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GENERAL PURPOSE STANDING COMMITTEE No. 4

Wednesday 3 September 2003

Examination of proposed expenditure for the portfolio areas

ROADS, AND HOUSING

The Committee met at 8.00 p.m.

MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. Amanda Fazio
The Hon. Tony Catanzariti
The Hon. Don Harwin

The Hon. Kayee Griffin
Ms Sylvia Hale
The Hon. David Oldfield

PRESENT

The Hon. P. C. Scully, *Minister for Roads, and, Minister for Housing*

Roads and Traffic Authority

Mr P. Forward, *Chief Executive*

Mr B. Skinner, *Director, Finance*

Department of Housing

Mr T. Barnes, *Director-General*

Ms A. Wannan, *Acting Executive Director, Housing Systems*

Ms J. Devine, *Chief Financial Officer*

Mr R. McMahon, *Director, Office of the Director-General*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this meeting open to the public. I welcome the public, the Minister and his advisers to the public hearing of General Purpose Standing Committee No. 4, and thank the Minister and his departmental officers for attending. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of Roads and Housing.

There are some procedural matters to be dealt with. The first is the allocation of time for questions. The Committee has determined that the allocation of questions will be left in the hands of the Chair. The Committee will deal first with Roads and then Housing. Part 4 of the resolution referring the budget estimates to the Committee requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines for broadcasting are available from the attendants. I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks. For the benefit of members and Hansard could departmental officials identify themselves by name, position and department or agency before answering any question referred to them. It would help if members, in seeking information in relation to a particular aspect of a program or a subprogram, indicate which one they are referring to.

I declare the proposed expenditure open for examination. Minister, do you wish to make a brief opening statement?

Mr SCULLY: No.

CHAIR: I will start with a couple of questions on the Pacific Highway. Could you advise the Committee when the noise task force report for the Pacific Highway is to be released?

Mr SCULLY: I have received the report. I am considering it. I expect to make a response to it very shortly.

CHAIR: You have received the report and you are going to respond to it shortly?

Mr SCULLY: Yes. You will be hearing from me soon.

CHAIR: Can you tell the Committee why it is three months late in getting to you?

Mr SCULLY: There are a number of detailed recommendations which require some consideration and the allocation of funds.

Mr FORWARD: A number of community groups sought extra time to provide input to the working group and also to consider some of the draft recommendations. That is one of the principal reasons why it was delayed a short time.

Mr SCULLY: The important thing is I have treated concerns extremely seriously. We have gone through a process of involving the community, and you will see some robust responses very shortly.

CHAIR: Will that be in weeks or months, can you advise?

Mr SCULLY: Shortly.

CHAIR: Weeks or months?

Mr SCULLY: I have answered that question.

CHAIR: Is any money specifically allocated to the report's recommendations in this budget?

Mr SCULLY: Yes.

CHAIR: How much?

Mr SCULLY: You will learn when I announce it shortly.

CHAIR: We are here to talk about this budget, so why can we not get an answer to that?

Mr SCULLY: Because I have a report I am considering, and I have not yet made a final decision as to the allocation of funds that will occur as a result of recommendations I am likely to accept. Until I have completed my consideration deliberations, I am not in a position to tell you precisely how much funding will be allocated to those recommendations. You will know shortly.

CHAIR: With respect to the opening of the Chinderah to Yelgun dual carriageway, can you advise if the Government or the Roads and Traffic Authority [RTA] predicted the change in heavy vehicle movement from the New England Highway across to the Pacific Highway following the opening of that motorway?

Mr SCULLY: It was expected but it is certainly in larger numbers than was anticipated. The New England Highway is a degraded part of the National Highway. It is treated with contempt by the Federal Government and, not surprisingly, a high-quality State road is attractive to the heavy vehicle industry. But certainly they are in larger numbers than we expected.

CHAIR: Can you give us an idea of what was expected?

Mr SCULLY: I would have to take that on notice. No doubt we made calculations through the environmental impact statement. I will have to take the precise numbers on notice.

CHAIR: So would you take on notice details relating to the latest heavy vehicle movement numbers on both those highways?

Mr SCULLY: Yes.

CHAIR: Can you advise the Committee how many rest stops there are for heavy vehicles between Hexham and the Queensland border?

Mr SCULLY: I would have to take that on notice, but I can indicate that fatigue and rest areas are important concerns to me. I have emphasised to the RTA that we need to do more. We have a program over the next several years of increasing the number of heavy vehicle rest areas. I am not sure whether the report Mr Forward sent to me is on the record, but I am happy to put some details on the record. There are certainly things we have been working on and, therefore, I am happy to provide that detail to you on notice.

CHAIR: Thank you. It is very topical, obviously.

Mr SCULLY: And it is very important, particularly to the heavy vehicle industry. I want to do more and more to make sure there are places that are attractive for them to stop.

CHAIR: Can you advise whether any moneys are specifically allocated in the budget now under consideration for that problem and the rest stops program?

Mr SCULLY: There is. We have a rest areas program as part of the RTA's budget. We are spending that for light vehicles and heavy vehicles. I would have to take on notice the full details of it but it is a pretty comprehensive program, and the RTA spent some time on it at my instigation. You may have seen some of the high-quality rest areas I have introduced.

CHAIR: I have, actually.

Mr SCULLY: We cannot afford to create them everywhere, but putting them in an attractive area where you can park the car, where children can play, where there is a toilet, and where there are barbecue facilities, is an important consideration. I have tried to provide them on high-traffic roads and to put lesser quality rest areas on lesser quality roads. Those first-rate rest areas might cost \$150,000 each, so they are expensive. Feedback from motorists is that they are very well appreciated.

CHAIR: With respect to the upgrade of the Pacific Highway, at this stage of the 10-year agreement, which commenced in 1996, for the upgrading of the highway, of the length of road proposed in that agreement, can you advise how much has been completed to this point?

Mr SCULLY: I will take that on notice. Can I indicate to you the greatest difficulty for me with the Pacific Highway upgrade is the refusal of the Federal Government to renew beyond January 2006 what is currently a 10-year agreement nearing its end. In January next year the agreement will have only two years to run, and John Anderson has indicated that the Federal Government is not going to sign an extension. That means withdrawing \$60 million each and every year. We will keep spending \$160 million a year but it will take a lot longer to complete a dual carriageway to the border without that Federal Government money.

CHAIR: Can you advise the Committee what is your best estimate at this time of the proportion of the upgrading work on that highway that will be completed by 2006?

Mr SCULLY: It is in the order of 50 per cent. It is around 50 per cent, maybe a bit less. There are a number of reasons for that. For example, environmental expenses have been more than we thought. I do not know whether Mr Forward wants to add anything?

Mr FORWARD: The priority in the first 10 years of the program was to focus on those roads that had a high incidence of fatalities and accidents. Often they were the most expensive jobs to do—for example, the dual carriageway at Bulahdelah. Yelgun to Chinderah was difficult, and it passes through environmentally very sensitive areas. As the Minister pointed out, a lot of extra money was spent on environmental improvements. But it also passes through some very difficult, rugged terrain where slopes were an issue. So, they were expensive jobs. We could have done the easiest jobs on flat terrain but that would not have provided motorists with the greater benefits. It was a conscious strategy to provide the better benefits first.

Mr SCULLY: The question emphasises the problem. The question is a good one in that the desired level of dual carriageway will not be achieved as was intended when the agreement was signed by the Federal and State governments. But it emphasises the point why we need to keep getting that money from the Federal Government. This is not the time for the Federal Government to depart the scene. Much more needs to be done. By the way, those who drive up the Pacific Highway will see that there are absolutely fantastic improvements in areas where projects have been completed.

CHAIR: I travel along the highway all the time.

Mr SCULLY: Yes, absolutely fantastic improvements.

CHAIR: Mr Forward, are you indicating that because some of those sections, such as Bulahdelah to Coolongolook, et cetera, were more difficult, the terrain was more difficult, that some of the future projects leading up to 2006 will be able to be completed faster?

Mr FORWARD: No. Your question was directed at whether we were going to achieve the initial objective percentage of dual carriageway. It is going to be slightly less than that, largely because—

CHAIR: About 10 per cent less, is it?

Mr FORWARD: Roughly that. So we decided to provide the motorists with the biggest benefits in the first 10 years of the program—in areas where there were high traffic volumes and also areas with very severe safety and fatality risks to motorists.

Mr SCULLY: You should not lose sight of that. The areas we concentrated on were north of Newcastle, around Coffs Harbour and south of the Tweed. They were the three areas where large numbers of people were being killed each and every year.

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Mr FORWARD: If I could make a further comment, there would not be a week go by when a truck would not have tipped over on O'Sullivan's Gap, the Wootton bends, on the Buladelah section, and that would block the highway for many hours, in some cases a whole day, and cause enormous disruption to the highway. Therefore, that was one of the earlier priorities and it certainly has provided considerable benefits to the users of the road.

CHAIR: Can you indicate what has been the total cost blow-out of the projects on the highway since commencement of the upgrade in 1996?

Mr SCULLY: There is a presumption in that. I would take the question on notice. But as you would appreciate, projects have an estimate. We go through community consultation. We do not ram projects down the throats of communities, like you characters did during the M2 construction. We actually go through a process of consultation, and often that adds cost. We go through the tender process and the price we get is the best price. Sometimes it is a little dearer than expected. I will take the question on notice.

CHAIR: Will you also take on notice a questions relating to how much the total cost is expected to rise in the period remaining to 2006?

Mr FORWARD: There is a fixed expenditure for the project.

Mr SCULLY: We spend \$160 million each and every year. The Commonwealth will spend \$60 million to 2006 but then that money is going elsewhere into the aether. We will keep spending \$160 million each and every year.

CHAIR: Can you advise if you have had any discussions with the Federal Government regarding the AusLink program?

Mr SCULLY: Yes.

CHAIR: I understand that the Pacific Highway will be a key north-south corridor under that program.

Mr SCULLY: Why? What have they told you?

CHAIR: How are those discussions going?

Mr SCULLY: I have expressed a number of concerns to Mr Anderson about AusLink. It would be very nice if we could get the white paper. Maybe you have seen a draft. We have not. It would be nice if we were given some surety about the maintenance program. We have got one year's allocation. Normally we have a four-year allocation of maintenance on the national highway. We have a green paper relating to national corridors. I even got a copy of a letter to Jean Hay saying that the Spit tunnel is going to be a national corridor as part of AusLink. I thought this has got to be a joke, because I actually said to John Anderson in our last ministerial meeting, "I hope this is not an opportunity for a National Party slush fund to create more ROMPIs—roads of National Party importance."

CHAIR: It was the Spit Bridge.

Mr SCULLY: You tell me how the Spit tunnel is a national arterial link.

The Hon. DAVID OLDFIELD: If you live in Manly it is. I would argue that one.

