

# GENERAL PURPOSE STANDING COMMITTEE NO. 4

Tuesday 14 September 2004

**Examination of proposed expenditure for the portfolio areas**

## INFRASTRUCTURE AND PLANNING, NATURAL RESOURCES

**The Committee met at 5.30 p.m.**

### MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. J. C. Burnswoods

The Hon. A. Catanzariti

The Hon. K. F. Griffin

Ms S. P. Hale

The Hon. D. E. Oldfield

The Hon. J. Ryan

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### PRESENT

**The Hon. C. J. Knowles**, *Minister for Infrastructure and Planning, and Minister for Natural Resources.*

**Department of Infrastructure, Planning and Natural Resources**

**Ms J. Westacott**, *Director-General*

**Mr P. Lucas**, *Chief Financial Officer*

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## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

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

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

**CHAIR:** I welcome the Minister and his staff to this public hearing of General Purpose Standing Committee No. 4, which will examine the proposed expenditure for the portfolio areas of Infrastructure, Planning and Natural Resources. Before questions commence, there are some procedural matters to be dealt with. Firstly, in accordance with the Legislative Council guidelines for the broadcasting of proceedings, which are available from the attendants and clerks, 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. Those who report the proceedings of this Committee must take responsibility for what they publish or what interpretation they place on anything that is said before the Committee.

With respect to the delivery of messages, there is no provision for members to refer directly to their own staff while at the table. Members and their staff are therefore advised that any messages should be delivered through the attendant on duty or through the Committee clerks. It would be appreciated if the departmental officers would kindly identify themselves should they speak for the benefit of members and Hansard. Minister, we will allocate the first hour to Planning matters and we will split the second half of the hearing between Natural Resources and Infrastructure matters. As the lower House is sitting, Minister, if you are required at any time to leave to attend a division in the Assembly, we will adjourn to allow you to do so. I declare the proposed areas of expenditure open for examination.

**The Hon. JOHN RYAN:** Mr Knowles, did you inform the Legislative Assembly during question time on 31 August that the approval by Liverpool council for Gazcorp's designer outlets was approved without any restrictions on its trading hours? Are you aware that page two of the development consent DA291902, given on 15 November 2002, contains the following consent condition:

Operational matters: 4: The development is restricted to the following hours of operation, 9.00 a.m. until 6 p.m. Monday to Sunday and Public Holidays.

When are you planning to correct the record?

**Mr CRAIG KNOWLES:** Madam Chair, as the Premier did last night, I propose to table, for the assistance of the Committee, all the papers, transcripts, *Hansard* comments about my remarks, radio interviews, the whole lot, to assist the Committee.

**Documents tabled.**

My proposition then is to take the rest of those matters on notice.

**The Hon. JOHN RYAN:** Mr Knowles, it is reasonably simple. Did you inform the House that there were no trading restrictions on the designer outlets? Is it not a fact that there are? When are you planning to correct your misleading of Parliament?

**Mr CRAIG KNOWLES:** The answers are in those papers.

**CHAIR:** Can you take us to the specific answer in those papers, Mr Knowles?

**Mr CRAIG KNOWLES:** They have been taken away, but they are there. You have got the documentation; they are a matter of public record.

**The Hon. JOHN RYAN:** There will be an answer in those papers as to why your statement in the House was different from the actual consent conditions?

**Mr CRAIG KNOWLES:** The documentation is all there; you can read it.

**The Hon. JOHN RYAN:** Minister, I do not think that helps the Committee very much. Are you not able to show us or tell us where you have corrected the record in this regard?

**Mr CRAIG KNOWLES:** You have got the entire proceedings of hours and hours and hours of evidence provided by witnesses. I have tabled them. The information is there.

**The Hon. JOHN RYAN:** But you were not a witnesses at any of those inquiries.

**Mr CRAIG KNOWLES:** Your information is publicly available and I have placed on the public record here tonight all the information that relates to these matters.

**The Hon. JOHN RYAN:** But you have not answered this issue.

**Mr CRAIG KNOWLES:** Yes, I have.

**The Hon. JOHN RYAN:** You were not present at any of—

**Mr CRAIG KNOWLES:** You may not like the answer but I have placed it on record and that is the answer.

**The Hon. JOHN RYAN:** You were not present at any of those hearings, how could you possibly have answered this question at those hearings?

**Mr CRAIG KNOWLES:** One can read transcripts that are published, and all your inquiry transcripts are published.

**The Hon. JOHN RYAN:** I was present at all of the inquiries and not once did I notice you there, nor did I hear you give an answer to this specific difference between—

**Mr CRAIG KNOWLES:** The wonders of technology, Madam Chair. It is quite extraordinary: you can get things off the Internet these days; you can photocopy transcripts. The *Hansard* transcripts of your inquiries are published.

**The Hon. JOHN RYAN:** But *Hansard* of the Legislative Assembly is what is relevant in this case.

**Mr CRAIG KNOWLES:** And I have said that all the information you need is in those papers.

**The Hon. JOHN RYAN:** So have you corrected the record—

**Mr CRAIG KNOWLES:** All the information you need is in those papers. Madam Chair, I have answered the question.

**The Hon. JOHN RYAN:** I do not think you have, Mr Knowles. Ms Westacott, is it a fact that you appointed Ms Holly Parry, a former policy adviser to Mr Knowles, to a newly created position within the Department of Infrastructure, Planning and Natural Resources [DIPNR] as a project officer for the new strategic project units, a position to which there was no job description, one month after she sent an email to you expressing an interest in working for DIPNR? Is it also a fact that you made this appointment without fulfilling the requirements of the Public Sector Management Act that appointments of this nature should be only made in the public service after a job evaluation is carried out to determine the appropriate grade and salary for this position? And is it a fact that the documentation does not show that this job was matched and evaluated to ensure that the grade was appropriate before this person was appointed from the Minister's staff to this position?

**Ms WESTACOTT:** I appointed Ms Parry under section 38 of the Public Sector Management Act in accordance with advice from my HR branch, and I am happy to take your specific matters on notice. I addressed the matter that you raised about the audit report last week before the parliamentary committee. I will address your specific matters on notice.

**The Hon. JOHN RYAN:** I put it to you that I am not asking you about the audit report, I am asking as to whether the procedures you implemented were deficient in the ways that I have just outlined?

**Ms WESTACOTT:** As I said, I appointed her under section 38 of the Public Sector Management Act in accordance with advice from my HR division.

**The Hon. JOHN RYAN:** Is it a fact that one month after the last State election you appointed a Mr Todd Clewett, a member of the personal staff of planning Minister Knowles, to the position of manager, reform and delivery, without any documentation outlining his qualifications, without a job description of the new position or a properly documented record of interview where his qualifications and experience for the job were examined, or documentation indicating why he was given a temporary appointment in excess of 12 months without a merit-based selection procedure?

**Ms WESTACOTT:** I say the same as I said in relation to Ms Parry with one other addition: Mr Clewett had not been a member of Mr Knowles's staff since 2002.

**The Hon. JOHN RYAN:** He, nevertheless, had been.

**Ms WESTACOTT:** But he was not a member of Mr Knowles's staff.

**Mr CRAIG KNOWLES:** May I, with your permission, Madam Chair, just make an observation? If the suggestion is that being a former employee of a ministerial office is therefore some bar to further public sector employment or public service, I find that notion absolutely extraordinary. There are many, many, many examples over many years where staff have moved in and out of the public sector and Ministers' offices and provided fine, loyal and noble service to the government of the day. If I may just use one example to illustrate the point, and I will not name the person. I refer to the husband of a member of this Chamber who was a chief of staff for a former Leader of the Opposition. That individual was not only a very good public sector employee; he was also promoted by me to higher levels within the public service because of his performance.

I think it is entirely inappropriate to be naming these individuals when they have done no wrong other than to have once worked in a Minister's office. In that sense I just make the point to the Committee: If we are to drag through these processes individuals and their professional reputation in their professional careers and their levels of public service, I think there needs to be a pause for thought because I can assure you there are many, many, many individuals who work in this Parliament, who work for this Government and have worked also for previous governments, both in the public sector and, of course, in Ministers' offices.

**The Hon. JOHN RYAN:** Ms Westacott, did you also appoint Ms Alice Spizzo, another former member of the staff of Mr Knowles, to an SES3 position as the director of the office of the director-general, without documentation of approval from the Premier's Department, without a resume, without any referencing or an interview to validate whether her qualifications were appropriate for this position?

**Ms WESTACOTT:** I dealt with Ms Spizzo's appointment in the parliamentary inquiry, and she dealt with those questions in the parliamentary inquiry. I do not think there is any more to add to those matters that have already been stated.

**The Hon. JOHN RYAN:** I think, with great respect, what you dealt with in the parliamentary inquiry was an audit document. I am just asking you whether or not those facts are true, was she appointed—

**Ms WESTACOTT:** What I am saying is I appointed Ms Spizzo under section 38 with the approval of the head of the Premier's Department in accordance with advice from my HR department.

**The Hon. JOHN RYAN:** Did you have a resume from Ms Spizzo?

**Ms WESTACOTT:** Yes, I did.

**The Hon. JOHN RYAN:** Why was it not on the file?

**Ms WESTACOTT:** I did have a resume.

**The Hon. JOHN RYAN:** I am sorry?

**Ms WESTACOTT:** I did have a resume.

**The Hon. JOHN RYAN:** Why was it not found on the file by the auditor?

**Ms WESTACOTT:** I will have to take that on notice and put it to the HR branch.

**The Hon. JOHN RYAN:** Was there any referencing or an interview to validate whether her qualifications were appropriate for this position at the time the appointment was made?

**Ms WESTACOTT:** I conducted an interview with Ms Spizzo, yes.

**The Hon. JOHN RYAN:** Is it a fact that her appointment has only been regularised by the appointment of a merit selection panel after your office received a freedom of information request about this very matter from the Leader of the Opposition in January this year?

**Ms WESTACOTT:** That is incorrect. When Ms Spizzo was appointed under section 38 my letter of offer to her makes it very clear that her position will be contested under the normal public sector guidelines. Her position was properly evaluated some time last year and the recruitment process occurred earlier this year, but there is a very clear understanding between Ms Spizzo and myself, as with all section 38s, that those appointments are the subject of contestable processes.

