

GENERAL PURPOSE STANDING COMMITTEE No. 4

Wednesday 26 June 2002

Examination of proposed expenditure for the portfolio areas

PUBLIC WORKS AND SERVICES, AND SPORT AND RECREATION

The Committee met at 5.30 p.m.

MEMBERS

The Hon. Jennifer Gardiner (Chair)

The Hon. Jan Burnswoods
The Hon. Ian Cohen
The Hon. Ian Macdonald

The Hon. David Oldfield
The Hon. Janelle Saffin
The Hon. James Samios

PRESENT

The Hon. M. Iemma, *Minister for Public Works and Services, Minister for Sport and Recreation, and Minister Assisting the Premier on Citizenship*

Department of Public Works and Services

Mr D. Persson, *Director-General*

Ms C. Burlew, *Group General Manager, Asset and Environmental Services Group*

Mr A. Collins, *Group General Manager, Project Management Group*

Mr S. Mudge, *Chief Finance Officer*

Mr D. Murphy, *General Manager, New South Wales Supply*

Ms E. Zealand, *Acting Group General Manager, Corporate and Business Services Group*

Mr A. Renouf, *Director, Executive Services Division*

Ms R. Risgalla, *Director, Policy Division*

Department of Sport and Recreation

Mr B. O'Reilly, *Director General*

Mr J. Cuthbert, *Manager, Financial Services*

CHAIR: We will deal first with proposed expenditure for the Public Works and Services portfolio.

The Hon. JAMES SAMIOS: Page 16-22 of Budget Paper No. 3, Volume 2 notes that the department's revenue for 2002-03 is expected to increase by 12.2 per cent, with the major increase being anticipated revenue from e-business activities and an improvement in project-related work due to an expansion in agencies' capital and maintenance projects. Would you please identify the total amount of revenues in 2002-03 that would be derived from the capital works program?

Mr IEMMA: As you have pointed out, the revenue is \$422.4 million for this year—that is the figure that is outlined there—which is an increase of \$22 million. I am advised that most of that relates to the increase in capital works of agencies and their maintenance programs and reflects the overall priorities and commitment of government in relation to capital works. The individual parts I will take on notice and provide the information to you.

The Hon. JAMES SAMIOS: Will you please outline the fee structure imposed by the Department of Public Works on capital projects?

Mr IEMMA: They would be the fees that client agencies pay to DPWS for carrying out the various tasks that it performs on those capital works projects. They would be fees for project management, where the DPWS's role is project management. Other fees could be consultancy fees. Again, the individual ones I will take on notice and provide to you. It depends on particular projects, but by and large the fees would relate to project management fees. They could relate to consultancy fees, architectural fees.

The Hon. JAMES SAMIOS: Let us take project management fees for example. What fees come to the department for completing a project?

Mr IEMMA: The fee that is charged reflects the cost of providing the service and a return to the agency. It needs to operate on a commercial basis. The individual figure can be provided to you and I will take it on notice.

The Hon. JAMES SAMIOS: What service does the department provide for this fee structure?

Mr IEMMA: It provides a range of services in the procurement of the Government's capital works program and the management of it, and the procurement of goods and services. Again, when it relates to capital works, DPWS has a role in the procurement risk management. It could have a role in project management; it could also be design fees, consultancy fees for providing advice; it could well be master planning of a particular site, a particular project. There is a range of services which would generate fees.

The Hon. JAMES SAMIOS: So you will take that on notice and provide the information?

Mr IEMMA: The specifics, yes.

The Hon. JAMES SAMIOS: Moving from capital works to maintenance projects, would you be able also to give us the fee structure imposed on maintenance projects and the services provided?

Mr IEMMA: Yes. Again, on things like, for example, the school facilities maintenance contract, for the model, some of the fees would relate to contract management. The services there would relate to managing those contracts, oversight of those contracts. There is an audit role played by some officers of DPWS in conjunction with a much larger audit role played by the Department of Education and Training. That is just in the area of education. Again, the specifics I will take on notice and provide to you—that is, the nature of the services and the fees that would be generated from those services.

The Hon. JAMES SAMIOS: Has the department benchmarked its fee structure for services against those provided by the private sector companies?

Mr IEMMA: In the area of maintenance, to use one example, DPWS has retained a day labour force which competes for the zones in the area of vegetation, and it needs to compete and win, and there is a benchmarking process undertaken there. Mr Persson will provide some additional information if you wish.

The Hon. JAMES SAMIOS: Yes, thank you.

Mr PERSSON: The benchmarking takes a number of different forms depending on the situation we are involved in. We, of course, have a very good understanding of what comparable fees are in the industries in which we are competing. We also have information during the course of the tender process. You know when you win; you know when you do not win. That is a pretty good benchmark.

The Hon. JAMES SAMIOS: How many vehicles are currently leased by the State fleet?

Mr IEMMA: There are 23,000.

The Hon. JAMES SAMIOS: Is that an increase on recent years?

Mr IEMMA: I will take that on notice and provide the figures to you.

The Hon. JAMES SAMIOS: What was the annual cost of the fleet in 2001-02?

Mr IEMMA: I will take that on notice.

The Hon. JAMES SAMIOS: And what is the forecast cost in 2002-03?

Mr IEMMA: I will take that on notice.

The Hon. JAMES SAMIOS: What lease fees and expenses on motor vehicles were received and paid by the department in 2001-02 and what is the forecast for 2002-03?

Mr IEMMA: I will take those questions on notice.

The Hon. JAMES SAMIOS: That would be appreciated. Budget Paper No. 3, Volume 2, page 16-2 under "Expenditure Trends and Recent Developments", states that total expenses are projected to be \$31.2 million. It states:

The variance is mainly due to the completion of the CBD Core Office Accommodation Strategy Project in 2001-2002. The project completes the relocation of various agencies from Governor Macquarie Tower to cheaper alternative accommodation.

Does that relate to the strategy that was mentioned a couple of months ago in the press about moving Government departments from the more expensive part of the city to the southern part and to other parts of the CBD?

