

GENERAL PURPOSE STANDING COMMITTEE No. 1

Monday 15 October 2007

Examination of proposed expenditure for the portfolio areas

PREMIER, CITIZENSHIP

The Committee met at 5.00 p.m.

MEMBERS

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

The Hon. M. A. Ficarra
The Hon. K. F. Griffin
The Hon. Dr J. Kaye
The Hon. T. J. Khan

The Hon. G. S. Pearce
Ms L. Rhiannon
The Hon. H. Tsang
The Hon I. W. West

PRESENT

The Hon. M. Iemma, Premier, and Minister for Citizenship

Department of Premier and Cabinet
Ms R. Kruk, Director General

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this hearing open to the public. I am pleased to welcome the Premier and those officials who are assisting him, particularly Ms Kruk. At this hearing the Committee will examine the proposed expenditure for the portfolio areas of the Premier and Citizenship. Before we commence I will make some comments about procedural matters. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In recording 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. The guidelines for the broadcast of proceedings are available on the table by the door.

Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or Committee clerks. Mr Premier, you and the officer accompanying you are reminded that you are free to pass notes and refer directly to your advisers while at the table. Mr Premier, for your information, the Committee has agreed to the following format for the hearing: both portfolios at once, allocating 20 minutes each to the Opposition, Government and crossbench. We will have a break at about 7.50 until 7.00 p.m. I also advise that two members, Trevor Khan and Lee Rhiannon, wish to be participating members in the hearing. The Committee has agreed they can be participating members and they will take part in the time allocation for their respective parties. Mr Premier, do you anticipate that what I have just said will present any problems?

Mr MORRIS IEMMA: No.

CHAIR: The Committee has resolved to request that answers to questions on notice be provided within 21 calendar days from the date on which they are sent to your office. Do you anticipate this will pose any difficulties?

Mr MORRIS IEMMA: No.

CHAIR: All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Mr Premier, as you are aware, you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

ROBYN KRUK, Director General, Department of Premier and Cabinet, affirmed and examined:

CHAIR: I now declare the proposed expenditure for the portfolios of the Premier and Citizenship open for examination. Mr Premier, do you wish to make a brief opening statement?

Mr MORRIS IEMMA: No, Mr Chair.

CHAIR: We will proceed then with Opposition questions.

The Hon. GREG PEARCE: Mr Iemma, what benefits are you providing to your former Ministers and ministerial colleagues?

Mr MORRIS IEMMA: There is a guidebook with guidelines for former Ministers, as there is for former Premiers. My director general can give a rundown on the detail of some of those matters.

Ms KRUK: As probably reflects on my age as well, I do remember some of those. The document I refer to is a document that was developed as an agreement between Premier Wran and Premier Askin. It talks about the entitlements of former Premiers and Ministers generally and it dates from a 1974 agreement between those two Premiers. This agreement provided for the provision of an office, car and driver—

The Hon. GREG PEARCE: You seem to be the only one who has a copy. Would you be able to provide a copy to the Committee?

Ms KRUK: I am quite happy to. Can you let me answer the question, if you do not mind, because it does go to the heart of what you are saying? Air travel, free telephone and stamps, secretarial services for a period of up to 12 months from retirement together with a gold rail pass and

car and driver for official functions for life. A distinction was made for long-serving Premiers over six years in office. Accordingly, on retirement Sir Robert Askin became entitled to a car and driver and part-time secretarial services for life. I will touch on Premier Wran's entitlements and I might leave it at that stage.

Former Premier Wran's entitlements: the Premier determined that a new policy should apply in respect of longstanding Premiers, now over 10 years in office. This policy is based on the entitlement of all former Prime Ministers who have served for at least one year. You understand there is a parity between the conditions enjoyed by New South Wales parliamentarians and also Federal parliamentarians. Under this policy former Premier Wran has life entitlement to office accommodation, a private secretary and a stenographer, a car and driver, a life gold rail pass with spouse entitlement, 12 first-class interstate air trips, car hire, postage, and telephone at private residence. I think that shows that the policy has been in place for a considerable period of time.

The Hon. GREG PEARCE: Have there been any changes in recent years?

Ms KRUK: From my understanding—and I am happy to provide you with more advice if that is necessary—that policy is, in essence, the same. There has been a longstanding protocol that the current Premier determines the conditions that apply to the former Premier. That harks back to this particular agreement. And certainly, from my memory, having worked in central agencies for some time, there have not been significant variations. If you have got one that you are aware of I am quite happy to look into it.

The Hon. GREG PEARCE: Are the benefits to former Ministers the same or have they been changed?

Ms KRUK: I think the benefits for former Ministers are a very longstanding set of arrangements as well. I am doing this from memory so I am happy to have that reflected in *Hansard*: that relates to a similar provision for Federal parliamentarians. So, there is a set period when those conditions close—I think it is 12 months. Again, there is a set series of entitlements. There has been a stability in that regard for a long period of time.

The Hon. GREG PEARCE: Are Ministers covered by that 1974 agreement? Is that what you are saying?

Ms KRUK: I will take that on advice. I have just been advised it is actually in the updated volume, which is the 1994 one, which I think is a very available document so I do not think there are any surprises in that.

The Hon. GREG PEARCE: I could not find it on the Premier's web site, although that is not necessarily conclusive. So the Premier makes those decisions; there is no determination by an independent tribunal of any description?

Ms KRUK: They are a longstanding set of arrangements, as I think I have referred to, if you are talking specifically about those conditions.

The Hon. GREG PEARCE: Do they apply to the senior officers of the various Houses, the Speaker and the President?

Ms KRUK: I might take that on advice. I am advised that no, that is a matter for the Parliament; that is the Parliamentary Remuneration Tribunal.

The Hon. GREG PEARCE: So Mr Aquilina did not receive any such benefits and does not receive any benefits?

Mr MORRIS IEMMA: I am advised that Mr Aquilina's arrangements are similar to Mr Whelan's when he was Leader of the House—that is in relation to his current duties.

The Hon. GREG PEARCE: Can you provide the details of those arrangements?

Mr MORRIS IEMMA: Yes.

The Hon. GREG PEARCE: What about Dr Burgmann?

Mr MORRIS IEMMA: Because Dr Burgmann has left the Parliament I will have to take on notice the arrangements in place for her.

The Hon. GREG PEARCE: But that would be a matter for the Parliament, according to Ms Kruk.

Mr MORRIS IEMMA: Mr Aquilina's arrangements are those that applied to Mr Whelan when he was Leader of the House without portfolio. Mr Aquilina is a Parliamentary Secretary, so he has provision for staff and, when he is on official business, a car. I will obtain the precise details. The first part of the question referred to former Ministers.

The Hon. GREG PEARCE: Yes.

Mr MORRIS IEMMA: I think that is what Ms Kruk is referring to.

Ms KRUK: If I can get those details during this session I will do so. I have seen some documents along those lines.

The Hon. GREG PEARCE: I think there is an FOI answer that includes some of that information, but not information such as car travel, which we would like to have.

Ms KRUK: Can you tell me exactly which FOI it is? If we could get it during the session, that would be the best use of our time.

Mr MORRIS IEMMA: Are you referring to Presiding Officers or former Ministers?

The Hon. GREG PEARCE: Both. We seem to have a response to an FOI that includes Dr Burgmann as receiving benefits under the same arrangement as Ministers.

Mr MORRIS IEMMA: Dr Burgmann and Ministers?

The Hon. GREG PEARCE: Yes.

Ms KRUK: I will follow that through.

The Hon. MARIE FICARRA: After Mark Aarons' resignation from your department, how many members of your personal staff were made redundant as part of the restructure of your office and on what date was the decision made to undertake a restructure?

Mr MORRIS IEMMA: The office restructure took place and there were a number of staff movements. I can provide that detail to the Committee. As honourable members are aware, the police investigated the Aarons matter and my office cooperated fully.

The Hon. MARIE FICARRA: What did the restructure involve?

Mr MORRIS IEMMA: It involved a number of areas. The role and functions of my policy advice area were changed and that involved staff movements. Some officers left my office completely and others moved to other offices. There was a change in the policy structure of the office. For example, in the lead-up to the election we committed to creating the portfolio of Environment, Climate Change and Water. That of itself necessitated a restructure in some of the policy advice provided to me. The roles and structures of the communications and media staff in the office also changed.

The Hon. MARIE FICARRA: What was the total value of redundancy payments made as a result of this restructure in your personal office?

Mr MORRIS IEMMA: Those who took redundancy would have been paid in line with the public sector guidelines. I am advised it is three weeks of pay for each year of service up to a maximum of 39 weeks. Those guidelines apply to ministerial staff in the same way that they apply to the staff of the Leader of the Opposition. I will take on notice the specific details of actual payments.

The Hon. MARIE FICARRA: Did the Government pay for any legal advice provided to Mark Aarons?

Mr MORRIS IEMMA: I am not aware of that, but I will take that question on notice.

The Hon. MARIE FICARRA: What is the value of the redundancy payment made to Mark Aarons?

Mr MORRIS IEMMA: I indicated in my last response that I would take that question on notice and provide details.

The Hon. MARIE FICARRA: Can you provide any information about what was discussed in an exchange of emails between Alex Smith and Mark Aarons?

Mr MORRIS IEMMA: Can you repeat the question?

The Hon. MARIE FICARRA: Can you give the Committee some information about the discussion in the exchange of emails between Alex Smith and Mark Aarons?

Mr MORRIS IEMMA: I would have to take that question on notice. I also remind the honourable member that this matter has been the subject of a police investigation in which Mr Smith, my chief of staff and I cooperated fully. I note that the police investigation determined that there was no reason to proceed further.

The Hon. GREG PEARCE: Is Mr Smith here?

Ms KRUK: He is behind me.

The Hon. GREG PEARCE: Perhaps we can ask Mr Smith to answer the question.

ALEX SMITH, Deputy Director General, Department of Premier and Cabinet, affirmed and examined:

The Hon. MARIE FICARRA: Can you give us some information about the exchange of emails between yourself and Mark Aarons?

The Hon. IAN WEST: Point of order: Can the honourable member be a little more specific? This is a fishing expedition. The question is very general. It is difficult to come to grips with what the honourable member is asking.

The Hon. MARIE FICARRA: This relates to the days leading up to Mark Aarons' resignation and the emails exchanged between Mr Alex Smith and Mr Mark Aarons.

CHAIR: Which relate to his resignation.

Mr SMITH: Please repeat the question.

The Hon. MARIE FICARRA: Can you give us some information on the exchange of emails you had with Mark Aarons in the days leading up to his resignation?

Mr SMITH: I still do not understand the question. What information would you like me to provide?

The Hon. MARIE FICARRA: You would be aware of emails between you and Mr Aarons. Can you give us an idea of what they involved?

Mr SMITH: I am relying on memory. My email to Mark asked whether he regarded the offer of redundancy with the changes in the office as a detrimental action. It was as simple as that.

The Hon. GREG PEARCE: As a detrimental action. What do you mean?

Mr SMITH: A detrimental action is defined—

The Hon. GREG PEARCE: In the disclosures legislation.

Mr SMITH: That is correct.

The Hon. GREG PEARCE: You sent an email on 20 April 2007 to Mr Aarons.

Mr SMITH: I have to rely on recollection, but I think that is the correct date.

The Hon. GREG PEARCE: Did your email include the offer of redundancy?

Mr SMITH: No, it did not.

The Hon. GREG PEARCE: Where did the offer of redundancy originate?

Mr SMITH: I cannot answer that question.

The Hon. GREG PEARCE: Can Ms Kruk answer that question?

Mr SMITH: Ms Kruk was not in the department at that time.

The Hon. GREG PEARCE: Can the Premier answer that question?

The Hon. HENRY TSANG: Point of order—

The Hon. GREG PEARCE: It is a pretty simple question: Who negotiated the redundancy with Mr Aarons?

Mr MORRIS IEMMA: I have already indicated, in relation to the redundancy matter of Mr Aarons, I will take it on notice. I note that we started the estimates hearing going back on to Mark Aarons, as you wasted the first question time, with 20 per cent of the questions, when we sat. The matter has been the subject of a police investigation in which Mr Smith, my office and I co-operated fully, and the police determined that there was nothing there. All of these matters you are raking over again. The police undertook an investigation—

The Hon. GREG PEARCE: With respect to the Premier, the question I asked was what was the amount of the redundancy paid to Mr Aarons?

Mr MORRIS IEMMA: I have taken that question on notice. I indicated to Ms Ficarra that details about redundancies and payment of redundancies I have taken on notice and will provide the detail.

The Hon. GREG PEARCE: That will include who negotiated the redundancy?

Mr MORRIS IEMMA: The detail of redundancies.

The Hon. GREG PEARCE: Yes or no, will it include the name of the person who negotiated it?

Mr MORRIS IEMMA: I have indicated I will take that question on notice and will provide that information to the Committee.

The Hon. GREG PEARCE: Can I just have a clarification? That will include the identities of the people who negotiated it?

Mr MORRIS IEMMA: It will include exactly what I stated, the detail of Mr Aarons' redundancy. I have indicated that the public sector policy is three weeks with a maximum of 39 weeks for each year of service, and his payment would have been consistent with public sector guidelines. I have indicated that I will provide that detail to you.

The Hon. HENRY TSANG: Point of order: This is a parliamentary hearing. Would members who wish to ask questions do so through the Chair rather than abusing the generosity of the staff and the Premier?

CHAIR: Order! I ask members to maintain order.

Ms KRUK: Mr Pearce, can I just finish? You asked a question about their status. Members are probably aware of the fact that ministerial staffers are special temporary employees. Certainly there were redundancies given out in various offices, from recall, also the Leader of the Opposition's office. There is a recognised formula—I think the Premier has made reference to that—three weeks for every year of service up to a cap of 39. Certainly I would not be familiar with circumstances, say for instance, the Leader of the Opposition's decision in relation to his staff, but this is a standard process. Does that answer your question in relation to their status? It is not a SES set of provisions. They are special temporary employees with the provisions that apply to those, and they apply equally irrespective of the political party of the officer.

The Hon. GREG PEARCE: Can I just finish with Mr Smith? As a result of your email, Mr Aarons sent a letter or an email to the then director general, Dr Gellately, on Saturday 21 April. You would be aware of that?

Mr SMITH: I was off sick after that, so when that matter was followed through I was not at work.

The Hon. GREG PEARCE: As a result of your email and your conversation, in that letter of resignation Mr Aarons indicated he did not believe the deletion of his position would be a detrimental action under the provisions of the Protected Disclosures Act?

Mr SMITH: I do not recall ever having a discussion with Mr Aarons on that matter.

The Hon. GREG PEARCE: Perhaps you could take that on notice and have a look again at the emails. Mr Aarons' letter of resignation to Dr Gellately specifically says that.

Mr SMITH: I asked him in an email whether he regarded it as detrimental action, and I have to rely on memory at this stage.

The Hon. GREG PEARCE: So he is responding to your email?

Mr SMITH: And he responded to Dr Gellately, and my recollection is, and it will certainly be on the departmental records, that I was on sick leave after that, and the matter progressed from there. I did not have a discussion with Mr Aarons.

The Hon. GREG PEARCE: Why were you asking that question in relation to the Protected Disclosures Act?

Mr SMITH: Because normally anything of an administrative matter would go through me, and particularly protected disclosures or ICAC matters or the like, and I wanted to satisfy myself as the holder of the departmental records on that matter that I could be satisfied with that. That is the reason.

Ms KRUK: Mr Pearce, you also understand that ministerial staffers are identified as staff within the Premier's administration. So that is also why Mr Smith is involved in that regard. Can I say quite clearly, having spoken with Commissioner Moroney when he provided the advice that there was

not a case to be had here, I think it was made clear at that time that the restructure was determined prior to the election. From memory—again I am recalling what Commissioner Moroney said to me—he found there was no case. I think Mr O'Farrell would have received a formal advice from the police commissioner probably at around the same time or prior to me receiving that advice.

The Hon. GREG PEARCE: So would there be a document outlining that restructure prior to the election?

Ms KRUK: I would not be aware of that, Mr Pearce.

The Hon. GREG PEARCE: How did you know what to do in terms of the restructure?

Ms KRUK: I was not there at that stage. I also said to you we would not be aware what structural changes were occurring in the office of the Leader of the Opposition.

The Hon. GREG PEARCE: We are not asking about the Leader of the Opposition. We are having trouble working out your office.

Ms KRUK: Excuse me, if you give me a chance to answer, what I am saying is if the decision is taken in relation to a staffing profile or a structure and the officer is deemed to no longer have a position, I do not see anything untoward here, and that was in effect reaffirmed by the police.

The Hon. GREG PEARCE: I am simply asking where is that decision? Where can you find evidence of that decision?

Mr SMITH: That would not be a matter for the department. That matter would normally be determined by the Premier of the day or the Minister. I am sorry, but that is—

The Hon. GREG PEARCE: That is all right, the Premier is sitting there so we can flick back to him and perhaps he can answer.

The Hon. HENRY TSANG: Point of order: The Opposition's time is up.

CHAIR: I know. I have told the honourable member that. We will move on to Government members.

The Hon. KAYEE GRIFFIN: Premier, could you provide an update on our thriving economy in New South Wales?

Mr MORRIS IEMMA: I am happy to provide that. I would begin by saying that New South Wales's economy is strong and getting stronger. The budget that was brought down by the Treasurer was the twelfth consecutive surplus since 1996-97. I note that when the Coalition left government in 1995 government debt was \$12.1 billion or 7.1 per cent of gross State product. By June 2007, this year, it has been reduced to \$3.3 billion or just on 1 per cent of gross State product. Although net debt is set to rise to around \$7.4 billion or 1.8 per cent of gross State product by 2010-11, this is still very low by historical comparisons. The increase in debt is mainly due to the massive infrastructure program the Government is undertaking this year and for the three years following, right through to 2011. I can also inform the honourable member that the Government received advice just last week of our triple-A credit rating having been confirmed.

The budget funds a number of massive increases in front-line services—in health, in education, TAFE, in transport and policing—and we do so at the same time as providing tax cuts. As the member would be aware, since August 2005 the number of taxes cut to stimulate activity in the economy, including workers compensation premium reductions, now totals 15 while the tax cuts alone in this financial year are worth some \$880 million. The workers compensation reductions mean a saving to business of over \$700 million. That is \$700 million in reducing the cost of doing business in New South Wales and improving our competitive position.