Mr SCULLY: You have to appreciate the AusLink process. I think you know a bit about it. It is actually about establishing national transport corridors, particularly between Melbourne and Brisbane and between Adelaide and Perth. It is not about helping Jean Hay wipe the tears from her eyes after having lost the seat of Manly. Yes, I will keep talking to them about it and I would like to know what they are doing on the Pacific Highway. We got a snippet from Mark Vaile once saying they were not going to renew the Pacific Highway agreement but that they would cherry pick projects that would be of benefit to the National Party.

The Hon. AMANDA FAZIO: That is shameful.

Mr SCULLY: It is shameful, because we had an arrangement between the Federal and State governments, Labor governments. Only Labor governments deliver infrastructure to communities. We have a National Party that is only interested in getting some confetti for their communities for the next couple of Federal elections. I think it is a pathetic performance. I seek the assistance of the National Party at a State level in getting that national agreement renewed. You are supposed to represent your communities. You are supposed to be the once great Country Party. I would like some support, please. If John Anderson is telling you things, let me know. You are obviously having conversations with him about it. You obviously know more about the AusLink project than I do, because he is not telling us. Mr Forward, have you received a draft of the white paper?

Mr FORWARD: Not one.

Mr SCULLY: Do you know where the money is going?

Mr FORWARD: No.

Mr SCULLY: I ask members of the coalition to let us know.

The Hon. DON HARWIN: In relation to the Princes Highway I note that Budget Paper No. 4 at page 82 refers to four projects totalling \$36.8 million. I am sure that is not the totality of funding on either new or existing projects for the Princes Highway in 2003-04. Could you outline what those other major and minor projects are in this financial year on the Princes Highway south of Heathcote right down to the Victorian border?

Mr SCULLY: I will take on notice, because there is a range of projects throughout the year that we are undertaking across the length and breadth of the Princes Highway at various points. The major project, of course, is the north Kiama bypass. We have just announced a contract for \$78 million for the north Kiama bypass, and that is a road of national importance.

The Hon. DON HARWIN: Indeed it is.

Mr SCULLY: A question for you, Mr Harwin. Why is the north Kiama bypass a road of national importance but the whole of the Princes Highway is not? It has got me flummoxed.

Ms SYLVIA HALE: Madam Chair, is it the Minister's function to pose questions to the Committee or is it his function to answer questions from the Committee?

CHAIR: Preferably to answer them.

The Hon. DON HARWIN: I am grateful for your intervention Ms Hale, but—

Mr SCULLY: I do not think he needs any help.

The Hon. DON HARWIN: No, I do not. I am sure the Minister was asking me a rhetorical question.

Ms SYLVIA HALE: He is also wasting time.

Mr SCULLY: I will put it another way, given that the member has some objection to my asking questions. We are doing what we can on the Princes Highway. If the funding we are putting in over the period of 10 years, starting way back in 1988-99—

The Hon. DON HARWIN: That is something I was coming to, so let me deal with that now.

Mr SCULLY: That was a 10-year commitment of \$380 million.

The Hon. DON HARWIN: The \$380 million development began in the 1998-99 budget.

Mr SCULLY: Primarily in 1999-2000. "Action for Transport" was released in November 1998, and the \$380 million funding commenced in 1998-99 for a 10-year period. If that was matched by the Federal Government as a road of national importance, we would get a divided carriageway all the way to the Jervis Bay turn-off. All I get is that the road between Nowra and Nerriga is regarded as a national arterial link so that Joanna Gash can get from Canberra to the coast quickly.

The Hon. AMANDA FAZIO: That is disgraceful.

Mr SCULLY: It is disgraceful. I am at a loss. This is a road of national importance, the north Kiama bypass is a road of national importance, but the Princes Highway is not. Why does the Commonwealth agree that the Pacific Highway and the Great Western Highway warrant attention and that the North Coast and Western Division communities warrant Federal attention, but that the people on the South Coast get attention only for the Nowra to Nerriga road? Have you been along Main Road 92?

The Hon. DON HARWIN: I most certainly have. Could you tell me exactly which projects fall within the parameters of the 10-year \$380 million development?

Mr SCULLY: The primary development is the north Kiama bypass. I will take the rest on notice.

The Hon. DON HARWIN: What is the total anticipated cost of each project, major or minor, in that \$380 million over 10 years?

Mr SCULLY: I will take that on notice, but we are limited as to what we can do.

The Hon. DON HARWIN: The funding of \$380 million is a limited amount of money, but I would like to know exactly what projects fall within the parameters of that \$380 million?

Mr SCULLY: I will take that on notice, but we can do a lot more if John Anderson took some interest in the South Coast. That area is littered with National Party representatives and I cannot get any help from them. Maybe you could help me. They are not interested. They do not care about the South Coast.

The Hon. AMANDA FAZIO: John Anderson does not go there.

The Hon. DON HARWIN: The Hon. Amanda Fazio will have an opportunity to ask questions in a couple of minutes; she should not interrupt my questions.

The Hon. AMANDA FAZIO: I was not interrupting your questions, I was interrupting the Minister's answer.

Mr SCULLY: As I said, I will take the question on notice and give it to you in due course.

The Hon. DON HARWIN: So the 10-year \$380 million development will go through, presuming you are still in Government, to 2009.

Mr SCULLY: In that order. That is not an insignificant sum of money, but it is not enough. We would like to put a lot more in. I need Federal money.

The Hon. DON HARWIN: I am grateful for you taking that on notice, Minister. If we could come quickly to the subject you raised, it is a specific and narrow question. What is the progress of the environmental impact statement on Main Road 92 and when is it due to be released?

Mr SCULLY: We have almost completed the Representations [Reps] report, which we expect to be able to lodge by October or November. I am not having any more of this Joanna Gash nonsense, that we are progressing this with due dispatch. We have a good working relationship with John Anderson on that project. I just think it emphasises why he should put more into the Princes Highway. We are getting on with the job. The representations report will be completed in the next few weeks.

The Hon. DON HARWIN: In October?

Mr SCULLY: It will be lodged in October or November.

The Hon. DON HARWIN: When will it be publicly released? When it is finished?

Mr SCULLY: What do you mean released? The Reps report is lodged with the Department of Planning.

The Hon. DON HARWIN: What do you anticipate, therefore, on the basis of that timetable, will be the commencement date? Let us put to bed the issue of whether it is happening quickly or not. When do you think it will start?

Mr SCULLY: Unlike when you were in government, the Minister for Roads does not approve his own projects. Unlike what happened with the M2 project, I—as the Minister responsible—have to rely on the Minister for Planning, and he has up to three months under the legislation to make a decision. It is not my call what decision he makes and when. Assuming it is made within those three months, we can then call tenders and get cracking and we will deliver the project.

The Hon. DON HARWIN: What completion date is the Roads and Traffic Authority working to at the moment?

Mr SCULLY: We will take that on notice. It will take two to three years to complete, but I will give you the details of what we project.

The Hon. DON HARWIN: In other words, the 2006 completion date—as recently as March your Government was telling the people of the South Coast that was the completion date—is no longer operative?

Mr SCULLY: I said within two to three years. You start in 2004—four plus two is six—that is 2006. Is my maths wrong?

The Hon. AMANDA FAZIO: No, you are correct.

The Hon. DON HARWIN: You said two to three years.

Mr SCULLY: I said I would take it on notice. There is no reason to assume—and you should be careful not to accuse me otherwise in your press release—that they will not be met. I said I will take it on notice to give you a more up-to-date, accurate projection of when we expect it to be completed. But we do have to wait until the thing is approved, unlike the situation with regard to the M2.

The Hon. DON HARWIN: The north Kiama bypass is going well.

Mr SCULLY: Thank you.

The Hon. DON HARWIN: The total cost is \$141 million, is that right?

Mr SCULLY: Yes.

The Hon. DON HARWIN: How much of that is the State's contribution and how much is Federal money?

Mr SCULLY: Of that \$34 million is Federal money.

The Hon. DON HARWIN: In the financial year 1998-99 the bypass was estimated at costing \$97.5 million with a completion date of 2003. Now we are up to \$141 million. What other factors have led to the significant increase in cost?

Mr SCULLY: We have had detailed community consultations, and things have cost more. I am happy for Mr Forward to set it out.

Mr FORWARD: As you would appreciate, this roadway passes through some very sensitive environmental parts of the South Coast; it crosses over a couple of billabongs and wetlands areas. The environmental considerations had to be at the top of our mind in terms of providing minutes. Therefore, they have added some extra cost. Also, south of the bypass itself where it connects into the domain area, there have been some issues from residents and an attempt to get a good environmental outcome and a good urban design. All those issues, trying to provide high-quality roads that blend into the environment, add to the cost of projects.

The Hon. DON HARWIN: Design considerations related to environmental issues that have caused the project to increase?

Mr FORWARD: Yes.

The Hon. DON HARWIN: With a 2005 estimated completion date, is it still expected that a start to the Oak Flats to Dunmore dual carriageway project will commence as soon as the north Kiama bypass is finished? I notice there are funds in the budget paper for planning.

Mr SCULLY: That is for an environmental impact statement.

The Hon. DON HARWIN: Is it still expected to commence in 2005?

Mr SCULLY: I will take that on notice.

The Hon. DON HARWIN: I am surprised that you have to take that question on notice. Is there a problem with the commencement?

Mr SCULLY: I have answered that question.

Mr FORWARD: We have not got an approved EIS.

Mr SCULLY: The Coalition did not have EISs; it just used to approve them and build them. We have to go through Planning. I used to remind the Queensland National Party when it was in Government that we had environmental laws in New South Wales. It seems the Coalition has not learnt yet.

The Hon. DON HARWIN: Minister, are you aware of the grave concerns of the residents of Strongs Road and its ancillary lanes at Jaspers Brush, just south of Berri, in relation to the dangers faced by drivers of south-bound cars on the Princes Highway attempting to turn into Strongs Road? Is the construction of a safer turning lane part of your Princes Highway development plan of \$380 million over 10 years?

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Mr SCULLY: I will take that question on notice.

The Hon. DON HARWIN: After another fatality at the notorious Heggies corner on the Princes Highway just north of the Bendalong turnoff in July you requested a pavement audit. Have you received the findings and what were the results of that audit?

Mr SCULLY: I have not received it.

The Hon. DON HARWIN: How long does a pavement audit usually take?

Mr SCULLY: It depends on the problem and the site. I will call for it to be expedited.

The Hon. DON HARWIN: Mr Forward, can you add anything?

Mr FORWARD: No, I will follow up that audit.

The Hon. DON HARWIN: It is a very small section of road, but has been the site of a large number of fatalities.

Mr FORWARD: That is being dealt with by the local regional office of the RTA.

The Hon. DON HARWIN: Are you taking that question on notice?

Mr SCULLY: Yes.

The Hon. DON HARWIN: What is the status of the Pambula bridge project? Has it been approved or are we still buck-passing to the Federal Government?