Mr IEMMA: Yes, it does, in part. The reference at 16-2 is to total expenses for the office of the Minister. That is \$31.2 million, and that involves the completion of that project. We have moved the Department of Urban Affairs and Planning [DUAP], which is now PlanningNSW, out of Governor Macquarie Tower to what is called the Henry Dean Building at Railway Square. Some 200 people from Premier's Department have moved from Governor Macquarie Tower into Bligh House. The Department of Housing had a small presence in Governor Macquarie Tower, and they have moved to No. 1 Oxford Street, and the Department of Information Technology has moved from Governor Macquarie Tower to government-owned premises in the Land Titles Building.

The Hon. JAMES SAMIOS: And what happens to the vacant premises in Governor Macquarie Tower?

Mr IEMMA: For the DUAP removal we went to the market for expressions of interest for subletting of that space, and we have completed negotiations with the owner of the building to relieve

us of our obligations in relation to a large part of the remaining space, bearing in mind that the former Government had taken up some 30,000 square metres of space in Governor Macquarie Tower. So we done an expression of interest to sublet, and we have also entered into negotiations for us to be removed from our future obligations there. We have negotiated an arrangement that will see us save about \$40 million of future rent on that space for a payment to the owner of the building, and that \$14 million is savings to the taxpayer from that lease.

The Hon. JAMES SAMIOS: It is very good accommodation, so I presume you would not anticipate any difficulties leasing or subleasing that space?

Mr IEMMA: There is always a risk when you go to the market to seek a tenant for accommodation, and part of the reason for not doing further expressions of interest on more of the space is to try to minimise the risk, enter into a negotiated arrangement with the owner of the building so that that risk is removed from government.

The Hon. JAMES SAMIOS: So competitors or people who are interested would come from the private sector?

Mr IEMMA: A private sector party took up the first tranche of the vacated space, the stage one removal from GMT, which was PlanningNSW or DUAP. There was an expression of interest to the market; there was a response; but there is always a risk. So to try to minimise the risk we thought it much more value for the taxpayer to negotiate removal of our obligations there, and we have negotiated a good deal at \$14 million savings.

The Hon. JAMES SAMIOS: The next paragraph refers to the Parramatta Government Property Strategy and providing a whole-of-government approach to redevelopment and management of New South Wales Government properties in Parramatta. I presume the strategy is much the same for moving more government departments out to Parramatta in the areas where the Government is leasing?

Mr IEMMA: Yes, it is, although the moving of government agencies and their staff to fit the Parramatta strategy is more extensive than the GMT or the core CBD strategy. For example, the police department, which is not located in the core GMT but is still in the CBD, is moving to Parramatta. The provision of new accommodation for the police department is well under way, and construction is well under way on a \$170 million development there. Some 1,300 staff from the city will be moving to Parramatta.

The next major development will be Sydney Water, with approximately 800 staff moving to Parramatta from its corporate head office in Bathurst Street. It will be establishing a new corporate head office at Parramatta, and that potentially is another \$140 million development in Parramatta, driving investment and job growth in Parramatta. The Parramatta Government Property Strategy is a little broader than the CBD Core Office Accommodation Strategy, which was to certainly find cheaper accommodation, but to reduce our obligations primarily under that GMT lease, and the Parramatta Government Property Strategy is broader also. We are using underutilised government assets in four precincts in Parramatta—substantial government assets that are either underutilised or not utilised at all, and looking at adapting their use when there is a heritage component and also driving additional investment and jobs in Parramatta, part of which involves relocating out of the CBD of Sydney.

The Hon. JAMES SAMIOS: So the strategy envisages your using all the government properties that have not been fully utilised?

Mr IEMMA: Yes. For example, what is called zone 2 or precinct 2 at Parramatta is the old Parramatta Hospital site, which is no longer used as a hospital. It is a significant site. It is not only the Department of Health that owns some of the holdings there, but also the Attorney General's Department owns a block of land next to it. Our job is to co-ordinate the use of that site to obtain additional development and job growth in Parramatta, for that site as well as what is termed the Civic Square precinct or zone 1, which is where the police department and Sydney Water are moving to, and which will also work in with the council. Parramatta City Council is keen to obtain new administration premises, a new council chamber, and establish some sort of gateway to the Parramatta

CBD, which currently does not exist. We are working with Parramatta City Council, and that is just opposite the planned Parramatta transport interchange. So our role is to co-ordinate that project on a whole-of-government basis.

The Hon. JAMES SAMIOS: How long will it be before that overall strategy is completed?

Mr IEMMA: In 2006. The Parramatta Property Strategy was approved by Cabinet in 1998 and runs to 2006.

The Hon. JAMES SAMIOS: So would you then be able to tell us how much space has been utilised by 2006?

Mr IEMMA: There is no fixed figure. For example, the police project is 32,000 square metres. Sydney Water's needs are approximately 16,500 to 17,000 square metres. That is just in precinct 1 or Civic Square precinct; that is not the total because if the council's plans come to fruition and we have a partnership role with it, there will be at least one development which will involve a council administration building and other council facilities. I am sorry, I am advised that Sydney Water is 23,000 square metres. The exact size of the council one is not known at this stage. On precinct 2, the Parramatta Hospital site, consultancy work is currently under way potentially for further government office accommodation of about 20,000 square metres, a small-scale health facility of up to 5,000, a children's court complex, possibly a trial court complex and possibly also a police facility, the remainder of the site being used for housing.

The Hon. JAMES SAMIOS: What is the figure now for day labour that was mentioned? Is it about 2,000?

Mr IEMMA: The department has 2,460-odd staff members. The day labour force is about 200—that is the building trades or the maintenance group which has two zones of the Department of Education and Training's maintenance contracts.

The Hon. JAMES SAMIOS: I would like to ask a question relating to general administration, uniformity across the board in relation to the initiatives of the Department of Public Works and Services. I understand that some departments do their own leases, for example, and there is not a standard arrangement across the board. Is that changing?