I can give you a rundown of the economic indicators, of the strongest ones. Unemployment will remain at a record low, lows not seen since 1981. More than 652,000 jobs have been created in

New South Wales since March 1995. The New South Wales unemployment rate averaged 8.3 per cent in 1994-95, and the average rate now is less than 5 per cent. State final demand, the figure on which the Opposition relied so heavily in the election campaign, a campaign that crashed so spectacularly, rose by 1.6 per cent in the June quarter after rising 1 per cent in the March quarter.

Population growth has now lifted from 0.6 to 0.9 in the 12 months to June and that, too, is stimulating the New South Wales economy. The value of our retail sales in the August quarter was 6 per cent higher than in the August quarter for last year. In real terms household consumption grew by 3.8 per cent in 2006-07, notwithstanding the increases in interest rates. Business investment has been particularly strong in New South Wales. In 2006-07 private business investment in this State was more than \$39 billion, 58 per cent higher than 2001-02. In the June quarter of 2007 New South Wales business spending on machinery and equipment rose 21 per cent against a 6 per cent rise nationally. Real exports of goods and services from New South Wales rose from over \$27 billion just under a decade ago to over \$45 billion in 2006, an increase of 64 per cent.

Just last month Standard and Poor's again assessed the New South Wales economy and its financial position as being strong, and I note that they went on to say in their report that "despite not recording growth rates of the mining economies of Queensland and Western Australia, New South Wales' medium term growth forecast of 3.25 per cent was comparable to similar international economies", a welcome assessment on the part of Standard and Poor's and a reaffirmation of the State's triple-A credit rating.

I can also say to the Hon. Kayee Griffin that the budget strategy is all about continuing to strengthen the New South Wales economy with a massive investment in infrastructure of itself to generate some 156,000 jobs, tax cuts of several billion dollars over the four years, again stimulating the New South Wales economy, and those tax cuts targeted towards property owners and investors in housing to stimulate the housing sector that has been so adversely affected by nine interest rate rises over the last few years.

The Hon. IAN WEST: The Opposition clearly is obsessed by the Mark Aarons matter, despite wasting something like 20 per cent of all lower House question time on it. Perhaps, Mr Premier, you could read the police advice about Strike Force Bransdon so that we can stop wasting the time of this Committee?

Mr MORRIS IEMMA: I can, and Ms Kruk has just handed me this letter, which states:

I refer to letters dated 9th and 10th May 2007 from the Leader of the Opposition, Mr Barry O'Farrell, regarding allegations of a breach of the Protected Disclosures Act in the termination of employment of Mr Mark Aarons.

Dr JOHN KAYE: Point of order: As the Premier is reading a letter that is not from his own department and has already been paraphrased, would it not be appropriate for him just to table it?

CHAIR: It is up to the Premier as to how he answers the question.

Mr MORRIS IEMMA: It is not a long letter. It continues:

The termination followed Mr Aarons' disclosure of alleged violence perpetrated by Mr Paul Gibson MP against Ms Sandra Nori.

A full and thorough investigation of the above allegations was conducted under Strike Force Bransdon. During the course of the investigation, interviews were conducted with several members of the Premier's Office, including Premier Iemma, his Chief of Staff, Mike Kaiser and the Deputy Director General of the Department of Premier and Cabinet, Alex Smith.

The investigation identified that Mark Aarons' position within the Premier's Office changed due to a restructure planned before the March 2007 State election. Mark Aarons was not forced to resign nor was his position deleted because of his disclosure concerning assault allegations against Paul Gibson ...

The Independent Commission Against Corruption, when briefed, declined to investigate this matter.

As a result of the Strike Force Bransdon investigation it was established that there was not a breach of the Protected Disclosures Act and that there is insufficient evidence to commence criminal proceedings upon any person.

I am advised that Mr Aarons advised detectives that he did not believe his position had changed because of his disclosures.

The Hon. GREG PEARCE: Would you like to table the letter as well?

CHAIR: The Committee agrees with the document being tabled.

Letter tabled.

The Hon. HENRY TSANG: What is the latest information on proactive measures to smash local crime across New South Wales?

Mr MORRIS IEMMA: I am pleased to provide the advice for the honourable member. I begin by saying that the men and women of the New South Wales Police Force do an outstanding job day in day out cracking down on crime right across this State. Let it be said for the record that all of the major categories of crime are either stable or falling—all 17—and this is due to the marvellous job that our policemen and women do for the people of New South Wales.

I can advise the honourable member that my delivery unit is working with the New South Wales Police Force on crime prevention strategies and initiatives in a number of key local area commands, starting in Lake Macquarie, Canobolas, Sydney's eastern suburbs and the Sydney city centre commands to further drive down crime, particularly street crime. Since those crime prevention partnerships were established two more have been established in Newcastle and Parramatta and we will shortly be rolling out this successful program to 10 new areas.

These crime prevention partnerships are a fantastic example of people coming together—local government, the hotels, the clubs, entertainment venue owners, police, and our housing and education agencies to drive down crime: local partnerships to reduce street level assaults and street crime. These partnerships have been established in areas where non-domestic assault is either higher than average or rising and this is the reason that we have targeted these areas. Each of the partnerships has developed an intensive plan to address the problem.

I can inform the honourable member that in Canobolas we have seen a 9 per cent reduction in non-domestic assaults; in Lake Macquarie, a 7 per cent reduction and in Parramatta, only operational since July, the partnership has already achieved a 10 per cent reduction in non-domestic assault. A crucial factor in the success of crime prevention partnerships is that they are adaptable to local needs. Some of the crime prevention partnerships have spearheaded initiatives such as targeting action on problem licensed venues, strategic enforcement of the licensing conditions in these hotels and clubs, changing transport timetables and locations to disperse crowds quickly and smoothly, and police and transport officers working together at railways stations to crack down on crime around the railway stations.

In Newcastle, where the partnership was launched earlier this year, a focus has been on dealing with problems associated with binge drinking in the city centre. I am advised that the Newcastle crime prevention partnership has agreed on a 3.00 a.m. lockout with local licensees. To complement this, the partnership has changed transport arrangements for late-night buses, supervised taxis and buses for trains to get people away from the city centre and back home after closing time.

In Lake Macquarie significant results have been achieved by cracking down on assaults in residential areas after late-night alcoholic parties. In Parramatta I am advised that the aim is to target robberies and assaults around local transport and in the shopping centre. In Canobolas supervised taxi ranks, increased licensing activity and safety work in schools have made a real difference. The point is that these partnerships are working. They are achieving results in local communities by driving down non-domestic assaults and driving down antisocial behaviour, which is why the Government will establish new partnerships in the areas of Lake Illawarra, Wollongong, Campbelltown, Penrith, Blacktown, Tuggerah Lakes, Lower Hunter, Richmond, Kings Cross and Orana.

The Hon. KAYEE GRIFFIN: Premier, could you advise the Committee of the latest information on the Government's massive investment in infrastructure in New South Wales?

Mr MORRIS IEMMA: I certainly can and I am happy to do so. Can I start by saying this is the biggest infrastructure program in the State's history—a \$50 billion, four-year program, which is part of the 10-year, \$110 billion infrastructure strategy for the State, renewing the State's infrastructure and increasing the State's economic capacity. I am pleased to inform you that in this year's budget for this financial year our infrastructure spend is \$12.5 billion, a 29 per cent increase on infrastructure spend for last financial year, which of itself was a record; the just under \$10 billion investment in the previous financial year was itself a record.

This four-year program represents a 56 per cent increase in infrastructure spend for four years to the end of 2011, which is a 56 per cent increase in the four years to 2006-07. Its focus is on the following areas: 32 per cent of the \$12.5 billion for this year is for transport; 23 per cent is for electricity; 16 per cent is for the human services portfolios, covering health, education, housing, disabilities and community services, and 13 per cent is for water, which includes implementing the initiatives in the Metropolitan Water Plan.

We are also investing an additional \$15.5 billion over the next four years on maintaining the State's infrastructure: our schools, hospitals, roads, railways, electricity network and sewerage infrastructure. The Government is sensibly allocating this infrastructure spend according to the priority areas and need. This infrastructure spend is occurring without jeopardising the State's triple-A credit rating, as I mentioned earlier, confirmed by Standard and Poor's just recently. It is the biggest infrastructure program in the State's history. Given an historical comparison, it is more than double the infrastructure spend of the 1990s, nearly 2½ times the infrastructure spend of the 1980s, and nearly three times the infrastructure spend of the 1970s.

Dr JOHN KAYE: In inflation-adjusted terms?

Mr MORRIS IEMMA: In real terms.

The Hon. KAYEE GRIFFIN: Premier, could you also advise the Committee what measures the Government has taken to repair the damage to our health system by State and Federal Coalition governments?

Mr MORRIS IEMMA: I can provide information to the honourable member about what this year's \$12.5 billion Health budget provides and what kind of investment has been made. I suggest, given that it has received some commentary in the last few days, that we start with beds. I am happy to provide the honourable member with information in relation to a massive increase in funding and opening of beds over the last three years, which amount to some 1,500, plus 300 transitional care and community care places, taking the total to around 1,800. This compares with a program of bed closures under the previous Coalition Government in which the average bed base went from 30,000 to 23,000, and that came on top of closing, privatising or downgrading some 30 hospitals.

I can also inform you that the Productivity Commission, which produced a report in January this year, provided data on the number of beds per thousand people across Australia. Let me read onto the record the beds per 1,000 head of population: South Australia headed the list at 3.3, followed by New South Wales at 3.1. Since the production of that report, we have opened further beds. I also point out that the Productivity Commission in its report highlighted three categories of beds in major cities, in which the New South Wales figure is 2.9 per thousand, and regional locations in which the New South Wales figure is 3.6 per thousand, and rural and remote New South Wales. I make the point that in each of those categories we are the highest in Australia after South Australia. South Australia is the only State that has more beds per thousand head of population than New South Wales. We have been reversing an historical trend towards closing beds, and we commenced that in the 2004-05 financial year.

Of course, beds are just pieces of furniture; you cannot open beds without nurses. Here, the New South Wales Government for some years has been investing heavily in nurse recruitment and training to overcome the lack of funding at the national level at our universities to train our own nurses. There is no shortage of Australians that want to be nurses or doctors. Over the last 11 years there has been a lack of places at our universities to train Australians to become nurses and doctors. That is why we are training 1,000 nurses through our TAFE system; that is why we have introduced our Nurses in Schools Program. I can say that in Western Sydney some 240 high school students are

undertaking the program of studying nursing and receiving practical training at local hospitals as part of our investment to overcome a national nursing shortage.

New South Wales informed the Commonwealth that for 2008 it needed, just to keep up with demand, an increase of 1,700 nursing places in our hospitals. New South Wales received an extra allocation of 200. We said to the Commonwealth that we needed in the coming year 1,700 extra nurses, and New South Wales universities were allocated an additional 200. Mr Chair, that is a national failure—

The Hon. IAN WEST: A disgrace.

Mr MORRIS IEMMA: As the Hon. Ian West says, it is a disgrace, because there is no shortage. When I left the Health portfolio there were 3,500 applications for nursing in two universities, for 500 places. There is no shortage of Australians who want to be nurses. What there has been for 11 years is a shortage of places in our universities. Universities train nurses. The States, including New South Wales, have retained a residual training program in TAFE colleges for nurses, but they can only be trained up to a certain clinical level. After that, the law requires an undergraduate nurse.

The States do not control university training, they do not control university places, and they do not control the allocation of places for nursing. So when the University of Sydney closed its nursing education program, there was no Commonwealth government riding in to interfere to overturn the decision; it simply allowed it to happen. Our bed program over the last three years has been achieved at considerable effort and cost to the New South Wales taxpayer, filling a gap created by the Commonwealth in recruiting and training nurses. That is why we have the Nursing in Schools Program, it is why we have significantly increased our TAFE training of nurses, it is why Nursing Reconnect has a retention rate of 75 per cent, and it is why we have brought back over 1,500 nurses to the New South Wales hospital system in the last three years. These are just some of the initiatives we have taken, in the absence of Commonwealth investment in training Australians to be nurses.

It is a similar pattern in medicine. In the last two years I have started to play catch-up, but our hospitals will not see the benefit of those extra medical graduates for at least five years. They are becoming a decade-long underinvestment in medical places at our universities, to train Australians to be doctors.

Dr JOHN KAYE: Premier, I want you to talk a little about the Owen inquiry. What was the total cost of running the Owen inquiry?

Mr MORRIS IEMMA: I will take that on notice.

Dr JOHN KAYE: Can you give us an estimate of what you think it cost?

Mr MORRIS IEMMA: I will take the question I notice. I will say to you that whatever it has cost, it was a sound investment.

Dr JOHN KAYE: Can you tell us which departments provided input to the Owen inquiry?

Mr MORRIS IEMMA: From recollection, some 75 submissions were received by the Owen inquiry. It had a number of meetings with stakeholders, including the trade unions, business groups and environmental groups. There was a government task force established within the Government, which included a range of government agencies—Environment, Treasury, the Department of Energy, the Cabinet Office, and Mr Richmond's office. The Owen inquiry undertook consultations with a whole range of stakeholders. From memory, 75 submissions were received. I will check the exact figure—

Dr JOHN KAYE: I was not asking about submissions; I was talking about specific bureaucratic support to the inquiry.

Mr MORRIS IEMMA: The bureaucratic structure established was the task force. The Owen inquiry was headed by Professor Owen, and he engaged a number of experts to assist him in his report.

Dr JOHN KAYE: Were any sections of the inquiry report seen by the task force before they were submitted to Cabinet?

Ms KRUK: If I can help, being a member of the task force. In answer to your first question, a number of government agencies, which the Premier has touched on—including the Department of Environment and Climate Change, the Coordinator General, the Department of the Premier and Cabinet, Planning NSW, Treasury—provided back-up in terms of supporting Professor Owen's work. What was also significant was the number of submissions that were received from external parties—

Dr JOHN KAYE: If I may, Ms Kruk, I am not interested in submissions; I am interested in the relationship between the bureaucracy and the inquiry.

Ms KRUK: If you will give me the time, I am trying to describe that. The task force had a secretariat, which was there to assist Professor Owen in his deliberations and no doubt assisted in some of the background work.

Dr JOHN KAYE: I am aware of that. What I want to know, and what I asked, is: were any sections of the draft report seen by any members of the bureaucracy, or any Ministers of the Government, before they were submitted to Cabinet?

Ms KRUK: I am not understanding the subtlety of your question. The task force was there to support Professor Owen.

Dr JOHN KAYE: Did Professor Owen show drafts of his report to the task force or any member of the task force?

Ms KRUK: Professor Owen was able to draw on the expertise of the task force. The final report was Professor Owen's report. He received expert input from a range of sources.

Dr JOHN KAYE: Did he show any draft sections of that to any members of the task force?

Ms KRUK: There were drafts of the report.

Dr JOHN KAYE: So he did show draft sections of the report to the task force?

Ms KRUK: Dr Kaye, that would be the usual process. I do not see anything strange in that. That is why I am missing the subtlety of your question.

Dr JOHN KAYE: I did not say there was anything strange, you implied that.

Ms KRUK: I was trying to answer your question.

Dr JOHN KAYE: Premier, can we go to your announcement of the Owen inquiry in June 2007. In that you quote from the National Energy Market Management Company's [NEMMCO] annual assessment. Can you tell us what you understand that annual assessment, the SOO—

Mr MORRIS IEMMA: Statement of opportunities. It was a general comment—

Dr JOHN KAYE: Sorry, if I may complete my question: In terms of this particular inquiry, can you tell us what it said?

Mr MORRIS IEMMA: In relation to NEMMCO, the point that I made was a general one. The NEMMCO statements of opportunity and the reports provided a range, in terms of the need for baseload investment. I referred to NEMMCO and I referred to advice that I had received on becoming the Premier after the election. I said let us have a process that will take public submissions to test the propositions that are around, propositions in NEMMCO, plus other advice. Does the State require

baseload investment regeneration and, if so, when? Examine what fuel options are available and under what conditions those investments might need to be procured.

Dr JOHN KAYE: NEMMCO's SOO was sufficiently significant to your thinking at the time that you chose to quote it, and it alone, in the terms of reference for the inquiry and in your media release in announcing the inquiry. Is that true or false?

Mr MORRIS IEMMA: Yes. I have referred to NEMMCO many times.

Dr JOHN KAYE: Having referred to NEMMCO, did you read Dr Brian Spalding's submission to the inquiry dated 28 June 2007?

Mr MORRIS IEMMA: No, I did not.

Dr JOHN KAYE: You did not? Therefore you would not be aware of what he said when he spoke of the capacity shortfall of 327 megawatts by the summer of 2010-11. Therefore are you unaware that Dr Spalding said at that point:

It may be uneconomic to meet this additional capacity requirement using baseload plant.

Mr MORRIS IEMMA: The inquiry has examined a range of material that was put to it. The inquiry examined NEMMCO, it took submissions from industry and engaged expert consultants. The Owen report makes the point that with 2014 Owen is erring on the side of being conservative. There are others who may push the figure to 2014-15 but he comes down to 2013 as being a time that we should be ready.

Dr JOHN KAYE: So the answer is no, you were unaware of Dr Spalding's comments?

Mr MORRIS IEMMA: I commissioned Professor Owen to receive submissions and to engage in a public process to test propositions. I believe he has done that and he has done that very well. It is a very good report.

Dr JOHN KAYE: Are you also aware that in the same letter Dr Spalding says:

The additional capacity could be delivered by reduced demand in the form of demand side participation as described in Chapter 3 of the SOO.

Indeed, did you look at chapter 3 in the statement of opportunities, given that you quoted it specifically in your terms of reference and in your media release?

Mr MORRIS IEMMA: I have read NEMMCO reports and I also refer you to what Professor Owen has said: that there is a diversity of opinion. The central point is that having conducted the process and taken submissions and considered the diversity of opinions, the Owen inquiry has come down erring on the side of caution to put the State in a position to be ready by 2014.

