Would you be able to detail the number of staff in some of these offices, for example the Sydney office in Governor Macquarie Tower, how many people are employed there?

Mr CAMPBELL: Mr Harris?

Mr HARRIS: The Regional Development Division has ninety-three people in total and of those seventy-three are in regional New South Wales.

The Hon. RICHARD COLLESS: What about internationally?

Mr HARRIS: Internationally for the Department of State and Regional Development there are two locally engaged staff in Tokyo; and three staff, two of whom are locally engaged and one of whom is Australian based, in London.

The Hon. RICHARD COLLESS: Has the department recently appointed a new director to the Tokyo office?

Mr HARRIS: There is an acting director.

The Hon. RICHARD COLLESS: When is the position expected to be filled permanently?

Mr HARRIS: The acting director is doing a remarkably good job.

The Hon. RICHARD COLLESS: Are you going to make him the permanent appointment?

Mr HARRIS: I wouldn't pre-empt that.

The Hon. RICHARD COLLESS: Have you any plans as to when that will be filled?

Mr HARRIS: We are currently examining the office and looking at the best options for the future.

The Hon. MELINDA PAVEY: Regarding the ninety-nine companies that participated in trade missions and market visits, are you able to provide details of the companies and company principals who participated in the visits, the type of business each company is involved in and the dedications of each of the companies involved in the visit program?

Mr HARRIS: I will ask Ms Ricketts to join us but my immediate reaction is that we may have some contractual and privacy issues with those companies. Companies are often very reluctant to reveal publicly their involvement in new markets particularly when they are exploring markets, they see this as being a competitive advantage that they may have and do not necessarily want to reveal to their competitors that they are looking at some of these markets. They would be reservations I would have about that. There is nothing that would concern me in relation to the companies, the companies are very legitimate and have done extremely well. A number of the companies provided us with permission to reveal some of the successes they have had. In terms of giving a blanket assurance that I could provide you with all of the details of all of the companies I would be reluctant to do that without checking with the companies.

The Hon. MELINDA PAVEY: Okay.

Mr HARRIS: What is the request then?

The Hon. MELINDA PAVEY: To provide the names of the companies that are able and willing to disclose that information.

Ms RICKETTS: Where there is a trade mission group travelling or a market group we support them with some printed material, sometimes translated, with their company details. Certainly where we have done that and as they are public pieces of information we can provide you with copies.

Mr CAMPBELL: It might be helpful to also mention, given we are talking about exports, that is an important part of the growth for regional economies. The regional export advisors that are based in the regions where companies are entering new overseas markets and expanding existing markets, both first time and established exporters, are supported with information and guidance to develop a better understanding of customer demands and market features such as distribution channels, business practices and the level of competition. An example of one such company, which the department has helped to enter the export market, is Australian Rainforest Honey based in Bateman's Bay. The honey is mainly supplied through a large New South Wales based company. This company closed its New South Wales operations and Australian Rainforest Honey turned to the department's export advisor based at Nowra for assistance in developing an export market. In 2001 the company won the New South Wales Premier's Export Award for best export to the UK. That is one example of how a local market dried up and they put their product out for trade internationally, competed strongly and were recognised.

The department also offers the out sourced Export Manager Program, which assists businesses to access the services of an export specialist on a part-time basis over six to nine months to undertake activities such as market research, the development of marketing plans, market entry and strategies. The New South Wales Exporters' Network is an interactive web-based club designed to promote networking and the sharing of export advice and information among new and established exporters throughout New South Wales. The department has agreements with Austrade to operate six trade start offices in New South Wales and those six offices are based at Bathurst, Coffs Harbour, Nowra, Tamworth, Wagga Wagga and Gosford. Initially the contract was for the period 16 September 2002 to 30 June 2004. The Government and Services Export Unit help promote the export of services and expertise available from both the private sector and New South Wales Government agencies. The particular focus of this program is the promotion of consulting, contracting and supply opportunities offered by international financial institutions and development agencies such as the World Bank, the Asian Development Bank and major aid agencies.

Too often we look at the export of product but we do not necessarily look at the export of services, which can be strong export earners. I talked earlier about the international students who study at the University of Wollongong, one very real example of how we are exporting services and expertise that adds strength to a regional economy. There are many other examples. I thought it was useful to give the Committee an explanation of some of the sorts of programs that are used to support trade and export through the growth of regional economies.

The Hon. HENRY TSANG: Minister can I add that the Kenyan Parliament wants to thank you for looking after the Kenyan students in Wollongong University.

CHAIR: Minister, has your department made funds available for subsidies for the retrofitting of water-saving devices or the installation of rainwater tanks state wide in rural areas beyond Sydney Water boundaries? Does the department consider that is a worthwhile environmental, social and possibly economic program?

Mr CAMPBELL: I cannot say categorically but there are not many specific examples of that. You may be interested to know about the technology diffusion program, which raises awareness of technologies and new business practices and assists businesses, including financially, identifying, evaluating and adopting the most appropriate new items of technology for the particular business. The program includes the coordination of technology awareness groups, which provide continuous learning forums for growing firms principally in the manufacturing sector and profits from a cleaner production program, which assists business to introduce better waste management processes, process improvement and greater energy efficiency. A cleaner production self-help tool has been developed and is available to small businesses free of charge through the Small Business web site. It might be of interest to the Committee to log onto that site at www.smallbiz.nsw.gov.au.

Chair, you might be particularly interested in some of these statistics in the technology diffusion program: eight companies received direct assistance during 2002/2003; five technology awareness groups held 31 events and had 831 participants; four Hunter companies completed a six-month project to implement cleaner production methods using the self-help tool and they identified potential savings of \$181,000 per year. There is an economic benefit in the savings to those companies as well as the environmental impact, which I am sure all of us would be interested to know about. There were also three sustainable development business seminars held with 107 positions in 2002/2003.

I offer an interesting case study about the Tamberlaine Wine Business in the Hunter Valley that has received assistance towards the cost of a cleaner production assessment and a suite of cleaner production implementation projects. The company has designed and implemented a total waste management system leading not only to sustainable environmental performance but also to lower costs, higher production and increased profits. It has won recognition as a model of sustainable and efficient practices in the Australian wine industry and is used as a demonstration site for other New South Wales wine companies. Although I cannot say specifically that we have offered water-saving devices there is this sense not only of the use of technology to save costs and benefit the business but the also to benefit the environment.

CHAIR: I appreciate that, Minister. I guess I would make the same request, that if you have further information perhaps you could take on notice regarding stand-alone power generation and alternative waste disposal systems? Do you consider these areas as quite a significant export earner, particularly in terms of small-scale engineering to South East Asia?

Mr CAMPBELL: Certainly where there are businesses that are offering those products or offering services to export services to help design and implement them and install them in particular locations, if they wanted to get into the export market the whole screed of export programs would be available to those firms who want to work with them. As I said a minute ago, export isn't just about products, or widgets, or wine or natural resources, it is also about skill, it is also about services. As I say, if there are those companies, and Chair, particularly if you are aware of any that you wanted to put in touch with the department, then we would want to work with them and encourage them to expand their local business and to get into export.

CHAIR: Thank you, Minister. We are now well and truly out of time, so I thank you and your department for your attendance here.

Mr CAMPBELL: Chair, I might just take the opportunity to thank the officers of the department and officers from my own office for their support in preparing for this evening. I trust we have been able to answer questions adequately, and where we have taken questions on notice we will provide that further information.

CHAIR: Thank you, Minister, and also if the Committee so decided, if you and your department would be available if there were any further deliberations of this Committee at a later stage. It is a standard request that we do make.

The Committee proceeded to deliberate.