Mr IEMMA: The Government has instituted a framework whereby leases are negotiated by DPWS, and done on a whole-of-government basis, for a number of reasons: firstly, to obtain a better price and, secondly, so that agencies are not competing against each other for the same type of accommodation. That has been a significant reform in our accommodation policy that has occurred since 1996.

The Hon. JAMES SAMIOS: Would the same be said about property sales by individual departments?

Mr IEMMA: There is a figure of, I think, \$3 million. Anything above \$3 million comes to DPWS for the management of the disposition.

The Hon. JAMES SAMIOS: Is it a fair comment that even under \$3 million there would be some value in having uniformity?

Mr IEMMA: I would argue that there would always be that, yes.

The Hon. DAVID OLDFIELD: What is the turnover time for the 23,000 vehicles that you mentioned earlier that the department has as far as trade-in sale?

Mr IEMMA: I am advised between 18 months and two years.

The Hon. DAVID OLDFIELD: What is the cost recovery generally on disposal?

Mr IEMMA: We have a contract with Pickles and Enfield for disposition at auction. They go to auction for disposition. The exact figures I will take on notice and provide to you.

The Hon. DAVID OLDFIELD: I imagine that your department, like others, has a policy of not firing anybody?

Mr IEMMA: No forced redundancies.

The Hon. DAVID OLDFIELD: How many positions would have been made redundant in 2002-03?

Mr IEMMA: I will take that question on notice.

The Hon. DAVID OLDFIELD: Minister, can you explain the basis of to the increase of the operating surplus for the department and, with regard to the adequacy of commercial organisations' returns, how would you see that surplus and the returns regarding DPWS?

Mr IEMMA: That is a fair question. As to the second part of the question, I think that just focusing on the absolute bottom line in relation to an agency like DPWS does not reveal the true worth that it brings to government or the true result of its commercial activities. Its operating surplus of \$6.9 million is an increase on that of last year but does not represent the value that it brings to government and the sorts of savings that it can add to an agency. With the school cleaning contracts, for example, the last round of tenders saw us achieve a saving from \$900 million down to \$750 million. That saving of \$150 million does not accrue to DPWS: that is a benefit of government, the client agency in DET, and so it does not appear as an improved bottom line performance.

Another example is the school facilities maintenance contracts. Again, since 1997 savings of some \$83 million have been achieved, and again they are for the benefit of DET and the Government as a whole, not DPWS, so when those sorts of results are achieved they do not finish on the bottom line in terms of a surplus, in a boost to its surplus. For example, with the operations of the supply business in DPWS in aggregating Government's purchasing power across the board and achieving savings in the order of \$452 million just on goods and services that the Government purchases, the benefit of that \$452 million for last year and the projected \$518 million for this year accrues to individual agencies in their purchasing arrangements and does not accrue to DPWS. Yes, DPWS would get supply fees for those goods and services contracts, but that significant figure of \$502 million does not go to boost that bottom line, so there is sometimes an overconcentration on the bottom line surplus without looking at the actual role of the agency in saving money for government rather than, say, saving money for itself and just boosting its absolute bottom line. It is a very good point that you raise.

The Hon. IAN COHEN: Referring to page 16-6, Public Works is obviously involved in property management and disposal. Could you outline how many properties were sold this year and what dollar figure the Government is likely to receive from those sales?

Mr IEMMA: I will take that on notice.

The Hon. IAN COHEN: Do you know whether they would have increased from last year?

Mr IEMMA: Again, it would depend on the individual agencies' listings. The properties may well be surplus to their needs but not ready for disposition, so it would again depend on the agencies placing those before DPWS for disposition. I can provide you with exact figures and a comparison.

The Hon. IAN COHEN: One of the strategic directions of the department is helping to sustain inter-generational value in New South Wales public assets. Can you give me some practical examples of how the Government is achieving that?

Mr IEMMA: Well, the schools facilities maintenance contract would be probably the best example and that is where, in the past, we had a situation of cyclic maintenance—we had in excess of 400 contracts—and the whole model was reformed. The contracts were reduced from 400 to 23. The

contracts themselves were reformed in that they became condition-based maintenance instead of the traditional cyclic-based maintenance and they became key performance contracts with key performance indicators. Instead of the Government bearing all of the risk under the old contracts, part of the risk was transferred to the contractors. As a result, we have been able to get a significant improvement in the standard of maintenance that has been carried out. That was backed up by a review of those contracts that was conducted about a year and a half ago, whereby some 500 school principals were surveyed and expressed a satisfaction rating of approximately 75 percent in the way that the maintenance was done.

What that survey revealed was that the schools that were in the poorest condition were lifted to a much higher standard a lot quicker under the new model and the new arrangements than they would have been had the old model continued. That school facilities maintenance model has been the basis of a pilot that is currently under way in the Riverina to try to extend that to other government assets so that it is not just schools, to get out condition-based maintenance, to have contracts that involve key performance indicators, and to have other government assets placed on those contracts and let them on a regional basis to provide for employment to regional contractors and regional workers. So that is one example.

The Hon. IAN COHEN: How does the sale of, for example, Erskineville Public School and the proposed sale of Hunters Hill High School fit into that scheme?

The Hon. JAN BURNSWOODS: Point of order: In other estimates committees questions have been asked about this matter, which is the subject of proceedings by a committee of the House. In fact, the committee met today and is meeting again twice tomorrow. Questions on these matters are out of order.

CHAIR: Can you repeat the question, Mr Cohen?

The Hon. IAN COHEN: I was referring to the Minister's overview of the sale of Hunters Hill High School and Erskineville Public School in terms of his explanation about asset management in the department. I thought it was a fair question. It was not about the closures; it was about the sale of the property.

Mr IEMMA: Again, the decision over those schools is a matter for DET; it is not within my portfolio responsibility. In relation to maintenance, there would be a maintenance contractor for those schools. In relation to the disposition, DPWS's role would be in disposition when DET asks DPWS to do the disposition.

The Hon. IAN COHEN: Is that when or if?