**The Hon. JOHN RYAN:** Notwithstanding what the Minister might have said about appointments from ministerial offices to the public service, what explanation do you have for the fact that three former members of the Minister's staff have been appointed under circumstances where an audit found that there was missing documentation, failure to interview, failure to describe the appropriate positions properly? I would have to say, that fairly critical remarks were made about the appointments by an audit report. Should not these things be more carefully attended to, particularly when appointing people from a Minister's office?

**Mr CRAIG KNOWLES:** If I may make an observations, not in terms of the process—which I believe Ms Westacott has answered—but in terms of the competence of these individuals? I do not have their curriculum vitae [CVs] in front of me and, frankly, I do not see the individuals, particularly Parry and Clewett, as frequently as I would like to. In fact, I see Ms Parry's father far more frequently in his role as Natural Resources commissioner. They are both decent people. Ms Parry has excellent lineage, including service in policy, with the Prime Minister and in Cabinet under the Howard Government. Mr Clewett's CV indicates that he is undeniably one of the most competent you could find in the State for this type of work in this area of public policy. He has qualifications in planning and economics, and has scholarship awards through his masters in public administration from the John F. Kennedy School at Harvard—to name but a couple. He is more than competent.

The thing that annoys me about these questions is that these people are decent, hardworking and loyal public sector employees. They are young people, relative to me, who seek to do a good job, and the fact that this sort of inquisition goes on and their names are thrown up in this fashion by innuendo to suggest that they have done something wrong merely for being competent in the work they do and for earning their positions, is one of the reasons why there is such a reduction in skills across the entire public sector, not just in this State but around the nation, and I take offence. As far as Ms Spizzo is concerned, according to *Hansard* transcripts of the inquiry process that you have been undertaking, she outlined her qualifications and I do not need to repeat them. You know them.

**The Hon. JOHN RYAN:** Ms Westacott, do you have a driver and did the previous director-general, Sue Holliday, have a driver?

**Ms WESTACOTT:** I have a driver on the approval of the Director-General of the Premier's Department because of a medical condition I have. I do not know whether Ms Holliday had a driver.

**Mr CRAIG KNOWLES:** And I would ask you, out of courtesy, to not pursue this matter further publicly. However, if you would like to know, I am sure Ms Westacott would happily tell you the nature of that condition.

**The Hon. JOHN RYAN:** Was the driver appointed by the normal public sector merit selection panel or did you personally appoint him?

**Ms WESTACOTT:** I personally appointed him under section 38 of the Public Sector Management Act.

**The Hon. JOHN RYAN:** Was he living in Queensland when you appointed him?

**Ms WESTACOTT:** I do not know.

**The Hon. JOHN RYAN:** Did he call you and request you for work prior to his appointment?

**Ms WESTACOTT:** No, I think he called me to congratulate me on my appointment in New South Wales and I asked him what he was doing.

**The Hon. JOHN RYAN:** Do you know somebody called Sharon Kennedy?

**Ms WESTACOTT:** I have answered these questions the other day in the parliamentary inquiry.

**The Hon. JOHN RYAN:** Do you know Sharon Kennedy?

**Ms WESTACOTT:** Sharon Kennedy was the director of Information Technology in the Department of Housing when I was the deputy director-general.

**The Hon. JOHN RYAN:** Did you appoint her company to do work within the Department of Infrastructure, Planning and Natural Resources [DIPNR]?

**Ms WESTACOTT:** I have answered all of that the other day in the parliamentary inquiry.

**The Hon. JOHN RYAN:** Is it not a fact that one of the officers of BSR was appointed to a position in your department at which they were able to order yet more work for the consultants called BSR and that an audit report regarded that as inappropriate?

**The Hon. JAN BURNSWOODS:** Point of order: For some time I have been looking at section 4.2 of chapter 4 of the budget estimates guide, particularly the reference, "Questions asked as part of the budget estimates inquiry should not attempt to debate the unreported proceedings of other committee inquiries". I think that, with the exception of the Hon. Tony Catanzariti, every Committee member here has sat through numerous hearings of this Committee in relation to the Orange Grove matter. Ms Westacott is quite right in a number of answers she has given so far that these matters have been raised with her. They are the subject of unreported proceedings of this Committee carrying out an inquiry. She has been asked to come back before the Committee. I cannot understand how it is appropriate that, in an estimates committee hearing tonight, we can simply go over the same matters that we have been going over, and presumably intend to go over again next Monday and beyond. That, of course, is to say nothing of the question as to whether any of these matters are related to the budget estimates for 2004-05. Therefore, I would ask, given the very specific comments that are in the guide that has been prepared for us by the clerks, that we get some guidance on these matters.

**The Hon. DAVID OLDFIELD:** To the point of order: I point out to the honourable member that the words "should not" do not carry a great deal of weight as opposed to the words "shall not" and that, therefore, the point is irrelevant and there is no problem with the Hon. John Ryan continuing with his line of questioning.

**The Hon. JOHN RYAN:** To the point of order: I am seeking to investigate up to \$2 million worth of expenditure within DIPNR that was allocated to a person who was a former colleague and partner, as in work partner, of Ms Westacott.

**The Hon. JAN BURNSWOODS:** This is not to the point of order. This is repeating the stuff you were saying last week.

**The Hon. JOHN RYAN:** Look, at the time I raised that—

**Mr CRAIG KNOWLES:** I understand this is the moment of glory but this has been on the public record.

**The Hon. JOHN RYAN:** I have the call, Madam Chair.

**CHAIR:** That is right.

**The Hon. JAN BURNSWOODS:** But you are not speaking to a point of order.

**CHAIR:** He is. Let him.

**The Hon. JOHN RYAN:** I am speaking to the point of order. Additionally, when we raised this in another committee, we were informed that these were questions that were more correctly asked during estimates. I do not much mind where we get them answered but they were not answered then. I stopped asking questions at the protest of Ms Westacott then. I think it is only fair that we now get to ask them in the estimates. In any event, they relate to the expenditure of the department and they relate to important issues of probity. It would appear that a former colleague, at least on the face of it, of Ms Westacott from the Department of Housing was given a very lucrative appointment as consultant to the Department of Planning, Infrastructure and Natural Resources.

**The Hon. JAN BURNSWOODS:** Again, you are not speaking to the point of order. You are trying to make a debating point.

**The Hon. JOHN RYAN:** I think it is perfectly reasonable that we scrutinise how that appointment was made, particularly as it was criticised by an audit report.

**CHAIR:** There is no point of order.

**Mr CRAIG KNOWLES:** Madam Chair, if I may. I think the point that the director-general has made is that she has answered these questions in the parliamentary inquiry and, indeed, questions were raised about this in the lower House to the Assistant Minister for Infrastructure and Planning two weeks ago. I think if the Hon. John Ryan wants to pursue this matter, maybe the best thing he could do is go and reread *Hansard*. It is all there. It has been answered. It has been addressed.

**The Hon. JOHN RYAN:** No, it has not.

**CHAIR:** Mr Ryan has the call. He is seeking further information.

**The Hon. JAN BURNSWOODS:** Point of order: Given that you have ruled against my point of order but with no explanation, could I ask what we are to take the guidelines in the booklet that the Clerks have prepared for us to mean?

**The Hon. JOHN RYAN:** That is not a point of order; that is a question.

**CHAIR:** It is a question that I have not got time to answer now. However, I will answer it in our deliberative meeting. Mr Ryan has the call.

**The Hon. JAN BURNSWOODS:** The trouble is that these matters are not relevant to the deliberative; they are relevant to the process of questioning.

**The Hon. JOHN RYAN:** The ruling has been made.

**CHAIR:** That is right. If you want to canvass my ruling, you can do it somewhere else.

**The Hon. JOHN RYAN:** I think that I am entitled to go on because all the Government is trying to do is cover up and waste my time.



**Mr CRAIG KNOWLES:** No, I just think that people are tired of you, John, frankly. You have asked these questions and the Leader of the Opposition has asked these questions in the lower House. They have been answered at length by the director-general last week in the parliamentary inquiry.

**The Hon. JOHN RYAN:** I have already replied to that. Was this internal audit report of your department prepared by a Mr Rey Caldwell?

**Ms WESTACOTT:** No.

**The Hon. JOHN RYAN:** Have you commissioned a report from Deloitte reviewing his audit report? How much did that report cost and are you prepared to table a copy of that report to the Committee?

**Ms WESTACOTT:** I made it clear to you in my answer last week that Deloitte have looked at the engagement of BSR and found no probity issues in their appointment. I will have to take the question on notice in terms of their costs. Deloitte are the department's independent auditors by way of contract.

**CHAIR:** We will take that on notice, thank you.

**The Hon. JOHN RYAN:** Are you prepared to table the Deloitte report?

**Mr CRAIG KNOWLES:** She said she would take it on notice.

**The Hon. JOHN RYAN:** You are going to take on notice as to whether or not—

**Mr CRAIG KNOWLES:** Yes, John. If you want to be perverse, we can be too, I can assure you. The quicker Jai Rowell gets your seat out there and knocks you over, the better for everyone. He is a bright young man in the Liberal Party and he is out to get you, and you know that.

**The Hon. DAVID OLDFIELD:** Who is that? I missed that. Who is the bright young man out to get him?

**Mr CRAIG KNOWLES:** Jai Rowell. He is an elected official now on Campbelltown council—the first one in the Liberal Party for many years. He is a bright fellow but he does not like the Hon. John Ryan.

**The Hon. JAN BURNSWOODS:** He is not Robinson Crusoe, is he?

**Ms WESTACOTT:** I can confirm that Deloitte did their work under the existing contract at no extra cost.

**The Hon. JOHN RYAN:** Are you prepared to table the report?

**Ms WESTACOTT:** I do not have a problem with that.

**The Hon. JOHN RYAN:** Was Mr Rey Caldwell in any way involved in the preparation of the Investment Review Board report?

**Ms WESTACOTT:** My understanding is that Mr Caldwell does not work in the audit branch any longer.

**The Hon. JOHN RYAN:** That is correct.

**Ms WESTACOTT:** I do not know whether he was involved. He may have reviewed it, I do not know, but it was not prepared by him. Let me remind you: I requested that the report be prepared.

**The Hon. JOHN RYAN:** When did you request that audit report be prepared?

**Ms WESTACOTT:** I think sometime earlier this year or late last year. I will have to take that on notice and get the exact date.

**Ms SYLVIA HALE:** Mr Knowles, the work into planning reforms has been occurring for over 12 months now. Why have the eight task force reports and the work of the planning review committee been unavailable to the public? When will they be made publicly available?