Dr JOHN KAYE: You do not think there is a problem with the fact that your terms of reference were based on a document in relation to which the chief operating officer of the organisation that wrote the document disagrees with how you interpreted it?

Mr MORRIS IEMMA: If I had a copy I would draw your attention to the terms of reference. The terms of reference were much broader than that and I am sure there is a copy available for you to examine the terms of reference.

Dr JOHN KAYE: I have one here.

Mr MORRIS IEMMA: They were much broader than that. Professor Owen made the point in the report that there is a diversity of opinion and he has erred on the side of caution in the advice he has given to the Government about putting the State in a position to be ready. That is what we are going to do because I am not going to risk the lights going out or that this State is going to have a gap between supply and demand for electricity. That is the point he has made, recognising that there is a diversity of opinion. On the issue of demand management you are wrong to state that he rules that out or that he cannot play a role.

Dr JOHN KAYE: I never said that.

Mr MORRIS IEMMA: He makes the very point in the report that demand management will help but will not close the gap that he has predicted due to a rise in shortfall supply, given the increase in demand. He does not underestimate the value of demand management, quite the contrary. It has played an important role in the past and he makes the point that it will play an important role in the future but will not get us there in securing our baseload needs.

Dr JOHN KAYE: Interesting. Do you need to read this, Premier?

Mr MORRIS IEMMA: It is too far away.

Dr JOHN KAYE: Can you tell us when the debate will take place?

Mr MORRIS IEMMA: I just missed the first part of your question?

Dr JOHN KAYE: Can you tell us when the debate will take place? Currently the debate is clearly on hold because of the Federal election. You are not prepared to have that debate now. We now know the date of the Federal election. Will we start the debate over privatisation as it affects the industry after the Federal election?

Mr MORRIS IEMMA: The point you make about the debate—the debate has started. The debate in my party and my caucus started the day I released the report. I had commissioned further work. I said on the day that we would test and analyse the propositions in the report, particularly regarding pricing, protections and conditions for the workforce. That work has commenced. I do not agree with you that the debate has not started. The debate has started.

CHAIR: That concludes your time, Dr Kaye. That last bit is out of my time. I have just some general questions, one regarding your role as Minister for Citizenship. Was there any consultation between your office and the Federal Government over their new citizenship tests and other changes to those procedures?

Mr MORRIS IEMMA: Was there consultation with my office? No, there was not.

CHAIR: What is your opinion of the new approaches to citizenship?

Mr MORRIS IEMMA: I made the point at the time that I did not want to see a test that would make it so difficult that we would miss out on great citizens, on great residents, becoming citizens. I made the point at the time that I did not want to see the Commonwealth introduce a test that made it so hard for people to become citizens. We would miss out on people who would have a great contribution to make for Australia.

CHAIR: Have you been able to make any assessment of the test or are you planning to have any feedback with the Federal Minister or any future Federal Minister?

Mr MORRIS IEMMA: I had a look at the questions and so far they do not appear to be obstructing people from becoming citizens but we will have to assess, as more and more people take the test, how it pans out. I do not think it detracts from the point that I made at the time. Becoming an Australian citizen is, yes, certainly about the knowledge you have in your head about the nation's values, history and traditions but also it is about what is in your heart as well. We ought not to be devising tests that make it so hard that people who have a love of their new country cannot become citizens because they fail the tests. At the moment it is not preventing people or obstructing them from becoming citizens. But it is something we need to monitor carefully.

CHAIR: What are the achievements of the Office of Women? Are there any plans to restore a ministry for women, which some people think is important to show priority in that area?

Mr MORRIS IEMMA: There are no plans to restore a ministry for women. The unit provides invaluable advice to me and has done a great deal of work with Community Services in areas

of improved child protection. They have provided very good policy advice on increasing measures in the area of domestic violence, which I have indicated is a priority for the Government. The unit has provided invaluable advice in that area. In the areas of early intervention and the protection of children the unit has provided invaluable policy advice to me and to the Minister for Women.

CHAIR: I refer to Budget Paper No. 3, Volume 3, page 2-3, line item "Grants and subsidies". Last year it was allocated \$10 million, but it has decreased to \$6.5 million in this year's budget. Where have the cuts taken place?

Mr MORRIS IEMMA: I will get that information. I am not sure whether that refers to miscellaneous grants and discretionary grants. I am advised that "miscellaneous grants" is the one you are referring to. The estimate for this year is just over \$2 million and the expenditure for 2006-07 was just under \$2 million.

CHAIR: This is different. It is "Grants and subsidies" under the heading "Cash flows from operating activities".

Ms KRUK: I will take it on notice. It is not the grants program. You should have no concern that they are cuts in specific grants. Apparently it is money that goes through departments of the Premier and Cabinet. I will take it on notice and give you the details.

CHAIR: There has been controversy about the availability of information under the freedom of information legislation. Are there any plans to change those requirements? I refer to articles in the *Sydney Morning Herald* that are critical of obstruction and say it is more difficult to obtain information through freedom of information requests.

Mr MORRIS IEMMA: The Act is constantly under review. We have made a number of changes, two major changes, both the subject of the Premier's memorandum. One is on the release of tender document information and the other one on contract information. Contract information is now routinely released. They are initiatives flowing from the Freedom of Information Act. They do not come as amendments to the Freedom of Information Act but they do address issues of freedom of information, requests for greater information to be placed in the public domain and responding to media inquiries. So tender and contract information is now specifically released, the contract information routinely. That proposal was put to the Government by one of the Independent members of the lower House. I understand it may have been Ms Moore. I need to get confirmation of that. The Act is regularly under review.

Ms KRUK: I think you are aware of the fact that Irene Moss has been commissioned to undertake a review at a national level and also the national Government is looking at those provisions in a very broad-based review. I have met with the Ombudsman on provisions within New South Wales. We are looking at the ramifications of those reviews for New South Wales.

CHAIR: Do you anticipate that will free up that area?

Ms KRUK: From the viewpoint of someone who has operated under the freedom of information principles for a number of years, I think there are opportunities to improve the operation of the Act. A lot of things have changed since the Act was initially introduced. I know in relation to medical records, a whole range of material is now readily available to individuals and they do not need to access it through freedom of information requests. The freedom of information manual—while there has been some criticism about how long it has taken to come out—is an incredibly useful guide to ensure consistency. I think there probably has been some inconsistency in the interpretation of those provisions. We will certainly be informed at work what is happening on an Australia-wide basis. As I said, I am in discussion with the Ombudsman in relation to particular concerns he may have.

CHAIR: Mr Premier, I refer to Budget Paper No. 3, Volume 3, page 2-10. It describes one of the responsibilities of the Public Sector Workforce Office: "Provision of advice to Government in the Department's statutory role as employer of public servants for industrial purposes." What impact has WorkChoices or workplace relations had in this area? I know that the State Public Service is exempt

from the Federal Government legislation, but often we hear that nurses could be affected by it. Is some overlap occurring?

Mr MORRIS IEMMA: We had to legislate to prevent our nurses who were employed by area health services being caught by WorkChoices. We received advice that our area health services, being corporations, would be caught by the proposed WorkChoices and then the WorkChoices legislation. We passed legislation to remove nurses from the employment of those corporations to now being employed by the Crown. The Office provides that kind of industrial advice. Hence the legislation, which we put through the Parliament prior to the election, to take nurses out of the employment of those health corporations. It is a similar arrangement with TAFE teachers and staff of the Ambulance Service. It now remains that nurses employed in the private sector are caught by WorkChoices. The hotline that we established through the Minister for Industrial Relations received well over 100,000 phone calls from workers, often young workers, about being disadvantaged by the conditions that were ripped away by WorkChoices. We had to take legislative action to protect our nurses, our TAFE teachers and Ambulance Service staff from being caught by WorkChoices.

CHAIR: Were any other categories of public servants affected?

Mr MORRIS IEMMA: There are other categories of public servants. I will provide the details to you.

CHAIR: You will take that on notice?

Mr MORRIS IEMMA: From memory, there were council workers and workers under the age of 18. There is another category. I will obtain those details.

The Hon. TREVOR KHAN: Premier, are you aware that Mr Stanley Ho was found 12 years ago not to be an appropriate person to bid for a casino licence?

Mr MORRIS IEMMA: No.

The Hon. TREVOR KHAN: Do you know a Mr Stanley Ho?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: Since becoming Premier how many times have you met with Mr Stanley Ho?

Mr MORRIS IEMMA: I met Mr Ho at a luncheon here in Parliament House and I would have met him at a function. To the best of my recollection I have met him on a couple of occasions.

The Hon. TREVOR KHAN: Premier, has anyone in your office advised you that he was considered not to be an appropriate person to hold a casino licence in New South Wales?

Mr MORRIS IEMMA: I have not had any discussion with Mr Ho in relation to casino licences on the occasions that I have met him. On another occasion at an official reception for the Chinese President I did not have any discussions with Mr Ho about casino licences.

The Hon. TREVOR KHAN: Is it not the case that members of your department have advised you that Mr Ho was considered not to be an appropriate person to hold a casino licence in New South Wales?

Mr MORRIS IEMMA: I have just answered your question.

The Hon. TREVOR KHAN: I would respectfully suggest that you have not.

Mr MORRIS IEMMA: You asked me had I received advice. The answer is no. Was I aware? No.

The Hon. TREVOR KHAN: Is it the case that the attendance of Mr Ho at the official dinner for the President of China at the APEC conference was at your invitation?

Mr MORRIS IEMMA: Yes, my office sent out the invitations. It was a State reception and it is not unusual for the Premier, the Premier's Office and the department to issue the invitations, in exactly the same way, I would say, that it would be for the Prime Minister, who has also met Mr Ho, and his department to send out invitations for a reception.

The Hon. TREVOR KHAN: Is not Mr Stanley Ho a person associated with the Macau casino?

Mr MORRIS IEMMA: I understand from public reports that he is.

The Hon. TREVOR KHAN: Is it not the case that the Macau casino has indicated an interest in obtaining a casino licence in New South Wales?

Mr MORRIS IEMMA: There has been no approach to myself in relation to Mr Ho's casino interests at all, as I have just indicated to you.

The Hon. TREVOR KHAN: In your time has Mr Ho met with any members of your staff?

Mr MORRIS IEMMA: No discussion has been had with myself in relation to Mr Ho's casino interests.

The Hon. TREVOR KHAN: Premier, I will ask again: Has Mr Ho met with members of your staff?

Mr MORRIS IEMMA: There have been no discussions about a casino licence in relation to Mr Ho.

The Hon. TREVOR KHAN: Has Mr Ho met with members of your staff?

Mr MORRIS IEMMA: No. I am advised he has had no discussions with any member of my staff about casino interests or licences and he has had no discussion with me in relation to a casino licence or businesses in New South Wales. There has been, on the occasions that I met him, general discussion about his own business interests, not establishing casino interests in New South Wales.

The Hon. TREVOR KHAN: Is it not the case that Mr Ho or associates of Mr Ho, including members of his family, have made substantial donations to the Australian Labor Party?

Mr MORRIS IEMMA: In terms of donations to the Australian Labor Party, you can peruse the public record and direct any other inquiries you have got to the Australian Labor Party.

The Hon. TREVOR KHAN: Would you not be aware that those donations are in the vicinity of \$148,000?

Mr MORRIS IEMMA: The details of Labor Party function fundraisers and the amounts that individuals or companies give, I can direct you down there and direct you to the public record.

The Hon. TREVOR KHAN: I will ask again: Are you not aware that the donations by associates of the Ho group total something in the order of \$148,000?

Mr MORRIS IEMMA: The details of donations to the Australian Labor Party are matters for the party office. You can obtain the details of donations from the public record, and any other inquiries you have about individuals or organisations that donate, from the party office.

The Hon. TREVOR KHAN: Do I take it that yes, you are aware that the donations total something in the order of \$148,000?

Mr MORRIS IEMMA: No, I am not aware.

The Hon. TREVOR KHAN: Premier, are you able to clearly and unambiguously guarantee that your Government will adhere to the one-casino policy often repeated by your Ministers over the years and in particular in the lead-up to the March 2007 State election?

Mr MORRIS IEMMA: As you would be aware, the Government is currently in negotiations with the current casino operator and that also includes the issue of exclusivity. When the Government has completed those negotiations I am more than happy to engage in a debate or discussion about casino policy. One, we entered those negotiations with no change to casino policy, but, second, these negotiations are quite sensitive and they could involve several hundred million dollars to the State and I am not going to say or do anything to jeopardise those discussions, which are very sensitive.

The Hon. TREVOR KHAN: Are you able to clearly and unambiguously indicate that you will not consider Mr Stanley Ho or his associates for a casino licence in New South Wales?

Mr MORRIS IEMMA: I have just said to you that I have had no discussions with any person or any organisation in relation to a second casino licence. I also responded to you that I have had no discussion with Mr Ho about him establishing a casino operation in New South Wales. What I am not going to do in this place or in the Parliament or outside is provide a running commentary at the very time that we are negotiating these very sensitive commercial issues with the operator that also involve exclusivity. That could damage the interests of the taxpayers in New South Wales and I am not going to do that.

I said during the election campaign and I have said that we go into this process with no change to our casino laws. But what I am not going to do is provide a running commentary that could in the end advantage the current organisation when we are trying to negotiate with that organisation and negotiate to obtain the best deal for the New South Wales taxpayer. So, I am not going to say or do anything in providing a running commentary that could in the end advantage them at the expense of the taxpayers. When those negotiations are complete I am more than happy to answer any question about future casino policy as it relates to the party that we are negotiating with, but not while we are negotiating with them because what I do not want to do is give them an advantage, given that exclusivity is one of the things that we are negotiating.

The Hon. TREVOR KHAN: So I take it the answer is no?

Mr MORRIS IEMMA: In relation to what?

The Hon. TREVOR KHAN: The question that I asked.

Mr MORRIS IEMMA: Which one did you ask?

The Hon. TREVOR KHAN: The last one.

Mr MORRIS IEMMA: Repeat the question?

The Hon. TREVOR KHAN: That you will not give a clear and unambiguous commitment that you will not consider Mr Stanley Ho for a casino licence in New South Wales?

Mr MORRIS IEMMA: I just spent some time answering all of your questions—

The Hon. TREVOR KHAN: I respectfully suggest you did not answer it.

Mr MORRIS IEMMA: —in relation to Mr Ho and his business interests and in relation to the current casino operator. I am not quite sure which question you allege I did not answer.

The Hon. TREVOR KHAN: The last one.

Mr MORRIS IEMMA: Which one was that?

The Hon. GREG PEARCE: Can we just clarify something from a little earlier? Could you tell me exactly what position Mr Aarons had in your office before it was deleted?

Mr MORRIS IEMMA: Mr Aarons was a senior policy adviser and he provided advice on issues to do with environment and climate change.

The Hon. GREG PEARCE: That position was to be abolished as part of the restructure which was planned before the March 2007 election?

Mr MORRIS IEMMA: The policy positions of Natural Resources, Primary Industries and Environment and Climate Change were amalgamated into one.

The Hon. GREG PEARCE: So that position was to be abolished—

Mr MORRIS IEMMA: Mr Aarons' position was deleted following the restructure in my office, which commenced prior to the election, as indicated in that letter I just read out some time ago from the police. These matters have been investigated by the police.

The Hon. GREG PEARCE: In relation to that letter, and I can quote from it, Mr Aarons' position within the Premier's office changed rather than was deleted due to a restructure planned before the March 2007 State election. What I am looking for is that plan. Does that plan exist in a written form?

Mr MORRIS IEMMA: Mr O'Farrell has lodged an FOI and all the documents in relation to that I am advised have been provided to him.

The Hon. GREG PEARCE: So is there a plan in existence?

Mr MORRIS IEMMA: The advice that I have is that Mr O'Farrell has made an FOI application and the material has been provided. That is the advice that I have.

The Hon. GREG PEARCE: But to your knowledge was there a plan?

Mr MORRIS IEMMA: There was a restructure in my office. I just answered that question. In relation to material, I am advised that material has been provided to Mr O'Farrell under his application for FOI.

The Hon. GREG PEARCE: If there was not a plan how did you implement that restructure? Was it done by osmosis or discussions with people in the office? How was it implemented? If it was not a written plan, how was it implemented?

CHAIR: He did not say there was not a plan.

Mr MORRIS IEMMA: No, I stated that the restructure occurred and was implemented by my chief of staff.

The Hon. GREG PEARCE: Mr Kaiser?

Mr MORRIS IEMMA: That is correct.

The Hon. GREG PEARCE: Mr Kaiser is here, I think. I wonder if I could ask him a few questions about it?

Mr MORRIS IEMMA: These questions have all been asked by the police and an FOI application has been made for documentation.

The Hon. GREG PEARCE: Yes, but we are here now, Mr Iemma.

Mr MORRIS IEMMA: That has no relevance to anything to do with the budget estimates.

The Hon. GREG PEARCE: You cannot tell me what the plan was. You just said that your chief of staff implemented it. I would like to know how he implemented it. If you cannot tell me what the plan was, how did he find out?

Mr MORRIS IEMMA: I just indicated to you what changes were made, in the same way that I am sure that your own leader makes changes to his office and offices of leaders of the Opposition.

The Hon. GREG PEARCE: I would like to ask Mr Kaiser about it. Do you mind if Mr Kaiser could come up and be sworn? He is a senior adviser; he is here; you just said that he is the one who implemented this restructure.

Mr MORRIS IEMMA: That is correct, he is my senior adviser and if you have got questions about budget and budget estimates we are happy to provide any information to you. But you want to waste the time of the Committee like you wasted the time of the Parliament asking 20 per cent of your questions on Mr Aarons before we rose for the winter break, on something that has already been the subject of a police investigation in which Mr Kaiser, myself and Mr Smith cooperated fully in a police investigation and which we have just tabled a letter to Ms Kruk. This is just nonsense.

The Hon. GREG PEARCE: I am asking you to cooperate fully to the parliamentary Committee.

Mr MORRIS IEMMA: This is just nonsense. You want to keep going on this path. You want to keep doing it and keep wasting the time of everybody here and everyone in the Parliament.

The Hon. GREG PEARCE: Then let us have Mr Kaiser give evidence.