The Hon. JAN BURNSWOODS: Madam Chair, it has been ruled in other committees that these questions are out of order. Reverend the Hon. Fred Nile ruled that way.

CHAIR: I think the Minister has helped us considerably and I appreciate that. Can we move on to another matter?

The Hon. IAN COHEN: Yes. Public Works is involved in management of major capital works contracts. I understand that the Hon. Jim Samios mentioned an individual contract value at greater than \$50,000. What does the Government do to achieve ecologically sustainable development in the management of these capital works contracts, and is there any budgetary allocation for implementation of ESD?

Mr IEMMA: The principles of ESD are incorporated into the policies that DPWS develop and implement for government across the board. In relation to, for example, environmental management systems, we have guidelines and all contractors on government projects are required to produce an environmental management plan before commencing work. For projects over \$10 million tenders are only accepted from contractors that have an accredited environmental management system, and environmental performance guidelines are established for buildings in which we attempt to have ESD features incorporated, for example, our schools.

Lithgow Hospital is another example. ESD is integrated in our procurement principles for goods and services; it is one of the key objectives of our procurement policy. We have contracted for the construction of a number of buildings for government accommodation. The WorkCover building in Gosford has a five-star energy rating and the new PlanningNSW headquarters at Railway Square has a similar energy rating. ESD features have been incorporated into their design. The contractors, as I mentioned earlier, must have environmental site-specific plans in their projects. Also their environmental performance is measured when tenders are being assessed.

The Hon. IAN COHEN: You touched on the Public Works project managers capital works for the Department of Education and Training. Are there any cuts for capital works programs for schools and TAFE this year?

Mr IEMMA: The budget for DET capital works, the schools program, is \$300 million, and I understand from the Minister for Education and Training that represents an increase of approximately 16 per cent. That will enable 41 school projects this year and some 27 major TAFE projects at a cost of \$70 million.

The Hon. IAN COHEN: Public Works contributed to the restoration of the spires on St Mary's Cathedral. In terms of public works how does that funding—

Mr IEMMA: I am advised that DPWS managed the project but the funding was a Treasury allocation.

The Hon. IAN COHEN: Have you managed any other similar private, religious or historical buildings since then or before then?

Mr IEMMA: Historic buildings are an integral part of our functions, particularly the old block sandstone buildings around the State and the city, such as Sydney Hospital and the Art Gallery. We also have a sandstone purchase program which is designed to enable us to have a readily available supply of yellow block sandstone so that we can maintain a lot of the historic buildings around this city and this State that have used the sandstone. I am advised the Great Synagogue is another one that we provided sandstone to.

The Hon. IAN COHEN: In terms of your role in coastal erosion works, is it appropriate to ask you for an annual level of funding for coastal erosion repair for this coming financial year?

Mr IEMMA: That budget is within the Department of Land and Water Conservation.

CHAIR: Dealing with sewerage infrastructure development outside capital cities, are you still providing dollar-for-dollar financial assistance for local councils on those types of developments?

Mr IEMMA: The funding arrangements are for the Department of Land and Water Conservation and Treasury. We would have a role once a project is given the go-ahead, if we are engaged by DLWC, and most of the time we are. Major projects that we are working on at the moment are in the Clarence Valley, river valley projects—\$100 million—and the Shoalhaven. So where we are engaged by DLWC, we do the procurement of risk management, the project management or design work, but the actual funding arrangements are matters for DLWC and Treasury.

The Hon. IAN COHEN: Do you have a say in ecological design, or is that another department, in terms of those sewerage outlets?

Mr IEMMA: If we are engaged to do the design work, yes, in accordance with the policies and guidelines I outlined before. Again, it is dependent on whether we are engaged by the agency to do the work.

The Hon. IAN COHEN: Were you engaged in the Jamberoo re-use project and the outfall in the Illawarra region?

Mr IEMMA: I will take that on notice.

The Hon. IAN COHEN: I was also wondering what your department's view would be of the suggested community alternatives at Jamberoo and Lennox Heads.

Mr IEMMA: I could take that on notice and provide the information for you.

The Hon. IAN COHEN: Do you have any information as to how many outfalls exist in New South Wales that your department has been actively engaged in developing?

Mr IEMMA: I will take that on notice.

The Hon. IAN COHEN: Can you indicate how many new outfall proposals are as yet unresolved or just in the planning stages?

Mr IEMMA: Again, we would not be initiating any outfall projects ourselves. It would be a question of the relevant government agency—in this case either Sydney Water or DLWC—and the councils themselves. The information could be provided if we are engaged to undertake some work, but the DPWS does not have a program of construction or provision of sewage outfalls.

The Hon. IAN COHEN: In terms of coastal engineering and geomorphological devices, do you have any role, for example, if there is a need for remediation on a problem piece of coastline? I am thinking here about my home area, Byron Bay, which has some major problems. Does Public Works take a role in that?

Mr IEMMA: If we are engaged by the council, the water agency or DLWC, we could. We provide consultancy advice, we provide design advice and activities for those agencies. Again, it would be for the individual agency or local government authority if it required some advice or service. I will take it on notice and if there are any that we are undertaking, I will provide you with advice.

The Hon. IAN COHEN: Has Public Works been involved in any alternative sewage disposal scheme or land re-use scheme in small or isolated communities, including Aboriginal communities?

Mr IEMMA: I am advised that we are involved in the Shoalhaven Reclaimed Water Management Scheme. The North Shoalhaven Water Management Scheme is one of the largest irrigation schemes using reclaimed water in this State. The scheme will be developed in two stages. Stage one involves the connection of St Georges Basin, Vincentia, Callala and Culburra waste water treatment plants, providing irrigation water for approximately 370 hectares, and will also include the connection of Nowra and Bomaderry waste water treatment plants in approximately 2004-05. The total cost of the scheme is \$64.5 million. Stage one is estimated to cost \$48.5 million. The scheme participation initially comprised up to 14 dairy farms, a golf course and sporting fields. Water will be delivered at a constant rate into balancing ponds on users' land.