**Mr CRAIG KNOWLES:** That is not correct. They may not be available to you but if you go to our web site, there is some of that work available. Indeed, in the last fortnight I have provided jointly with the Local Government and Shires Associations, for example, a two-day seminar on the various components of the planning reforms, as they are collectively regarded, and I know that Ms Westacott has briefed industry representatives in recent times. I note that there are some people up in the press gallery who are in the process being briefed as well. These are clearly processes of substantial impact, not only in the regulatory areas of the planning system but also in the shaping and management of the city in terms of its growth.

The components range from, if you like, the metropolitan strategy, which is an ongoing and intricate process with substantial dialogue being undertaken, especially with key industry groups and local government. The work, for example, of the Parramatta Road Group, which comprises seven or eight councils along the Parramatta Road spine, DIPNR and the RTA among other agencies—and I am not sure if Treasury is a component; Treasury is, I guess, an associate member as Treasury people always want to be—is progressing well. There is good constructive work being done. The work we are doing with the Lord Mayor and the City of Sydney around the integrated transport strategy for the inner-city area is, I think, very constructive work and is progressing well.

Equally, some of the work on the regulatory framework is out there. For example, if you look at the web site—and please do not hold me to the precise numbers—just in one area of work, the number of definitions that make up the statutory instrumentation for local environment plans, regional environment plans, State environmental planning policies has been reduced—

**Ms SYLVIA HALE:** If I may just interrupt, my question related to the eight task force reports. Are the eight task force reports available?

**Mr CRAIG KNOWLES:** As I am trying to explain to you, some are. Some are in the process of further dialogue with local government.

**Ms SYLVIA HALE:** When will they be available?

**Mr CRAIG KNOWLES:** When they are ready. If I can continue, the reason they move in the way they do is because they all have to fit together, and some of the mechanical things have to precede some of the more outcome-focused pieces of work. If you are establishing a framework to make local environmental plans [LEPs] the focus of the regulatory framework and reducing, as I have done, the range of ministerial consents by about 80 per cent—an almost public announcement out there—you need some new regulatory tools that underpin that. The model template LEP is on the Internet to assist local government and calls for comment. The revised definitions, taking the number of definitions from something in the order of 1,700 to something in the order of 250, are out there. Frankly, the people who are actively involved in these processes of work are vigorously involved in that.

**Ms SYLVIA HALE:** I understand that at the local government conference at the Masonic Centre on 30 April your staff said that the reforms had been taken to Cabinet for sign-off. Can you explain why that was done before there had been any form of comprehensive public consultation, as opposed to briefing?

**Mr CRAIG KNOWLES:** Whoever your informant is needs to get the cotton balls out and clean out their ears. In fact, the director-general and I specifically and explicitly said to that conference of about 300 people that those people who had come from around the State, at both an elected level and the officer level in local government, were being taken into, if you like, our confidence prior to those things going to Cabinet, to better inform Cabinet of the views of local government. Equally, the same opportunity has been afforded to various key stakeholder groups

across the various sectors that we normally consult with, as we have done in all the natural resource legislation. In that sense, it is an intricate process. Some of these matters—what I might call the no-brainer type end matters—have been announced, and others are out for public consultation. Others will obviously need to go to Cabinet because they will require changes to the statutory framework and, indeed, in some cases potentially the legislation.

**Ms SYLVIA HALE:** But you would be aware that there is a very common view among the local government community and environmental organisations that the public consultation undertaken so far has been very unsatisfactory.

**Mr CRAIG KNOWLES:** I do not share that view at all. That may be your view or sectional views but the processes of engagement that I have undertaken have been well regarded. Some of the public forums we have held have been well attended. They have been specifically aimed at some of the target groups, especially in this area of local government where I regard them as partners in this process. I could perhaps talk for an hour on the various components of the consultation process, and I invite Ms Westacott to add if you wish. As would be known to you, I have been travelling from local council to local council, for example, visiting local mayors and their general managers and planning staff personally—sometimes it is late at night by the time we get down the road from Hornsby to Willoughby and so on—to do specifically what you are suggesting needs to be done, that is, to maintain dialogue, but to do it in way that does not presume that we, in some of these areas, have finalised our position.

I take the view that if you are going to engage some of these organisations, they have a right to have a say early in the process. Frankly, it has been very decent of many of the stakeholder groups that they have been able to maintain the degrees of confidence to which they have been exposed in terms of some of the detail. Perhaps they are just not telling you, but I can assure you that people who are part of this—and there are many hundreds; there were at least 300, I imagine, in a very packed out forum at the Masonic Centre for two days—were taken into the Government's confidence around all the various components of the various reforms.

**Ms WESTACOTT:** We have had a number of processes to involve people in the planning reform. In addition to those outlined by the Minister, we have a planning reference group that includes industry, local government, representatives of the Environmental Defender's Office, the Total Environment Centre, the Cabinet Office, and Treasury. That group has brought together all of the various reports of the task forces into one coherent package. The group meets regularly. As I said, it has provided a single point of taking all of the specific recommendations of the task forces and giving them a single coherent planning reform.

In terms of local government, we have had extensive consultation with the Local Government and Shires Associations. They meet regularly with me. We have gone through the planning reform with them for quite a long time. We have talked to them at length about model provisions and standard definitions, which most people in the industry say are critical to reforming the planning system, to move from the 1,700 definitions we currently have to about 250; to remove some of the anomalies in the planning system, where there are currently nine definitions of "hospital"; to remove the layers of planning instruments, where there are currently 5,500 local planning instruments; to remove the 3,000 concurrences that exist across the State government agencies. All of that has been brought together in the planning reference group, as I said, and there has been extensive consultation. You will also be mindful that there was a wide cross-section of people on each task force representing those various sectoral interests.

**Mr CRAIG KNOWLES:** And some of that is now being exemplified in legislation. It does not necessarily all relate within my portfolio but it is absolutely essential to the performance of the planning system. For example, two weeks ago Minister Debus delivered the second reading speech on the bill to amend the Threatened Species Conservation Act. Those amendments are as fundamental to the environment movement and the preservation of threatened species as they are to the better performance of the management of the State's planning system. Minister Debus' proposal, which I fully support, provides the ability to turn off the components of the threatened species legislation and do away with the eight-point test and all of that sort of work on individual development applications, contingent upon a council establishing the criteria for conservation biodiversity protection at the earliest stage in the planning process—that is, the LEP stage. That is fundamentally important to

better environmental outcomes, as it is to the planning end of the management of the State's planning framework.

All these things link together. I can assure you that the level of consultation and involvement in those matters has been—with no disrespect to all the people whom you almost feel like you have chained together for weeks and weeks on end—long, detailed and involved, and it has involved everybody from the Jeff Angels of the world, to the Property Councils, to the Mal Peters, and all those sorts of individuals who represent their organisations. I make the point again that if you think people have been left out of that equation, I think you are being misled.

**The Hon. DAVID OLDFIELD:** Ms Westacott, what is the package that your driver receives?

**Ms WESTACOTT:** I do not know. I will have to take that on notice.

**The Hon. DAVID OLDFIELD:** Can you also take on notice whether in that package there are any other allowances for being on call and such things?

**Ms WESTACOTT:** I do not think there are.

**The Hon. DAVID OLDFIELD:** I understand that your driver is Mr Humphrey, is that correct?

**Ms WESTACOTT:** That is correct.

**The Hon. DAVID OLDFIELD:** How was Mr Humphrey known to you previously?

**Ms WESTACOTT:** He was a driver in the Department of Community Services.

**The Hon. DAVID OLDFIELD:** Is it correct that he moved from that department—

**The Hon. JAN BURNSWOODS:** Point of order: On previous occasions we have discussed the relevance of questions about people's personal circumstances. I think the Minister said before, quite properly, that we have thousands of public servants in this State who do not deserve the kind of questions, comments, and innuendos that are made about them here. I again ask what possible relevance these questions have to the 2004-05 budget estimates.

**CHAIR:** Order! There is no point of order.

**Mr CRAIG KNOWLES:** To try to assist Mr Oldfield, quite genuinely—

**CHAIR:** Mr Knowles may answer the question.

**Mr CRAIG KNOWLES:** I do not think there is any objection to answering the question. What you must realise—I think sometimes people like you and I lose sight of this—is that when a middle rank or ordinary public servant gets named in Parliament their anxiety levels are far greater than yours or mine. We are robust about this; we understand it. I simply ask, out of decency to those people—frankly, they are being walked over in some expedition to try to get to me, to Ms Westacott, to the Premier or to Minister Beamer—that they be afforded a degree of respect. Until I heard that name, I did not know Ms Westacott's driver's surname. I do not think he wants his name bandied about unless there is some allegation that he has done something wrong, and I do not hear that allegation. Could you perhaps phrase your question along the lines, "Is your driver"? Do you understand what I am saying?

**The Hon. DAVID OLDFIELD:** I am cognisant of what you are saying.

**Mr CRAIG KNOWLES:** As an example, I just discovered by accident that in some of your motions in the parliamentary inquiry into Orange Grove there was a proposition to call many subordinate officers in the department because they happened to be the typists who gathered together

the stuff that had to come to you in the presentation of papers. Those young women would not have slept that weekend.

**The Hon. DAVID OLDFIELD:** There is no need to go any further. I accept what you are saying. I am very happy with that. For the record, I am happy to add that I am not in any way, by virtue of these questions, suggesting that the gentleman in question has anything at all to answer of any kind, any time, anywhere.

**Mr CRAIG KNOWLES:** I appreciate that and I am sure he does, too.

**The Hon. DAVID OLDFIELD:** He is absolutely above reproach as far as I am concerned. There is no question whatever about this gentleman. Ms Westacott, where the gentleman in question is related to you is that you had previously known him from the department. Is it correct that he moved to Queensland and later sought to come back and work with you in the department?

**Ms WESTACOTT:** No, he did not. I understood that he went to Queensland. When I spoke to him I did not actually know where he was, to be frank. He went to Queensland. I understand that his wife got sick and they came back to Sydney. He rang and congratulated me because he had read in the paper that I was coming back to New South Wales. I told him that I had permission from the Director-General of the Premier's Department to have a driver because of my medical condition and I asked him whether he was interested because he had driven in the Department of Community Services, where I had previously worked.