Mr SCULLY: The original commitment was \$3.5 million to build a bridge that would be as flood resistant as the existing bridge. The community was strongly opposed to that proposal and it was withdrawn. A one in twenty years flood bridge would cost about \$10 million. I increased the offer to \$5 million and indicated that I believed that if Main Road 92 and the North Kiama Bypass were roads of national importance, Pambula bridge should also be on a road of national importance. However, the Federal Government is not interested.

The Hon. DON HARWIN: Have you spoken to your Federal Opposition colleagues about the project?

Mr SCULLY: Yes, I have.

The Hon. DON HARWIN: What is their attitude?

Mr SCULLY: Martin Ferguson believes that, if elected, a Federal Labor Government would not contribute to such a project. I know you have a copy of the letter and I am not surprised by that question.

The Hon. DON HARWIN: I hardly thought you would be. I am puzzled why you expect the Federal Government to pay for half of it, but your colleagues in the Federal Opposition refuse to commit to it.

Mr SCULLY: I have a very good working relationship with Martin Ferguson. He will make a much better transport Minister than John Anderson has ever been. This State will do a lot better under Martin Ferguson as Minister than it has ever done under John Anderson. Martin Ferguson is entitled to form his own views. The Federal Opposition is separate from the New South Wales Labor Government. I remind you that he is not yet in a position to make a decision on budget allocations, but John Anderson is. If you are so focused on Federal Labor making a decision to support the proposal that it be made a road of national importance, thank you. I need your support in putting pressure on the current Minister as opposed to the next Minister.

The Hon. DON HARWIN: Have you spoken to your Federal colleagues about making the Princes Highway a road of national importance and have they made a commitment to do so?

The Hon. AMANDA FAZIO: Point of order: These are hypothetical questions to the Minister about what the Federal Opposition may or may not do once it is in government. It is drawing

a long bow in terms of estimates committees. We are supposed to be looking at proposed State Government expenditure in the Transport portfolio.

The Hon. DON HARWIN: To the point of order: The Minister has responded to a number of questions I have asked about the Princes Highway, which is not the subject of a specific planned allocation by the State Government. He has said that action will take place only if it is made a road of national importance. It is proper for me to continue pursuing that issue with Minister.

CHAIR: The Minister has been referring to Commonwealth aspects of, for example, the Pacific Highway, and he seems happy to talk about the Federal implications.

Mr SCULLY: I am completely unembarrassed by Federal Labor's position that the Princes Highway should not be a road of national importance. That is a decision for it to make. The New South Wales Government does not determine what Simon Crean puts to the Australian people as his policies at elections. However, when I woke up this morning, John Howard was Prime Minister, the Federal Coalition was in government and John Anderson was Minister for Transport. I want him to commit funds to the Princes Highway.

Ms SYLVIA HALE: Are you aware that according to the recent New South Wales Health study into the M5 East tunnel levels of pollutants in the tunnel are sufficient to cause a significant increase in the number of attacks experienced by asthmatics who use the tunnel?

Mr SCULLY: I do not think it says that. Mr Forward might comment on what it does say.

Mr FORWARD: The report states that the levels in the tunnel are within the guidelines.

Ms SYLVIA HALE: It says that in relation to carbon monoxide, but certainly not in relation to nitrogen dioxide or the fine particulate matter in the tunnel.

Mr FORWARD: No standards have been set anywhere in the world for nitrogen dioxide. The study says that, in fact, it is believed they are within reasonable levels. It adopts a precautionary principle and states that, even with windows down, people are unlikely to be exposed. However, if people are concerned they should put their windows up.

Ms SYLVIA HALE: I think you will agree that that is very difficult for people on motorcycles. The study states on page 7 that nitrogen dioxide levels in open vehicles were similar to those previously shown to be associated with health effects on asthmatics exposed for 15 to 30 minutes. I am sure you will agree that page 12 states that in relation to fine particles, current studies have been unable to define a threshold below which no health effects occur. Recent studies suggest that even low levels of fine particle exposure are associated with health effects. You must have read that report and taken those conclusions on board.

Mr SCULLY: Yes, we are going to ban motor vehicles.

Ms SYLVIA HALE: You will either kill the people who use the tunnel or ban motor vehicles.

Mr SCULLY: You forget the impact that exhaust fumes had on Stoney Creek Road, Forest Road and Bexley Road. Those communities have an inestimably better quality of life and less air pollution.

Ms SYLVIA HALE: I am talking about the people who have to use the M5 East tunnel. The majority of them use it between two to five or six times a day, five days a week. Are you aware that some of the New South Wales Health personnel who conducted the study were sick while driving in the tunnel?

Mr SCULLY: They have not complained to me about that.

Ms SYLVIA HALE: Are you aware of a study carried out by the World Road Association which was reported four years ago and which demonstrated that the particles in the tunnel made the

impact of nitrogen dioxide twice as bad as they might otherwise be, and that a recent Swedish report recommends levels of nitrogen dioxide and particles two to three times lower than those in the M5 East tunnel?

Mr SCULLY: The benefit of our system is that we are not judge and jury. I am responsible for building a road. We must comply with health standards and standards for operation set by the Environment Protection Authority. If you are concerned that those standards are not tough enough, question the Minister for Health and the Minister for the Environment. We must comply with those standards, and overwhelmingly we have.

Ms SYLVIA HALE: Are you aware that the particle pollution levels in the tunnel are regularly up to 50 times the limit for ambient air and that there is no safe threshold for such toxic particles? Is not this fact on its own sufficient to make you see that it would be useful to install electrostatic precipitators, which would reduce the risk by half?

Mr SCULLY: I will operate on presumption. That is a very colourful presentation.

Ms SYLVIA HALE: I like to operate on fact.

Mr SCULLY: Please do. As you know, electrostatic precipitators do not deal with oxides of nitrogen. They deal with some particulates and, overall, are a complete waste of money. I have dealt with this on a thousand occasions over the past five years. I know that you are a new member. Please look at the transcripts.

Ms SYLVIA HALE: You may be the Minister for building roads, but it appears to me that you are also the Minister for ramming projects down people's lungs.

Mr SCULLY: That is absolute nonsense. I totally reject that. That is an offensive comment.

Ms SYLVIA HALE: I find many of your remarks particularly offensive to the residents who live in the vicinity of the tunnel and who have to breath the air in the tunnel, and also those who live in the vicinity of the portals.

Mr SCULLY: I have said a thousand times that if it worked, I would allocate the \$40 million required to install an electrostatic precipitator to filter the exhaust to improve the air quality. I will not pay for an eyedropper of pure air in a polluted airshed. That is what an electrostatic precipitator would do; it would be like having an eyedropper containing oxides of nitrogen in this room. It would be a complete waste of money. The Auditor-General would be on my back and the Opposition would say that the Minister for Roads has wasted \$40 million of taxpayers' money.

Ms SYLVIA HALE: If you are not the Minister for constructing potential death traps-

The Hon. AMANDA FAZIO: Point of order, Madam Chair!

Ms SYLVIA HALE: I withdraw that remark.

Mr SCULLY: The member should be considerate and measured.

Ms SYLVIA HALE: For someone who has been particularly arrogant, I do not believe that that is an appropriate remark.

Mr SCULLY: You have not been listening to the questions.

Ms SYLVIA HALE: Let us return to a civil tone. Do you support the claim by the RTA that the tunnel is safe to use, or is it another Menangle bridge episode?

Mr SCULLY: You are reflecting on an Independent Commission Against Corruption inquiry, and that is improper.

Ms SYLVIA HALE: Do you support the claim that the tunnel-

Mr SCULLY: The double-barrelled question is offensive.

Ms SYLVIA HALE: I will reduce it to one question.

Mr SCULLY: Thank you.

Ms SYLVIA HALE: Do you support the claim made by the RTA that the tunnel is safe to use?

Mr SCULLY: I use it every day.

Ms SYLVIA HALE: That does not mean it is safe for everybody else to use. You may have a death wish, but other people do not.

Mr SCULLY: Occasionally I wind down my window. It is safe enough for me to use every day, so I believe it is safe for motorists.

The Hon. DON HARWIN: I have seen you a number of times in the tunnel and you have never had your window down.

Mr SCULLY: I said I occasionally have my window down.

Ms SYLVIA HALE: What advice has the RTA given-

Mr SCULLY: It is safe. We comply with all the environmental standards. The tunnel is safe to use and the suggestion that you are trying to put to the community that it is not is an absolute nonsense. I cannot be more blunt than that.

Ms SYLVIA HALE: I refer you to the report produced by New South Wales Health, which certainly suggests that the tunnel may not be safe to use.

Mr SCULLY: That is not correct. I take this opportunity to assure the motorists of Sydney that the M5 East tunnel is safe to use, and I use it every day. I am completely satisfied that we comply with all the standards. It is safe to use. Let us have no more of this nonsense.

Ms SYLVIA HALE: What advice has the RTA given or does it intend to give to motorists about the times when air quality conditions in the tunnel are poor?

Mr FORWARD: Are you referring to the recommendations in the report?

Ms SYLVIA HALE: Yes. Advice was given by New South Wales Health to implement warnings to drivers as long ago as February 2002. Why has that advice not been implemented?

Mr FORWARD: What report is dated February 2002?

Ms SYLVIA HALE: I believe there was advice from New South Wales Health.

Mr FORWARD: I have not received any advice of that date.

Ms SYLVIA HALE: Do you know of any suggestions by New South Wales Health that motorists should be warned when the tunnel is unsafe to use?

Mr FORWARD: The tunnel is not unsafe to use.

Ms SYLVIA HALE: Drivers should be warned of the dangers of using the tunnel.

Mr FORWARD: There are no dangers in using the tunnel.

Ms SYLVIA HALE: Therefore, you and the RTA are prepared to ignore the findings of the July 2003 New South Wales Health report.

Mr FORWARD: That is not what the report said. The report said that if people suffer asthma and must use the tunnel, if they have concerns, as a precautionary principle they should roll their windows up.

Ms SYLVIA HALE: Can you tell me what the RTA has done to reduce the potential health risks to drivers in the tunnel and what has it done to reduce those potential health risks to tunnel operators and emergency workers?

Mr SCULLY: We have complied with all the standards set as part of the approval process.

Ms SYLVIA HALE: So you are doing nothing further to protect the health of the people who regularly work in the tunnel.

Mr SCULLY: That is a very misleading question. All of the environmental and health management systems we had to put in place as a condition of building this tunnel were put in place. Part of the reason for building an exhaust stack is to ensure that people do not die in the event of a big breakdown. They do not die because we have a big exhaust stack. It sucks the exhaust out for safety reasons. We also have a deluge system in case of fire: it floods the tunnel and puts out fires. Extensive environmental and safety systems have been installed. An enormous amount of money has been spent on air monitoring stations and so on. I invite you to come to the Boulderstone Hornibrook control room.

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You can see the state-of-the-art equipment that is put in place to monitor the flow of air and the condition of it. We comply with the standards. It is just nonsense to suggest nothing has been done.

Ms SYLVIA HALE: Minister, you mentioned air being sucked into the tunnel. Could we talk about the portal emissions from the tunnel? What monitoring is taking place outside the portals?