Users will enter into an agreement with Shoalhaven City Council to cover required water supply and use conditions, as well as environmental management issues. The environmental initiatives in this project include allowing for re-use of up to 80 per cent of reclaimed water from treatment plants in the region, a significant reduction in the current reclaimed water discharges to the ocean and the Shoalhaven River, the decommissioning of the existing reclaimed water release into Jervis Bay Marine Park once the scheme is operational, contributing to a sustainable dairy industry in the Shoalhaven, and incorporation of a development component to explore viable alternatives for future re-use, including tea-tree irrigation and other forms of viticulture and horticultural uses.

There is another significant project which I mentioned earlier, the Lower Clarence Coffs Harbour Regional Water Supply Scheme, approximately \$100 million. The environmental initiatives there include the development of a total environmental management plan that incorporates all the conditions of consent and undertakings by the proponents for environmental protection; development and implementation of 13 specific environmental management strategies to support development of contractors' environmental plans, which are the ones that I referred to before; environmental monitoring by the proponent; adoption of a risk management approach to environmental issues; environmental awareness for construction contractors, similar to the matters I outlined before; and

development of specific environmental management plans for the system's operation. The scheme is intended to provide drought security and meet the projected water supply requirements for the lower Clarence Coffs Harbour region.

The Hon. IAN COHEN: In terms of the projected Mogo charcoal plant on the South Coast, I understand there is a need, or a perceived need, to upgrade the opening bridge at Batemans Bay. Does your department have a role in such an upgrade?

Mr IEMMA: No, we do not.

CHAIR: Can you advise if your department has anything to do with the maintenance of Parliament House lifts?

Mr IEMMA: Maintenance of Parliament House is a matter that the DPWS is involved in.

CHAIR: I note in the budget papers you propose to cut maintenance at Parliament House in the next year. Can you explain why?

Mr IEMMA: I believe that figure, which shows a slight reduction, is due to the actual number of lifts on which work has already been carried out, and there is a remainder to be expended, but it is not actually a reduction in the overall maintenance. It reflects the work on the lifts. Work on the lifts had not taken place in the previous financial year.

CHAIR: The lifts are now worse than they were before. You said that you have about 2,460 staffers in the department. Is that correct?

Mr IEMMA: The exact figure is 2,467.

CHAIR: And a couple of hundred day labourers?

Mr IEMMA: They are included in the organisation.

CHAIR: Would you mind giving us an overview—you can take on notice the detail—of how those figures are broken down? What do those staffers do?

Mr IEMMA: The specifics I will take on notice. DPWS comprises a number of businesses. For example, there is the Government Printing Office and the staff there, the Building Trades Group, the State Mail Service, New South Wales Supply, the two stores warehousing businesses, architects, engineers, project managers and IT people. The exact split up I can provide to you.

The Hon. JAMES SAMIOS: Strategic Directions, on page 16-2 of Budget Paper No. 3, Volume 2 states that the Office of the Minister for Public Works has an advisory role to government and develops whole-of-government policies and activities to provide leadership in the reform of the building and construction industry. Does that also include the policy initiatives relating to Aboriginal participation in construction?

Mr IEMMA: Yes, it would. We released some policy implementation guidelines last year which provided for Aboriginal participation in the construction industry and, as part of that, I can report that on the mid North Coast correctional institution project there are currently eight members of the Aboriginal community employed, and that relates to the sorts of initiatives that were taken over a year ago. I am advised that the objective of the joint venture partners, Hollands and Lahey Constructions, is to add another four and have those as apprentice training opportunities for local Aboriginal people.

The Hon. JAMES SAMIOS: So it is part of the policy to relate to cultural diversity of our society?

Mr IEMMA: To encourage Aboriginal involvement, not just as employees but also as businesses in the construction industry, yes.

The Hon. JAMES SAMIOS: How many are there across the board?

Mr IEMMA: How many members of the Aboriginal community are employed on government projects?

The Hon. JAMES SAMIOS: Yes.

Mr IEMMA: I will take that question on notice. That would also involve getting information from the Department of Aboriginal Affairs and my colleague, because he funds a significant program called the Aboriginal Development Program, which would have significant numbers of Aboriginal employees and also a significant number of the businesses actually carrying out the work, improvements to infrastructure in Aboriginal communities. I will obtain the information.

The Hon. JAMES SAMIOS: What is the final figure on the Walsh Bay redevelopment, which was projected, I think, at about \$650 million a couple of years ago? That is the restoration and adaptive re-use of the largest consolidated waterfront heritage precinct in the world.

Mr IEMMA: Yes, the figure that you mentioned is a figure for the overall development. The project is a partnership with the private sector and involves a number of benefits to government: those heritage wharves being put to adaptive re-use, the construction and provision of a theatre, additional recreation areas, a public promenade and public spaces. And in return, there is a profit-share arrangement with government. That figure is an overall figure for the development. I am advised that \$650 million is still the figure.

The Hon. JAMES SAMIOS: And its final completion?

Mr IEMMA: The projected completion date for that project is 2005.

The Hon. JAMES SAMIOS: There seems to be work going on also at the Opera House, in the forecourt area.

Mr IEMMA: That is a matter for the Ministry for Arts, not the DPWS.

The Hon. IAN COHEN: Did your department have a specific role in terms of natural disaster relief with the recent bushfires, and would your department be involved with purchases of firefighting equipment such as Big Elvis and that type of thing?

Mr IEMMA: DPWS does have an involvement in natural disasters. There was an involvement with the North Coast floods, the bushfires and the hailstorm damage that occurred a couple of years ago. It does have a role. It would not have a role in the example that you mentioned: that would be for the agency itself, the Department of Emergency Services, and Minister Debus. But we certainly do have a role in co-ordinating assistance. We have a role in co-ordinating the maintenance and restoration of public assets, whether they be schools or hospitals, that might be damaged, and DPWS administers, on behalf of Treasury, the Natural Disasters Relief Program, which is a funding arrangement that reimburses local government authorities for the cost of damage that is caused by natural disasters, other than roads and bridges. That part of natural disaster relief is with the Minister for Transport and the RTA, but other public infrastructure is covered by that part of the Natural Disasters Relief Program administered by DPWS.