**The Hon. DAVID OLDFIELD:** I appreciate the difficulties of this situation. I will not ask you what your medical condition is. Whilst I understand it has been offered that you will tell us, I will not ask you what your medical condition is. Can I put it to you that Dr Kelly—unfortunately he is now deceased—who had a double lung and heart transplant while he was the director of Taronga Park Zoo, was offered a driver—

**Mr CRAIG KNOWLES:** Excuse me, Madam Chair. With respect, David, after conversation with Ms Westacott in anticipation of these sorts of questions—I point out that such questions have been raised in the parliamentary inquiry, so you are revisiting this stuff—Ms Westacott gave me permission to offer to tell you privately what her medical condition is. I would ask that you try not to get a comparison list about what sort of medical condition may constitute the need for a driver and what may not.

I can assure you, if I had any doubt I would certainly have raised the question myself. But this was a matter, as Ms Westacott has indicated before and again, that was cleared by the Director-General of the Premier's Department, and that is where it should stand.

**The Hon. DAVID OLDFIELD:** I have no desire to know Ms Westacott's circumstances medically. I am merely pointing out that Dr Kelly, who had a double lung transplant and heart transplant, was offered a driver—

**The Hon. JAN BURNSWOODS:** Madam Chair, do you need me to take a point of order so you can rule, given that the Minister's plea is not technically a point of order? If you need me to do so, I will formalise it.

**The Hon. DAVID OLDFIELD:** You can explain what your point of order is.

**The Hon. JAN BURNSWOODS:** Madam Chair, I am asking you to ask the member to cease this line of questioning.

**The Hon. DAVID OLDFIELD:** And what is your point of order? What is the basis of that?

**CHAIR:** Mr Oldfield, can you frame the questions so they fall within the parameters of our estimates?

**The Hon. DAVID OLDFIELD:** Ms Westacott—once again not wanting to know what your medical condition is—is there something specific in your condition that expressly precludes you from being able to operate a motor vehicle?

**Ms WESTACOTT:** There is something in my medical condition that impacts on my driving that relates to my sight.

**Ms SYLVIA HALE:** Minister, will the metropolitan strategy be subject to an environmental impact statement [EIS] process?

**Mr CRAIG KNOWLES:** The metropolitan strategies by definition, going back to the previous similar strategies, are not statutory instruments. They are by definition strategies. The County of Cumberland planning scheme, the Sydney Region Outline Plan of 1968, the Sydney Region Outline Plan Review of the early 1970s, the Cities into the 21st Century documentation, and so on, have never been EIS documentation. They form the basis for general directions and underpinning of government priorities based on community consultation.

What will be different about this metropolitan strategy, which is well published and part of the different process we are going through in its preparation, is that rather than create—as those previous strategies I mentioned have, from the County of Cumberland through to the more recent ones—a developer's digest of where land would be released, creating the sort of speculative rush that tends to follow the release of such documents, it is unlikely there will be a single document. This is not new news; this has been very much part of the public discussions, and they will focus on the range of strategic needs for the city—everything from things like our capacity to sustain our resource base—

**Ms SYLVIA HALE:** Mr Knowles, I do not wish to cut you short, but if it is not to be subject to an EIS process, just say so, just say there will be no EIS.

**Mr CRAIG KNOWLES:** Please, I do not tell you how to ask questions, so please do not instruct me how to answer them.

**Ms SYLVIA HALE:** It is in no-one's interest for you just to filibuster and take up the time of the Committee rather than answer the questions as briefly and concisely as possible.

**Mr CRAIG KNOWLES:** If you have no interest in the question, why ask it in the first place? I do not believe I am filibustering. People in this room know I can filibuster, but I am interested in this subject. It is my passion. It is what I get out of bed for. You have asked me the question; I will answer it. There are people in this room who are vitally interested in the production of a metropolitan strategy. I am one of them. The point I make to you is that it is not appropriate to make it a statutory instrument. The drawdown instrumentation that derives from it may be of statutory base; then again it may not. It depends on which component of the metropolitan strategy you are talking about. Not one of the metropolitan strategies in the past 50 years has been a statutory instrument that has the EIS component attached to it. It is not the purpose of the exercise.

**The Hon. JOHN RYAN:** Minister, I would like to ask you some questions about the progress of the restructure of the Department of Infrastructure, Planning and Natural Resources [DIPNR].

**The Hon. KAYEE GRIFFIN:** Excuse me, Madam Chair. I thought you originally proposed that questioning was supposedly in lots of 20 minutes, as is your usual custom?

**CHAIR:** Yes, it is my usual custom and I very courteously offered the call to government members. I was told by one of them—

**The Hon. JOHN RYAN:** To get stuffed.

**CHAIR:** Yes. So, I presume that speaking on behalf of government members they did not want any questions.

**The Hon. KAYEE GRIFFIN:** You did not ask publicly if there were questions from the Government.

**The Hon. JOHN RYAN:** She did—

**The Hon. TONY CATANZARITI:** Nor did I hear that.

**The Hon. JOHN RYAN:** —and she was told get stuffed.

**The Hon. TONY CATANZARITI:** I have not been asked whether I wanted questions.

**CHAIR:** No, that is true, Mr Catanzariti.

**The Hon. JOHN RYAN:** You can blame the Hon. Jan Burnswoods.

**The Hon. TONY CATANZARITI:** Excuse me, I am not asking you, I am asking the Chair.

**CHAIR:** I am sure we will have some further hearings. Mr Ryan has the call.

**The Hon. TONY CATANZARITI:** So, we do not get questions?

**CHAIR:** Work it out with Miss Burnswoods.

**The Hon. JAN BURNSWOODS:** Madam Chair, I did not actually hear what you said to me. I told you to get stuffed because I think you are the most disgusting, dishonest, incompetent chairperson I have ever seen operate in my entire life. Ms Griffin and Mr Catanzariti have a very good point.

**CHAIR:** Thank you. Mr Ryan has the call.

**The Hon. TONY CATANZARITI:** Point of order: I would like to ask whether the Government members will be able to ask questions?

**CHAIR:** I am sure we can get back to you, Mr Catanzariti.

**The Hon. TONY CATANZARITI:** Is that in the time that is allowed?

**CHAIR:** Yes, I will give you a question. Mr Ryan has the call.

**The Hon. JOHN RYAN:** On previous occasions government members used to agree to the reduction of these hearings from three hours to two hours on the condition that Government members would not take up their time asking questions. Over time, increasing amounts of this time have been—

**The Hon. KAYEE GRIFFIN:** With respect, Mr Ryan, the Chair did say 20-minute periods. I was just questioning that. She is the chair; you are not.

**The Hon. JOHN RYAN:** Mr Knowles, what savings have been made in terms of the restructure in the previous year, and this year what is expected in the restructure of DIPNR? How many people have been reduced in the department or are expected to be reduced? Is the department's size expected to be reduced next year?

**Mr CRAIG KNOWLES:** I will get Ms Westacott to add to some of the detail. If we do not complete the totality of the question, we will of course take it on notice. I preface my general remarks by reminding the Committee that prior to the last election the Government made some very clear commitments to reduce the size and the red tape component of this part of the government sector. We have honoured those commitments to the degree that we have quite considerable support among the various constituency groups—from the farmers groups to the irrigation groups to the environmental groups.

The propositions that Ms Westacott will touch on in a moment go to the reduction of staff in the order of 500 people, and that was announced in the mini-budget. In addition to that—not a part of it but in addition to it—a transfer of positions of something in the order of, and I will not be held to the precise number, 251 positions to the newly formed catchment management authorities. That work is progressing well?

**Ms WESTACOTT:** Yes.

**Mr CRAIG KNOWLES:** And on target. The savings proposed in the mini-budget, by and large, are being achieved. In that sense, I would like to place on record my appreciation of the very high level of co-operation by the Public Service Association. Some of the structures we have established in workplace management, particularly in what is obviously a hard time when you are taking an organisation through a major restructure and people are being offered voluntary redundancies and so on. Without the co-operation of the workplace unions, and in this case the Public Service Association, none of this work could be achieved. In the end it is to the credit of the director-general and her team and the leadership of the PSA, both at the State-level and also at the workplace level, that has seen us attain the degree of collaboration that we have to deliver the results that I am sure Ms Westacott will now outline in more detail.

**Ms WESTACOTT:** The department's savings target, which we will achieve, is \$75 million per annum. There will be a 34 per cent reduction in employment-related costs. There has been a 75 per cent reduction in contractors, that is labour hire firms, between the last financial year and this financial year, and our projections for 2004-05 will see a further reduction in that from \$29 million to \$7 million. We have reduced our salary-related cost by 42.9 per cent and our operating costs by 49.2 per cent, and 85 per cent of staff reductions will come from the former Department of Land and Water Conservation [DLWC]. There has been an equivalent reduction in SES positions. There will be a 21 per cent reduction in SES positions. Approximately 200 employees will be transferred from the central office out to regional locations. In addition, as the Minister said, some 251 staff will be transferred to catchment management authorities.

As you can see in Budget Paper No. 3, Volume 2, page 10-21, we have reduced our employee-related expenses from \$193,941 million to \$124,970 million. In 2003-04 grants to community groups were 13 per cent of our total budget, but because of our reduction in salaries and our emphasis on maintaining our commitment to allocate funds to on-ground works through the catchment management authorities, there has been a 49% increase in the proportion of the Department's budget provided to community groups for natural resources management. We have dramatically reduced overseas travel. We have had a 90 per cent reduction in overseas travel, reducing from \$55,000 in 2002-03 to only \$6,000 in the past financial year.

So, we have reduced staff. We have reduced operating expenses. We have transferred staff to catchment management authorities. We targeted those staff reductions to the former Department of Land and Water Conservation, and as is known in the mini-budget statement, some 200 staff will also transfer from the central office out to regional locations.

**Mr CRAIG KNOWLES:** While Ms Westacott is drawing breath, I want to emphasise my point. The shift now to see more than half of the agency's budget going to programs and works and grants to community organisations is profoundly important and cannot be overstated. This was the big argument prior to the election, where John Anderson, the Deputy Prime Minister, used to rattle off those statistics about one bureaucrat for every 10 farmers, or whatever it was, and the devil of the DLWC, as it was regarded in some quarters, was part of the red tape problem. We undertook to make those changes and get that shift, and that has occurred in an extraordinarily tight time frame and, again, with the co-operation of all those players in building those new models around catchment management authorities.