Mr FORWARD: There is some monitoring there.

Ms SYLVIA HALE: In the immediate vicinity of those portals?

Mr FORWARD: Yes, but remember that there are no portal emissions unless there is an incident in the tunnel.

Mr SCULLY: It is not allowed.

Ms SYLVIA HALE: But it is my understanding that in fact emissions from the portal occur quite frequently, sometimes as often as once a day.

Mr FORWARD: Only when there is an incident in the tunnel.

Ms SYLVIA HALE: So there must be quite a few incidents in the tunnel?

Mr FORWARD: No, many times there are no incidents in the tunnel. Many days there are no incidents in the tunnel.

Ms SYLVIA HALE: It is a requirement that the operator report all incidences of portal emissions, whether they are planned or unplanned?

Mr FORWARD: That is correct.

Ms SYLVIA HALE: Would it be possible for you to make available a copy of all the information about those occurrences?

Mr FORWARD: My understanding is it is made available.

Ms SYLVIA HALE: How do you know there are no excesses of particulate or nitrogen dioxide levels if no monitoring is occurring for those substances?

Mr SCULLY: We monitor against the standards that have been set.

Ms SYLVIA HALE: What action will you take as Minister to ensure that the Roads and Traffic Authority [RTA] fully complies with the conditions of approval and provide the public with the protection it deserves?

Mr SCULLY: I will continue to do what I have been doing. I make sure the chief executive ensures the maintainer and operator of that road complies with the standards set by the Environment Protection Authority [EPA] and the Department Of Health.

CHAIR: Would the Labor Party like to ask a question?

The Hon. TONY CATANZARITI: Minister, what is the Government doing to assist councils in regional areas to replace old wooden bridges which council may not be able to fund on their own?

Mr SCULLY: We are about to finish by June next year our State Timber Bridge program: \$129 million to rebuild 141 timber bridges. We have about 15 left that will be completed by 30 June. That has been a fantastic program and very well-received across the communities of New South Wales that have benefited from it. During the time I have been Minister for Roads, country councils have brought to my attention the many timber bridges they have within their midst that are beyond their resources to fix. That is why I announced the Regional Road Timber Bridge program: \$105 of State Government funds and \$105 million of council funds over a seven-year period to do 369 bridges. With some disappointment, almost with a sense of crestfallenness, I hear the New South Wales National Party say that it is not new money. I say to local government: \$105 on regional roads that are not all of your responsibility is, in my book, new money. They have been pretty appreciative that we are putting the money into their roads to assist them. I think that when that program is finished you will find the quality of our timber bridges that much better.

Of course we still have the issue of local roads: there are thousands of timber bridges on local roads that are fully the responsibility of councils. I think even that is beyond our full resources and it is something that I will certainly be bringing to the attention of the Federal Government.

CHAIR: Mr Oldfield?

The Hon. DAVID OLDFIELD: Are you having fun so far, Carl?

Mr SCULLY: I wouldn't call it that, no.

The Hon. DAVID OLDFIELD: With regard to the Western Sydney Orbital Link—39 kilometres of divided carriageway between the M5 Hume Highway at Prestons into west Baulkham Hills—will the Government look at upgrading or creating a link between the F3 from the Central Coast to the M5 Hume Highway, and is the Western Sydney Orbital Link going to be extended perhaps for this purpose?

Mr SCULLY: You mean F3-M2, don't you?

The Hon. DAVID OLDFIELD: Yes, sorry.

Mr SCULLY: The Federal Government, which we are co-operating with, currently has in the marketplace a study process which is looking at options for constructing a link between the F3 and the M2 under Pennant Hills Road, under the Pacific Highway, and various nuances in between. I think that Phil Ruddock is pretty supportive of constructing it under Pennant Hills Road; others say under the Pacific Highway. I am agnostic at this stage.

The Hon. DAVID OLDFIELD: I thought you were a Catholic.

Mr SCULLY: I am agnostic on this issue. We keep working with the Feds on it, but at this stage it has primary carriage at the Federal Department of Transport and Regional Services. I expect sometime over the next 12 months the RTA and the Federal Government will finetune that and the Feds will need to make some decisions about a preferred national highway link. There has been no indication of funding yet—it is probably too early for that—I am not expecting it, but I am satisfied that sufficient diligence has been put in by the Federal Government in examining that issue.

The Hon. DAVID OLDFIELD: With the electronic tolling now on Sydney tollways and the tags issued for the systems, the next phase in the implementation is to take further advantage of increasing the tag usage to improve traffic flow efficiency at the Sydney Harbour Bridge and tunnel toll plazas. To speed up the process of Sydney toll gates, especially the Harbour Bridge and the tunnel, will the Government look at a similar tag system to Victoria?

Mr SCULLY: We have an interoperable tollway system. You only have to have one tag now and it works on all motorways.

The Hon. DAVID OLDFIELD: In Victoria there are tollways now where essentially you cannot get on them unless you have a tag or—

Mr SCULLY: I am sorry I misunderstood the question. I think you are referring to the cashless tollway system?

The Hon. DAVID OLDFIELD: Yes.

Mr SCULLY: What I have done with the cross-city tunnel, Western Sydney Orbital and what I will do with the deal on Lane Cove tunnel, is they will be cashless tollways. The cross-city tunnel will involve a full tag system. With the other tollways more and more people are moving towards the e-tag and less on cash, but it is probably going to take a few years yet before we get to a critical mass. Because people have been used to paying cash on these tollways for many many years it is a bit aggressive to say "Thou shalt not be able to use this without a tag". We can do that when there is a critical mass by choice, but certainly that is a much easier way on the new tollways: you just say to people, "You can't use this unless you've got a tag".

The Hon. DAVID OLDFIELD: Perhaps you are re-doing some of this—I have not seen it—but if not, have you looked at the possibility of positive public relations campaigns to push the public along in this direction: the sort of less stopping, quicker trip?

Mr SCULLY: There has been a fair bit of promotion from both the RTA and from the private companies. You probably saw it about the M5 recently and where there was a widening on the Harbour Bridge; we have been re-configuring lines as more people take it up. I think in the not too distant future we will have an almost entirely cashless motorway system but I prefer to do it incrementally with motorists onboard, happy that they are moving towards that.

Mr FORWARD: If I could add to the Minister's answer. We have 140,000 RTA tags in the marketplace at the moment. On the Sydney Harbour Bridge and the Harbour Tunnel in the morning peak half the transactions are e-tag transactions and during the whole day 40 per cent of the transactions are e-tag transactions. That number is increasing every month.

The Hon. DAVID OLDFIELD: Has there been any move at all to push taxis in particular to e-tag? I talked to you informally before about the clogging of toll booths, particularly on the Cahill Expressway, by taxis. You can sit there and, without any exaggeration, a third or more of the cars are taxis.

Mr SCULLY: Yes, and there was some complaint—I have not had a report for a while—about using the toll plaza to get change.

The Hon. DAVID OLDFIELD: Yes, exactly.

Mr SCULLY: I indicated a little while ago that if too many were doing that I may have to be a little intrusive. I am not of a view at this stage that we need to be aggressive but I will keep a watching brief on that.

The Hon. DAVID OLDFIELD: What allowances in the budget has the Government made in relation to the upgrades of the Spit Bridge?

Mr SCULLY: It has not been approved yet. As you know, the Liberal Party has been very difficult and it has been getting in the way of what I call the David Barr solution to traffic congestion on the Spit. They have been very mischievous and difficult, I had anticipated that they would accept the result and approve it—with the casting vote they had hoped to cast it asunder into the water—it has not been yet, it is before Minister Knowles for approval; we await his approval. It is his decision and, assuming he approves it, we can then get on and build it.

The Hon. DAVID OLDFIELD: It was originally suggested by me in 1995 in the mayoral election for Manly.

Mr SCULLY: I'm sorry, it was.

The Hon. DAVID OLDFIELD: It was ripped off by David Barr five or six years later.

Mr SCULLY: I am happy to allow the two of you to share the success of what a great project that is.

The Hon. DAVID OLDFIELD: I would just be happy to see it sorted out.

Mr SCULLY: I want to build it. We made the commitment and I have allocated the funds. I am reluctant to say to that community that I will spend that \$35 million in the bush. I think they are entitled to have those funds that we have committed. But the local Liberal Party has done everything it can to have me spend the money elsewhere. I am happy to talk about that stupid option; that is just brain-dead and not serious. It is a complete con job; Disneyland stuff. Remember the water from New Guinea, the superhighway in the Blue Mountains and the tunnel under the Spit? What a joke.

The Hon. DAVID OLDFIELD: With regard to the bridge, from what I can see the proposal is somewhat different to what was put by me back in 1995. Do I understand—please correct me of course—that there are going to be two additional lanes on the bridge now?

Mr SCULLY: Correct.

The Hon. DAVID OLDFIELD: The original proposal I put was an extra lane on the bridge at minimal cost by taking out one of the walkways, thereby not actually structurally changing the bridge as such—no additions to the bridge. You are actually adding, essentially, a two lane clip-on sort of thing. When we feed the three lanes coming down the hill into what I gather now will be five lanes going over the bridge with one lane coming back—

Mr FORWARD: Six lanes.

The Hon. DAVID OLDFIELD: You would have to have some coming back.

Mr SCULLY: You could tidal flow four and two probably.

Mr FORWARD: If I can explain? At the moment there are four lanes on the bridge and on either side of the bridge there are six lanes, three in each direction. The bridge is at choke point, so the bridge will now have three lanes on either side fed onto three lanes on the bridge.

The Hon. DAVID OLDFIELD: Yes. At peak times I imagine you are going to have five lanes going over the bridge, or four lanes going over the bridge?

Mr FORWARD: Three.

The Hon. DAVID OLDFIELD: We have already got three lanes going over the bridge now at peak times. What is going to change?

Mr SCULLY: Well, the biggest benefit, obviously, is to weekend traffic, but it provides the potential for a transport lane.

Mr FORWARD: First of all, as the Minister has pointed out, on the weekends—and the movement of the traffic varies almost hour to hour on the weekends depending on if it is a hot or a cold day, et cetera—there will be no need to tidal flow the bridge: three lanes in each direction; three lanes on either north or south carriageways leading onto the bridge. In the morning peak, as you pointed out and suggested, there is tidal flow; there are three lanes going into the city and one lane going north. The buses are having difficulty returning to the start of their routes because of the one lane going north. So there will be enormous benefits for public transport; The buses will be able to get back to their original destination a lot quicker. There will be major efficiencies and benefits for public transport users in that area.

The Hon. DAVID OLDFIELD: So two lanes going on but in peak time, such as morning traffic, there are still only going to be three lanes going over the bridge?

Mr FORWARD: That is right.

Mr SCULLY: At this stage. There may be some public transport options that I am no longer responsible for.

The Hon. DAVID OLDFIELD: Wasn't there the potential at all to have four lanes going over the bridge and to use the lane on the other side of the median strip all the way up to the Ourimbah Road turn-off for peak times?