The Hon. IAN COHEN: Would that include coastal erosion due to storm events?

Mr IEMMA: It would cover things like damage to parks and to council infrastructure like footpaths and buildings. That part of the damage that you mentioned would be covered by DLWC.

The Hon. IAN COHEN: Not private property?

Mr IEMMA: Not private property. The cost of removal of debris from public parklands, public spaces—the cost of the clean-up—would be covered.

CHAIR: If there are no further questions we will now deal with Sport and Recreation.

The Hon. IAN COHEN: How does the Department of Sport and Recreation market its activities for children with disabilities?

Mr IEMMA: We have a number of initiatives to encourage people with disabilities to participate in sport, and the marketing of those is via either our grants program or the various publications that the Department of Sport and Recreation produces. For example, we have what is called an Active and Able project, which is a joint effort with the Motor Accidents Authority designed for mainstream sport and recreation activities for people with disabilities. At the major Narrabeen Sport and Recreation Centre of the department we have established a centre of excellence for young athletes with a disability, and within that centre there is an elite athletes unit. We provide funding, some \$230,000, for scholarships and support talent identification and development for those athletes. In 1984 we helped to establish the New South Wales Sports Council for the Disabled.

We provide some \$230,000 as support to the council, and the council undertakes various support programs and provides scholarships to mainly young people with disabilities or involved in sport. I think it was last week, along with representatives from Integral Energy, that we handed out the 30 scholarships, and most of those were young people with disabilities involved in sport, some of whom aim to go to the Paralympics, others just happy to participate with their local sport. There is another grants program called the Active Communities Grant Scheme, and those various activities are co-ordinated by the department and awareness of them achieved through the various publication activities that the department undertakes.

The Hon. IAN COHEN: Are subsidies available for disadvantaged individuals or organisations to actually attend sport and recreation, or is that included in what you have mentioned?

Mr IEMMA: Yes, through the Active Communities Grant Scheme grants are made available to individuals and organisations. There is another one called the Sporting Opportunities Scheme, which is about \$50,000. That assists people with high support needs to participate in sport and recreation activities. It is a specific grant or subsidy for those people with high needs, a direct grant or subsidy to enable them to participate.

The Hon. IAN COHEN: I was involved with a group called the Disabled Surfers Association. There has been a program to supply a type of cross-country water-safe wheelchair to access beaches. Has your department been involved in that or have you been requested for support on that program?

Mr IEMMA: I will take that on notice. We were involved in providing some 50 wheelchairs to the Wheelchair Sporting Association for distribution to people in country and regional areas to enable them to increase their participation in sport.

The Hon. IAN COHEN: This is specifically beach access for disabled people.

Mr IEMMA: I will take it on notice.

The Hon. IAN COHEN: How many Sport and Recreation accommodation facilities in New South Wales are accessible for people with disabilities?

Mr IEMMA: We have 11 centres and they are all required to have facilities that make them accessible for people with disabilities.

The Hon. IAN COHEN: Perhaps you could take on notice where they are located.

Mr IEMMA: Yes. I am advised that brochures for all of our centres display the disability access logo.

The Hon. IAN COHEN: Page 16-5 of Budget Paper No. 3, Volume 2 shows allocations for disabled athletes scholarships, \$0.1 million; Country Athletes Scheme, \$0.3 million; and the Remote Areas Travel Assistance Scheme, \$0.3 million. On page 16-6 I see an allocation of \$16.2 million to

continue construction of a stand-alone drag strip at Eastern Creek. How do you view that imbalance of funding?

Mr IEMMA: The stand-alone drag strip is to provide a facility that currently does not exist. For those involved in drag racing and those who follow drag racing there has not been a drag-racing strip in Sydney. The cost of that project is, as you mentioned, \$16.2 million. The figures you mentioned for the other programs are correct. I might add that in 1995 they were significantly less, and a number of those programs have either been increased or established. The drag strip is a facility, whereas the other programs you mentioned are programs either in the sense of subsidising people's participation or encouraging participation. Of course, people with disabilities are also able to use a lot of the facilities that were constructed, say, for the Olympics, or facilities that are funded under our regional facilities or local community grant applications. The local community grant applications is \$4 million and the regional facilities is \$3 million. People with disabilities would be able to access those. The drag strip is a facility.

The Hon. IAN COHEN: Are there Sport and Recreation initiatives currently operating in remote communities in New South Wales?

Mr IEMMA: Yes, there are initiatives operating in remote communities to encourage Aboriginal participation in sport. There is a scheme called the Active Communities Grant Scheme, which provides assistance for participation and coaching and encouraging people from an Aboriginal background to get involved in administration. There is a specific initiative in relation to the north-west of New South Wales where the department has funded the construction of two sports equipment trailers that provide sports equipment to remote and rural communities, both Aboriginal and non-Aboriginal. The department supports sport gala days in the towns that participate in that north-west initiative, and it has also provided financial assistance to establish touch football competitions in those areas.

The department assisted in the establishment of a program called the Outback Rugby League Competition in Broken Hill, Wilcannia, Ivanhoe and Menindee. In partnership with the Department of Education and Training and the Mordey Park Regional Council, it has helped to fund 12 trainee positions in AFL and rugby league to deliver grass-roots sports development. Those trainee positions are people from Aboriginal background. The aim is to get Aboriginal communities participating and involved in AFL, rugby league and other sports. Of course, also we have regional academies of sport located across country and regional New South Wales and they, too, liaise with sporting organisations and also provide for the participation and involvement both of rural and remote communities in sport.

The Hon. IAN COHEN: How is the current public liability crisis affecting organisations that receive funding from the Department of Sport and Recreation, and is this having an impact on your budget allocation?