I have to acknowledge the collaboration with our leadership of the Commonwealth Government, in allowing the conglomeration of National Heritage Trust and National Action Plan [NAP] funding to form the basis. You will recall when we went to the election, the environment was clicking its heels when we said we would transfer \$120 million into catchment management authorities and local organisations to underpin the work of environmental management. Just read Jeff Angel's comments when we transferred not \$120 million but \$406 million, and then found another



\$30 million to move that up to \$436 million. Off the back of the recent COAG, we have put on the table another \$55 million to assist in the better management of our groundwater sharing plans in rural and regional communities, in the expectation and understanding, I have to say—and I say this with all respect to John Anderson—that that \$55 million was to be matched literally within days after the last COAG, and we are still waiting.

Yesterday's water statement by the Prime Minister relegates reference to New South Wales ground water to a footnote, with no undertaking to match the \$55 million, which is still on the table. So in answer to your question—and Ms Westacott will pick it up again—we have moved resources in accordance with our pre-election commitments and our undertakings to reduce the impact of the Department of Land and Water Conservation [DLWC] and the red tape surrounding the operations of the DLWC and we have transferred money out in a way that has received the plaudits from people one would never expect to give them, including, I might say, some Federal Coalition members.

**Ms WESTACOTT:** I think I have dealt with the bulk of the savings.

**CHAIR:** The Hon. Tony Catanzariti, do you have a question?

**The Hon. TONY CATANZARITI:** I do not have one at this stage.

**CHAIR:** The Hon. Kayee Griffin?

**The Hon. KAYEE GRIFFIN:** No.

**CHAIR:** The Hon. John Ryan?

**The Hon. JOHN RYAN:** I would like some further details about the restructure. Are you able to tell the Committee how much money was spent last year and how much you expect to spend this year on redundancy costs?

**Mr CRAIG KNOWLES:** John, I think they are in the budget, but I am happy to be more explicit and take that on notice.

**The Hon. JOHN RYAN:** Are you able to tell us how many staff are currently in Bridge Street and how many will be there at the end of the restructure?

**Ms WESTACOTT:** I cannot tell you that; I can take it on notice. As I said, we expect to relocate some 200 people from central office divisions. But, as you would be aware, our central office operates across a number of locations: Henry Dean Place, Parramatta and Bridge Street. So not all of those people actually come out of Bridge Street. We will be rationalising some people from Henry Dean Place to relocate to Bridge Street to consolidate some operations there. At this stage we are not able to estimate how many people will be in Bridge Street.

**Mr CRAIG KNOWLES:** For the record, my understanding is that the move of some personnel from Henry Dean Place down at central railway station up to Bridge Street frees up space, which is being backfilled by another government department and therefore offers a rent saving. I am not sure of the quantum but it is certainly a reduction in the overall floor space we need to occupy in the city.

**The Hon. JOHN RYAN:** Do you have an estimated date for the completion of the restructure?

**Ms WESTACOTT:** In terms of staff reduction?

**The Hon. JOHN RYAN:** Yes.

**Ms WESTACOTT:** It is largely completed now in terms of the number of people who have taken voluntary redundancies or the number of temporaries and contractors we have reduced. We made a very clear commitment that our first priority would be to reduce the number of temporary and

contract staff. Those targets have been met. We expect to complete it by December, the first half of this financial year. In terms of the number of staff, it is largely achieved.

**The Hon. JOHN RYAN:** Minister, What is the total amount that is being returned to the Government by councils from the Plan First levy since it was commenced?

**Mr CRAIG KNOWLES:** John, I will have to take the precise number on notice. This is a sort of Peta Seaton special. When she has nothing to do on a cold Saturday morning she whips out the usual press release saying, "Where's the Plan First money?" I am happy to take this on notice and provide an answer to the Committee, but the fact is some millions of dollars have been allocated to local government. In terms of Ms Hale's earlier question about the planning reform processes, one of the discussions we had with the local government practitioners from all over the State at the Masonic Centre was how to best get value out of the Plan First money. For example, when we talk about, as I did earlier, the Threatened Species Conservation Act amendments and the ability of local government to be placed in a position to turn off the application of the Threatened Species Conservation Act—the eight part test and so on, and individual development applications—it is not very often that you receive spontaneous applause at a planning conference. Usually you get spontaneous snoring.

I did not make the comments; Ms Westacott made them. The spontaneous applause by the local government industry in terms of a wise and sensible use of money for planning reform cannot be better exemplified than this. Because of some of the growth pressures, for example, on the coastal strip or in some of the urban areas, the proposition—about which we will continue to have dialogue with the Local Government and Shires Associations—is to use some of the Plan First money to underpin what will be, by necessity, a review of their local environment plans [LEPs] to achieve the biodiversity certifications proposed in Minister Debus's amendments to the Threatened Species Conservation Act, which are presently in the Parliament.

We will, without hesitation, focus on the hotspot areas first: the areas of high growth and high pressure or high issues of environmental stress or biodiversity conflicts. We will use that money to assist councils to review their local environment plans and to codify in their local environment plans the changes necessary to allow them to achieve the biodiversity certifications by Minister Debus and, therefore, to allow the turn-off of the provisions of the Threatened Species Conservation Act. So that is one example of where that money will go. I do undertake to give you a full list of where the money has gone, where it has been going and the quantum that presently exists in the account.

**The Hon. JOHN RYAN:** In your answer, Minister, I think you said that Ms Westacott would give additional detail.

**Mr CRAIG KNOWLES:** Did I? I must have been carried away. I am sorry, John. I get excited about biodiversity certification as well. It is up there with metro strategy stuff.

**The Hon. JOHN RYAN:** However important that is, I want to clarify what has been taken on notice. You will provide to the Committee details as to how much is collected from councils under the Plan First levy and how the money has been spent?

**Mr CRAIG KNOWLES:** I will provide it in more complete form, including how we propose to spend it in a more strategic way. For example, I am not making an offer to the Parramatta Road councils, but as a consequence of their terrific work on thinking through the way in which we transform that degraded part of our city into a more vital, more liveable set of communities that contribute to the management of Sydney's growth, there may be opportunities arising out of that work to use Plan First money on, if you like, a cross-border or cross-local-government boundary basis to assist them in implementing their strategies.

Again for the record, for those councils that will no doubt read this transcript with interest, it is not an offer but it is the sort of thing the councils have said they would prefer to see Plan First money used for. They have said, "Don't give us a few bob to do some mickey mouse project in location X. Use the money for strategic uses to underpin our total directions as the regulatory authorities and do it in partnership, where that is possible." I think that is a fairly consistent message we have been getting in every local government authority I have visited and in some of the seminars and forums we have held, including the one at the Masonic Centre and the big one held at the Olympic

Stadium on the metro a couple of months ago. Madam Chair, in terms of your processes and earlier announcements, are you going to move to questions on the Natural Resources portfolio?

**CHAIR:** Yes, I have some questions on Natural Resources. Minister, will you make public Mr Sinclair's interim report on the Brigalow issue?

**Mr CRAIG KNOWLES:** I thought it was. I am not unwilling to. I suspect it will be as part of the Cabinet process though, Jenny. You only have to go to Dubbo or any of those towns to read it on the back of the hotel doors. People know what is in it. Are you really asking where is Brigalow up to?

**CHAIR:** I am happy to get an answer on where is it up to.

**Mr CRAIG KNOWLES:** As I said on ABC radio two days ago in the northern part of the State, Cabinet is obviously yet to make a final determination on the matters associated with the Brigalow and other associated forests. That does not mean it does not maintain a very high degree of attention. It does. The level of attention actually has been increased by the addition or the transference from my portfolio of Forests to Minister Macdonald. So perhaps the question could be better directed to Minister Macdonald and/or Minister Debus, but I am happy to continue to talk about it for another couple of minutes because I think it is an important issue to those individuals.

**CHAIR:** What is the timetable?

**Mr CRAIG KNOWLES:** When it is ready, Jenny.

**CHAIR:** When it is ready? Notwithstanding the fact that Mr Sinclair has said he is very surprised it has taken so long?

**Mr CRAIG KNOWLES:** Ian and I know each other well, as you know. He did a lot of good work in Health and he did some terrific work for us on native vegetation. The one thing Ian Sinclair knows is that sometimes things are just hard and they are complex. I have said to your leader, Andrew Stoner, in private conversation—and I am happy to make public—and to all the various interest groups as I have met them, and I have said on radio, we are not going to make a rush decision. We will not make a decision that will see the entire region implode. There are very high-level issues here, both from the biodiversity and conservation values of some those borrowers through to the conservation of jobs. In some of those towns where the only jobs are timber jobs the conflicts become quite exquisite. No-one has a magic wand, but the solution will be dealt with in terms of the development of new industries and new opportunities and a sensible approach to the conservation of those forests.

By the way, the Premier did not give a timetable on this. He said we would do it properly and if it took a while, then so be it. But we have given an undertaking to the timber industry. I can assure you I have been to the mills, I have had them turn the machines off. I have had the blokes walk out of their various hidey-holes in Paddy Paul's mill at Gunnedah and George Paul's mill, I think, at Baradine. I have spoken with those individuals myself. They understand, and they want the Government to get this right. They do not want a rushed decision. In the meantime what they want, and the undertaking they have been given, is that we maintain supply to those mills whilst we are continuing to consider the range of issues and we are not accessing the moratorium compartments. That undertaking has been honoured. I can assure you that a couple of days ago, before my radio interview with the head of State Forests, I checked to ensure that the undertaking was still being maintained since the transfer to Minister Macdonald. That is to the great credit of the State Forest officials, if I may say.

But we have been through this before; we have been through this in the south-east. I was there with all the difficulties associated with Tantawangalow and Coolangubra, and Harris Daishowa versus the people sitting on poles and digging themselves into the Wog Wog Way. I have been there in the north-east. Brigalow is in some ways no different. It is complex and controversial and it is best dealt with sensitively and sensibly. If that takes a little bit of time, and in the meantime we maintain supply to the mills to keep those individuals going in employment whilst we come to a conclusion, that is as it should be. David Kemp has made it a little more difficult by putting an environmental

hotspot tag on it, much to the chagrin of some of his Nationals colleagues up there, I suspect. That has added to the complexity. But I can assure you we will continue to work through those issues, as I said, sensibly and properly.

I have talked with Max Ramien, from Dubbo, at his mill about the potential for value adding in things like the thinnings potential with the whip stick pine, as I think they call it—the cypress—which has environmental benefits because of the lock-up associated with those forests, and with people like Gae Swain, the mayor of Gunnedah, and the more substantial mills that already are into value adding.