Mr SCULLY: Potentially you could use four lanes and two contra and use a lane for public transport, but it requires a fair bit of engineering works in other parts of Military Road. That is really something that would have to be progressed by Minister Costa if that is a desirable public transport outcome. But the Spit Bridge widening makes it possible in the longer term to have a bus lane that is quite extensive, that does not impact on traffic congestion for motor vehicles and still gives an additional lane contra flow going north—or three and three. But it is a choke point that does not give you flexibility. By putting the extra two lanes on you have got that flexibility on the weekend without having tidal flow, and if you are still tidal flowed you have four and two as an option. That is still a much better outcome for people going north. It just gives us that flexibility.

The Hon. DAVID OLDFIELD: Can you see any further reduction in opening times?

Mr SCULLY: I have cut them back a fair bit. I have twice reduced them over the past couple of years. Some motorists tell me "Don't let any boats go under there at all", and the boat owners come to me and ask me to leave it permanently open for the boats. I think we have got a reasonably good compromise at this stage.

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I think we have a reasonably good compromise at this stage. I would not rule out further reductions, but I would rather wait and see how the recent reduction worked. It seems to be working okay.

The Hon. DAVID OLDFIELD: It seems to be a considerable future problem, with the increasing population on the northern beaches and people's increasing desire to move there—which is understandable, because it is perhaps the best place in Sydney.

Mr SCULLY: Only after Smithfield.

The Hon. DAVID OLDFIELD: I was talking to someone from Smithfield RSL tonight on 2GB.

Mr SCULLY: I was talking to him as well, and I welcomed him to my electorate.

The Hon. DAVID OLDFIELD: Surely it must be acknowledged—and it is not your fault, of course; you were probably not even alive at the time, and nor was I—that The Spit Bridge is a bit of a disaster. It does not meet the requirements of such heavy traffic flows, the necessary traffic of boats, and so on. It appears that we now need a high-level bridge that facilitates movements of boats at any time and does not disrupt traffic at any time.

Mr SCULLY: If you built it properly a long time ago, more than likely you would have built a high-level bridge. Environmental and community reaction to that now would almost certainly be non-approval in an EIS process. This council even approve a very modest two-lane clip-on to the existing bridge, and it calls for the Minister for Planning not to approve this environmental abomination upon the neighbourhood. Imagine the reaction if you built a high-level bridge. It would have a significant impact on the community and the environment, and I think it would be very difficult to get it through the planning processes.

The Hon. DAVID OLDFIELD: You could not build it in Sydney today?

Mr SCULLY: If you started from scratch, you might do it a little differently. I work with what I have to work with. That is the material I have: the present bridge, the community, and environmental constraints. In the face of a tunnel that is totally and utterly undeliverable, and a high-level bridge that is unlikely to ever be approved and would cause extreme community reaction, I am left with no choice but to widen that bridge and provide the potential in the future, with a lot of additional work for a possible very effective bus lane going all the way into Manly and the city. That is a longer-term solution, but I would certainly like to see more and more people using buses. I think that is the solution, certainly for the peninsula. I know that everyone likes to drive their cars, but more people should use buses.

The Hon. DAVID OLDFIELD: Or the Jetcat and the ferry?

Mr SCULLY: Yes. And we have put a lot of money in there.

The Hon. JENNIFER GARDINER: Minister, in 2002 you told this committee that 79 per cent of that year's maintenance package for roads would be spent on rural and regional roads. It seems that this year only 60 per cent of that package will be allocated from the maintenance budget for rural and regional roads. Is that your understanding?

Mr SCULLY: I would be happy to provide that on notice.

The Hon. JENNIFER GARDINER: With regard to the cross-city tunnel, if the specifications for the tolling operation on the tunnel require the operator to service 137,000 vehicles, can you explain why the modelling for the EIS was not carried out for that number of cars?

Mr SCULLY: The EIS is a projection by the proponent, which is the RTA, and we go through a tender process. People who are part of the tender process make their call as to what they expect the patronage to be. They have made quite an ambitious call as to how many cars they expect to use the tunnel.

Mr FORWARD: The figure you quoted is yet again just another estimate, the same as the estimate in the EIS. At the end of the day, the motorists will determine whether it is worth paying the toll to use the motorway.

Mr SCULLY: And we will know in the not too distant future precisely how many will be using it.

The Hon. JENNIFER GARDINER: With respect to the ventilation shaft in relation to the tunnel, the Health Department indicated to the RTA on 31 May 2002 that carbon monoxide goals for the tunnel were changing to 50 ppm over 30 minutes. Why was not any discussion of that requirement or the additional ventilation shaft included in the EIS?

Mr FORWARD: Two EISs were done on that project. It illustrates the point that the Minister has been making tonight: that the RTA is not the regulator. The RTA accepts the conditions that are given to it by, in this case, the Department of Infrastructure, Planning and Natural Resources, formerly the Department of Planning, which takes advice from the various other regulatory authorities. The department states the conditions. In this case, between the first EIS and the second EIS the carbon monoxide levels changed. They are now probably the most stringent standards relating to any tunnel in the world.

The Hon. JENNIFER GARDINER: Given that the cost of the new ventilation shaft is in excess of \$30 million, can you inform the committee what other options were considered in order to meet the new carbon monoxide goal and, if there were any, what was the cost of each alternative?

Mr SCULLY: I am happy to take the question on notice. What was put forward in the second EIS is the most effective way of dealing with compliance with that improved standard.

The Hon. JENNIFER GARDINER: With respect to the Lane Cove Tunnel, would you be able to provide the costs paid together with the current market values of the properties that were purchased in relation to the stacks?

Mr SCULLY: Yes. I am happy to take the question on notice.

The Hon. DON HARWIN: Budget Paper No. 4 refers to the planning cost of the project at the intersection of Lawrence Hargrave Drive and the Princes Highway. Is any work currently budgeted for, to provide a more permanent solution to the problems on Lawrence Hargrave Drive between Coalcliff and Clifton, given that on a large number of days per year the road is seemingly closed?

Mr SCULLY: Do you not get a media clip service? I made a very significant announcement on Friday—on television, radio, and I think the front page of the *Illawarra Mercury*. I am almost speechless that you would come to an estimates committee and ask such an ill-prepared question.

For the benefit of the Chair and Hansard, I announced a \$40 million upgrade, which would be a very significant amount of work. The road will have to be closed for 2½ years. The reason for the upgrade is that it is the least safe section of the New South Wales road network. There is an embankment that has a crack that is enlarging at five to 10 millimetres per day on average, and if left unrepaired the embankment will collapse into the sea. There are also constant rock falls onto the road. I am very concerned about the need to upgrade this road. That was announced on Friday, I am astonished that you are unaware of that. I am happy to send you copies of the press release.

The Hon. DON HARWIN: Why has the estimated cost of the Bangor bypass almost doubled since 1999-2000?

Mr SCULLY: That is a very mischievous question, because the north-south link is part of the \$115 million Bangor bypass. There was an east-west link commitment. We added a substantial amount to that project to upgrade the north-south link. As you would also be aware—because I know you are a regular reader of the *St George and Sutherland Shire Leader* and you would have seen the front page—I have brought forward the construction of the northern part of the north-south link. So that by the end of next year, weather permitting, we will have spent about \$85 million. It is a much bigger project, it is a much better project, and yes, it has cost a little more.

The Hon. DON HARWIN: Why has the estimated cost of the Ballina bypass dual carriageway increased from \$154 million to \$245 million since 1999-2000?

Mr SCULLY: They are very early estimates of what we expect the cost to be. As we do more and more detailed work, the costs become more refined. The bigger problem—

The Hon. DON HARWIN: \$90 million worth of refinements?

Mr SCULLY: We have some soft soil problems there. We are spending a large sum of money testing the instability of the soil upon which we are going to have to build that road. We are acquiring some property this year. But the much bigger problem with the Ballina bypass is not the estimated cost but the failure of the Federal Government to renew the Pacific Highway agreement. We certainly intended to build the Ballina bypass, but I am going to have to review whether or not we can do that in a reasonable amount of time, in the face of the Federal Government withdrawing from the field. That is why I would like to hear about Auslink. Is it going to put money into the Pacific Highway? Can I make the Ballina bypass a priority? I have only 2½ years of this deal to go. I would like to know what the long-term future is. Please let me know. It is an important project. I cannot commit funds assuming that I have joint projects elsewhere, when none transpire.

The Hon. DON HARWIN: With regard to the Liverpool to Parramatta transitway, why has the \$275 million already spent on the project not been sufficient, when the original estimate of the project cost was \$198 million?

Mr SCULLY: Have you been on it?

The Hon. DON HARWIN: No, I have not been on it.

Mr SCULLY: You are invited. And you will appreciate that it is a fantastic improvement to Western Sydney public transport. Like a lot of projects, sometimes they end up costing a little more than you anticipated, but the outcome is absolutely fantastic.

The Hon. DON HARWIN: \$77 million more than you anticipated?

Mr SCULLY: When I became of a local member, we got next to nothing from the Coalition Government in terms of public transport. It gives me a lot of pride to know that one of the legacies I have left Western Sydney as transport Minister is a 30-kilometre bus-only freeway going from Liverpool through the suburbs in the west to Parramatta. I invite you to use it. Yes, it cost a little more than we anticipated.

The Hon. DON HARWIN: Already \$275 million has been spent. The cost of the entire project is now estimated at \$315 million, is that right?

Mr SCULLY: I think that is about right. It is not finished yet. Before you cast judgment on the paperwork, go out and have a look and decide for yourself, and honestly tell me you do not think it is a fantastic improvement to Western Sydney public transport.

The Hon. DON HARWIN: But it is still a very significant blow-out in expenditure?

Mr SCULLY: It has cost more than anticipated, but look at the state of the art. The sort of stuff you characters delivered under Baird were scungy bus stops and signs, and limited services. I have delivered government buses to Western Sydney, and the bus stations that are being built are very high quality. The people of my electorate and the surrounding electorate who use them are very pleased that they have had those resources poured into Western Sydney.

The Hon. DON HARWIN: Work on the Bowning deviation at the intersection of the Burley Griffin Way and the Hume Highway, which was originally promised by the Hon. Ian Macdonald as Parliamentary Secretary, started in 1999-2000. As recently as last March, during the election campaign, the Government promised that the project would be completed in the current term of this Parliament. Has specific funding been allocated in this budget for the project, and when is construction likely to begin?

Mr SCULLY: It is planning money, and it will be completed during this term of the Parliament. We are getting on with it. The commitment was to have the project completed in this term of the Parliament.

The Hon. DON HARWIN: Why is the Bonville bypass still in planning after four years?

Mr FORWARD: That is another project with very significant environmental issues. Once again, to continue at theme we have talked about tonight, we have had very close consultation with the community. There are some koala movements through that area, and we are monitoring the movements of the koalas and we are working closely with the National Parks and Wildlife Service and also the Australian Museum, which are carrying out a very extensive study for us—it is perhaps one of the most extensive studies ever undertaken in Australia—to ensure that that project is managed properly in terms of its environmental impacts.