Mr IEMMA: It has impacted on a whole range of organisations—surf life saving clubs, Royal Life Saving Society, a number of the outdoor recreational organisations, the details of which have received extensive coverage in the media in the last few months. For those organisations that are not able to continue, there is a funding implication in the sense that the organisation, if it ceases to exist or closes up its activities, is not able to expend the funds that it receives from Government, either for a specific project or for the development of a sport.

The Hon. IAN COHEN: Has your department had to allocate increased funding in that direction in terms of public liability?

Mr IEMMA: I am not aware of any. I will take it on notice and provide you with the information.

The Hon. IAN COHEN: What activities other than sport fall under the banner of Sport and Recreation and are outdoor and environmental education activities part of the programs that you run?

Mr IEMMA: Mr O'Reilly will provide that information.

Mr O'REILLY: We have almost 100,000 school students practising outdoor educational activities at our centres, and we also provide vacation programs for particularly young people during vacation periods that are all related to outdoor education. That represents about 65 percent of our work effort across New South Wales.

The Hon. IAN COHEN: I understand that \$16.25 million has been allocated in the Department of Sport and Recreation fund for 2002-03. How much would be allocated to outdoor environmental education programs? You are saying 65 percent.

Mr O'REILLY: No, I am sorry, it is not all necessarily related to environmental education, though with respect to the environment we have a number of initiatives going on at a number of our centres. For instance, at Borambola, down in Wagga Wagga, we have a Landcare activity involving the restoration of the creek beds that run through the centre, involving students plus the local community. There is also a thing at Borambola and at Lake Keepit in Tamworth which is, for want of a better way to describe it, a solar-powered worm farm, where all our waste products are now being used through the breakdown of the compost in the worm system. It was put on trial and has been an enormous success. So what we are trying to do is start to brand our centres so that we actually use Borambola in Wagga Wagga as a future environmental centre.

The Hon. IAN COHEN: Minister, I think you may have in part adequately answered this question already, but I am wondering what steps you take to make sport and recreational activities accessible to Aboriginal and Torres Strait Islanders. You did mention some of those issues—touch football and travel and other things. Are there any other ways that you are targeting Aboriginal and Torres Strait Islander communities?

Mr IEMMA: There is another program called the Youth in Sport Program, which is targeted at youth who are at risk, and that program is some \$300,000. That is undertaken in conjunction with Juvenile Justice and Police, the police PCYC network of clubs, and there are some 31 PCYC organisations that participate in that program. It involves mentoring; it involves getting young people into facilities and providing them with sporting groups and recreational activities to keep them away from Juvenile Justice correctional facilities. There are some figures on the participation rates, and they are quite significant. Some 25,000 young people have participated in that program. The 31 areas cover some 45 projects. That has proved quite successful.

The Hon. IAN COHEN: Does your department target differences in participation in sport and recreational activities between boys and girls in Aboriginal communities? I am particularly interested in opportunities for non-competing sports and activities. Is there that type of targeting both in Aboriginal communities and also generally?

Mr O'REILLY: Yes, that is right. Through all of our target groups we have an action plan and an approach for each one of our regions across New South Wales to target. In this case it is for the indigenous communities to be involved in not only organised sport, but also it could be walking for pleasure activities, it could be linked to the PCYC clubs, vacation programs and that sort of thing. So it becomes an integral part of not just organised sport but just general activities for those communities.

The Hon. DAVID OLDFIELD: How many sporting organisations in New South Wales are currently receiving ongoing funding as opposed to having received one-off grants?

Mr IEMMA: I will take that question on notice.

The Hon. DAVID OLDFIELD: Does the department still make office space available to sporting organisations?

Mr IEMMA: Yes, it does.

The Hon. DAVID OLDFIELD: What is the eligibility criteria for such office space?

Mr O'REILLY: We have a facility at Wentworth Park called Sports House, where about 35 sports are based. We provide a service to them by way of an incubator-type arrangement: photocopying, help with business planning and that sort of thing. That is rent free for those sports. To

get into the building to become one of those sports, obviously it is subject to space, but we utilise a sports advisory council made up of people who are independent of the department—people like Dawn Fraser, Bob Elliston, people with sporting backgrounds who review all applications to go into the building. They make recommendations as to where they can be located, whether they share an office or have a single office and a conference room facility, and that sort of thing.

The Hon. DAVID OLDFIELD: That might partly answer my next question. How are organisations assessed for funding levels?

Mr O'REILLY: Again, the sports advisory council makes recommendations, but it is all based on a category level between 1 and 6, basically \$10,000 up to \$45,000. Those \$10,000 sports are the sports that are developing. You cannot ask too much of them—it is really about sustainability—whilst at the higher end you can certainly write into their co-operative agreements that they have to achieve certain things.

The Hon. DAVID OLDFIELD: Is there any cross-relationship or direct relationship in association or recognition by the State Government of the National Coaching Accreditation Scheme?

Mr O'REILLY: Yes. We run our coaching arrangements through Narrabeen and we have the regional travel arrangements where we go to all the centres, or regional centres, to offer coaching for levels 1 and 2 and talented athletes, and again, we are linked to the Australian Sports Commission with respect to all of our programs.

The Hon. DAVID OLDFIELD: On page 16-6, there is a figure of \$0.8 million to continue remediation of the former shotgun range at the Sydney Academy of Sport and Recreation. Is there still a shotgun range at the Academy of Sport and Recreation or this the former one? Is that all that is left of that sport?

Mr O'REILLY: There was the Wakehurst Gun Club at Narrabeen, which has been there for over 20 years. Because of the lead pollution that had occurred on the site, that has now been relocated and the remediation of the whole site has been continuing over the last year and will continue over the next couple of years. So there is no more shooting there at all.

The Hon. DAVID OLDFIELD: No more shooting at Wakehurst at all?

Mr O'REILLY: No more target shooting. There is an indoor pistol shooting range and that is all.

The Hon. DAVID OLDFIELD: Where was it relocated to?

Mr O'REILLY: Terrey Hills, but some members have relocated to other clubs in the meantime. They may be using Cecil Park or whatever.