Paddy Paul at Gunnedah, and even the environmentalists, including Jeff Angel—I hope I am not verballing him—say that that is one mill that should not be allowed to close because it is doing good things and getting the best value out of every stick of timber. Those people understand that we are talking about decisions that will have an effect on those communities for decades. If that means it takes a little longer to make the right decision, they would prefer that. Of course, everyone wants the decision to be made; they all want a solution.

I have been up there a few times, and in recent times particularly, and I have spoken to most of the players. Minister Debus and I have been out in the bush speaking to people on both the environmental and timber industry sides of the debate. We have been shown very important things to help us come to a decision. However, the one thing that I have not found is someone with a magic wand. That is why we are taking our time on this issue. That is a summary of the situation and an explanation of why I will not say that a decision will be made by a particular date. Frankly, I thought we would have it resolved by now. I am not in the business of not making decisions; I make decisions every day of my life.

I have been around the timber industry for long enough to know the situation. Members of the Labor Party remember our experience in opposition with the parliamentary inquiries into the predecessor of the threatened species legislation. If we get legislation wrong we end up back in this place unpicking it because the situation has been made far worse. There are not many occasions on which Oppositions get the Parliament ringed by foresters. However, I can remember the scenario with the Endangered Fauna (Interim Protection) Act, the predecessor to the Threatened Species Act. I think it was John Fahey who recalled Parliament because the legislation and the resulting decision making went wrong. We effectively caused serious problems for the timber industry and unwanted environmental consequences as a result of the added conflict.

We now have a mature landscape for forestry activities. Members should consider the decisions the Government has made that people said would never be made. I think Andrew Stoner or Andrew Fraser said that we would never pull it off in the north-east and that we would never achieve industry security, long-term contracts and the national parks that the Premier promised during the last election campaign. Not only has the Government achieved that but it also did so faster than anyone believed was possible and in a fashion that saw less conflict around a very controversial decision than anyone could believe. We achieved that because we put in the required energy and effort. That is what this Government will continue to do with the Brigalow, and after that it will deal with the river red gum.

**CHAIR:** Terrific. After the Brigalow decision has been made will the department stand by the Premier's promise that no jobs will be lost?

**Mr CRAIG KNOWLES:** I have probably spent far too long in the Committee's view explaining just how important all those issues are to all of us. That is why this Government is proceeding as cautiously and as decently as it is.

**CHAIR:** Does the department have an accurate record of the water entitlement figures for each entitlement holder?

**Mr CRAIG KNOWLES:** Is this the information that John Anderson has asked for?

**CHAIR:** Yes.

**Mr CRAIG KNOWLES:** I think the answer is yes; I hope so. However, there is one caveat. When we moved to perpetual licences, at the request of everyone, most particularly the banks, I had to put a caveat on the degree of accuracy. It is like moving from an old systems title to a real property title for land. Anyone who has been through a real property conversion understands that some of the old title documents still refer to roods and perches and the distance from the gum tree, three miles from the local bridge and so on. In addition, because farmers are farmers and people are human, many of the licences are still recorded in grandpa's name, and he has been dead for a long time. We are moving from a piece of paper attached to the property to a separation of the title giving status to water to enable us to meet the national water initiative requirements to establish the trading regime that the Deputy Prime Minister is so keen to implement. I also think it makes sense, but he has pushed it.

However, to establish a trading regime we must have security of title to trade. The banks will obviously be the trading component—they will be doing the lending—and people will be borrowing on the strength of licences. The banks will not have the certainty necessary to lend and to underpin a growth program for those who will borrow without the degree of security offered by a more robust titling system. In my second reading speech dealing with the amendments to the Water Management Act I said that it would be between two and three years after the commencement of that Act, which has now occurred, before everyone, but most particularly the banks, would be pleased with the cleanliness and robustness of what will effectively be the biggest new titling system in this State since the Real Property Act. We are moving towards that with extensive co-operation from the various communities. The process is well resourced within the department and it is an undertaking we have given. If I were being optimistic, I could say that it would be done in two years, but who knows? We must do it properly.

We have about 66,000 licences, but I do not have in my head the break-up between ground water licences and other licences. That information may be available. The fundamentally important issue with ground water—it is why the Deputy Prime Minister has asked for the information and we are endeavouring to assist him—is that, as I flagged in the Parliament a couple of weeks ago, there is a willingness to shift from the model of entitlements and entitlement reductions found in the six ground water sharing plans in the State under the Water Management Act to an allocation process that has greater regard for history of use. In simple terms, it will give greater recognition to people who are more productive and efficient in their water use as opposed to those who may be holding a licence referred to in the trade as a sleeper or dozer. I cite the example of two properties of equal size on opposite sides of the road at Quirindi. On one side of the road is a highly protective, vertically-integrated, very efficient farming process using, I think, Israeli irrigation and processing technology—it is the ant's pants—

**The Hon. David Oldfield:** Oy vey!

**Mr CRAIG KNOWLES:** Indeed. It employs seven people who would not otherwise have jobs and so on. Based on the ground water sharing plan, that farmer would suffer a substantial cut in his water allocation and would subsequently have to stop doing what he is doing, resulting in job losses. The property owner on the other side of the road has a sleeper licence. He parks his semi-trailer on the property. I am not saying that he is not productive, but no farm production is occurring. He will get a windfall gain because of the value we attach under the market regime that we are establishing with the Deputy Prime Minister. I have not met anyone, including those holding sleeper or dozer licences, who would concede that that is fair. As a nation we must invest in people who have chosen to be productive and help them to grow their businesses and employ people. We should do what we can to assist them rather than those who are sitting on a piece of paper and not necessarily adding value.

I mentioned earlier the \$55 million that will hopefully be matched by the Deputy Prime Minister, giving a total of \$110 million. The long lead-up to the Council of Australian Governments negotiations involved an in-kind contribution by irrigators of an equivalent amount, giving a total of \$165 million. That is necessary to assist the sleepers or dozers to get out of the business and to ameliorate the impact on productive farmers. As I said in the Parliament two weeks ago, \$55 million will not go within a bull's roar of fixing the six river valleys, but \$165 million will get us close. In all openness, this sort of adjustment cannot happen and will not happen if we start the journey but go only so far. More of the Chairman's constituents will be screaming for John Anderson's blood rather mine. They understand what is going on.

To be honest, I fully expected John Anderson to announce the \$55 million matching funding in the Prime Minister's statement in Adelaide yesterday, and I am disappointed that he did not. However, I live in hope, because I have a regard for the Deputy Prime Minister and I believe that he will keep his word. I have his word and I do not doubt it for a moment. Given the context of the question, it is important to understand that the Government has suspended the commencement of the ground water sharing plans. They should have started on 1 July 2004, but they have been suspended until 1 July 2005. The intent was to give the governments of Australia and farming communities a full 12 months to go through what will be a massive structural adjustment to reflect that history of use approach that I have explained. It is now September and the Commonwealth Government is in caretaker mode until 9 October. Whoever wins in Canberra will not be back on the tools until at least the end of October.

**The Hon. David Oldfield:** Labor always wins in Canberra. It is who wins outside Canberra that is important.

**Mr CRAIG KNOWLES:** Of course, having fought a tough election campaign, the last thing Federal members will want to think about is ground water adjustments, particularly in the lead-up to Christmas. The State Government's \$55 million is still on the table and it cannot be spent. We have always said it will be spent only if the other componentry is in place. Therefore, it will happen some time after Christmas, assuming that all concerned keep their word. It will not be hard for the State Government in the sense that it can impose mandatory conditions or be more controlling than either John Anderson or I would like to be. However, it will be tough for irrigators because it will bump up against their growing seasons and so on, and they will have to settle this in a few short months. We could stick to the status quo, but no-one wants that. In the end this will be a question of commonsense. I, and I am sure all Australians, would welcome the Deputy Prime Minister's saying that \$55 million is now on the table. If that were to occur, we could activate the process.

**CHAIR:** Talking of screaming constituents and hard-done-by irrigators, has the department analysed the socioeconomic impact on communities and entitlement holders of the Federal Labor Party's policy of allocating 1,500 gegalitres in environmental flows over 10 years?

**Mr CRAIG KNOWLES:** No. The reason we would not have done so is that these pieces of work are auspiced usually by the ministerial councils, and most particularly the Murray-Darling Basin Commission. As you would be aware from my public statements, I have been rather critical, as indeed everyone has been, of the robustness of some of the assessments that have been undertaken to assist—

**CHAIR:** You have answered my question, Minister.

**Mr CRAIG KNOWLES:** Just a moment. You are making a political point here. I was asked the same question in the House by Andrew Stoner two weeks ago, so the research is not particularly flash. I make the point that the governments of Australia have signed off on a process that begins a journey. The first allocation of \$500 million under the National Water Initiative, as indicated in everybody's press releases, including those of the Deputy Prime Minister and the Prime Minister, is regarded as "a good first step". We have targeted a number of what I lovingly call in the trade "icon sites"—the Barmah-Millewa, Perricoota, the Gunbower—

**CHAIR:** Minister, with respect, I asked you a simple question and I have the answer. Other members have more questions, so can we move on.

**Mr CRAIG KNOWLES:** I am sure that is right, but you asked me about the socioeconomic impacts, and I am trying to answer your question.

**CHAIR:** Ms Westacott indicated quite clearly that no study has been done by your department. That is all I want to know.

**Mr CRAIG KNOWLES:** I said that, too. But I want to give you a more complete answer, because as you know, Madam Chair, in this game people like you like to leave those things hanging in the air, without explanation, so you can then exploit them. Jenny, you and I have been around each other for a long time. I know the game, and so do you. I am not going to let you get away with it,

when enormous amounts of taxpayers' money has been invested by both the Commonwealth and the States collectively in enormous amounts of analysis around these things, and to date there are still questions over them. That is why the governments of Australia, through the COAG process, the national water initiative and the ministerial councils around the Murray-Darling Basin Commission, have made "good first steps" and targeted icon sites, with inevitably a desire for more to come. And the "more to come" will be contingent upon greater understandings of economic impact.