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Mr SCULLY: I think Andrew Fraser would blush with embarrassment if he put the case. He has probably done better than any other MP on the Pacific Highway program. I have been up there with him more times than I can count, inspecting and announcing projects. We have spent hundreds of millions of dollars in and around the Coffs Harbour region. I think even he, if he had a rash of honesty, would concede that one resource is the Labor Government.

The Hon. DON HARWIN: He is a very hard working local member and I am sure he is very good at getting funds for his seat. Is specific funding included as part of this budget for the complete reconstruction of the intersection of the Pacific Highway and the Asquith rail bridge overpass to improve safety problems there

Mr SCULLY: I will have to take that on notice. I assume that press releases have been prepared for that.

The Hon. DON HARWIN: The construction of traffic lights at the intersections of the Pacific Highway, Excelsior Road and Beryl Road in Mount Colah are a problem, as is the construction of traffic lights at the intersection of Galston Road and Grevillea Crescent at Hornsby Heights. When will an allocation of funding for these projects be made?

Mr SCULLY: I will have to get advice on that. I am not across every intersection on the road network.

The Hon. DON HARWIN: You can take it on notice.

Mr SCULLY: I am happy to take it on notice. Do you live there?

The Hon. DON HARWIN: No. What plans are in place to overcome the existing bottleneck on the Pacific Highway at Pymble railway station? Does the Roads and Traffic Authority [RTA] have a timetable for the replacement or maintenance of the existing bridge over the rail line at Pymble?

Mr SCULLY: I will take that on notice.

The Hon. DON HARWIN: What plans are in place to relieve peak hour and weekend traffic congestion on the Pacific Highway between Wahroonga and Chatswood?

Mr SCULLY: I will take that on notice.

The Hon. DAVID OLDFIELD: Madam Chair, we have spent just over an hour and 15 minutes on roads.

CHAIR: The Committee will now deal with the estimates for the Housing portfolio. I will wait until the Housing officers take their places.

Minister, has the department done a review of the housing maintenance backlog? If so, what is the current level of the backlog?

Mr SCULLY: I will take that on notice. We have done a review but I will have to take on notice the precise amount.

CHAIR: In last year's budget an extra \$100 million was to be used in a structured way over a three-year period for maintenance. Can you advise how those funds have been used?

Mr SCULLY: It is part of the accelerated maintenance program. It is probably best if I get Mr Barnes to talk about it, but it has been allocated around the public housing stock to provide refurbishment, rebuilding, replacement, that sort of thing.

Mr BARNES: It is called the accelerated improvement program. This year we are allocating some \$245 million in total to schedule for that expenditure, and some 58,000 properties will receive maintenance upgrading through that funding.

CHAIR: Has it had any significant effect yet in easing the backlog?

Mr BARNES: Yes, it has. It has been reducing the backlog. Our difficulty is that we have ageing housing stock and there is still a significant backlog of work to be completed.

CHAIR: Can you advise how much the department spent on contractors in 2002-03?

Mr SCULLY: I will take that on notice.

CHAIR: Is it correct that under the new maintenance contracts a contractor has a discretionary power to decide the course of action that is to be followed to rectify a problem, whatever it might be?

Mr BARNES: I do not believe that that is the truth. We have a process whereby our officers undertake inspections. We scope works and, as a result, scope works orders are then provided to the contractors for them to undertake the work in accordance with the scoping.

CHAIR: Does a particular contractor have to validate and substantiate his or her chosen course of action as, for example, being the most cost and time efficient for the particular matter that must be attended to?

Mr BARNES: The standard practice is for contractors to submit their particular claims. Throughout the State we have some 17 prime contractors. The department undertook a competitive tendering process last year, part of which was to set schedules of rates, which were adopted following a fairly lengthy process. The scheduled rates specify particular charges for work that has been scoped and for specific orders.

CHAIR: Are those schedules of charges meant to be strictly followed by contractors?

Mr BARNES: Generally, yes. There would be some provision for variation. If it is an emergency call-out or if there is a need for variation, the contractor can make a further claim for that to be examined, as I understand it.

CHAIR: Where do people go if they have a problem with a contractor who seems to suggest a very expensive alternative to what might be a reasonably simple problem?

Mr BARNES: With respect, is it possible to better explain that question? When you say "where do people go" do you mean tenants?

CHAIR: Yes.

Mr BARNES: The tenants would raise their concerns with their local office and our client service officers and technical officers would undertake an investigation.

CHAIR: The 2002-03 budget has an allocation of \$36.6 million for maintenance and fire safety on public housing properties, as well as the Aboriginal Housing Office upgrades. Can you provide the Committee with the figure for the actual residences that were upgraded in that year out of that allocation?

Mr SCULLY: I will take that on notice.

CHAIR: Can you provide the Committee with the average time it takes between the receipt of a maintenance complaint and action being taken by the department?

Mr SCULLY: It depends on the type of maintenance claim. We have 100 different maintenance complaints. I cannot answer that and I cannot take it on notice. You need to be more specific.

CHAIR: In relation to categories of complaints, do you have a schedule that lists benchmarks that the department considers satisfactory as a waiting time for a maintenance complaint to be rectified?

Mr BARNES: We have a standard requirement for different levels of maintenance. For example, an emergency call-out for a sewer choke would be something in the order of four hours. There are other levels of maintenance, depending on the type of maintenance, which may be within 24 hours, and other classes which are within 48 hours. Others then go beyond that time. I can advise that all of our contractors are meeting those times at a level in excess of 80 per cent.

CHAIR: Do you monitor it fairly closely?

Mr BARNES: Very closely.

CHAIR: In the *Daily Telegraph* of 19 August this year the Premier, Bob Carr, seemed to indicate that a family living in public housing would be evicted if the parents "don't control their children roaming the streets". Have any families been evicted as a result of their children roaming the streets?

Mr SCULLY: First, the Premier has asked me to examine a social contract with Department of Housing tenants. We are examining that. We have entered into term leases with our new tenants. I believe that started in November last year. It is too early at this stage to be able to tell you the results of that because the first 12-month leases have not yet expired. However, we anticipate that that will provide a useful tool for better regulating functional misbehaviour and dysfunctional communities. It is an important question because unfortunately a very small number of housing tenants make life hell for the majority and we need to do more to deal with that. This is one possible solution but I am examining what other aspects could be implemented.

CHAIR: When do you expect to have a conclusion to that examination?

Mr SCULLY: It will take a few weeks to examine and give some thought to it. I am certainly interested in seeing what may happen at the conclusion of the first 12 months, in November, and we will make an examination as to which tenants may be asked to leave public housing or at least enter into some sort of arrangement to guarantee their behaviour if they want further tenancies. It is just a bit too early. We need to do a bit more work on that.

CHAIR: The affordability of housing in Sydney and, indeed, in other parts of New South Wales is an important issue. Have you considered reducing stamp duty?

Mr SCULLY: Housing affordability is one of the most important things that I face as Minister for Housing. It is a significant issue. The problems are multifaceted. The first problem in resolving affordable housing is supply and demand. Demand for housing is driven primarily by migration levels, for which the Federal Government is responsible. We have heard the community's call for stamp duty relief to be considered, and the Premier and the Treasurer have said that they will consider it.

However, I would like you to consider this: If John Howard is fair dinkum in saying that stamp duty is a major contributor to the lack of affordable housing in Sydney, and the Productivity Commission is not the stunt I believe it to be, he should put money where his mouth is. He should put Commonwealth funds on the table so that we can provide substantial stamp duty relief. We will consider it. I trust that the Treasurer will do what he can in next year's budget, if possible, and that is his call through the budget process. However, I know that the Treasurer's capacity to do that is limited. So I call on John Howard: If you are fair dinkum about making our kids have a future with housing that is affordable, put Commonwealth funds on the table to give New South Wales the ability to reduce stamp duty.

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If he does not do that, he is just engaging in partisan politics and the Productivity Commission process is a farce.

CHAIR: I will await Mr Egan's next budget with great interest.

Mr SCULLY: You have connections with the Federal Government. You put it to them. If you share my concern about affordable housing—and I am sure you do, I have no reason to believe you are not fair dinkum—ask John Howard whether he is prepared to put Commonwealth funds on the table so we can reduce stamp duty. That would be a good Commonwealth-State outcome. If he does not put money on the table, then stop bleating about it, you are not fair dinkum.

The Hon. DON HARWIN: How much did the Government spend on the modification of public housing to accommodate people with disabilities in the year just past? How much is specifically allocated in this budget for the modification of public housing?

Mr SCULLY: I will have to take that on notice.

The Hon. DON HARWIN: If I can just come to the Birrigal housing estate on the shores of Lake Macquarie.

Mr SCULLY: You saw *A Current Affair*?

CHAIR: We were doing media monitoring.

Mr SCULLY: I am pleased to see you were doing some media monitoring. I was worried about you for a while.

The Hon. DON HARWIN: I probably did not see this one.

Mr SCULLY: I would say it is the other Don who gave that one to you.

The Hon. DON HARWIN: Two independent consultants recommended against demolition of the site and offered a range of alternative solutions, because only 35 of the 138 residences had termite damage at the time of assessment. Do you feel this was the appropriate solution, to go ahead with demolishing and relocating tenants at a cost of \$6 million?

Mr SCULLY: I am advised that half of the houses were infested or partly or substantially overrun by termites.

The Hon. DON HARWIN: So the figure of 35 of 138 residences that has been quoted, is that correct or incorrect?

Mr SCULLY: I understand about half were either partly or significantly overrun by termites. That is not the only reason the estate was demolished, but unless termites have changed behaviour, I believe when they eat the wood they move on to wood. They eat the wood on half the houses and they are hungry and they go and find other houses. They find the wood that is closest to them. They eat it.

The Hon. DON HARWIN: Thank you for the lesson in botany. Could you tell me how much the department is estimating to receive—

Mr SCULLY: No, you asked me a question. This is a very difficult estate. It had social and community problems in addition to termite infestation. It was not just the termite infestation. The homes were poorly designed, it was a poorly designed estate, there were high levels of social dysfunction and the termite infestation would have eventually eaten the whole community. Therefore, it was appropriate to demolish the whole community. The television program that was on yesterday was just ridiculous.

The Hon. DON HARWIN: How much is the department estimating it will receive from the sale of the Lake Macquarie foreshore that is associated with that estate? Can you outline what projects will receive the benefits from the sale?

Mr SCULLY: I will have to take the sale on notice, but I can tell you that rectification would have cost \$7.72 million. The advice is that we were much better off, given the social and dysfunctional nature of the community, the poor design of it and the termite infestation. It was appropriate that we demolish it and move forward. All the money that is raised will go to regional public housing. Relocation was \$3 million.