Mr MORRIS IEMMA: This has been the subject of a police investigation. You have just got the police letter from Ms Kruk and we will not waste the Committee's time on this ridiculous nonsense that you are going on with at the moment.

CHAIR: It is up to the Premier whether Mr Kaiser gives evidence and he has indicated that he will not.

The Hon. GREG PEARCE: With respect, it is up to the Committee.

Mr MORRIS IEMMA: We have already provided—

The Hon. GREG PEARCE: There is a longstanding tradition that senior officers give evidence.

Mr MORRIS IEMMA: —more than enough material to you on this and the other questions.

The Hon. GREG PEARCE: We will be the judges of that.

Mr MORRIS IEMMA: Mr O'Farrell lobbed an FOI in relation to documentation. You have the letter from the police at the conclusion of their investigation. You simply want to go on a nonsensical expedition. There is nothing there.

The Hon. GREG PEARCE: I repeat: Mr Kaiser is here and you have not been able to give the detail about the implementation of the restructure. I want to ask him about the restructure.

Mr MORRIS IEMMA: I have just—

The Hon. GREG PEARCE: It is a longstanding tradition that senior officers give evidence to these committees. What do you have to hide? What is it about Mr Kaiser that you do not think he is capable of speaking for himself?

Mr MORRIS IEMMA: I just gave you information about the restructure in my office.

The Hon. GREG PEARCE: With respect, you did not—you did not know. What do you have to hide? What is it about Mr Kaiser that he is not capable of speaking for himself?

Mr MORRIS IEMMA: Ask the questions.

The Hon. GREG PEARCE: I have already and you could not answer.

Mr MORRIS IEMMA: I have just provided information about the changes that related to the policy roles of environment, climate change, water and natural resources. A number of changes related to other policy people in my office. For example, Ms Langton's role was expanded to include transport. Her previous role involved coordinating parliamentary business and that was expanded to include transport. The major reason for that was that Mr Kelly, the officer responsible for roads and transport, moved to Mr West's office. That was another part of the restructure. A number of changes were made to the media and communications staff arrangements—

The Hon. GREG PEARCE: I see that notes are being handed to you and I appreciate your dealing with those aspects.

Mr MORRIS IEMMA: The note handed to me says, "Ask me the question." So ask me the question.

The Hon. GREG PEARCE: The aspect I want to deal with is that in his resignation letter Mr Aarons said that he had had discussions with the chief of staff about the future of the Premier's office. I want to know what those discussions were. Were you present when those discussions took place?

Mr MORRIS IEMMA: No, I was not.

The Hon. GREG PEARCE: Can you say what they were about?

Mr MORRIS IEMMA: One discussion involved Mr Aarons' objection to the expansion of Ms Langton's role.

The Hon. GREG PEARCE: The discussion with Mr Kaiser?

Mr MORRIS IEMMA: One discussion with him.

The Hon. GREG PEARCE: How do you know that?

Mr MORRIS IEMMA: Mr Kaiser informed me of that.

The Hon. GREG PEARCE: What about the discussion referred to in Mr Aarons' resignation letter?

Mr MORRIS IEMMA: Again, these issues were the subject of the police investigation.

The Hon. GREG PEARCE: The police investigation does not refer to them.

Mr MORRIS IEMMA: They were interviewed by the police. You want to trawl over that when the matter has been investigated by the police. There is no allegation here that anyone did not fully cooperate with the police investigation—they did.

The Hon. GREG PEARCE: I want full cooperation with the parliamentary inquiry.

Mr MORRIS IEMMA: Because you do not like it.

The Hon. GREG PEARCE: Normally government officers cooperate with committee inquiries.

Mr MORRIS IEMMA: That is not a case for you. You are sullyng the reputation of my chief of staff.

The Hon. GREG PEARCE: What is it about him that he cannot speak for himself?

Mr MORRIS IEMMA: I am answering the questions.

The Hon. GREG PEARCE: What is it about him that he cannot speak for himself?

Mr MORRIS IEMMA: You are asking me the questions and I am providing you with the information.

CHAIR: Ask the Premier the question and he can seek advice. That is why the advisers are here. They do not have to give evidence; they give answers to the Premier.

The Hon. HENRY TSANG: Chair, can you be assertive and rule that the question is out of order?

The Hon. GREG PEARCE: So you are not game to have your chief of staff speak for himself.

The Hon. IAN WEST: That is not a question.

Mr MORRIS IEMMA: I am here to answer questions and you directed the questions to me.

The Hon. GREG PEARCE: He is here to answer questions.

Mr MORRIS IEMMA: I have given you information as it relates to advice about the environment, water, climate change and agriculture in my office and the changes made. I have provided information about the changes in relation to Ms Langton and Mr Kelly.

The Hon. GREG PEARCE: What about the discussions about the restructure that took place between Mr Aarons and Mr Kaiser referred to in Mr Aarons' resignation letter?

Mr MORRIS IEMMA: I have just given you one outline of one discussion.

The Hon. GREG PEARCE: What about the discussion I am asking about? You say you will take the questions, so give us the answer.

Mr MORRIS IEMMA: The point is that those matters were investigated by the police.

The Hon. GREG PEARCE: Show us where the police report refers to it.

Mr MORRIS IEMMA: Those people were interviewed by the police about these matters.

The Hon. GREG PEARCE: Well let us have him interviewed by the parliamentary committee.

Mr MORRIS IEMMA: They were interviewed and these matters were investigated by the police. All individuals cooperated fully.

The Hon. GREG PEARCE: Let us have full cooperation.

Mr MORRIS IEMMA: You cannot accept that there is nothing in this and you want to waste the Committee's time going on a fishing expedition for what?

The Hon. GREG PEARCE: Let us hear from the chief of staff and we will know.

Mr MORRIS IEMMA: It is exactly as your leader said. The day the police reported he said how disappointed he was having wasted police time and the time of the Parliament. During the last session 20 per cent of the questions asked related to Mark Aarons.

The Hon. GREG PEARCE: If you have confidence in what you are saying, let us deal with it.

Mr MORRIS IEMMA: Tonight you are wasting even more time, not on the budget or on what matters to New South Wales. You are on a fishing expedition to traduce the reputation of my chief of staff or Mr Smith. You have not yet asked a question about health, infrastructure, education or the budget. You are trawling back over a waste of police resources. They wasted their time. If you cannot accept the outcome of a police investigation, that is just your bad luck.

The Hon. GREG PEARCE: It shows that you have no concern for accountability.

CHAIR: We will move on.

Mr MORRIS IEMMA: You are wasting the Committee's time.

The Hon. GREG PEARCE: You do not have the guts to put your chief of staff forward to speak for himself. No guts!

The Hon. HENRY TSANG: He is out of order.

Mr MORRIS IEMMA: Ask me the questions. I am the one paid by the taxpayers to be the Premier and a member of Parliament.

The Hon. GREG PEARCE: He is paid by the taxpayers, too.

CHAIR: This is out of order. This is an estimates committee

Mr MORRIS IEMMA: This is an estimates committee and it is about the budget.

CHAIR: The honourable member is out of order.

Mr MORRIS IEMMA: You can ask questions of me; I am here to answer your questions.

CHAIR: Order!

The Hon. GREG PEARCE: He is paid by the public sector too.

Mr MORRIS IEMMA: He has been interviewed. He is not here to participate in a political circus.

CHAIR: This is not a parliamentary inquiry into that issue; this is an estimates committee hearing.

The Hon. GREG PEARCE: You are not into accountability and you are gutless!

CHAIR: The honourable member will restrain himself.

Mr MORRIS IEMMA: He is not here to be slandered and smeared by you.

The Hon. GREG PEARCE: You are the one who has slandered him.

Mr MORRIS IEMMA: You are. What you are saying—

The Hon. GREG PEARCE: It is what you are saying—

CHAIR: You can ask those questions in the House.

Mr MORRIS IEMMA: You are a disgrace.

The Hon. HENRY TSANG: Point of order!

The Hon. GREG PEARCE: You are the one who has cast aspersions on his character.

Mr MORRIS IEMMA: You are impugning the integrity of a police investigation. You should hang your head in shame.

The Hon. HENRY TSANG: Send him out of the Committee. Throw him out!

CHAIR: We will take a vote on removing you.

The Hon. HENRY TSANG: Mr Chair, will you uphold the orderly manner of Parliament?

Mr MORRIS IEMMA: You are traducing the reputation of my chief of staff.

The Hon. GREG PEARCE: You are the one who has done that. I simply want to ask him some questions.

Mr MORRIS IEMMA: You should apologise to the detectives who conducted the investigation.

The Hon. IAN WEST: Apologise!

The Hon. HENRY TSANG: Throw him out!

Mr MORRIS IEMMA: Issue a public apology to them.

CHAIR: If you want to ask those questions, Mr Pearce, they should be asked in the House not in an estimates committee hearing.

Mr MORRIS IEMMA: You have wasted the Committee's time tonight.

CHAIR: His time is up. I ask the Hon. Greg Pearce to restrain himself and not to lower the tone of this inquiry.

The Hon. GREG PEARCE: I simply asked to have a senior officer give evidence.

CHAIR: I want you to follow the same procedures that we follow in the House. This is not an upper House inquiry.

The Hon. GREG PEARCE: Mr Chair, you know that the senior—

The Hon. HENRY TSANG: Throw him out!

The Hon. IAN WEST: Someone get him a straightjacket!

CHAIR: We will move on to Government questions.

The Hon. IAN WEST: Can the Premier tell the Committee what progress has been made in securing drinking water supplies in New South Wales?

Mr MORRIS IEMMA: The Government has a comprehensive program to secure this State's water supplies. This is a response to the advice received from experts, including CSIRO scientists, that the impact of climate change is real and upon us and that we need to take urgent action to secure our water supplies. The Government's Metropolitan Water Plan is designed to secure urban water supplies for Sydney—other programs and measures are in place to secure water supplies in non-

metropolitan communities. The Metropolitan Water Plan seeks to guarantee our drinking water supplies.

The key in that Metropolitan Water Plan is a range of measures. There is not one solution to securing our water supply. Water from our dams, including the new dam in the upper Hunter, and leading Australia with massive recycling schemes are just two of the measures. Stormwater harvesting, accessing groundwater and deep water reserves and our fresh water factory, the Kurnell desalination plant, are the other chief measures in the Metropolitan Water Plan to secure our water supply. It is also a key part of that plan to use water more efficiently. Sydneysiders in particular have responded magnificently to the Metropolitan Water Plan initiatives and we have saved around 145 billion litres of water, with Sydneysiders responding magnificently.

Dr JOHN KAYE: Over what time period?

Mr MORRIS IEMMA: From memory, since about 2002-03. I will take that on notice and provide Dr Kaye with the exact period. Since the plan was released in May 2006, 32 of its actions have been completed and another 43 are well on the way to completion. New pumps to access deeper parts of Warragamba and Nepean dams will make an extra 40 billion litres a year available. The desalination plant, as you would be well aware, will provide 250 million litres a day and will be powered 100 per cent by accredited renewable wind energy. We will lift the recycling rate from 15 billion litres to 22 billion litres a year and on to 70 billion litres by 2015. Commissioning Australia's largest industrial recycling project, BlueScope Steel at Port Kembla, will save 20 per cent of Wollongong's drinking water.

Contracts for the biggest environmental recycling project, the Western Sydney replacement flows project, a \$250 million project, were signed earlier this year, and we are expanding Australia's largest residential recycling project at Rouse Hill. I can also inform the honourable member that the Government has plans also to lift the residential recycling rate to 100 billion litres by 2030 with the \$100 million water grid that was announced in the lead-up to the election.

One in four homes has now signed up to the WaterFix program. That is the equivalent to every household in Adelaide installing water-saving showerheads. More than 420,000 households, including 70,000 Department of Housing properties, are now water efficient, and 360 businesses are in the Every Drop Counts water-saving program. All new homes are now designed to use 40 per cent less mains drinking water. At the same time, in rural and regional New South Wales, there is the investment of \$300 million to build the Tillegra Dam in the Hunter to secure water supplies for that region as well as the Central Coast. We have also announced a \$160 million boost to the Country Towns Water Supply and Sewerage Program and have committed some \$20 million to the delivery of the emergency drought pipeline for Goulburn. These are just some of the measures that we have taken to secure our water supplies across the State.

The Hon. HENRY TSANG: Premier, what is the latest information on your ongoing work to reflect community attitudes through the court and judicial system and bring offenders to justice?

Mr MORRIS IEMMA: I am pleased to provide some information to the Hon. Henry Tsang with regard to this issue. The Government continues to crack down on those who break the law and threaten New South Wales families. Our message to criminals is simple: If you commit serious crime, you will do serious time. In the six months since the election the Government has announced sweeping changes, including a range of new penalties for serious offences in a major crackdown on crime. We have also announced a range of new mandatory minimum sentences for some of the most common offences. The new penalties will apply to paedophiles who try to groom children for sex, rock throwers, inflicting grievous bodily harm, people who do not adequately control dogs and blackmail offences. These are some of the categories of crime that we have made changes to.

The Government is also going much further than existing Commonwealth laws by creating a new offence of face-to-face procuring and grooming of children by paedophiles. It is important that this legislation is put in place to stop paedophiles at every stage. The new offence of grooming a child will help crack down on the sickening activities used by paedophiles through Internet chat rooms and in person. Using the Internet or other inducements such as drugs or pornography to lure children is an insidious practice and one that should attract very high penalties. Paedophiles frequently lure young

victims through the Internet and introduce them to explicit material to desensitise their victims and make them more vulnerable to abuse. The new offences of grooming a child will carry a maximum penalty of 10 years jail for grooming a child, and 12 years for going further and procuring a child for sexual purposes. They also include aggravated offences for higher maximum penalties for targeting children under 14 years with jail terms of 12 years for grooming and 15 years for procuring younger children.

The Government will also increase the penalty for the offence that rock-throwers are often charged with when they commit this idiotic, disgraceful and cowardly act. The Crimes Amendment Bill 2007 has been introduced into Parliament. The bill will increase penalties for recklessly causing grievous bodily harm from seven to 10 years when the offence is committed by a single person, and when the crime is committed in a group from 10 to 14 years. Since January this year, the police have arrested more than 50 people for rock-throwing offences. The new laws also tighten offences relating to recklessly infecting a person with a disease to ensure that the new penalties also apply to this offence. The Crimes Amendment Bill will also simplify the Crimes Act and create a more modern blackmail offence in line with uniform national laws. Cabinet has also approved tough new standard minimum jail sentences for 10 offences. The new minimum sentences will ensure that the judiciary has no excuse to not come down hard on criminals. The changes to date will deliver these tough standards.

These standard minimum sentences deliver on our commitments made at the election to increase sentences to match community expectations. The new laws are now being drafted to create a range of standard minimum sentences for child murder, 25 years; recklessly inflict grievous bodily harm, four years; car re-birthing, four years; cultivate, supply or possess large commercial quantities of prohibited plants, 10 years; malicious wounding, minimum three years; malicious infliction of grievous bodily harm in company, a minimum of five years; unauthorised possession or use of weapon, minimum three years; unauthorised sale of a prohibited firearm, minimum 10 years; unauthorised sale of firearms on an ongoing basis, minimum 10 years; and unauthorised possession of three or more prohibited firearms, minimum 10 years. One thing is certain. That is that for criminals to commit these offences there will be a jail cell with their names on it.

The changes do not stop there. The Government is introducing a new offence of domestic violence. Anyone who commits a domestic violence assault will now have it recorded against their name as part of their permanent criminal record. Currently, perpetrators are charged with various types of assault that already exist in our laws. This new law will make it clear that it was a domestic assault and will help police track habitual offenders. Anyone found guilty of domestic violence will now have a permanent stain against their name, and it will be kept in the records of courts and police. We made this an election commitment and we have moved now to deliver on that commitment. They are some of the initiatives we have taken to crack down on crime.

The Hon. KAYEE GRIFFIN: Premier, could you inform the Committee of the achievements that have been made for the people of New South Wales through implementation of the New South Wales State Plan?

Mr MORRIS IEMMA: The plan sets out targets and prioritises actions. It is contained in a comprehensive document. There are some 34 priorities and 60 targets within the State Plan. I will give an outline of the key ones. Firstly, reduced rates of crime, particularly violent crime. I can inform you, as I indicated previously, that data released by the Australian Bureau of Statistics in November 2006 report a decline in violent crime of 1.2 per cent, down to just 4.2 per cent of the population experiencing crimes like robbery and assault. I have already indicated that the 17 major categories of crime are either stable or falling. This means that the State Plan target of a 10 per cent reduction in violent crime has already been met through the combined efforts of the New South Wales police and other agencies involved in crime prevention.

New data will be released by the Australian Bureau of Statistics later this year and if the trend continues as expected, the Government will consider introducing a more challenging target that will increase its State Plan commitment to the reduction of crime in this State. Another one of the key priority areas in the State Plan is improved access to quality health care and in this the substantial new investments in our public hospital system have seen improvements in, for example, elective surgery

waiting times and, as I have indicated earlier, the increase in the bed capacity to improve access, and that capacity has increased by some 1,800.

I can also inform the honourable member that in relation to elective surgery waiting lists the long-wait list, that is the 12 month-plus list, has now reduced from a high of 10,500 some three years ago to just 117 people. The number on the elective surgery list for the category of 30 days, the urgent category, has also reduced to its lowest on record, down from 4,000 to just over 110. With the investment in the budget, the elective surgery money in the budget, the focus is on maintaining the long-wait list numbers at the figure I just gave and to continue to reduce the urgent category of the 30-day list. Another key area is improved health through reduced obesity, smoking and illicit drug use and risk drinking. I can inform the Committee that the efforts to increase the uptake of healthy lifestyles are achieving success with reduced rates of smoking, with smoking rates decreasing from 20.1 per cent in 2005 to 17.7 per cent in 2006.

Another key area is that more students are completing year 12 and also more students are completing recognised vocational training programs. I can inform the Committee that we are opening 25 trade schools to give high school students a chance to start training for careers while completing their Higher School Certificate, thereby encouraging young people to stay engaged with the education system and assisting them to obtain skills and jobs that pay high wages and to have a satisfying career once they leave school. The three trade schools are already opened at Colyton, Ballina and Glendale and six more are scheduled to open next year.