The Hon. DAVID OLDFIELD: Are they somewhere in close proximity to St Ives Pistol Club or is it coincidental that it is in Terrey Hills?

Mr O'REILLY: It is coincidental. It was up to them. They nominated Terrey Hills and we assisted them to relocate there.

The Hon. DAVID OLDFIELD: During 2001-02 or coming up in 2002-03 have there been applications from any sporting organisations for funding for facilities or anything similar?

Mr IEMMA: Two weeks ago I announced the list of successful applicants. There is about \$235,000, and there is \$500,000 for this year. The list of successful applicants I can take on notice and also provide information to you as to whether that organisation applied.

CHAIR: Minister, following on from the Hon. Ian Cohen's question about the Eastern Creek drag strip and that allocation of capital funds, will that project be completed in one year, and is that the total estimated cost of construction?

Mr IEMMA: The construction cost is, I think, approximately \$17 million. The \$14.4 million is mentioned in the budget papers, but there is also a figure of \$1.6 million which was part of it. There is also a figure of approximately \$1.5 million which involves planning and consultancy fees to DPWS and investigation fees expended in investigation of the project.

CHAIR: So it will be completed in 2002-03?

Mr IEMMA: It is planned to be completed by that time. We are currently in the process of assessing the respondents to the expressions of interest. I understand there are three who have been shortlisted and we are currently assessing those three proposals.

CHAIR: Can you outline the arrangements that are expected to apply in respect of the ownership and management of the actual drag strip?

Mr IEMMA: The drag strip will be owned by the New South Wales Government. It is anticipated that we will enter into a lease arrangement with the Drag Racing Association, ANDRA, and the terms of that lease arrangement are still to be negotiated.

CHAIR: Are you aware if any other funds are being allocated to that project from other agencies or departments, or is the Department of Sport and Recreation the sole body concerned with that project?

Mr IEMMA: In terms of the construction cost of the drag-racing facility, it is the Department of Sport and Recreation. There are other fees, as I mentioned. The project is being managed by DPWS, so there are obviously the project management and planning fees and services that DPWS provides, and that is the figure that I alluded to before. The total cost of the project is \$21.3 million, and that also includes redirection of a road called Ferriers Road and other services like power lines that need to be relocated as a result of that project.

CHAIR: Is it proposed that any public lands will be transferred or leased to the owners or managers of the venue?

Mr IEMMA: I understand that the land that the facility is on is owned by the Government, and the facility will be leased to ANDRA.

CHAIR: So apart from leasing arrangements there are no proposals to transfer any public lands?

Mr IEMMA: Not on the drag-racing facility. As part of the project that will occur later, the land near the Eastern Creek Raceway will be sold and developed as a business park, and the returns on that will go towards defraying the cost of the drag-strip project. I understand that it is the former Rheem property, which is nearby.

CHAIR: You mentioned Ferriers Road at Eastern Creek. How many properties have been acquired there by the Government? Are there any properties that have been acquired relevant to your portfolio?

Mr IEMMA: I will take that on notice and provide information to you. I understand that on some parcel of land—PlanningNSW—there were four or five homes, the details of which I will provide to you.

CHAIR: Can you provide us with the number of properties, the total area of land acquired and the amount paid for those properties, under what legislation the properties were acquired, and for what purposes were they acquired?

Mr IEMMA: Yes.

CHAIR: Can you outline to the Committee the process for determining the actual need for a drag strip at Eastern Creek?

Mr IEMMA: As I mentioned earlier, the drag-racing community has not had a facility for its sport for quite some time, since the joint arrangement with Eastern Creek raceway came to an end, and it is a sport with a significant following in New South Wales. It attracts significant crowds at race meetings. In places like Ipswich it attracts crowds of up to 30,000. It is a significant sport with a significant following.

CHAIR: What people or organisations did you consult with in deciding to go ahead with it?

Mr IEMMA: I had meetings with the body that represents the sport of drag racing, ANDRA, and the Government has made a decision to meet the need of that sport, which has a significant following, and provide it with a facility, which it does not have in Sydney.

CHAIR: Were any proposals for venues elsewhere considered?

Mr IEMMA: There was an investigation undertaken previously to determine suitability of locating a stand-alone drag strip and it was considered, on all the available advice, that the site selected was the most feasible one.

CHAIR: Did such considerations take into account the desire of some people to have such a venue at Raymond Terrace?

Mr IEMMA: Whether the feasibility of Raymond Terrace was studied I will take on notice.

CHAIR: Was there a process in place by which groups which might have been interested in establishing such a venue could apply for Government funding to help get their bid in, so to speak?

Mr IEMMA: At Eastern Creek?

CHAIR: Yes.

Mr IEMMA: The Government has responded to the association that represents drag racing—it is the nationally recognised body—and it is the most appropriate course for government to enter into an arrangement with the body that represents the sport.

The Hon. JAMES SAMIOS: Minister, looking at the strategic directions, I presume, although it is not spelled out, that when we come to issues like international sporting events there would be some unit or some part of that structure that probably would have a say? I think the Premier's area has a committee known as the major events committee, has it not?

Mr IEMMA: Yes.

The Hon. JAMES SAMIOS: Would that committee not consult with you if there was a question of bringing the Grand Prix to New South Wales, and what section of your department would be dealing with that?

Mr IEMMA: We have what is called an International Sporting Events Program, and the purpose of that is to support and attract international sporting events to this State. Its major focus is attracting and supporting new sporting events. It has made grants in the order of \$285,000 to sporting events such as the 2002 Shooting World Cup, \$50,000; the Commonwealth Fencing Championship of 2002, \$20,000; the Opals World Basketball Challenge, \$50,000 and the 2002 Women's Elite World Cup Road Race. As far as the first part of the question is concerned, the venue management task force is currently undertaking work on venue management and events policy and strategies so that there is a co-ordinated approach within government, and they plan to report to Government by the end of the year, both on the venues and the strategies in terms of events.

CHAIR: Minister, I have a few questions, but I will put them on notice for you. I thank you and your officers for your attendance this evening.

The Committee proceeded to deliberate.