The Hon. DAVID OLDFIELD: Minister, I refer you to stamp duty. Would you at least acknowledge that in simple terms stamp duty is one of those taxes because you can? There is no real relationship to service, there is no relationship to cost to government. It is little more than revenue raising—nothing more than revenue raising.

Mr SCULLY: Tax is tax, and if we had all the revenue we need to spend on all the services communities want and we did not have to raise any tax we would have Utopia. Life is tough. We have to raise the money to spend on the goods and services the community demands of us as a significant jurisdiction in the Australian Commonwealth. We have unending demands from communities for all the services of government. In my area there is hardly a lower House MP—I cannot think of one—who has not come to me, including the Coalition and the shadow Minister, quite responsibly, putting demands on behalf of their local communities, as they should. I would like to approve every request for road spending. I would like to approve every request for additional public housing. All the Ministers are the same. We badger the Treasurer to get our share of the budget. If we abolish stamp duty, a lot more mayors, counsellors, MPs and communities would be significantly disappointed without those resources.

It is more a question for the Treasurer than for me. I am just a humble Roads and Housing Minister trying to get my fair share out of the budget on behalf of the New South Wales community. But you could present a case in relation to any tax that it would be nice not to have it. That is why I put it fair and squarely on the table today that if the Prime Minister believes that stamp duty is an inappropriate tax and is impacting on housing affordability he has the enormous revenue base to pay for the reduction in stamp duty.

The Hon. DAVID OLDFIELD: If he reduced stamp duty, he would merely tax us through some other means to raise the money to give it to you to give back to us.

Mr SCULLY: He has his own budgetary problems. The Treasurer and the Premier have heard the call for this to be considered. Both the Treasurer and the Premier have said they heard the demand from the community and they are giving it consideration. I think the next budget process should allow them to consider it. I am not in a position to say what their deliberations have been or where they are at this stage. They will have to be free to do that through our budget process, but whatever it is it will be more limited than what it could have been if John Howard was fair dinkum and helped young people buy their homes. He is more about the blame game, trying to score points.

The Hon. DAVID OLDFIELD: It is not just young people. Stamp duty is as onerous for everybody, not just young people.

Mr SCULLY: It is easier if you are on the conveyor belt and you have equity. Yes, it is an impost on people who want to buy homes but it is a lot tougher for people to start out, and stamp duty relief is not the panacea to housing affordability. I hope the Opposition is not suggesting that if we abolish stamp duty tomorrow suddenly first home buyers will be charging at the auctions and bidding

for \$400,000 and \$500,000 homes. They still have a lot of tough saving ahead of them and big mortgages. It could help.

The Hon. DAVID OLDFIELD: I am merely making the point—it is not your fault—that stamp duty is a tax that frankly should never have been in place at any stage. It should have been an administrative charge, like putting in a development application at a local council. As simple as that may seem to some, I really would like to make that point. As I say, I know it is not your fault.

Mr SCULLY: You could say not dissimilar things about petrol tax.

The Hon. DAVID OLDFIELD: You could say the same thing about payroll tax.

Mr SCULLY: Why does the Commonwealth Government charge \$12,000 million in petrol tax every year and only put \$2 billion back onto the roads? What happens to the other \$10 billion? It is a cash cow for the Commonwealth Government.

The Hon. DAVID OLDFIELD: One government's lack of capacity to charge appropriately by a user-pays system is not any form of forgiveness for another government following suit.

Mr SCULLY: It is not my call. It is primarily a matter for the Treasurer. I am interested as one of the Ministers involved. Obviously the Minister for Infrastructure and Planning has a keen interest in housing affordability in his capacity for planning. As Minister for Housing I have a keen interest in this, as does the Treasurer with the financial parameters. But our taxes and tax rates are matters for him and he would have to deal with those questions.

The Hon. DAVID OLDFIELD: I fully appreciate it is not your fault.

Mr SCULLY: It is not a question of fault or responsibility.

The Hon. DAVID OLDFIELD: Yes, it is—it is always a question of fault and always a question of responsibility. I refer to the Aboriginal Housing Office. With regard to the Aboriginal Home Ownership program, what sorts of discounts are offered to Aboriginal people who want to buy their homes?

Mr SCULLY: I will take that on notice.

The Hon. DAVID OLDFIELD: Can you tell us what your department is doing in the area of general housing affordability?

Mr SCULLY: As I said earlier, demand and supply are important parts. Demand is primarily driven by Federal Government migration, and it has a responsibility there. Supply is primarily an issue for the State Government, and I know that the Minister for Infrastructure and Planning and the Assistant Minister for Infrastructure and Planning have been doing a lot of work on potential release of sites in south-west Sydney and north-west Sydney. I think that will directly contribute to housing affordability. I have made some comments about stamp duty and, as I said, the Treasurer is considering that. It could be worthwhile for the Productivity Commission to examine those issues of migration and its impact on demand. Demand is pushing up the price, as is the availability or lack of stock. Limited land in Sydney can potentially drive up price. We need to release more land and there is the taxation regime. All of these things are being considered and they are things I am quite interested in as one of a number of Ministers concerned with housing affordability.

The Hon. DAVID OLDFIELD: Given that, do you support the Premier's call on a number of occasions to limit migration to Australia and, in particular, to deter people from moving to Sydney?

Mr SCULLY: As that is not my area of responsibility, I think it would be best for you to ask the Premier. He has primary responsibility for Ethnic Affairs, Citizenship and Community Relations. I certainly support his comments in that regard and I endorse his call for the Federal Government to have higher regard for the impact of migration numbers on the Sydney Basin. Most people want to come to Sydney. Let us face it: they want to come to Australia because it is a sensational place to live. It is a great society. Why would you not want to live here? When they come to Australia they want to

live in Sydney and that has an impact on infrastructure. That is the point the Premier has been trying to make to the Federal Government, if it listens.

These large intakes of new citizens have an impact on our infrastructure, and the State Government is expected to provide it. The Federal Government allows these people to come to Australia, and that is its call. The Federal Government has the responsibility of determining who comes across our borders. That always has been its call and continues to be. I have no problem with that. But having made the decision to allow people to cross our borders and reside here, it should contribute more to the infrastructure impact of that decision. The Premier has been quite strong on that, and I share that concern. It impacts on housing prices and housing availability, and we are expected to pick up the pieces. That is a bit harsh.

The Hon. DAVID OLDFIELD: Perhaps we could stop the immigration and clean up the mess before we look at restarting?

Mr SCULLY: No, I would not endorse that. I support what the Premier has been saying.

The Hon. DAVID OLDFIELD: Can you tell us about the department and the monitoring of the quality of maintenance work being undertaken on properties?

Mr SCULLY: I ask Mr Barnes to answer that question.

Mr BARNES: If I can just add to the answer I provided before, we have undertaken the new contracting process that commenced last year. It has now had just about 12 months of operation. There are a series of monitors and performance criteria for each of the contractors. They go to the issue of responsiveness, and those responses in respect of particular classes of maintenance. In addition, there is also planned maintenance. That goes not only to the issue of time but to quality of work. Inspections are carried out in respect of those. Monitoring is undertaken. We have quite an elaborate data system to monitor those. Our field staff carry out inspections and, as a result, the databank is updated and regularly reviewed by senior management, including me. That also includes meetings with our prime contractors to emphasise the need for them to meet their key performance indicators or otherwise suffer the consequences of their contracts.

Ms SYLVIA HALE: I return briefly to the subject of behaviour warranting eviction from public housing. Would tenants with mental health problems, drug or alcohol dependency problems, or single mothers with children be subject to such a draconian outcome?

Mr SCULLY: A lot of our tenants need help. I have been out visiting our estates and doorknocking. A lot of them have a lot of problems.

Ms SYLVIA HALE: So you think a regime of 12-month leases with the potential to be evicted at the end of that period would be of use to them?

Mr SCULLY: I would anticipate it primarily being directed at people who have the capacity to determine their behaviour and choose not to. People who have significant mental problems, health problems, may not have the capacity or freedom of choice to determine their behaviour, and we have to be very sensitive to their needs. A lot of people are at the end of the road when they come to the Department of Housing. They have been left out of the system.

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One of the sadder parts of my job is seeing and talking to them. We have to lift them up and make sure we carry them along with us. I have no intention of allowing those sorts of people to be put out on the street. We have a lot of people in our public housing stock who have nothing physically or mentally wrong with them, but they are impecunious and have been denied vocational, educational and employment opportunities that a lot of us may have benefited from because of our earlier circumstance.

Ms SYLVIA HALE: You talk about them being impecunious. Do you have problems, therefore, with the imposition of TAFE fees?

Mr SCULLY: You would have to talk to the Minister for Education and Training about that. I think that class of tenant has a responsibility to behave appropriately and if they value the assisted accommodation they are given they should not bring a nuisance to bear on their neighbours. If a tenant has emotional and medical problems that cause a certain level of behaviour that might be difficult to prevent, we would have to take that into account.

Ms SYLVIA HALE: Could you tell me what the estimated rates of homelessness among people with disability, including people with psychiatric disability and acquired brain injury, is?

Mr SCULLY: Can I take that on notice?

Ms SYLVIA HALE: Yes.

Mr SCULLY: One of the things I want to emphasise as important is that we are doing all we can about homelessness.

Ms SYLVIA HALE: While you are taking that on notice, could you tell me what measures are in place to address homelessness among people with disability? How much will be spent on these measures in 2002-03 and how much will be spent in 2003-04? Could you also take that on notice?

Mr SCULLY: I will take that on notice. The Department of Housing is the lead agency in terms of our action against homelessness.

Ms SYLVIA HALE: I am glad to hear it.

The Hon. AMANDA FAZIO: Would you allow the Minister to finish his answer? I am interested to hear what he has to say, but you keep cutting him off.

Ms SYLVIA HALE: He is not adding anything of substance to his answer.

The Hon. AMANDA FAZIO: How do you know? You do not allow him to finish his answer. Are you a mind reader?

Ms SYLVIA HALE: I would like some specific information.

Mr SCULLY: You are interested in the financial cost. It is not just a financial cost. I can take the question on notice, which I will, and give an answer that this is how much money we are spending on it. The state of mind in government is just as important as the allocation of funds. The state of mind is that homelessness is something we need to do a lot more about. We have a lot of people focused on the policy development and connecting with non-government organisations. There are a lot of good volunteers out there who do an enormous amount of work for the homeless and there are a lot of good public servants. It is only early. We probably set that up about 18 months ago.

Ms SYLVIA HALE: Once transfers, asset sales, demolitions and new commencements and purchases are accounted for, there will be an overall net decrease in public housing of 1,233 units over the next 12 months. Could you explain why the Department of Housing, in view of your concern to the homeless, is reducing its stock? Secondly, how do you envisage this strategy assisting the 91,000 people who are currently on the department's waiting list?