Another one of the key priorities in the State Plan is an increasing share of peak hour journeys on a safe and reliable public transport system. The operating performance of our public transport network is improving, with CityRail having achieved a 92 per cent on-time running for the year 2006-07. The investment in the budget is all aimed at ensuring that CityRail continues with the improvement that it has made. That figure of 92 per cent is up from the mid-60s of a few years ago, and our investment through the budget this year is designed to ensure that CityRail can continue to improve its on-time running. Another key priority in the State Plan is safety on New South Wales roads. I can report that last year's annual toll of 504 was among the lowest since the 1940s and that the figures for this year also show encouraging signs of a downward trend in the road toll.

Another key priority in the State Plan is improved outcomes for mental health patients. In this area one of the key objectives is what is called a housing and support initiative. This is a partnership between our health services, the Department of Housing and the non-government sector. It is a three-way partnership to provide health support, accommodation and lifestyle support—life skills support—to people suffering mental illness and to provide that support in the community, outside of a hospital. One of the key objectives of this program is to reduce hospital readmissions.

I can report that in the areas where this program has been established it has had a very positive impact on those participating in the program. For example, the time spent in hospital psychiatric units and emergency departments by those participating in the housing and support initiative has decreased by 81 per cent. A further 73 per cent who have participated in this program have recorded an increase in participation in social and community activities, that is, the program is helping them put their lives back together, step by step, enabling them to make contact again with their families, re-establish social support networks and to get into jobs. This is the worth of this program. Some 43 per cent were working or studying and 85 per cent of all participants remained with the same housing provider. Those are some of the key outcomes of the housing and support initiative.

Another one of the priorities in the State Plan is increased employment and community participation for people with a disability. The main focus is through the Stronger Together Program, the \$1 billion plan for improving disability services, which commenced a year ago, directed towards boosting community participation for those with a disability through education and training, and providing greater transition to work. The program is working well and it is one of the key programs that we aim to deliver on the State Plan targets.

The Hon. IAN WEST: Premier, can you update the Committee on the Government's focus on jobs and prosperity in regional New South Wales?

Mr MORRIS IEMMA: I am happy to and very proud to say that New South Wales is open for business. I will give a rundown on some of the achievements in rural and regional New South Wales. I start by saying that the unemployment rate has gone down from 6.2 per cent in August 2006 to 4.7 per cent in August 2007, and there will be new figures out later this week, but already there is a significant reduction in unemployment in rural New South Wales.

The Hon. MARIE FICARRA: Thank you, John Howard.

Mr MORRIS IEMMA: This is very good news for New South Wales. I note that the honourable member interjects. When it is good news, it is all John Howard. When interest rates go up, it is not John Howard. I shall give a rundown on some of the initiatives and some of the companies that have been assisted to create jobs in regional and rural New South Wales, starting with one of our regional cities, the city of Wollongong. In March 2007 Accenture Australia, the global management consulting, technology services and outsourcing company, established a major facility in Wollongong. It did so thanks to payroll tax rebates and site selection assistance from the New South Wales Government. That was a \$17.5 million investment employing 159 people, including highly skilled information technology specialists.

Accenture considered a number of locations for the facility and selected Wollongong because the region has a highly skilled and motivated workforce and is geographically well positioned between Sydney and Canberra. This facility confirms the Illawarra's growing status as a hub for knowledge industries. We then go down the coast to the South Coast, to Bega, another success story. Bega Cheese, with the help of the Department of State and Regional Development and the Department of Education and Training, has grown from 160 employees to around 530 today. In early 2007 the company commenced a further expansion of the cheese cutting and packaging operations. Over a five-year period 71 new jobs will be created as a result of this expansion, with Bega Cheese investing just under \$7 million in the project and exporting to 50 countries around the world. Another great local success story!

Heading inland, the Government has secured the Commonwealth Bank's Agriline Business Service Centre, which opened in June this year in Wagga Wagga. The Government helped secure this win by identifying suitable sites and by providing comparative information on telecommunications infrastructure, regional statistics, case studies of other successful regional operations, as well as community introductions. Moving further north we approved initial plans for a \$135 million freight terminal at Parkes, which will generate up to 600 local jobs and underpin freight movements across the State. Moving further west once again, we worked with BeMaX Resources in Broken Hill on a mineral sandmining operation at the Ginkgo deposit and mineral separation plant in Broken Hill, an investment worth \$176 million and generating just under 200 jobs.

In a variety of locations around New South Wales we are helping to boost the aerospace industry, in particular at Newcastle and also at Shellharbour. One of the key sectors of the New South Wales economy, the transport sector, is growing rapidly, with the Government assisting its growth by supporting the development of jobs in aerospace and aircraft manufacturing and maintenance in places like Newcastle and Shellharbour. These come on top of the approval of goldmining activities in Orange—

The Hon. GREG PEARCE: What is in Shellharbour?

Mr MORRIS IEMMA: An airport.

The Hon. GREG PEARCE: At Albion Park?

Mr MORRIS IEMMA: Yes. We have provided some assistance for upgrades in that area. This included the Newcrest Mining operations in Orange, which the Government assisted through its planning laws in ensuring that the development took place. These are just some of the projects and activities we have supported to create jobs in rural and regional New South Wales.

CHAIR: The Committee has agreed to have a 10-minute break.

The Hon. IAN WEST: Mr Chair, I ask that over the next two hours all Committee members ask their questions through the Chair and that they do not interrupt.

[Short adjournment]

Dr JOHN KAYE: Premier, I would like to take you back to our last interaction, when you said that you had commissioned further work. Can you tell us the nature of that work, who is doing the work, and whether we can get copies of the briefing notes for the work?

Mr MORRIS IEMMA: I indicated at the press conference on the day of the release of the report that there were a number of areas in which the Government wanted to test and analyse the propositions in the report and recommendations. They included the issue of price, to ensure the protection of consumers and employment, including the conditions of the work force and the protection of employees. These were two of the key areas in respect of which I said the Government would go away and do further work. I have commenced consultations with the trade unions that are affected, and Treasury has been providing additional material to me in relation to the work force, the distribution of the work force, its make-up and its profile. That advice, when it is complete, will be provided to the Cabinet.

Dr JOHN KAYE: An interesting omission in the list you just gave us is the issue of greenhouse gas emissions. Is that a deliberate omission?

Mr MORRIS IEMMA: No. I just indicated two areas. The issue of the environment was on that press release, and I just indicated two areas—not to the exclusion of others.

Dr JOHN KAYE: Who have you commissioned to do that work?

Mr MORRIS IEMMA: Advice is being provided to the Government. As I indicated, Treasury is providing some advice to me and the Cabinet on work force, and it will also be providing advice to us in relation issues to do with pricing. As you can gather from the report, Morgan Stanley was one company engaged to provide financial modelling, and that company continues to provide advice to us.

Dr JOHN KAYE: Premier, I take you to the State Plan, particularly Priority E3 (b), which relates to greenhouse gas emissions, in which the State is committed to going back to its 2000 level of greenhouse gas emissions—

Mr MORRIS IEMMA: By 2025.

Dr JOHN KAYE: Thank you for your assistance. As I understand it, that is about a 2.5 million tonne reduction on our current level. How will our power stations fit into that, given that a standard-size coal-fired power station would add about eight million tonnes a year and a standard-size combined cycle-gas turbine power station would add about three to four million tonnes a year?

Mr MORRIS IEMMA: The first point is that we have not decided whether it is coal or gas. There has been no decision that it be coal. I note the point you make about the two fuel sources, but no decision has been made on coal.

Dr JOHN KAYE: Either way, Premier, it will be an increase.

Mr MORRIS IEMMA: Yes, I will come to that in a second. The fuel source remains open. The most likely source is going to be coal or gas. As to which one of those will be dependent on the rules around our national emissions trading scheme. One of the issues for the Government in determining the final outcome in terms of base-load generation will be a package of greenhouse offsets, a package of environmental measures, to ensure that the power station, whether it be fuelled by gas or coal, is one of the cleanest possible we can get, with the best possible reduction in emissions by using the best possible technology.

Dr JOHN KAYE: You are saying that your current thinking centres around offsets? You say there would be a minimum of three or four million tonnes of carbon dioxide each year?

Mr MORRIS IEMMA: No, I said there would be an environmental package of measures in addition to whichever fuel source we determine to ensure we procure the best possible technology. The Owen report outlines a range of measures that can be taken to retrofit existing power stations. Indeed, one of the issues that we have to analyse is the cost—should it be borne by the taxpayer—of not only procuring a baseload power station based on generation but also of taking action to reduce greenhouse gas emissions and to retrofit our current power stations, and we have seven, for cleaner technology, in preparation for a national emissions trading scheme. His estimate in his report was around \$2 billion to \$3 billion.

Should the taxpayer undertake that investment, in addition to around \$8 billion required for a baseload power station? What I am saying is that when the Government, as part of the process of examining that report, comes to make a final decision, issues around the environment will be part of the package of measures the Government brings down. It will include in the fuel source ensuring that we procure a power station with the latest technology, the best possible technology that can reduce greenhouse gas emissions, whether it be coal-fired or gas-fired, and a package of measures to assist.

Dr JOHN KAYE: Given that the Owen inquiry report was absolutely unequivocal about privatisation and the need to privatise the industry, and I include in "privatisation" the long-term lease out of the generators—it is agreed to call that privatisation because it is privatisation in drag, if you like—

Mr MORRIS IEMMA: With the greatest of respect you can say that, but I would reserve the right to disagree.

Dr JOHN KAYE: I note your reservation about that, but I will just continue on.

Mr MORRIS IEMMA: Not pre-empting what the Government will decide, I reserve the right to disagree with that proposition strongly.

Dr JOHN KAYE: I will continue with my question if you do not mind, Premier, and I will rephrase it to suit your particular language.

Mr MORRIS IEMMA: Let us not use the word "we" because I do not agree, so you can say "I" but not "we".

Dr JOHN KAYE: Given that the Owen inquiry was unequivocal in its recommendation of privatisation on what was clearly the second-best alternative—and what I would personally and many of us, including some of your friends in the trade union movement, would refer to as privatisation in drag—that is a long-term lease arrangement on the generators. Given that is the case, how many people currently employed in the electricity industry would be affected by such privatisation or long-term lease out and what effect would it have on those employees, in terms of their exposure to WorkChoices?

Mr MORRIS IEMMA: I will take the question on notice and provide you with the exact figure. I am advised in generation there are around 1,700 workers and in retail the approximate workforce is 1,000. I will take that on notice and provide the exact figures.

Dr JOHN KAYE: Let us say about 2,700, none of whom are currently on AWAs or exposed to the provisions of WorkChoices, as I understand it. You can correct me if I am wrong there. Am I not correct in saying that if you do go ahead with this arrangement where you do the long-term lease out of the generators or privatisation of the generators and you privatise the retailers, is it not true that you would lose the capacity as a government to protect those employees, those working people, from the provisions of WorkChoices?

Mr MORRIS IEMMA: Firstly, you are making an assumption that WorkChoices will still be with us after 24 November 2007 and, secondly, you are making the assumption that the Government will go down the path of disposition. As I said to you, the Government is examining a number of options and one of the key issues for the Government is employment protection. There are already measures in place in relation to State-owned corporations and it is possible for the

Government to adopt the recommendations of Professor Owen without disposing of any of its assets. So when I say that employment and protection of the workforce is a central issue that the Government will examine, analyse and consider before giving its response to the Owen inquiry, that is exactly what we are doing.

Dr JOHN KAYE: But am I not correct—

Mr MORRIS IEMMA: You are making the assumption the WorkChoices will still be around and we will adopt this position.

Dr JOHN KAYE: Let us suppose that the dreadful thing happens and the Howard Government survives and WorkChoices survives. Let us also suppose that you do follow the critical recommendation of the Owen inquiry, which was to transfer ownership of the retailers and transfer control of the generators, or ownership of the generators, into the hands of private enterprise. Am I not correct in saying that 2,700 workers in New South Wales who are currently not exposed to the provisions of WorkChoices would thus be exposed to the provisions of WorkChoices?

Mr MORRIS IEMMA: Again, as you say, assuming that we unequivocally adopt the recommendations of Owen. That is not an assumption you can make. As I said, the Government is going through the process now of considering and analysing the recommendations.

Dr JOHN KAYE: I would like a yes or no answer to that.

Mr MORRIS IEMMA: The simple point is this: If you want to ask the questions and answer them as well, you have no need for me.

Dr JOHN KAYE: You could give a simple yes or no answer. Would they be exposed to WorkChoices or not?

Mr MORRIS IEMMA: You have made an assumption that the Government will adopt an option, one of the recommendations of Owen. I have said to you the Government is currently in the position of considering the recommendations in the report. If you want to answer the questions as well as ask them, as I say, you do not have any need for me. I have given you an answer as to where the Government is up to and indicated to you that employment protection and employment conditions are central to the considerations we are undertaking.

[Time expired.]

CHAIR: As to the Independent Commission Against Corruption [ICAC] at page 2-25 of Vol. 1 of Budget Paper No. 3, there seems to be a dramatic decrease in the number of matters received from the general public and employees. In 2004-05 the number was 877 and the budget forecast is 740. For employees it was 257 and the forecast is 190. Is there an explanation for that? What steps are being taken to publicise the operation of the ICAC? Is it necessary to inform the public about the role of the ICAC to involve the community?

Mr MORRIS IEMMA: On staff numbers, I will have to take that on notice, Mr Chair.

CHAIR: I am referring to the number of complaints.

Mr MORRIS IEMMA: I apologise. I do know that the commissioner is moving more towards investigating corruption activities, away from the traditional areas of education. I will take the question on notice.

CHAIR: Are there any plans to publicise the role of the ICAC to ensure it maintains its effectiveness in the future? If it is not receiving complaints about corruption, that undermines the whole purpose of the ICAC.

Ms KRUK: If I could assist, having met with Judge Cripps both in my current role and previous role, I think he is aware of the reduction in the number of complaints and views that positively. I am also conscious of the fact that he is moving quite deliberately into far greater

corruption resistance mechanisms. Certainly the work that he has undertaken with a number of agencies has been intended to ensure that they have very strong mechanisms in place. He has a very strong systemic focus. I think he has been encouraged by the reduction in the number of complaints. I do not have the numbers before me that you do. I think they are detailed in his previous annual report, but that is certainly consistent with the discussions I have had with him.

CHAIR: Do you still have confidence in the effectiveness of the ICAC? Does it have the full support of the Government?

Mr MORRIS IEMMA: It has the full support of the Government and I have full confidence in the ICAC and the commissioner. The ICAC is an independent statutory body. It is not subject to my direction or anyone in the Government.

CHAIR: I note in the budget papers a one-third reduction in the budget of the New South Wales Electoral Commission. I assume that is because you anticipate there will be no State election in the next 12 months.

Mr MORRIS IEMMA: Not unless there is a constitutional crisis.

CHAIR: What was the total cost of the State election? Do you have an estimate of that?

Mr MORRIS IEMMA: I do believe we have some information on that. It was \$38.5 million.

Ms KRUK: If I might add, it is my understanding that the Electoral Commissioner has fundamentally changed the basis of staffing for the conduct of the office and also for the conduct of elections. I am happy to provide some additional information after contact with him.

CHAIR: Do you take that on notice?

Ms KRUK: Yes.

CHAIR: Another area that comes under your responsibilities, Premier, is the Independent Pricing and Regulatory Tribunal [IPART]. Is there any further action at a State level on the perennial problem of petrol prices?

Mr MORRIS IEMMA: Not at the State level. As I understand, there is Australian Competition and Consumer Commission [ACCC] action in relation to petrol prices.

CHAIR: The ACCC has been conducting an inquiry. Has the State Government or your department made any input or recommendations or given any advice to the inquiry?

Mr MORRIS IEMMA: Submissions have been prepared for our contribution to that inquiry, but not IPART. I am not sure that it has jurisdiction in this matter. We have been making comments to the ACCC.

CHAIR: Has that come from Treasury?

Mr MORRIS IEMMA: From my Ministers, the agencies involved.

CHAIR: There was intervention by the Federal Government in its national emergency plan to address problems in the Aboriginal community in the Northern Territory involving alcohol, sexual abuse of children, drugs and pornography. Has there been an evaluation as to whether some of those problems are occurring in Aboriginal communities in New South Wales? If so, is there a plan to respond to those needs?

Mr MORRIS IEMMA: There was our own report, which was brought down last year. The Government responded with \$30 million over four years to the 88 recommendations in our own report to tackle abuse. We have started implementing those recommendations, which range from law enforcement to greater protection for witnesses and victims. The recommendations also involved

boosting health services, counselling services and child support services in remote New South Wales. We have been moving to implement those recommendations. We responded to the Commonwealth's request for the 10 police officers immediately. A number of law enforcement actions have already commenced. The Health agencies have recruited an additional 13 front-line health staff. Extra witness and victim support has already commenced in these areas. There are also police operations in relation to paedophile activity and cooperation with the Commonwealth in their Northern Territory activities.

CHAIR: Because of the law that applied in the Territories, X-rated material was available in the Northern Territory and the Australian Capital Territory. The Commonwealth Government has moved against that law. Such material is not legal in New South Wales. Is there any evidence of X-rated material being available in Aboriginal communities through the post?

Mr MORRIS IEMMA: I would have to take that on notice. Certainly the report that was done for the Government highlighted issues of child abuse and child sexual abuse. Hence one of its key recommendations was to boost police activities, surveillance and presence in these areas. That has commenced. That is in addition to what we have done to cooperate with the Commonwealth. One of the key findings of the report was that victims often dropped out of the justice system. One of its key recommendations was to provide greater support for victims and witnesses. It was often hard to prosecute for child sexual abuse because victims and witnesses did not see it through to the end of the entire legal process. Hence the key recommendations around boosting victim and witness support so that police can increase the level of prosecutions and actually get convictions. Certainly the activity of sexual abuse was highlighted by the report.