The Treasurer is now in the Chamber. He is probably starting to think, "If this \$55 million we have allocated to reassess groundwater is not spent soon, I will start to take it back." I am not sure that I could ever agree with that, because, as I am sure the Treasurer would agree, when we give our word, we give our word. But we are waiting on Minister Anderson to honour his commitment to match that money. The pressures on government are known to all of us. If you are talking about economic impact, go to the Namoi Valley—

**CHAIR:** I have been there.

**Mr CRAIG KNOWLES:** Go to the Lachlan, the Murrumbidgee, the Murray, or any of those places where they are desperate for their governments, their elected representatives, to start this work on adjusting groundwater. This is the funny thing. They all know that the deal was done, because they were working on it. They were ready to put their \$55 million in kind on the table to match our \$55 million and the Federal Government's \$55 million, and they are waiting. I bet that next week in *The Land* some questions will be raised about this and there will be statements like, "This was a terrific announcement by the Prime Minister in South Australia yesterday of \$2 billion." I might add that \$1.6 billion of that is the States' money in removing competition payments; thanks very much! And, "That was a great announcement, but where is the groundwater money? It is not there; it is not on the list."

**CHAIR:** So do you support Federal Labor's policy?

**Mr CRAIG KNOWLES:** I have just answered your question. I also answered Andrew Stoner last week.

**Ms SYLVIA HALE:** I preface my question with the observation that if it is going to take so long to answer questions, there will need to be repeated meetings of this Committee—

**Mr CRAIG KNOWLES:** Are you trying to intimidate me?

**Ms SYLVIA HALE:** I am simply suggesting that that is the scenario.

**Mr CRAIG KNOWLES:** Are you trying to bully me?

**Ms SYLVIA HALE:** No. I am suggesting we are facing that scenario.

**Mr CRAIG KNOWLES:** You are trying to intimidate me, are you not? Might I observe that some of your antics across the table wasted a lot more time than I might ever choose to.

**Ms SYLVIA HALE:** The National Competition Council [NCC] has deferred its assessment of the New South Wales provision for providing water to the environment until next year. In doing so the NCC stated, "The council considers that New South Wales has not met its COAG obligation to provide appropriate allocations of water to the environment in stressed and/or overallocated rivers."

**Mr CRAIG KNOWLES:** Any in particular?

**Ms SYLVIA HALE:** It goes on to express its concern—

**Mr CRAIG KNOWLES:** You are obviously reading from the script. Which rivers?

**Ms SYLVIA HALE:** The excerpt I have here does not name those rivers, but I am sure you are on top of the issue and you know what the council is talking about. What is the Government doing

to ensure that New South Wales meets these requirements and receives the full tranche payment in 2004-05?

**Ms WESTACOTT:** Under the water sharing plans that were implemented on 1 July this year, 220 gigalitres of water will be returned to the environment under the national water initiative, which is the subject of the discussion we have just had about funding arrangements. Five-hundred gigalitres will be returned to the environment for the six iconic sites that have been agreed by the Murray-Darling Basin Commission. Under the Murray-Darling Basin Commission Agreement we are required to meet our cap, that is the cap that was introduced in 1993 for the reduction of overallocated systems, and we meet those obligations under the Murray-Darling Basin Commission Agreement. As part of the water sharing arrangements and the legislation that was introduced into Parliament this year we have also guaranteed rights for the environment, and that is probably a first.

**Mr CRAIG KNOWLES:** That is right. Let us be clear about this. I know what the NCC documentation says. We are the only State that legislates the rights of the environment. Under our water sharing plans—noting that the six groundwater plans have been suspended awaiting \$55 million from Canberra—the 220 gigalitre reallocation to environmental flows leaves every other State in the Murray-Darling Basin for dead. Let us not mistake that. Yes, a couple of our river systems are not performing as well as we would like in terms of return to environmental flows. But if you like you—and you Madam Chair—can come with me to the Namoi Valley, and you can tell the farmers. They are fantastic.

The parallel here is with the Brigalow, I might say. These totemic demands that you do things without considering the consequences of your actions leave me cold. We will reduce, as we are obliged to do in accordance with our water sharing plans, the overallocations in some of those river valleys. We report on this to the ministerial council on a regular basis; it is a self-policing process. But I will not jerk the levers to such a degree that will see farm communities and regional communities put out of business without an ameliorating process.

I know you do not understand a lot of this stuff. Frankly, when I was not the Minister I did not understand it either; you have to learn it. Nobody talks about water policy around dinner tables on Saturday nights very much, I can assure you. Michael Egan does. I simply make the point that the solution to relieve the stress on some of those overallocated rivers is the reduction in the flow regimes, including the groundwater flow regimes that are implied in the work I have been talking about with the joint matching funds. Why do you think tight Treasurers—Michael Egan, Peter Costello, or any treasurer—

**CHAIR:** You are casting aspersions on a person in the public gallery.

**Mr CRAIG KNOWLES:** Treasurers should be tight. If treasurers do not say no, no-one else will. That is their job. But even those individuals, with all their Treasury advice, have worked out that there are both environmental and economic benefits in investing in some of this stuff. That is why we were able to get \$55 million, and that is why, I believe, John Anderson convinced John Howard to twist Peter Costello's arm to come forward with the \$55 million as well. But unless we get that money, we cannot begin to go into those communities and say to farmer Brown, "Listen, you have been overusing those water resources for generations. We need to get you away from that, get you investing in more efficient technology, and put the dividend back into either more production or more water for the environment."

**Ms WESTACOTT:** The other thing we have done, for the first time ever, is to allow our new catchment management authorities to operate as water trusts. They will be able to hold the adaptive water licences, that is the licences for the environment, and they will be able to trade and purchase water on the open market for environmental purposes.

**Ms SYLVIA HALE:** With regard to licensing, last year the Minister stated that the Government had not issued any new licences for surface water extraction, regulated or unregulated, since the implementation of the cap in 1997. Are new surface water extraction licences being issued along the Bogan River, in the central west of the State? If so, why is that occurring?



**Mr CRAIG KNOWLES:** I do not say that I did not say it; I just do not recall saying it. I think I would have, but I will check that. I do not know whether new licences are being issued along the Bogan River. I was out on the Bogan River not terribly long ago and, licence or no licence, I do not think there is any water in it.

**Ms SYLVIA HALE:** Will you take that question on notice?

**Mr CRAIG KNOWLES:** I will take it on notice.

**Ms SYLVIA HALE:** I understand that earlier this year a deal was struck between the Department of Infrastructure, Planning and Natural Resources and local irrigators that effectively reduced the reliability of town water supplies for Dubbo and Wellington in order to provide more general security water for irrigation purposes. This deal resulted in water being released for irrigation purposes that has left the town water supplies and environmental requirements for the marshes and other sites along the Macquarie in a very tight situation. Can you explain how this decision was made, given that Burrendong Dam was below 20 per cent capacity at the time and that forecasters were very concerned that the drought would continue?

**Mr CRAIG KNOWLES:** I will check the specifics of your question. But as a general principle, as Ms Westacott reminded me and as we have placed on record, our legislation does a number of things. It establishes stratification classes of water, including water guaranteed for the environment. New South Wales is the only State that does this. It also reflects the fact that some water supplies for towns are grossly overallocated. The one that I recall is Quirindi. Quirindi has an allocation to the town which, by a long, long way, far outstrips its present needs and any growth potential, even on the most optimistic population explosion in Quirindi. That is an asset that council has and, because of our legislative changes and the national water initiative, it becomes a tradeable commodity. It was not available to the council in that fashion before.

Regarding the example I used earlier of the farmer down the road with the highly efficient technology suffering a major cut under the groundwater sharing plans, why should he not be able to buy some of that water if it is up for sale? That is the whole underpinning of the market base that the national water initiative has been predicated on. If Dubbo is in a similar situation—and I do not necessarily know the precise allocations for towns around the State—then, as a general principle, if a local authority is able, of its own volition, to make decisions about trading or holding, in my view there is nothing particularly wrong with that.

**Ms WESTACOTT:** May I go to the specifics on that case. It is important to note that under the water sharing plans urban water supplies take precedence all the time, but in a drought circumstance all allocations are adjusted. I will take this on notice and check the specific cases. That is normally done via the water sharing committees that are set up under the water sharing plans, so it is done in agreement. It is really a share of the available resources. In drought circumstances, town water supplies always have precedence over other supplies. But when there is a drought like the one we have been having, which is very severe, there is a reduction in everybody's entitlements.

**The Hon. JOHN RYAN:** Minister, are you able to tell the Committee how much it has cost to date to conduct the metropolitan strategy consultations, given the various consultancies that are part of the metropolitan strategy, the production of various documents, the event organisation, and so on? In other words, are you able to advise the Committee of the total cost of producing the metropolitan strategy to date?

**Mr CRAIG KNOWLES:** I will have to take it on notice, obviously. I think that the generic response is to reflect on some of the comments made by the director-general and the overall reduction in expenditures on things like consultancies and those sorts of things. But certainly I am happy to provide it.

**The Hon. JOHN RYAN:** Minister, in the media it was reported that the department, I imagine, had calculated that the infrastructure costs for land release in the Bringelly land release area would amount to \$7 billion. Is that an official estimate? If so, who produced it and what is the breakdown of those costs?

**Mr CRAIG KNOWLES:** I am not sure I use the media as my yardstick for official estimates. My intention is to publish the costings when we are more firmly in a position to be more accurate about them, and that work is being undertaken at present.

**The Hon. JOHN RYAN:** It was not a case of using the media. When you were in opposition you have only got the media in most instances. I did ask you are they official costings.

**Mr CRAIG KNOWLES:** I also saw at the time a comment that it would cost \$50,000 a lot or something. I do not write newspaper articles.

**The Hon. JOHN RYAN:** I understand that, but we are entitled to ask.

**Mr CRAIG KNOWLES:** And I have given you an answer. As we get information I want to publish it because it needs to be out there in the public domain.

**The Hon. JOHN RYAN:** Has a cost been calculated for infrastructure?

**Mr CRAIG KNOWLES:** I said it is in the process of being determined. Part of the rationale as to why is because the land price equation is affected by many things, as you know, from State, Commonwealth and local regulatory frameworks to market demand. The issues, just some of which we have touched on tonight, around trying to remove the, in my view, unnecessary overburden of some of the statutory requirements or putting the statutory requirement in a better ordering—the Threatened Species Conservation Act being the example I have used a couple of times—will have, I believe, a measurable cost impact downward, in my view, on the overall regulatory framework associated with the production of land for urban use. They are the sorts of subcomponents.