Mr SCULLY: I would just make a general comment and then I will ask Terry Barnes to give the detail. We have to operate in the face of the new Commonwealth-State Housing Agreement, a five-year agreement that the Commonwealth Government has reduced funding for. We got a \$26 million cut this financial year, about a \$76 million cut in real terms over the next five years. We have endeavoured to backfill it. My concern is that the Commonwealth Government is not doing its bit and it is making it harder for us. In terms of the actual number of units built, I do not know whether Mr Barnes wants to take that on notice.

Mr BARNES: I can answer in part. Some of the figures I understand could be misleading or easy to misunderstand. In that number, 1,000 of our stock are being transferred to the community housing sector. In addition, 766 additional homes will be purchased, built or leased.

Ms SYLVIA HALE: Of those 1,000 being transferred to the community housing sector—and I believe that 38 units are going to Aboriginal housing—can you tell me how many of those units will be transferred with sitting tenants?

Mr BARNES: I would need to take that on notice.

Ms SYLVIA HALE: Could you tell me how much the Department of Housing received in revenue on the sale of public housing stock in the last financial year?

Mr SCULLY: I will take that on notice.

Ms SYLVIA HALE: Could you tell me the estimate for revenue from the sale of public housing stock in this financial year?

Mr SCULLY: I will take it on notice.

Ms SYLVIA HALE: Exactly how many units were sold last financial year?

Mr SCULLY: I will take it on notice.

Ms SYLVIA HALE: Could you tell me the location of those units both within Sydney and outside Sydney?

Mr SCULLY: Yes.

Ms SYLVIA HALE: Could you tell me the number of new leases this financial year? I understand the number of new leases this financial year will be reduced from 1,035 in 2002-03 to just 95 in 2003-04. Why has the Minister or the department chosen to reduce the number of new head leases by this amount and what impact is this likely to have on people seeking assistance from the Department of Housing?

Mr BARNES: The main reason for the reduction is that the department has, over the last number of years, been increasing the amount of housing stock available for public housing through head leasing. However, it needs to be remembered that each time we undertake a lease that reflects into our recurrent costs in terms of the budget. In this current year, primarily because of the reduction in funding coming through from the Commonwealth-State Housing Agreement, there was a need or a lack of capacity to continue taking the same number of leases as had been taken up in past years.

Ms SYLVIA HALE: A significant drop. I am glad that you mentioned the Commonwealth-State Housing Agreement. I believe under its terms the Department of Housing should provide access to an independent appeals process for tenants who wish to dispute determination or address corruption within the department.

Mr SCULLY: We have an appeals process.

Ms SYLVIA HALE: Is that the Housing Appeals Committee?

Mr BARNES: We have the Housing Appeals Committee, which is independently chaired and comprises a number of people who sit for the exact purpose of hearing appeals from tenants who have a grievance of any particular nature.

Ms SYLVIA HALE: What is its budget?

Mr BARNES: I will take that on notice.

Ms SYLVIA HALE: Does the Housing Appeals Committee have judicial review and decision-making powers similar to the Administrative Appeals Tribunal?

Mr BARNES: The committee acts within its charter and guidelines provided by the department, but it does not have a judicial function.

Ms SYLVIA HALE: It makes recommendations to the Minister and the department?

Mr BARNES: That is correct.

Ms SYLVIA HALE: I put it to you that New South Wales is in breach of the Commonwealth-State Housing Agreement. The Government spends almost \$1 million on a ministerial advisory committee—I understand its budget is about \$900,000—that has no legal framework and is not an independent decision-making body; yet all the while 130,000 people in public housing and another 91,000 on the waiting list are denied access to an independent appeals process.

Mr SCULLY: Did you write that?

Ms SYLVIA HALE: No, but I just read it out. These are questions that are in the public interest.

Mr SCULLY: Tell your staff member it is complete claptrap and I totally reject it. We have a Housing Appeals Committee whose decisions are overwhelmingly endorsed, not 100 per cent. It is independent and it makes recommendations, the vast majority of which are accepted.

Ms SYLVIA HALE: It makes recommendations to the Minister. It is not independent of the Minister or of the department.

Mr SCULLY: It is not a court and I do not intend to set up yet another court. It is independent of me. I do not control its deliberations.

Ms SYLVIA HALE: In the interests of accountability and of minimising the risk of corruption, why do you not agree to have the Department of Housing decisions reviewable by the Administrative Appeals Tribunal?

Mr SCULLY: They can go to the Consumer, Trader and Tenancy Tribunal [CTTT], which is a separate tribunal. They can go to the Housing Appeals Committee or they can go to a court. It is effectively a court.

Ms SYLVIA HALE: We are talking about impecunious public housing tenants who wish to complain about corruption. They are people who, you have said, are particularly disadvantaged, often lacking in education and social skills.

Mr SCULLY: I have to tell you there is not an insignificant number who use the processes of both the Housing Appeals Committee and the CTTT. You cannot have it both ways. You cannot tell us we do not have an independent process and then complain when it is brought to your attention.

Ms SYLVIA HALE: I do not believe that you do have an independent process. Why would you be reluctant to allow appeals to the Administrative Appeals Tribunal, a genuinely independent body?

Mr BARNES: If I could add to the Minister's answer, in addition to the CTTT, the Housing Appeals Committee and the assistance provided to tenants, there are number of bodies the tenants can look to for that level of support and assistance. For example, there are a number of tenants support groups. In addition, within each of our offices we have staff available to assist tenants should they wish to make an appeal or take a matter to a higher level for re-examination.

Ms SYLVIA HALE: Surely that is obliging them to consult people who work for the department to assist them in complaints against the department.

Mr BARNES: Not necessarily. As I was outlining through the Chair, we have that facility available should people require assistance. I thought my answer was going to the issue of your concern that people may not be able to undertake that function themselves. I make the further point

that there are tenant support groups—who are groups of tenants, not departmental staff—who can also provide that level of assistance.

Mr SCULLY: Private renters go to the same body. Our tenants have the same rights to go to that body as private renters. It is a quasi-judicial body completely independent of the department. The Housing Appeals Committee is independent of me. I have absolutely no role in its deliberations. Most of their recommendations are accepted.

Ms SYLVIA HALE: Do their recommendations go to you as Minister?

Mr SCULLY: I have not received any yet.

Mr BARNES: The recommendations come to the director-general.

Ms SYLVIA HALE: The recommendations go to the Director-General of the Department of Housing and those recommendations obviously concern the workings of the Department of Housing.

Mr BARNES: That is correct.

Ms SYLVIA HALE: That is hardly an independent, arm's-length process, is it?

Mr SCULLY: It is the outcome that is important. Its deliberations are completely independent of me, of the department and of the director-general. The vast majority—the overwhelming majority—of its recommendations are accepted. If the tenants are not satisfied they still have recourse to the same tribunal that private renters do.

Ms SYLVIA HALE: Is it true that income eligibility for public housing has not changed in years, despite there being an average consumer price index [CPI] increase of 2 per cent per year?

Mr SCULLY: The criteria have not altered.

Ms SYLVIA HALE: I am talking about the income eligibility. You say that is one of the criteria?

Mr SCULLY: That is correct.

The Hon. DAVID OLDFIELD: Did you want the income eligibility to go up?

Ms SYLVIA HALE: No, I wanted it to obviously go down.

The Hon. AMANDA FAZIO: Minister, following on from that, could you advise what aspects of public housing, such as rent, are dictated to the State Government by the Federal Government? That might assist Ms Hale in understanding the process of public housing, because I do not believe she is very familiar with it.

Mr SCULLY: There are few things that we have had dictated to us in the Commonwealth-State Housing Agreement. One of them is to pursue private sector possibilities, which we are actually considering. There is a concern about the rental policy and a disincentive to work. People can get locked into the poverty trap of not being able to afford to go to work because the rent goes up. The Commonwealth Government was concerned about that, and we have been working with it on that issue. I do not know if there is anything else Mr Barnes wants to add.

Mr BARNES: No.

Ms SYLVIA HALE: Is the Department of Housing considering using public-private partnerships [PPPs] to make up the shortfall in funding or to redevelop its stock?

Mr SCULLY: We are considering the possibility of the private sector contributing to renewed and additional housing stock.

Ms SYLVIA HALE: Could you indicate which States you have in mind to be the subject of these PPPs?

Mr SCULLY: Not at this stage. We are making a general consideration of where it might be viable. We have not made a determination that any particular State might be viable. So it is early days yet. We are examining seriously the potential for private sector involvement.

Ms SYLVIA HALE: Are there any particular schemes that you are favouring?

Mr SCULLY: No. I have been the Minister only a few months. It is something that I have taken a keen interest in, having been significantly involved in private sector financing of road infrastructure.

Ms SYLVIA HALE: With adverse impact upon the public purse, I would think.

Mr SCULLY: Quite the contrary. How can you say that?

Ms SYLVIA HALE: One only has to look at the experience of the toll roads to say that they are not exactly a benefit to the community.

Mr SCULLY: They do not impact on the public purse. You have lost me. I am not sure—maybe I missed something. The whole point of private finance is that if it stacks up and is good for the community it does not impact on the public sector budget.

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We have limited funds for public housing. We could harness private finance as a way of renewing and adding to our public housing stock, but it is too early to say whether it would be viable.

Ms SYLVIA HALE: I suggest that you look at the example of the new southern rail if you want to see an example of disastrous public-private participation.

Mr SCULLY: You are kidding!

Ms SYLVIA HALE: It is running at a consistent loss.

Mr SCULLY: You are having me on!

Ms SYLVIA HALE: What measures are in place to improve participation levels by tenants with disabilities in public housing tenant participation programs, and what funds are available for this purpose?

Mr SCULLY: I will take that question on notice.

CHAIR: Current departmental policy is not to force a person living by himself or herself in a three-bedroom house into a smaller residence to make way for a family with children. Given the shortage of affordable housing, is any consideration being given to a change in that policy?

Mr SCULLY: Not at this stage. Is that coalition policy?

CHAIR: No, I am simply asking whether it is being considered by this Government.

Mr SCULLY: No.

CHAIR: Do you have a policy, as does your colleague Mr Costa, who appeared before this Committee recently, that all freedom of information [FOI] requests be brought to the attention of your ministerial staff?

Mr SCULLY: All FOI requests lodged with my department are processed in accordance with the legislation.

CHAIR: Are FOI requests brought to the attention of your ministerial staff?

Mr SCULLY: All FOI requests lodged with my department are processed in accordance with the legislation.

CHAIR: Can you provide the Committee with the number of FOI requests about which your department advised your ministerial staff?

Mr SCULLY: All requests are processed in accordance with the legislation. I have answered the question.

CHAIR: The director-general might be able to tell the Committee the number of FOI requests that have been referred to the ministerial staff.

Mr BARNES: I have been in the position for three months and I cannot recall sending any through to the Minister's staff.

Mr SCULLY: I do not think we have had a chat about any.

CHAIR: Can that information be provided on notice?

Mr BARNES: I will take the question on notice.

CHAIR: I thank the Minister and the departmental officers for their assistance this evening.

Mr SCULLY: I look forward to seeing you next year. Thank you, colleagues.

The Committee proceeded to deliberate.