Ms KRUK: Mr Nile, I think you are familiar with the joint investigative response teams [JIRT] initiative in New South Wales, which is a partnership between Police, Health and the Department of Community Services. That initiative has been active in a number of communities across New South Wales. It has the same concerns that the Premier has echoed. Health was involved to ensure that counselling was provided to young kids and their support. More importantly, instances of criminal behaviour were followed up by the Department of Community Services, using its statutory powers and welfare function, and the police in relation to its criminal responsibilities. So that is an initiative that has been in place in New South Wales for some years. We have targeted that quite deliberately at some communities of concern and certainly the New South Wales Police Force is active in Northern Territory initiatives. So there is the opportunity for the transfer of that information between the jurisdictions.

CHAIR: Generally, is there any evidence that the situation is as bad in New South Wales or better? It appears to be not as bad as the Northern Territory.

Ms KRUK: As the Premier indicated, we had our own report. I do not think it is an issue that any of the government agencies take with any complacency, more with concern. The issue is to build on some important initiatives. So far I am conscious of the Murdi Paaki trial that has been underway in western New South Wales for some time. That is a joint initiative with the Commonwealth Government, and certainly from my experience it is one of the initiatives that was showing genuine improvements in relation to the health and wellbeing of the Aboriginal community. I am a bit concerned that the funding for that trial is a bit doubtful in relation to the Commonwealth Government. I hope that may have been resolved in the time since I have been briefed on the issue. We have a number of initiatives underway that have shown some positive results, but it is an incredibly concerning area so there is no reason for complacency.

CHAIR: We will move on to the Opposition.

The Hon. MARIE FICARRA: Premier, when you were health Minister you instigated a massive restructure of NSW Health, merging 17 area health services into eight and promising \$100 million in savings that would be spent on front-line services. Firstly, have the savings been realised? Have they been documented?

Mr MORRIS IEMMA: Yes. The process started in 2004 and you can go back to budgets at that time. With the reduction of area health services from 17 to eight and the deletion of 1,000 positions, the money was to go into front-line services and it is certainly funding, for example, the Sustainable Access Program. Sustainable access was about increasing the number of beds and also

changing clinical practices to sustain greater access to health care to reduce waiting times. There were also resources put into the surgical services task force, which was established, and its recommendations to fund into two areas where savings in health care were directed back into surgical services, beds, emergency services and obviously the recruitment of staff required to, for example, open beds, and to implement the measures around the surgical services task force.

Ms KRUK: If I could add, I think at the time, and you probably would have seen it, a number of area health services made announcements as to where the money from those savings were directed in terms of front-line services. So they are on the public record. There was also a commitment that the exercise be independently audited. But the issue is that the money has already gone to front-line services.

The Hon. MARIE FICARRA: Was an audit done into the staffing and the expenses before the restructure and also after the restructure? Have we got any audited figures?

Mr MORRIS IEMMA: There was a baseline audit done prior. The director general can give you an update on what happened since.

Ms KRUK: There certainly was a baseline done in terms of staffing levels and position, and from my understanding that audit is underway. That is quite a comprehensive exercise, but the issue was, and the most significant answer to your question is, that that money has gone to front-line services.

The Hon. MARIE FICARRA: Going back to the audit, you are saying that yes, an audit was done beforehand?

Mr MORRIS IEMMA: A baseline audit of what the staffing was and, to the best of my recollection, there was also a template on what the new structure would look like in each of the areas, again to ensure that there was no doubling up of administrative positions and that we actually were able to reduce those positions by 1,000.

The Hon. MARIE FICARRA: However, do we know whether an audit has been done following a restructuring?

Mr MORRIS IEMMA: Further detail of any audits done since I left the portfolio I will take on notice.

The Hon. MARIE FICARRA: It would be nice to see those figures and to have confidence that money was saved.

Mr MORRIS IEMMA: You can have confidence. When you look back over those budgets you can have absolute confidence in one thing, and that is that the health budget has increased, continues to increase and will increase. The whole purpose of implementing the restructure was to free up resources that were tied up in administration and free them up for front-line services. There was that figure of \$100 million and positions of about 1,000 and another reason for changing the structure was to break down the silos that, for example, in western Sydney prevented one health service—the old Wentworth—from accessing resources in mental health in Western Sydney around Cumberland and Parramatta. The number of transfers of mental health patients was very small. We had to break down silos.

The Hon. MARIE FICARRA: Given that the Coalition FOI report shows 20,000 fewer elective operations performed in 2006 compared with 2002, given our current status of chaos in emergency departments throughout Sydney, what front-line services do you feel you have significantly increased that are of importance to the community?

Mr MORRIS IEMMA: The simple fact is this—and it can be verified by the people on the surgical services task force that are not bureaucrats; they are anaesthetists, surgeons and operating theatre nurses that comprise the task force; they would not still be participating if that was the case—the long wait list peaked at 10,500; it is down to around 100. That is the first example. Secondly, the urgent category of 30 days was around 4,000 and is now, from the previous answer I gave, at 117. The

issue with surgery is it is very easy to achieve a reduction in elective surgery waiting lists: you just pump the money in and then you just watch the lists go down, and then they go back up again if it is not sustained.

The whole purpose of establishing a task force under the leadership of Dr Patrick Cregan, who is a front-line surgeon at Nepean, and Professor Brian McCaughan, was to achieve a sustained improvement in the way elective surgery is managed; not just to achieve a reduction in the numbers but to improve times, reduce cancellation rates of operating theatres and to sustain them. And that has required resources in terms of dollars as well as changing practices around those. That is one. Secondly, the emergency department waiting times, the triage categories—you can get the official figures; the Minister gave an update a few months ago—notwithstanding the issues at Royal North Shore, New South Wales hospitals, in the face of the worst winter in a quarter of a century, and something confirmed by the College of Emergency Medicine in a report it published a month ago where it said every hospital in Australia is under pressure and there are challenges right across the nation's hospital system, the New South Wales emergency departments in hospitals coped better than any other State.

If you have a look at—and I am sure I have got them here somewhere—the emergency department triage waiting times and performance statistics like access block, they are the best in a number of years. That is not to say that emergency departments are not under pressure and have challenges, but there has been a significant improvement in waiting times across all the triage categories. In triage category one we have been meeting the benchmark for many years, but there has been a significant improvement in the category threes and in category five, and they come about as a result of the extra resources that have been put into our hospitals in the past three years. That started off with sustainable access.

The Hon. MARIE FICARRA: The October edition of *New South Wales Doctor*, the official magazine of the AMA, has a scathing report from a group of emergency physicians who say that the New South Wales emergency medicine conditions situation is grim; they are leaving the State for other States; they criticise the poor awards in negotiation with the Department of Health. In actual fact, New South Wales is bleeding and you are losing emergency specialists to other States. I am sure that Dr Joseph can inform you of this. What do you plan to do to avoid the situation that we have had at Royal North Shore and other situations that keep occurring?

Mr MORRIS IEMMA: I could go on until midnight, and I would be happy to because this gets to the heart of the health issue. If the honourable member says that what happens in a New South Wales public hospital has no connection with the health system outside that hospital then she is naive in the extreme. That is the point.

The first point among a number of points I want to make is the fact that the States—including New South Wales—are not responsible for training doctors at our universities. The same is true of nurses. Because of 11 years of underfunding by the honourable member's colleagues in Canberra, 11 years of reducing the number of training places and 11 years of cuts to our hospital funding we have filled the gap. The honourable member's own colleague Tony Abbott admitted last week—it was an extraordinary admission and a display of breathtaking cynicism on national television—that the Federal Government's proportion of funding of public hospitals has reduced and that the States are filling the gap more quickly than the Federal Government could. What are we doing to fill the gap? We are doing a number of things in medicine. The honourable member mentioned emergency department physicians and the pressures on emergency departments. They are very real. Last year we settled a 14 per cent pay rise for emergency department doctors—

The Hon. MARIE FICARRA: Not good enough.

Mr MORRIS IEMMA: —with a \$53,000 allowance depending on what shifts they do and whether they are done in rural and regional areas. That settlement was agreed to in the Industrial Relations Commission. We have 208 and will have 238 additional emergency department physicians in training. New South Wales public hospitals have two types of career medical officers, those working in emergency departments and those not working in emergency departments. A career medical officer is a doctor who has not chosen to train as a specialist. My Minister is working on a proposal to provide training for those career medical officers in emergency medicine.

The Hon. MARIE FICARRA: Your emergency physicians are being paid \$100,000 less a year than emergency physicians in other States. They are leaving because you do not pay them enough. Read the article in this month's Australian Medical Association magazine and you might learn something.

Mr MORRIS IEMMA: We had an award settlement last year that provided for a 14 per cent increase with the provision to access a \$53,000 allowance depending on two things: shifts and where those shifts are worked. The allowance is an effort to encourage better rosters and more shifts done in rural and regional New South Wales. One of the biggest factors influencing an emergency department doctor's pay is the inability because of Commonwealth-State Health Agreement and Commonwealth regulations to access the Medical Benefits Scheme. Emergency department doctors are prohibited from supplementing their income, if it is a salary, by accessing the Medical Benefits Scheme.

Students complete their university studies and do an internship in a New South Wales public hospital. It is then time to choose a speciality if they want to follow that path. What specialities do they choose? Increasingly they choose those specialities where they can earn a good income and get professional satisfaction from accessing the Medical Benefits Scheme. Emergency department physicians are unable to levy a charge on the Medical Benefits Scheme; they are unable to earn additional income from the Medical Benefits Scheme. So they are reliant—and it is an exclusive reliance—on the salary they are paid as an employee of the State of the New South Wales.

Last year they received a pay rise of approximately 14 per cent—it might have been a bit more. The honourable member said that the only issue is the salary that this Government pays. Why is it that under the Commonwealth-State Health Agreement they are the only class of doctor that is excluded from levying a charge on the Medical Benefits Scheme because they do not perform procedures? The honourable member's colleague could help by instituting reforms under the Commonwealth-State Health Agreement to enable emergency department physicians to earn additional income. Many doctors in the New South Wales hospital system have rights of private practice. Many of them—primarily the proceduralists; that is, the gastroenterologists, respiratory physicians and so on—can access the Medical Benefits Scheme. As a result, they earn a higher income. However, an emergency department doctor cannot do that.

We could spend a lot more time dealing with how the Commonwealth-State Health Agreement and the honourable member's colleagues in Canberra prevent our emergency department doctors from earning additional revenue and take revenue from our public hospitals through the bed rate. That is another area of discrimination. In a public hospital the bed rate is about \$200 a day. If the same procedure is performed in a private hospital the rate is \$700. It is called a default payment. What does it cost the New South Wales hospital system? It costs about \$500 million a year. They are two practical areas crying out for reform. We will not get it with Tony Abbott or John Howard; we just might get with it with Kevin Rudd.

The Hon. TREVOR KHAN: In answering questions from the Chair you made reference to the Breaking the Silence report; is that correct?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: In that context you referred to the need for greater support for victims; is that correct?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: The Breaking the Silence report dealt with indigenous or Aboriginal members of our community; is that right?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: I suppose you would agree that the observations made about supporting victims would relate to all members of the community who are alleged victims of sexual assault; is that right?

Mr MORRIS IEMMA: I do not exclude all members of the community, but it was a specific question about Aboriginal communities.

The Hon. TREVOR KHAN: I am not being critical. The need for support relates to all alleged victims of sexual assault.

Mr MORRIS IEMMA: All victims of sexual assault. I was addressing my remarks to a specific question about Aboriginal communities.

The Hon. TREVOR KHAN: I am not being critical.

Mr MORRIS IEMMA: If I had been asked a general question I would have answered in a general sense by saying yes, of course.

The Hon. TREVOR KHAN: That means, apart from anything else, that one must be sympathetic to the alleged victim; is that right?

Mr MORRIS IEMMA: Yes, but it goes beyond sympathy. The report highlighted—

The Hon. TREVOR KHAN: I want to deal with your perceptions. One of them is to be sympathetic to the alleged victim; is that right?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: To be proactive in dealing with the complaints of the alleged victim; is that right?

Mr MORRIS IEMMA: A range of measures—

The Hon. TREVOR KHAN: Yes, and that includes, if one is to deal with that alleged victim, to be sympathetic to the complaints; is that right?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: That is certainly not to prejudge them in any way; is that right?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: And certainly not to suggest that they are lying or being untruthful in any way; is that right?

Mr MORRIS IEMMA: Yes. Obviously you have a particular case in mind.

CHAIR: Are you leading the witness?

The Hon. TREVOR KHAN: Yes. You also indicated that victims and witnesses did not see matters through to the end; is that right?

Mr MORRIS IEMMA: In relation to the report that I referred to earlier, yes.

The Hon. TREVOR KHAN: That is a common problem not only with indigenous community but also in the community generally with regard to alleged victims of sexual assault; is that right?

Mr MORRIS IEMMA: Yes. You have a specific case and if you provide the details I am happy to have the matter checked.

The Hon. TREVOR KHAN: You indicated earlier that Mr Mike Kaiser is your chief of staff; is that right?

Mr MORRIS IEMMA: Mr Kaiser is my chief of staff.

The Hon. TREVOR KHAN: He has your support and faith in terms of his judgment?

Mr MORRIS IEMMA: Yes.

The Hon. TREVOR KHAN: He is, without any disrespect to you, a man who is considerably younger than you?

Mr MORRIS IEMMA: No disrespect to me. An increasing number of people are younger than me.

The Hon. TREVOR KHAN: As with all of us. When he took over as your chief of staff he was something in the order of 36 years of age?

Mr MORRIS IEMMA: I do not know his precise age but he is younger than me.

The Hon. TREVOR KHAN: You had daily meetings with him?

Mr MORRIS IEMMA: I have daily discussions with my chief of staff.

The Hon. TREVOR KHAN: And he shares information with you freely?

Mr MORRIS IEMMA: He and I discuss matters of the day.

The Hon. TREVOR KHAN: You have faith that if an important matter comes up he will share it with you?

Mr MORRIS IEMMA: I have confidence in Mr Kaiser.

The Hon. TREVOR KHAN: Mr Premier, you have faith that if an important matter comes up he will share it with you?

Mr MORRIS IEMMA: I have full faith and confidence in my chief of staff. You obviously have a matter you wish to put on the table.

The Hon. TREVOR KHAN: In the fullness of time. Premier, you have faith that he will share important information with you?

Mr MORRIS IEMMA: Mr Kaiser is my chief of staff, that is a matter of record. I have full confidence in Mr Kaiser. He has had my confidence and he continues to retain my confidence. If you wish to ask me about a specific matter, then please do so.

CHAIR: Opposition time has elapsed. We will move on to the Government.

The Hon. HENRY TSANG: Premier, five years after Bali bombing, what is the latest information on the Labor Government's ongoing investment to protect the citizens of New South Wales from the threat of terrorism?

Mr MORRIS IEMMA: It is five years, as you mentioned, and New South Wales is in the fortunate position of not facing the devastation of a large-scale terrorist attack on home soil. But it is important to recognise that the threat of terrorism continues to be very real. Australia's threat level remains at medium, that is, an attack could well occur. That has not changed since September 11 with the attacks in the United States six years ago. Experience overseas has demonstrated that no matter how well you prepare, how good your police and intelligence agencies are, there are no guarantees that a terrorist attack will not take place. In New South Wales we continue to remain vigilant against the threat of terrorism and there is simply no room to be complacent.

The Government has made a significant commitment to fighting the scourge of terrorism and our agencies have detailed and well-practised plans in place to manage a terrorist incident in this State, should the day ever come that the worst occurs. We have boosted resources for our police force, our transport agencies, our health services and a host of other agencies to address this threat. For example, the Government has allocated an additional 110 police officers in the counterterrorism area, bringing the counterterrorism and special tactics command to a total strength of more than 600. This is on top of the extra personnel the Government is recruiting. It is also making an investment in technology. We are currently implementing a new state-of-the-art early warning phone messaging system. It will allow emergency services to send SMS alerts to all phones in a target zone to warn people of an emergency or a terrorist threat. To complement that system the Government developed the Sydney CBD emergency plan and emergency warning system. The emergency warning system was up and running last month, in time for the APEC leaders' summit.

A siren PA system has been installed at 49 strategic locations on traffic signal poles, and 13 variable message signs have been located at major transport precincts of Circular Quay, Wynyard, Central and Town Hall. The system allows the police operations centre to prioritise and select sites across the CBD and to play a message or make a live broadcast to the public. It will assist in ensuring that the public receives clear safety messages that are clear and concise in a timely and targeted way. The system is a key element of the Government's counterterrorism and emergency management capability. It is also focused on protecting public transport from the threat of terrorism. We have a range of new initiatives, including an extra \$5 million over the next four years for new counterterrorism measures on the rail network, including technology to detect traces of chemical or biological agents. RailCorp and the police terrorism and special tactics command are examining the best options for chemical detection capability on the CityRail underground system.

On the ferries a \$6 million upgrade of the CCTV network will boost the number and quality of the CCTV security cameras on Sydney Harbour wharves and at other locations. It will boost it to more than 280 locations. State Transit undertakes specialised inspections of buses and facilities and is implementing a \$45 million plan to extend digital CCTV and upgrade passenger and driver security. To bring those measures together, New South Wales has a state-of-the-art State coordination centre, which will provide strategic policy advice and communication in a major terrorist incident or threat. Since 2002 the Government has introduced a range of new laws to combat terrorism and help police in their fight against those who would seek to do us harm.

These powers include special stop and search powers for police; protecting the disclosure of documents which could facilitate a terrorist act or prejudice counterterrorism activities; the presumption against bail for people charged with terrorism offences; increasing the maximum penalty for making or possessing an explosive, poison or other weapon that could be used for an attack; creating a new offence of membership of a terrorist organisation; and giving police new powers to enter premises and conduct searches without notifying the occupier.

The New South Wales health department is also preparing for the worst. The Government is investing \$17.5 million to upgrade the capacity of the health system to respond to disasters and the threat of terrorist attack. This includes through chemical, biological and radiological weapons. We have established Australia's first counter-disaster unit in the health system, and this is established to strengthen the capacity of New South Wales Health to deal with major incidents and terrorist attacks and to drive planning, policy and training for the New South Wales health system.