Equally, I have also talked very publicly about a desire I have to try to better utilise superannuation funds in terms of the overall funding of public infrastructure. There are some implications there in tax policy at the Commonwealth level. I make no partisan points here. I just cannot, for the life of me, understand why our national governments of whatever political persuasions do not underpin a tax policy that advantages the investment of superannuation funds into public good infrastructure. I know the rhetoric around Costello's futures fund, the AAR, but nobody has actually come up with a tax model that does that and, as a consequence, you see a disproportionate and, in my view, an unnecessarily large amount of superannuation money going overseas because Australia is a relatively small country, relative to the superannuation pools. Where that is placed is important. And why should it not be placed in public infrastructure? A consequence of that, in terms of the cost, comes down to the cost of capital and the spread of the cost over the life of borrowings.

For example, traditionally, Sydney Water, from my memory, borrows on 10-year contracts. It will go and borrow X million dollars for 10 years and pay off the principal and the interest. That is in very simple terms. A superannuation fund, because of the very nature of its return profile, could easily spread the cost of that capital out over to, say, 30 years, and that then has a flattening effect on the overall annualised costs for the repayments of the loan, to use very simplistic language. They are the sorts of things we are exploring. This is sort of very new for governments, not just the New South Wales Government, and it is an area that is occupying a substantial amount of energy and effort to make sure that we get that sort of stuff right. I do not think it is any surprise for anyone to hear that Sydney is a growing city and it will continue to grow—you all know the numbers—and the demand to maintain Sydney as Australia's global city and the need to underpin its economy and maintain its environment and its resource base means the pressure is on. Affordability and the provision of land are going to confront any government in this State, whether Craig Knowles is the Minister, or Peta Seaton, John Ryan or Jai Rowell is the Minister. It does not go away, and therefore these new ways of doing traditional things have to be thought through. Sorry about the Jai Rowell quip.

**The Hon. JOHN RYAN:** I do not know why you keep thinking he is not a friend of mine. I went to his wedding; we are friends.

**Mr CRAIG KNOWLES:** I would be careful about that.

**Ms SYLVIA HALE:** Careful of going to weddings? I could not agree more.

**Mr CRAIG KNOWLES:** Caesar had that problem, I think.

**The Hon. JOHN RYAN:** In regard to the Sydney Harbour Foreshore Authority [SHFA] can you inform the Committee how many hotels does SHFA own? You will probably have to take that on notice. But do you know how many poker machines are in the hotels?

**Mr CRAIG KNOWLES:** I saw the article in Sunday's paper.

**The Hon. JOHN RYAN:** What is the annual income and what revenue does SHFA receive from the hotels?

**Mr CRAIG KNOWLES:** I am very happy to provide that on notice, and I will add a further advice about what they do with the money. I do want to address this. I read the newspaper article on the weekend too. It is no surprise that in the birthplace of Australia, with a whole lot of convicts, there were pubs—and a lot of those pubs have their roots back in those times. Therefore, it is no surprise that the authority, which is charged with the responsibility of maintaining one of the world's great heritage assets and its surrounding regions now because of its expanded role, happens to have responsibility for the management of some pubs. And guess what? Pubs are allowed to have poker machines—and, surprisingly, they do! I will stand corrected on this, but one thing I do know is that the Sydney Harbour Foreshore Authority does not receive ConFund allocations. The money it uses to maintain one of the world's great heritage assets is through its revenue production—the rents it receives, the properties it disposes of and all that sort of stuff—and it all goes back into the public domain and the preservation of the public good.

If it means that because a government instrumentality has responsibility for a pub, the pub cannot have a poker machine in it—a different situation from that which applies to every other pub or club in the State—unless somebody is proposing that, then the next best thing is to make sure the revenue stream that comes out of those commercial agreements, which I am sure are all dealt with properly, is put back into the extraordinarily expensive task of managing, as I said, a set of assets that are among the icons of this country. It is one of the reasons why tourists come here still. I personally understand that model. I am very happy to get all the information for you. I am also happy to ensure that in providing that information for you that we endeavour to identify how it is spent. I suspect there would not be necessarily a hypothecation, but it would be going into the general revenues of the authority for the general maintenance of the public assets.

**The Hon. JOHN RYAN:** Can I ask you about SEPP71? Can you inform the Committee how many staff are involved in processing SEPP71 applications?

**Mr CRAIG KNOWLES:** That is the coastal policy?

**The Hon. JOHN RYAN:** That is right. Can you tell the Committee how many SEPP71 applications have been received, rejected or approved since March 2003 and how many are still pending consideration?

**Mr CRAIG KNOWLES:** We will take it on notice, but recognising the fact that we have deliberately endeavoured to remove ourselves from some of the smaller, less controversial matters that would fall under SEPP71. At the time David Broyd, who was then president of the Australian Planning Institute and who is now in Wollongong as chief planner, was up at Tweed Heads informing me, at a country Cabinet meeting very early in my term in this portfolio, that he was sending me applications—this is the national president of the Australian Planning Institute, chief town planner, sending me applications because SEPP71 deemed it to be so—to assess, provide comment on and, indeed, approve with regard to things like dividing fences, backyard pergolas and barbecues. I just said I did not want to do that, and we have removed ourselves from that. There have been amendments to the SEPP and that has all occurred.

My interest on the coast is to focus with local government on some of those more strategic issues relating to managing growth and pressures on the coast using some of the Plan First money. That is, of course; looking at—under the SEPP—the big, the controversial, the environmentally sensitive, the stuff that you would expect a State Government to be involved in, and how that is broken up in terms of the global number of applications, then versus now.

**Ms WESTACOTT:** We do not have comparative figures. We have 17 staff working on this. We have about 260 applications, of which about 140 are approved. In terms of comparisons from year to year, I will have to take that on notice.

**Mr CRAIG KNOWLES:** We will check that. The coastal strip is defined under the SEPP from basically the Queensland border to the Victorian border. I cannot remember the inland area, but it is not all the local government areas; it is the defined coastal limits.

**The Hon. JOHN RYAN:** Could you also supply to the Committee the average turnaround time for a SEPP71 application?

**Mr CRAIG KNOWLES:** Certainly.

**The Hon. KAYEE GRIFFIN:** Minister, when you spoke about Plan First you talked about Parramatta Road. I think it was my understanding that the work that would eventually be done on Parramatta Road probably also related to Canterbury Road?

**Mr CRAIG KNOWLES:** Yes, I used Parramatta Road because everybody talks about Parramatta Road, but I have also used in my public remarks that strip of Canterbury Road that runs, if you like, from Beamish Street down through to the Cooks River railway station area and up past, I think, Hurlstone Park Bowling Club? I can remember a time when it was a vibrant little community. These days it is scarred by traffic at peak hour; a lot of to let signs; a lot of secondary-type retail; and there is a need for a more thoughtful plan. The reason for that is you have got a railway station right in the middle of it, on the road at Canterbury. The Hume Highway at Yagoona, near where I grew up, is similar. I can remember when Yagoona was a vibrant little community. It has a railway station literally underneath the Hume Highway there and you could walk up the steps on to what used to be a buzzing little shopping strip. These days I think there are more vacant shops than there are occupied shops, and the shops that are occupied are high turnover because they cannot make a go of whatever it is they are doing. You have a primary school literally within 50 or 60 metres; you have a lot of publicly owned land by the council; you have good recreation areas and there is a lovely park there; but it is sort of dying, and there is a need for some reinvestment there. I have not got to Canterbury Council yet, but out at Bankstown I did meet the mayor at a local government forum just recently. What is his name?

**The Hon. KAYEE GRIFFIN:** Robert Furola.

**Mr CRAIG KNOWLES:** The mayor.

**The Hon. KAYEE GRIFFIN:** Helen Westwood.

**Mr CRAIG KNOWLES:** Yes. That is the sort of dialogue that we need to have with planning officials and general managers because an investment of Plan First money to revitalise the areas around Canterbury station and Yagoona station—money that can play a part in the rebirth of areas that really are dying or in need of some rethought—will be, I think, money wisely spent. That is why the local government associations and the local councils are being as responsive as they are.

**The Hon. JOHN RYAN:** How many staff work for the Builders Professional Board and what has been the cost to date of setting it up?

**Mr CRAIG KNOWLES:** I will take that on notice. Minister Beamer tends to look after that end.

**Ms SYLVIA HALE:** Minister, while you are talking about Parramatta Road, the Chair of the Parramatta Road Group continues to refer to Parramatta Road planning as "post-M4 East", the assumption being that the M4 East will go ahead. Will you confirm that the M4 East proposal may not necessarily be approved?

**Mr CRAIG KNOWLES:** Who is the Chair?

**Ms SYLVIA HALE:** I do not have the gentleman's name.

**Mr CRAIG KNOWLES:** No, it is a "her", so you are being misleading.

**Ms WESTACOTT:** I am the Chair.

**Ms SYLVIA HALE:** Fine. Will you confirm that the M4 East proposal will not necessarily be approved and will not be approved if it does not improve traffic congestion along that length of Parramatta Road that would be affected by the proposed tunnel?

**Mr CRAIG KNOWLES:** The first half of your question is wrong. For the record, Ms Westacott chairs that group, so it is not a "him".

**Ms SYLVIA HALE:** Sorry.

**Mr CRAIG KNOWLES:** And she has just told me that she has never made that statement. The Government has made it clear that the assessment of the M4 East will be in a broader context than any other road proposal that has been proposed by the RTA. In addition to the standard requirements for the assessment of a road, there are two essentially other components. One is the contribution that that project will make to the revitalisation of the corridor, Parramatta Road in particular, and, secondly, the capacity to free up space for public transport use as a consequence. If the theory is that the M4 East redirects and reshapes traffic patterns, part of the dividend of that, based on our formal assessment criteria, will be the capacity to provide public transport options and to make a contribution to the revitalisation of Parramatta Road.

I am precluded, Sylvia, under the law from giving you a predetermination of an outcome. As Minister for Infrastructure and Planning I am probably the one person in the room who cannot express a view, because I have to make an assessment on the merits of the proposal as the process unfolds.

**Ms SYLVIA HALE:** Do I take it then that the proposal may not proceed if it can be demonstrated that traffic congestion is not likely to be eased by the proposal?

**Mr CRAIG KNOWLES:** I have just answered that question. I cannot make those assumptions. I am not going to put myself in a position or, indeed, the project or any such project in the position, of predetermining outcomes. The criteria I outlined to you are the formal criteria known as the director-general's requirements. They are published, they are available, they are on the web site, and that is the methodology of assessment. That is where we are up to. Thank you, Madam Chair.

**CHAIR:** Thank you, Minister, Ms Westacott, and the other officers who made themselves available this evening. That concludes the public hearing.

**The Committee proceeded to deliberate.**