Terrorism is not something that recognises State or even national borders. That is why New South Wales continues to work with the Commonwealth and other States and Territories in the ongoing coordination, development and implementation of initiatives to improve national security. Exercising our counterterrorism arrangements remains a key priority. Twenty-two exercises were planned for 2007-08 to give our emergency workers the vital practical training that they need. A number of those exercises were held in the lead-up to APEC—exercises like Blue Luminary, which involved the New South Wales police working in tandem with the Federal authorities. I am pleased to say that training paid dividends. We were able to honour our commitment to the people of New South Wales and deliver a safe and successful APEC. It was the largest and most significant security exercise in this country's history, and New South Wales agencies did an outstanding job.

While for people outside the event it may have looked straightforward, my Government and groups like the New South Wales police spent more than two years in planning APEC. While there is always room for improvement, the feedback we have received is that security and logistics worked extremely well. Our international visitors were impressed and I thank the people of Sydney for their cooperation. The size of the APEC exercise is borne out by a few amazing statistics from leaders week. Police managed 690 motorcades. More than 41,000 police shifts were worked. More than 1,000 cars and 28,000 people were searched and there were 88 arrests. APEC is just one example of how we put our terrorism training into practice and the New South Wales Police Force, transport authorities and other agencies continue to plan for the worst. Let us hope their training will never be needed.

The Hon. KAYEE GRIFFIN: Premier, could you advise the Committee of the moves you are taking to make New South Wales Parliament more efficient for the community?

Mr MORRIS IEMMA: Thank you. Can I say that with last week's announcement a bipartisan parliamentary committee was established to investigate how family friendly hours can be done most productively for the Parliament. It is my hope that the committee will report back by the end of this parliamentary session so that the changes are ready to go by the start of next year. I will only agree to changes if they deliver increased sitting hours and greater parliamentary productivity in both Houses of Parliament; for example, sitting hours in both Houses to conclude by 7.00 p.m., at the same time ensuring that the work of the Parliament is done.

Parliament will pause during the day for set breaks when no legislation can be debated and this has often meant a waste of time. Parliament also has some antiquated rules that may be able to be streamlined to deliver greater efficiencies for taxpayers, a more responsive Parliament and more responsible working hours for parliamentarians, staff and non-parliamentary staff who also work at Parliament. Holding members of Parliament back at Parliament House until 1.00 a.m. to debate legislation does not really benefit anyone and certainly does not deliver better results. That is why the bipartisan committee is the best way to move forward on this reform.

The Speaker and the President have been actively proposing a range of options in this area so that we can facilitate better debate, more results and more productivity, and do so within reasonable hours. That is what the Government hopes will come from the bipartisan committee. I can inform you that six Legislative Assembly members will be on that committee, including three Government members, two Coalition members, one crossbench member, and four Legislative Council members, including two Government members, a Coalition member and a crossbencher. In addition, the committee will contain and be jointly chaired by the Independent Speaker, Mr Torbay, and the President of the Legislative Council.

The Hon. KAYEE GRIFFIN: The Government does not have any further questions at this time.

CHAIR: We will move on to Dr Kaye then.

Dr JOHN KAYE: Premier, in March this year what undertakings did you give or understand to be given to trade unions, a trade union or Unions New South Wales in respect to public ownership of the electricity industry or parts of the electricity industry?

Mr MORRIS IEMMA: The commitment that was provided in writing and what I stated publicly. Can I also say to you that at the time of announcing the Owen inquiry I said to the following: that we were not disposing of transmission distribution and generation—that was leading into the inquiry—and that the case on retail had to be made; there had been no change in the government policy on retail and the four terms of reference, in particular the conditions around should the power station be procured privately. They were commitments I made in writing—no doubt you have a copy or have seen those—and they were the commitments that I made publicly.

Dr JOHN KAYE: Did that commitment say, "The privatisation of the State-owned energy companies is not on our agenda"?

Mr MORRIS IEMMA: And if you examine the Owen inquiry report there is an option there in which it is possible to carry out one of those options without selling any of the State-owned companies.

Dr JOHN KAYE: Do you include in that the State-owned retailers?

Mr MORRIS IEMMA: The retailers are part of entities that also engage in distribution and transmission and one of the Owen options is to dispose of the retail companies and dispose of the generation companies. There is another option where what you dispose of, you do not break up the company, you dispose of their retail function, so it is possible for the Government to accept recommendations in the Owen report without selling any of their companies.

Dr JOHN KAYE: Would you be surprised to hear that some people would see that as splitting hairs, that in terms of employees in the electricity retail industry who may be facing privatisation and consequences in their conditions—

Mr MORRIS IEMMA: And at this point in time, as I mentioned to you earlier in the previous questions, the Government has not come down on any of the recommendations. What it is doing is testing and analysing the propositions and the various options in the Owen inquiry. Now in relation to electricity workers, there is an option in the Owen report regarding leasing of generation. There is another option in relation to selling retail licences and functions. If we were to accept the proposition, it is possible that the retail workforce could still be working for a government corporation if they chose to do so. That is the work that we are undertaking. We are undertaking work on how the various options impact on the workforce. They are one of the conditions.

Dr JOHN KAYE: When will we know which options you are going to go with?

Mr MORRIS IEMMA: When the Government has finished its consideration.

Dr JOHN KAYE: Will that be this year, prior to 24 November or after 24 of November?

Mr MORRIS IEMMA: The Government will take as long as is necessary to work through these issues. As I said at the time, they are not getting pigeonholed, and we will take the time that is necessary.

Dr JOHN KAYE: Given that this is, roughly speaking, 35 per cent of the State's greenhouse gas emissions, supplies employment to some 3,500 people, is a key component of the economic and social future of the State, do you not think it would be reasonable to conduct at least some of this debate in public rather than all of it behind closed doors?

Mr MORRIS IEMMA: It is being conducted in public. We just had an inquiry that took public submissions.

Dr JOHN KAYE: And we have heard nothing from you since then.

Mr MORRIS IEMMA: I understand the Greens made a submission. I welcome the fact that you did. There is a public debate.

Dr JOHN KAYE: I did not see it happening, Premier. All I hear every time we raise the issue is, "We've got lots of these options and we're doing studies." Why is this not being conducted in public, given that it affects the future of all people in New South Wales?

Mr MORRIS IEMMA: It is being conducted in public. You are asking me here at estimates.

Dr JOHN KAYE: Which you have totally snowed the whole way through.

Mr MORRIS IEMMA: We have Parliament sitting for a number of months now as we head towards the end of the year. There is no shortage of debate within Caucus, within party units, within

electorates and certainly not with the trade union movement and I dare say within your own party. You are out there; I have seen the posters on telegraph poles, so you are out there publicly.

Dr JOHN KAYE: I wish you were out there as well.

Mr MORRIS IEMMA: There is no prohibition and there is no inhibition about a public debate.

Dr JOHN KAYE: In the short time that I have left for questions, can I take you to World Youth Day? Can you tell us what the total cost of obtaining access to Randwick Racecourse by World Youth Day will be, including compensation to the racehorse industry?

Mr MORRIS IEMMA: There is a range of options. It depends on whether you accept the proposition from World Youth Day that disruption is minimal. That has a certain cost. The AJC contends that disruption could amount to 28 days, which would necessitate horses being stabled off-site and that would produce another cost. As I understand, it goes from 3 to 5 days to 28 and that is the range, and within that there is a range of approximately—I cannot give you an absolute figure—around \$7 million to \$38 million depending on what the actual time is.

Dr JOHN KAYE: So between \$7 million and \$38 million, roughly?

Mr MORRIS IEMMA: Possibly.

Dr JOHN KAYE: Who is going to pay that cost, church or State?

Mr MORRIS IEMMA: There is a mixture, as I understand. There are some costs to be borne by the church. There will obviously be some costs borne by the State and also the Commonwealth.

Dr JOHN KAYE: Can you tell us what costs will be borne by the State?

Mr MORRIS IEMMA: I can take the question on notice and provide you with detail if you accept the AJC at the upper limit what sort of things would be compensated or at the lower level what matters would be compensated for. Certainly I can take that on notice and give the detail.

Dr JOHN KAYE: Just to be clear, Premier you will provide us with two scenarios, the \$7 million and the \$38 million, and in each of those how much of the bill will be paid by the State?

Mr MORRIS IEMMA: I will take your request for detail on those matters and provide to the Committee the detail that is available. As I mentioned earlier, that information will include a range, because this is the matter that is unresolved, as to what the time period is for access. The AJC contends that it is a longer period. If that is correct, a longer period involves greater disruption. A major factor in greater disruption is the necessity to stable horses off site. If the World Youth Day contention and advice is correct, that disruption is a lot less in terms of time, and obviously the things that have to be compensated.

Dr JOHN KAYE: Can you tell us qualitatively what sorts of things the State will be paying for?

Mr MORRIS IEMMA: I will take on notice the detail of the matters the State would be compensating for.

Dr JOHN KAYE: You will let us know which aspects of the total package the State will pay for?

Mr MORRIS IEMMA: Yes, I will provide to you the detail of those matters and the range involved.

Dr JOHN KAYE: Will this require legislative change?

Ms KRUK: If I can update the Committee. The difficulty is that the negotiations are still under way. I think you would have seen in the newspaper that various figures have been mooted. The actual contribution, from memory, is that the Federal Government has provided recently some indication of, I think, \$15 million, and the church has a contribution to make. It is still being negotiated between the authority exactly what the AJC will contribute to that by way of works that need to be undertaken at the track. The negotiations are not complete; that is the difficulty. The numbers that the Premier has given are a range, which had been provided, I think, by the AJC. The important thing is that, despite some of the assertions in the newspaper, the negotiations are constructive and are proceeding.

Dr JOHN KAYE: I look forward to the return of your answers on notice. Premier, can you tell us whether granting access will require legislative change? Is it your opinion that it will require legislative change and, if so, when will we see that legislative change?

Mr MORRIS IEMMA: The Minister for Primary Industries, or his agency, granted access to Randwick for representatives of World Youth Day last week.

Ms KRUK: Dr Kaye, that was in relation to the quarantine provisions. That enabled them to have access on the site, to actually undertake further work to inform the negotiations that we mentioned earlier. In terms of the question of any legislation, I think we are still awaiting advice as to what comes out of that process.

CHAIR: Premier, I realise that trying to assess those figures is difficult. Is it a fact that through World Youth Day the Catholic Church is negotiating to provide improvements to the racetrack, so that when they leave they will have contributed in certain ways to improvements at the racetrack?

Mr MORRIS IEMMA: Yes, that is one of the issues: a desire on the part of the church to leave a legacy in terms of infrastructure at the racecourse.

CHAIR: Recently the Grand Duchess Maria of Russia visited Sydney. When she visited other States she was accommodated in Government House in Brisbane and Government House in Melbourne. Because the Government will not allow the Governor to live in Government House, the Grand Duchess had to stay in a hotel here in Sydney. Will you reconsider the opening of Government House so the Governor can live there when she wishes? It is not compulsory that she be there every night but that she have the choice, so that she can entertain guests from overseas.

Mr MORRIS IEMMA: I was asked this question this morning when I was with the Governor to report that she had agreed to extend her term to 2012. I responded by saying no. Since 1996 we have had well over one million visitors through Government House and the new arrangements have worked very well. There are a number of hotels that can more than accommodate the needs of distinguished overseas guests. But I did respond this morning by saying no.

CHAIR: So there will be no change of policy?

Mr MORRIS IEMMA: That is right.

CHAIR: With regard to the role of the Community Relations Commission, there have been a number of reports of DVDs being sold at Lakemba, and so on, which encourage violence among young Muslim males. I know that in some ways it is the police responsibility also to look at some of this material that promotes terrorism to try to discourage the production of this material and its distribution to Muslim young men?

Mr MORRIS IEMMA: In the first instance, that falls to our law enforcement agency. At the recent Ministerial Council my Attorney supported the proposed changes to those laws by the Commonwealth Attorney-General. I understand that a bill was before the Commonwealth Parliament. I would have to check on its status, as to whether it passed the Commonwealth Parliament before the Prime Minister announced the election. The Commonwealth had a proposal that tightened the law in this area, and New South Wales agreed to support that Commonwealth proposal. What the Community Relations Commission is doing in general in relation to—

CHAIR: That is what I was getting at: what is happening at the community level.

Mr MORRIS IEMMA: At the community level, to promote harmony and understanding. The Community Relations Commission has been involved in a number of very worthwhile programs. It has facilitated what is called the Cultural Exchange Program in our high schools, to teach our high school students—and there have been participating schools in my area with schools in the Sutherland shire. The program is not restricted to those two regions, because we have it on the North Coast. The main purpose of the program is to help students identify conflict and to take practical measures to de-escalate conflict.

The program has proved very successful at schools—for example, at the Beverly Hills Intensive Language School, which provides intensive language support to recently arrived students who have become permanent residents, and a number of schools in the Sutherland shire. They are assisted by drama teachers, who get the students to act out scenarios—on a beach, in a park, on the street—and help the students identify what potentially will get out of hand and what they can do to turn the other cheek, what actions they can take to ensure that conflict does not arise.

The Community Relations Commission has been involved in that. It has also been involved in what is called an interface program, in which students from schools of Christian faith, from the Islamic community and the Jewish community, host students from many different religious backgrounds. They learn about each other's religion and about each other's culture. It is a very practical program that promotes harmony in high schools. They are two very good programs that the Community Relations Commission is helping to coordinate with non-government schools and the Department of Education and Training, to promote harmony and understanding, and to also assist in reducing conflict and misunderstanding of people's cultural backgrounds.

CHAIR: As you know, there has been discussion about the impact of poker machines on New South Wales families, and so on, and a proposal by South Sydney Leagues Club to endeavour to phase out poker machines, which obviously I support. Has the State Government carried out any evaluation as to what impact this could have on the State Government, future planning budgets, and so on, if a reduction in poker machines were taken up by other clubs?

Mr MORRIS IEMMA: Yes. I have certainly indicated my support for the proposal of Mr Holmes a Court and Mr Crowe. We will certainly watch with a great deal of interest how the South Sydney project proceeds. We have not commissioned a study ourselves. We do receive survey results on problem gambling as part of our harm minimisation measures. That is within the responsibility of Minister West, and that research and those surveys guide our harm minimisation activities—for example, banning the advertising on gaming machines, the cap on gaming machines, the compulsory shut-down, and also the \$9.5 million that we invest on counselling and support services for people with problem gambling. We will await the South Sydney project with a great deal of interest.

CHAIR: You have mentioned the shutdown period. There has been some talk that you may try to remove or reduce that shutdown period. Does the Government have any plans in that regard?

Mr MORRIS IEMMA: I would need very strong evidence that we would have to move in this area. It is part of a wider review. As I have indicated previously publicly, I would want to see some very strong evidence before we moved to change in this area.

The Hon. TREVOR KHAN: Mr Premier, do you recollect attending Westmead Hospital for the opening of a new wing on 9 November 2006?

Mr MORRIS IEMMA: Not specifically; I would have to check my schedule.

The Hon. TREVOR KHAN: A \$34 million wing at Westmead Hospital.

Mr MORRIS IEMMA: Yes, I do.

The Hon. TREVOR KHAN: In the context of that announcement and opening, you were asked a number of questions by reporters who were present at the opening; is that correct?

Mr MORRIS IEMMA: Yes, I conducted a press conference afterwards.

The Hon. TREVOR KHAN: It could be fairly described as an intense press conference, I would suggest.

Mr MORRIS IEMMA: I have conducted a number of press conferences.

The Hon. TREVOR KHAN: In the course of that press conference, you were asked whether you had heard rumours of criminal actions by one of your Ministers; is that correct?

Mr MORRIS IEMMA: I do recall questions to that effect.

The Hon. TREVOR KHAN: The essence was that you made a concession that you had heard rumours.

Mr MORRIS IEMMA: No, I said at the time that I do not trade in rumours, and that is still the case. If you want to revisit those issues, I direct you to all the statements that I have made both in the Parliament and outside.

The Hon. TREVOR KHAN: You had heard rumours, had you not, of criminal activity involving one of your Ministers?

Mr MORRIS IEMMA: No. I direct you to what I said at the time and what I have said since and I will repeat it. I got asked another question about this just three weeks ago by the member for Murrumbidgee. My response then and previously and everything else in this matter on Mr Orkopoulos—that is who you are referring to—everything I have said is 100 per cent correct.

The Hon. TREVOR KHAN: It was the case, was it not, that you previously had discussions with a Mr David Tierney about him being your Chief of Staff.

Mr MORRIS IEMMA: Mr Tierney being my Chief of Staff?

The Hon. TREVOR KHAN: Yes.

Mr MORRIS IEMMA: No, my Chief of Staff is Mr Kaiser.

The Hon. TREVOR KHAN: Prior to Mr Kaiser being appointed, there were discussions with Mr Tierney, were there not?

Mr MORRIS IEMMA: No, Mr Tierney, as you would be aware, has been a friend for a very long period of time. He has been a friend and has assisted me as a friend for many years.

The Hon. TREVOR KHAN: He is a close friend, is he not?

Mr MORRIS IEMMA: He is a friend. He has been a close friend of mine for a very long time.

The Hon. TREVOR KHAN: And a political colleague.

Mr MORRIS IEMMA: And a political colleague.

The Hon. TREVOR KHAN: In a sense, he is a person who has tracked your elevation over the years, is that correct?

Mr MORRIS IEMMA: I would imagine that he has.

The Hon. TREVOR KHAN: He has watched your back during that process.

Mr MORRIS IEMMA: You want to go on—

The Hon. TREVOR KHAN: I am asking a question.

Mr MORRIS IEMMA: I have answered questions in relation to the Orkopoulos matter. You can see that in *Hansard* and from my public statements. Now you want to engage in a whole series of irrelevant questions about Mr Tierney about what—about you wanting to go on another fishing expedition?

The Hon. TREVOR KHAN: I am asking the questions at this stage, with respect. He is a fellow who has watched your back politically, is he not?

The Hon. HENRY TSANG: Point of order—

CHAIR: It has to be a relevant question.

Mr MORRIS IEMMA: Mr Tierney is a friend of mine.

The Hon. TREVOR KHAN: In my submission it is a relevant question.

The Hon. HENRY TSANG: What page number in the budget papers does it relate to?

The Hon. TREVOR KHAN: Premier, are you aware that on 24 September of this year a telephone call was made from a journalist at the *Sydney Morning Herald* to a member of your staff.

Mr MORRIS IEMMA: Yes, Mr Clennell. Is that who you are referring to?

The Hon. TREVOR KHAN: A journalist at the *Sydney Morning Herald*.

Mr MORRIS IEMMA: Yes, Mr Clennell from the *Sydney Morning Herald* made a phone call to a member of my staff and my office prepared a response to his questions.

The Hon. TREVOR KHAN: So the answer is yes.

Mr MORRIS IEMMA: Subsequent to that I was asked in the Parliament and I can read for you from the media release—

The Hon. TREVOR KHAN: I do not invite that at this stage.

Mr MORRIS IEMMA: I will anyway. It says that neither I nor my staff were told by any person that Mr Orkopoulos was under investigation for any offence prior to the Government being informed by New South Wales Police.

The Hon. TREVOR KHAN: Who was the member of staff that was contacted by Mr Clennell?

Mr MORRIS IEMMA: My media staff. Mr Clennell is sitting behind you.

The Hon. TREVOR KHAN: He is not sitting behind me.

Mr MORRIS IEMMA: Yes, he is.

The Hon. TREVOR KHAN: What is the name of the person—

Mr MORRIS IEMMA: He contacted a member of my staff.

The Hon. TREVOR KHAN: Who did that member of staff advise of the telephone call?

Mr MORRIS IEMMA: He informed me of the telephone call.

The Hon. TREVOR KHAN: Did either he or you contact Mr Tierney on or about 24 September?

Mr MORRIS IEMMA: Here we go again. The simple fact of the matter is that I responded to these questions about Mr Orkopoulos. Now you want to go on a fishing expedition about something totally irrelevant.

The Hon. TREVOR KHAN: Did that member of staff or you contact Mr Tierney?

Mr MORRIS IEMMA: You want to go on a fishing expedition about what—about something that has been canvassed for more than one year in the Parliament and outside the Parliament? My office provided a statement to the reporter, to the newspaper. I got asked a question in Parliament. Now you want to ask a whole series of irrelevant questions going on fishing expeditions about nothing.

The Hon. TREVOR KHAN: Premier, is it safe to say from your obfuscation that the answer is yes, one of you contacted Mr Tierney?

Mr MORRIS IEMMA: I am happy for Mr Clennell to be sworn in. What is your allegation? He is sitting behind you. I am happy for him to be sworn in. The central point was it was answered—

The Hon. TREVOR KHAN: The central point is did you or a member of your staff contact Mr Tierney on or about 24 September.

Mr MORRIS IEMMA: It was answered in a statement to the reporter, Mr Clennell. I was asked a question not long after in the Parliament. It is the same as a whole series of questions that have been asked over the last 12 months both in here and outside.

The Hon. TREVOR KHAN: I am asking about telephone calls that occurred on 24 September.

Mr MORRIS IEMMA: I draw your attention to the statement that was given to Mr Clennell and the *Sydney Morning Herald* and to the previous answers that I have given in the Parliament.

The Hon. TREVOR KHAN: Once again, is it safe for all that are present to therefore conclude from your refusal to answer the question that the answer is yes, someone contacted Mr Tierney?

Mr MORRIS IEMMA: For you to go down this path of a grubby smear campaign again, it is a fishing expedition about something totally irrelevant.

The Hon. TREVOR KHAN: Just answer the question.

Mr MORRIS IEMMA: Totally irrelevant. The question has been answered time and time again to the *Sydney Morning Herald*, to Mr Clennell, to the Parliament, to Mr Piccoli. Now what you want to do is just go on another fishing expedition on a whole series of irrelevant questions. Get out the electoral roll. Who have you ever had a discussion with?

CHAIR: Move on to another question.

The Hon. TREVOR KHAN: At an earlier stage you indicated that you had an understanding of the need for sympathy with alleged victims of sexual assault, is that correct?

Mr MORRIS IEMMA: Yes, that is correct.

The Hon. TREVOR KHAN: Are you satisfied that your actions demonstrate sympathy towards alleged victims of sexual assault?

Mr MORRIS IEMMA: Are you asking me in relation to the Orkopoulos matter and the way that I dealt with the former Minister? Is that the question that you are asking?

The Hon. TREVOR KHAN: Are you happy in respect of this matter that you have acted in accordance with what you say—

Mr MORRIS IEMMA: In relation to Mr Orkopoulos, if that is the question you are asking, absolutely. I acted swiftly and decisively to remove the Minister from the ministry and then from the party. If you have got another matter there that you wish to raise with me, then please provide the detail and I can respond.

The Hon. TREVOR KHAN: Did you or a member of your staff have discussions with Mr David Tierney prior to 24 September with regard to discussions that had occurred between Mr David Tierney and Mr Paul O'Grady?

Mr MORRIS IEMMA: This goes back again to what you were asking before and what was asked by Mr Clennell from the *Sydney Morning Herald*. I referred you to the media release that my office issued to him and to answers that I have given in response to questions in the House over 12 months—not in September, but over 12 months—in relation to this matter. Again, neither I nor my staff were told by any person that Mr Orkopoulos was under investigation for any offence prior to the Government being informed. That is the response that was given to Mr Clennell and that is the response that I have given many times.

The Hon. TREVOR KHAN: You have invited Mr Clennell to be sworn in as a witness. In the light of that invitation, are you now prepared to allow Mr Kaiser to be sworn in to give evidence before this Committee?

Mr MORRIS IEMMA: Again you are just going over matters that are totally irrelevant. What you want to do is go through a fishing expedition in an attempt to try to smear someone on a matter that has been answered time and time again.

The Hon. TREVOR KHAN: Premier, are you prepared to allow the swearing in of Mr Kaiser to give evidence before this Committee?

Mr MORRIS IEMMA: No, I am not.

The Hon. TREVOR KHAN: Why not?

Mr MORRIS IEMMA: For the reasons I have already outlined. This has been answered by my staff or me many times—the day you are referring to and the inquiry from Mr Clennell and the *Sydney Morning Herald*, the question from Mr Piccoli and many other questions over the last 12 months at a press conference and in the Parliament.

The Hon. TREVOR KHAN: In light of your invitation for Mr Clennell to give evidence before this Committee, would you now be prepared to allow Mr Glenn Byres to be sworn in to give evidence before this Committee?

Mr MORRIS IEMMA: No.

The Hon. TREVOR KHAN: Why not?

Mr MORRIS IEMMA: For exactly the same reasons that I have outlined to you over the preceding minutes.

The Hon. TREVOR KHAN: Premier, in respect of matters that were asked of you on 9 November and subsequently, were you aware of any rumours of an investigation involving Mr Orkopoulos?

Mr MORRIS IEMMA: Again, you can go back—seeing you are referring to press conferences—to public statements that I have made both inside and outside the Parliament. What I have said then was true and is true now.

The Hon. HENRY TSANG: Mr Chair, can we move on to questions on budget estimates, rather than allowing the Opposition to go fishing.

Mr MORRIS IEMMA: I have answered these questions many, many times in various forms and in various forums.

The Hon. TREVOR KHAN: Premier, were you aware of any allegation that any Minister of yours was under investigation—

Mr MORRIS IEMMA: No.

The Hon. TREVOR KHAN: Wait for the end of the question—relating to an ICAC inquiry?

Mr MORRIS IEMMA: No, I was not.

The Hon. TREVOR KHAN: That includes Mr Orkopoulos?

Mr MORRIS IEMMA: I was not aware, neither I nor my staff were told by any person that Mr Orkopoulos was under investigation for any offence prior to the Government being made aware.

The Hon. TREVOR KHAN: I asked with regard to an ICAC inquiry, not with regard to an offence.

Mr MORRIS IEMMA: Any investigation, until the Government was informed by the police. It is the same question that has been asked time and time again.

The Hon. GREG PEARCE: Last week you, Mr Costa and Mr Sartor announced a change to the developer levies for greenfields sites. Mr Costa gave a figure of about \$2 billion. What is the time frame for implementing the new levies on greenfields sites and what is the time frame for setting the new levies for brownfields and infill sites?

Mr MORRIS IEMMA: The issue with the levies is that the Government has made the decision to cut the greenfields site levies by \$25,000. That comes from changing the infrastructure provisions in those greenfields areas.

The Hon. GREG PEARCE: I am trying to get the time frame.

Mr MORRIS IEMMA: The time frame is for the greenfields releases. We will start to implement those changes as those areas are zoned for release. As to the brownfields areas, we have further work to undertake with the councils. The new framework will be implemented with legislation covering specific provisions.

The Hon. GREG PEARCE: Is it generally the proposal to recover the \$2 billion that it will cost for the greenfields sites from the new levies on the brownfields and infill sites?

Mr MORRIS IEMMA: The planning Minister has provision and in the past, I am advised, has levied contributions for infrastructure in brownfields sites. There is no new levy in brownfields areas. We are going to streamline the guidelines around the levies in brownfields areas. We will start with the section 94 council contributions and we will issue ministerial guidelines around those and criteria for brownfields contributions, should they be required.

The Hon. GREG PEARCE: What is the likely time frame?

Mr MORRIS IEMMA: As to the likely time frame, the Minister is going to undertake consultations with local government. That will proceed in the near future. I am advised that legislation relating to the levies will be introduced as soon as possible.

The Hon. GREG PEARCE: In previous years we have asked you for a breakdown of the number of ministerial staff and expenses by Minister. At the estimates hearing in 2005 you gave us that information. Would you take that on notice and give us the same information as you gave in 2005?

Mr MORRIS IEMMA: Yes.

Dr JOHN KAYE: Earlier this evening I heard you respond to a question by the Hon. Kaye Griffin in respect to securing the water supply in New South Wales. In particular, when talking about Sydney you referred to the impact of climate change. Premier, can you direct me to the research that you had access to that states that climate change will result in a reduction in yield in Warragamba Dam?

Mr MORRIS IEMMA: I was referring to advice that we received from the CSIRO to expect an increase in the evaporation rate and that our rainfall patterns could well have changed permanently as a result of climate change. I was referring in general to advice we received about hotter days, higher temperatures and an increase in evaporation.

Dr JOHN KAYE: Premier, are you aware of the concept of error bars in data and predictions?

Mr MORRIS IEMMA: No, I am not.

Dr JOHN KAYE: Are you aware of the idea of variants in predictions?

Mr MORRIS IEMMA: I am aware of variations in modelling, yes.

Dr JOHN KAYE: Are you also aware that the CSIRO report to which you refer talks about an upper range of a 12 per cent reduction in yield from Warragamba Dam and an increase in yield from Warragamba Dam? Are you aware what that increase is?

Mr MORRIS IEMMA: No, I am not aware of that.

Dr JOHN KAYE: If I told you it was a 20 per cent increase in yield from Warragamba Dam, would you accept that?

Mr MORRIS IEMMA: I have to take your word.

Dr JOHN KAYE: Therefore, Premier, do you understand that the scientific evidence on which you rely has a range of predictions in it—some that talk about a decrease in yield and some that talk about an increase in yield?

Mr MORRIS IEMMA: Yes.

Dr JOHN KAYE: We will not really know what that is until some time to come.

The Hon. HENRY TSANG: It is too late then.

Dr JOHN KAYE: Is it my question or yours, Henry? I will get to "too late" or "not too late" in a second.

Mr MORRIS IEMMA: The point you want to make is what—that there is a variation in scientific advice?

Dr JOHN KAYE: Since you ask me, the point I want to make is that saying that climate change will necessarily reduce the yield from Warragamba Dam and the other water supplies to Sydney is not supported by the scientific evidence. It says that we are in for a period of uncertainty.

Mr MORRIS IEMMA: It also says that our rainfall patterns could well have changed permanently.

Dr JOHN KAYE: Could have.

Mr MORRIS IEMMA: Correct. What you want us to do is not to take any action. I know where you are going.

Dr JOHN KAYE: No, you do not, Premier. You are a clever Premier, but you are not a clairvoyant. What is the level of water storage in Sydney catchments at the moment?

Mr MORRIS IEMMA: Approximately in the high 50s.

Dr JOHN KAYE: About 59 per cent. Even though we may have already entered a period of rain variability caused by climate change, do you accept that actually we are in reasonably good shape as far as the dams are concerned?

Mr MORRIS IEMMA: We are in reasonably good shape as far as the water level in our dams, yes, we are.

Dr JOHN KAYE: When did the desalination plant at Kurnell change from being an emergency supply measure, as defined in the Sydney Metropolitan Water Plan and the ASIL-ISF—Institute for Sustainable Futures—report, into being a long-term supply option? At what point in your understanding of the future of the water supply in Sydney did that happen?

Mr MORRIS IEMMA: I made the decision at 33.9 in which the depletion rate was about 0.5 per cent per week. That is when the Government made the decision to proceed with the desalination plant. I understand that that is something you have a fundamental objection to, and you are perfectly entitled to do that. We also just had an election in which it was no secret that I made the announcement on 6 February and that it was an integral part of our security plan.

Dr JOHN KAYE: You have not answered my question yet. At what point in your understanding—

Mr MORRIS IEMMA: At 33 per cent.

Dr JOHN KAYE: It is not at 33 per cent now. I will ask you another question. When your Government signed the contract to construct and operate the desalination plant, at what level were the dams?

Mr MORRIS IEMMA: The day I made the announcement the level was at 33.9.

Dr JOHN KAYE: No, signing the contract. It was different from when you made the announcement.

Mr MORRIS IEMMA: Signing the contract the level was different, yes, because we had rain. But if you are saying to me I should risk this city's water supply by stop, start, stop, start, then that was something I was not going to do. Secondly, it was endorsed by the people on 24 March. I know that your party will never accept that desalination is part of the range of measures you can take to secure a city's water supply. I know that you will never accept that.

Dr JOHN KAYE: That is wrong, Premier. What we said, and what we have always said, is it is not a long-term supply option.

Mr MORRIS IEMMA: The point is this: we made the decision and the desalination plant will proceed and it will be constructed, and it will be there as one of a suite of measures that a

government can take to secure a city's water supply, in the same way that other cities are doing exactly that, whether it be Brisbane, Perth, Melbourne or Adelaide.

Dr JOHN KAYE: Do you accept that Brisbane, Perth, Melbourne and Adelaide have very different water supply characteristics to Sydney? In particular, they do not have a dam with a catchment of 9,051 square kilometres and the Southern Hemisphere's second-largest drinking water storage.

Mr MORRIS IEMMA: I also accept that since Warragamba was constructed not only has the population increased but also our rainfall levels are such that we need to take a range of measures. I accept that the rainfall patterns in those cities are different but the issue is the same and that is that the security of each of those cities' water supplies is like ours. Whether it is Perth, Melbourne, Adelaide or Brisbane, Sydney is no different in that a range of measures—one of which is desalination—is the way to secure a city's water supply.

Dr JOHN KAYE: So you are saying that ACIL-ISF in their report, which you accepted at the time, and the Metropolitan Water Plan strategy were wrong because they saw desalination as an emergency measure, whereas you are now talking about desalination as a long-term supply measure? You have repudiated those documents, and why? What is the change that took desalination away from being an emergency supply measure to become a long-term supply option? If that is the case, where are the studies that stack up desalination against other long-term supply options and show that desalination is actually cheaper than the other long-term supply options?

Mr MORRIS IEMMA: The point about desalination is it is a new source; it does not rely on one rain and it does not rely on recycling; it is a new source of water. It was always, and still is, part of the Metropolitan Water Plan. It was reordered in priority but it was always there.

Dr JOHN KAYE: It was there as an emergency measure, not as a long-term supply option.

Mr MORRIS IEMMA: Yes, it is, and at 33.9 with a depletion rate of 0.5 per cent per week we had to take action. What you are suggesting to me is wait until you go to 30 per cent before you activate the process. The Government needed to give certainty in a market for people to bid. We were at expression-of-interest stage and we had to go to tender. In going to tender we were faced with this issue. If we were not prepared to make a commitment to the market, then we were in danger that they would not respond or that they would respond with a whole series of prices or conditions attached in which we would not get the best possible deal for the taxpayer or that we would not be able to secure getting the plant. So at 33.9 we made the decision to proceed, to give certainty in a tender process that we could actually get some fair dinkum prices.

The other point was it was to get in the queue, because the longer we avoided not getting our place in the queue we would be overtaken by others, and subsequent events have justified the Government's decision. You go to Adelaide: half our capacity at greater cost. Perth has finished one desalination plant at 125 and has announced two more. It would have been better, one can assume, for Perth to have built a bigger desalination plant, but they have now announced three. Adelaide is getting one at half our capacity at greater cost. Melbourne's one is in excess of \$3 billion. So that is the benefit of us having taken a decision and gotten a proper response from the private sector.

The fact is, we estimated it would come in at 1.9 and we got prices at 1.45—1.79 scaled up. We estimated at 125 that the price would be 1.9 and in the tender process we got them at 1.45. The 1.7 is when we scaled it up to 250 because we had the opportunity to double the capacity at a cheaper price. That was the point. We still got a desalination plant less than the 1.9 estimate.

Dr JOHN KAYE: So you were never serious about adaptive management of water resources for Sydney?

Mr MORRIS IEMMA: Demand management is part and parcel of the Metropolitan Water Plan that I read out earlier.

Dr JOHN KAYE: You were never serious about it because you lost courage at 33 per cent.

Mr MORRIS IEMMA: This is a difference of policy: this is your opinion. But in the Metropolitan Water Plan demand management is there in the plan and it is important. Hence, we have BASIX, hence we have a whole range of measures in place to use water more efficiently—smarter about water use. But to say that this measure is the only one you will pick out of the plan and say, "That is the bad one because I do not like it", the fact is every major city in this country is moving towards one.

Dr JOHN KAYE: But the Metropolitan Water Plan picked it out and said deal with it separately. But I think my time has expired, I am sorry.

CHAIR: I thought the Premier was giving such a comprehensive answer that it would be very good to have it on the record. We might conclude there.

Ms KRUK: I committed to Mr Pearce if I could get the latest policy document on that. I do stand corrected: it does include the entitlements of former private members, former leaders of the Opposition, former presiding officers, former Ministers, former Deputy Premiers, long-serving Premiers and former Premiers. I am quite happy to table the document if you have had difficulty getting that. I stand corrected.

Document tabled.

(The witnesses withdrew)

The Committee proceeded to deliberate.

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